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**Jinmao Hotel**

**金茂酒店**

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

**and**

**Jinmao (China) Hotel Investments and Management Limited**

**金茂(中國)酒店投資管理有限公司**

*(Registered in the Cayman Islands with limited liability)*

**(Stock code: 06139)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The boards of directors (the “**Boards**”) of Jinmao (China) Investments Manager Limited (the “**Trustee-Manager**”, as trustee-manager of Jinmao Hotel (the “**Trust**”) and Jinmao (China) Hotel Investments and Management Limited (the “**Company**”, together with its subsidiaries and the Trust, the “**Trust Group**”) hereby announce the audited annual results of the Trust Group and the Trustee-Manager for the year ended 31 December 2019. The audit committees of the Company and the Trustee-Manager have reviewed the annual results of the Trust Group and the Trustee-Manager for the year ended 31 December 2019. This announcement, which contains the full text of the 2019 annual report of the Trust and the Company (the “**Annual Report**”), complies with the disclosure requirements for an annual results announcement as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Unless otherwise defined herein, capitalised terms in this announcement shall have the same respective meanings given to them in the Annual Report.

Printed versions of the Annual Report will be despatched to the Holders of Share Stapled Units and will be made available for viewing on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.jinmao88.com](http://www.jinmao88.com) by the end of April 2020.

## **FINAL DISTRIBUTION**

The Boards have recommended the payment of a final distribution of HK15.43 cents per Share Stapled Unit for the year ended 31 December 2019 to the Holders of Share Stapled Units, based on the Trust Distributable Income of approximately RMB564 million (equivalent to approximately HK\$641 million) for the same period. Subject to approval of the Holders of Share Stapled Units at the forthcoming 2019 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2020. Taken together with the interim distribution of HK16.60 cents per Share Stapled Unit paid in October 2019, the total distribution per Share Stapled Unit for the year ended 31 December 2019 is HK32.03 cents.

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

The Boards will issue a notice on the closure of the registers in relation to the entitlement to the proposed final distribution and the entitlement to attend and vote at the 2019 AGM upon determination of the date of the 2019 AGM.

Details of the distribution of the Trust Group for the year ended 31 December 2019 are set out in the section headed "Report of the Directors" in the Annual Report.

## **APPRECIATION**

On behalf of the Boards, I would like to take this opportunity to express our sincere gratitude to all our customers, business partners, Holders of Share Stapled Units and various local governments for their long-term support and trust, and to all employees for their assiduous efforts.

By Order of the Boards  
**Jinmao (China) Investments Manager Limited**  
and  
**Jinmao (China) Hotel Investments and Management Limited**  
**LI Congrui**  
*Chairman*

Hong Kong, 24 March 2020

*As at the date of this announcement, the directors of the Trustee-Manager and the Company are Mr. LI Congrui (Chairman), Mr. ZHANG Hui and Mr. JIANG Nan as Non-executive Directors; Mr. TANG Yong as Executive Director and Chief Executive Officer; and Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao as Independent Non-executive Directors.*



# OUR VISION

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

# OUR MISSION

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







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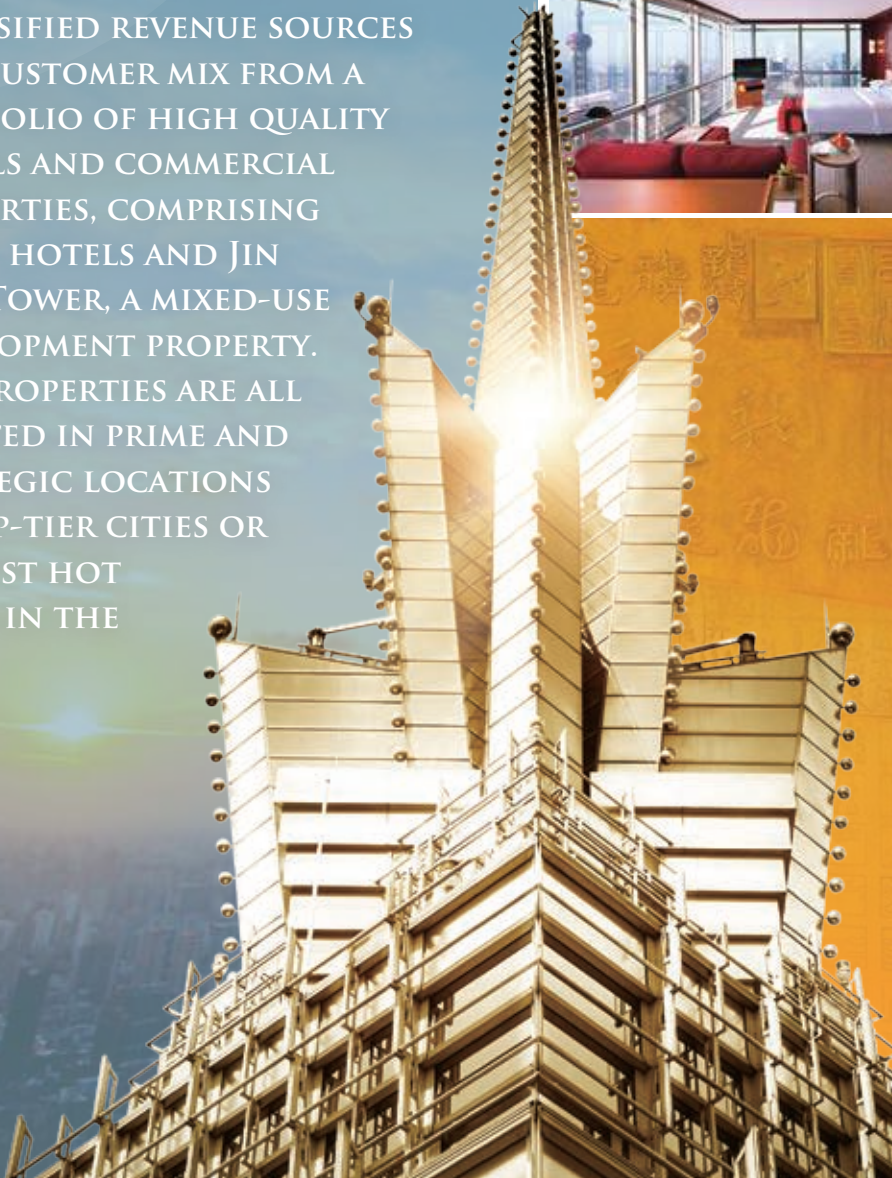
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# ABOUT JINMAO HOTEL

JINMAO HOTEL AND JINMAO (CHINA) HOTEL INVESTMENTS AND MANAGEMENT LIMITED (STOCK CODE: 06139) IS A FIXED SINGLE INVESTMENT TRUST WITH AN INITIAL FOCUS ON THE HOSPITALITY INDUSTRY IN THE PRC. THE GROUP PRIMARILY OWNS AND INVESTS IN A PORTFOLIO OF HOTELS WITH DIVERSIFIED REVENUE SOURCES AND CUSTOMER MIX FROM A PORTFOLIO OF HIGH QUALITY HOTELS AND COMMERCIAL PROPERTIES, COMPRISING EIGHT HOTELS AND JIN MAO TOWER, A MIXED-USE DEVELOPMENT PROPERTY. THE PROPERTIES ARE ALL LOCATED IN PRIME AND STRATEGIC LOCATIONS IN TOP-TIER CITIES OR TOURIST HOT SPOTS IN THE PRC.







**A** DHERING TO THE HIGH-END AND BOUTIQUE POSITIONING, THE GROUP HAS BEEN INVESTING AND OPERATING HOTELS IN SHANGHAI, BEIJING, SANYA AND OTHER REGIONS WITH STRONG BRAND RECOGNITION AND A MARKET LEADING POSITION, AND WILL CONTINUE TO IMPROVE THE OPERATIONAL EFFICIENCY OF ITS PROPERTIES AND SEEK FOR ASSET ENHANCEMENT OPPORTUNITIES FOR FURTHER DEVELOPMENT.

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

# MILESTONES IN 2019

## 01 IN JANUARY



Jinmao Hotel's first Culture Week of Jinmao Hotel Sojourn and Brand Launch celebration was successfully held in Jade Dragon Snow Mountain, Lijiang, Yunnan. With the theme of "A Stop, A Start", it demonstrated the strategic innovation of Jinmao Hotel's sojourn ecology.

## 04 IN APRIL



China Jin Mao (Group) was titled the "Best Hotel Owners of China" by the "China Hotel Starlight Awards" which is known as the "Oscar Awards" of China's hospitality industry.

Jin Mao Tower was awarded the "2018 Outstanding Contributions to Building Economy" by the Shanghai Pudong New Area People's Government.

## 05 IN MAY



Jin Mao Tower was granted the title of "Excellent Quality Building" by Lujiazui Administration Bureau.

## 07 IN JULY



Jinmao Hotel Xi'an Central commenced operation.

# 08 IN AUGUST



In celebration of the 20th anniversary of the full opening of Jin Mao Tower, Jinmao Hotel organised a series of activities with the theme of "A Glittering Landmark in the Prime of Jin Mao".



The "Tall Buildings and Urban Habitat International Forum" co-organised by Jinmao Hotel and Council on Tall Buildings and Urban Habitat (CTBUH) was successfully held in Shanghai Jin Mao Tower. The theme of the forum was "Historical Evolution and Development Trends of Supertall Buildings around the World".



Jin Mao Tower was granted the title of "Top 50 Most Influential Tall Buildings around the World" by CTBUH.



## MILESTONES IN 2019

09  
IN SEPTEMBER

Jinmao Hotel was awarded the “Best Hotel Owners of China in 2019” during the 16th Hotel Golden-Pillow Award Ceremony which is one of the most influential forums in the industry.

Jinmao Hotel entered into an agreement with Lanzhou Asia-Europe International Building, the tallest building in Lanzhou for the consultancy project of the Observation Deck.

10  
IN OCTOBER

Jin Mao Tower received the platinum certification of “LEED for Building Operations & Maintenance: Existing Buildings” by the U.S. Green Building Council.

11  
IN NOVEMBER

Jinmao Hotel successfully undertook the property service project for Lanzhou Asia-Europe International Building, the tallest building in Lanzhou, marking the first asset-light project with revenue exceeding RMB10 million.

# 12 IN DECEMBER



Jinmao Boill e-Wisdom Valley Executive Apartment commenced operation.



Jinmao Hotel entered into an agreement with Suzhou Zhongnan Center, the tallest building in Suzhou for the consultancy project of the Observation Deck.



Jin Mao Tower received the “Excellent Certification of BREEAM In-Use System” and “BREEAM China In-Use Awards of the Year” by the Building Research Establishment in the UK.



# CORPORATE INFORMATION

## TRUST

### JINMAO HOTEL

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

## LISTING

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

## CORPORATE INFORMATION OF THE TRUSTEE-MANAGER

### TRUSTEE-MANAGER

Jinmao (China) Investments Manager Limited

### BOARD OF DIRECTORS

#### NON-EXECUTIVE DIRECTORS

Mr. LI Congrui (Chairman)  
Mr. ZHANG Hui  
Mr. JIANG Nan

#### EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr. TANG Yong

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### REGISTERED OFFICE

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

### COMPANY SECRETARY

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

## AUTHORISED REPRESENTATIVES

Mr. JIANG Nan  
Ms. HO Wing Tsz Wendy

## TRUSTEE-MANAGER AUDIT COMMITTEE

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

## SHARE STAPLED UNITS REGISTRAR

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

## CORPORATE INFORMATION OF THE COMPANY

### THE COMPANY

Jinmao (China) Hotel Investments and Management Limited  
(Formerly known as Jinmao (China) Investments Holdings Limited)  
(Registered in the Cayman Islands with limited liability)

### REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### BOARD OF DIRECTORS

#### NON-EXECUTIVE DIRECTORS

Mr. LI Congrui (Chairman)  
Mr. ZHANG Hui  
Mr. JIANG Nan



**EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

Mr. TANG Yong

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Dr. CHUNG Shui Ming Timpson

Dr. CHEN Jieping

Dr. XIN Tao

**HEAD OF FINANCE**

Ms. ZHANG Runhong

**COMPANY SECRETARY**

Ms. HO Wing Tsz Wendy

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

**AUTHORISED REPRESENTATIVES**

Mr. JIANG Nan

Ms. HO Wing Tsz Wendy

**LEGAL ADVISERS****AS TO HONG KONG LAWS:**

Freshfields Bruckhaus Deringer  
55th Floor, One Island East, Taikoo Place  
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**AS TO PRC LAWS:**

Beijing Guantao (Shanghai) Law Firm  
(Formerly known as Shanghai Shen Da Law Firm)  
9/F, 22/F and 25/F, Shartex Plaza  
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**AS TO CAYMAN ISLANDS LAWS:**

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P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**COMPANY AUDIT COMMITTEE**

Dr. CHEN Jieping (Chairman)

Mr. JIANG Nan

Dr. XIN Tao

**COMPANY REMUNERATION AND NOMINATION COMMITTEE**

Dr. CHUNG Shui Ming Timpson (Chairman)

Mr. LI Congrui

Dr. CHEN Jieping

**AUDITOR**

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

**ADDRESS WHERE THE PRINCIPAL REGISTER OF MEMBERS IS KEPT**

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Grand Cayman KY1-1111  
Cayman Islands

**ADDRESS WHERE THE HONG KONG REGISTER OF MEMBERS IS KEPT**

Computershare Hong Kong Investor Services Limited  
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Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

CORPORATE INFORMATION

**SHARE STAPLED UNITS REGISTRAR**

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Hopewell Centre  
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Wanchai, Hong Kong

**INVESTOR ENQUIRIES**

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**COMPANY WEBSITE**

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**STOCK CODE**

06139



# FINANCIAL HIGHLIGHTS

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Hotel and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. This report covers the financial period from 1 January 2019 to 31 December 2019.

Unit: RMB million

	For the year ended 31 December		
	2019	2018	Change (%)
Revenue	<b>2,473.7</b>	2,564.9	-4
EBITDA <sup>(1)</sup>	<b>992.4</b>	1,005.5	-1
Profit attributable to Holders of Share Stapled Units	<b>246.4</b>	250.4	-2
Basic earnings per Share Stapled Unit (RMB cents)	<b>12.3</b>	12.5	-2
Total assets	<b>18,011.5</b>	18,031.4	0
Total equity	<b>5,460.2</b>	5,829.8	-6
Net debt-to-adjusted capital ratio (%) <sup>(2)</sup>	<b>83</b>	84	-1

Notes:

- (1) For the purpose of this report, EBITDA additionally includes the adjustment to the one-time pre-opening expenses and exchange gain or loss to better allow investors to assess our operating performance. In this report, the EBITDA figures for 2018 have been restated to align with the comparable equivalents in 2019.
- (2) Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances) / (total equity + amount due to related parties).





## CHAIRMAN'S STATEMENT

I N 2019, THE GROUP CONTINUED TO ENHANCE SENSITIVITY, RISK CONTROL AND MARKET-ORIENTATION AWARENESS, JUMP OUT OF ITS COMFORT ZONE, AND REGARD ITSELF AS A TRUE ENTREPRENEUR AND STRIVER. WE SEEK TO INNOVATE SALES STRATEGIES, ENHANCE OPERATIONAL EFFICIENCY, STABILIZE REVENUE AND OUTPERFORM COMPETITORS UNDER THE SAME CONDITIONS, IN ORDER TO CREATE VALUE FOR HOLDERS OF SHARE STAPLED UNITS AND INCREASE DIVIDEND DISTRIBUTIONS AS WELL AS THE COMPANY'S MARKET VALUE.



**Dear all,**

On behalf of the Boards of the Trustee-Manager and the Company, I am pleased to present the annual report of Jinmao Hotel and the Group for the year ended 31 December 2019 for review by the Holders of Share Stapled Units.

During the Review Period, the Group generated total revenue of RMB2,474 million. Our profit attributable to the Holders of Share Stapled Units amounted to RMB246 million and the basic earnings per Share Stapled Unit amounted to approximately RMB0.12. Excluding the fair value gains on investment properties, profit attributable to the Holders of Share Stapled Units amounted to RMB170 million. The Boards have recommended a distribution of approximately RMB564 million (equivalent to approximately HK\$641 million) where the distribution per Share Stapled Unit amounted to HK32.03 cents, which will be subject to approval at the 2019 AGM.

In 2019, affected by the external environment of decelerating global economic growth and rising protectionism, China's economy eventually achieved a smooth conclusion, and the economy continued to operate within a reasonable range. However, under the complex situation of global economic downturn and increasing risks and challenges at home and abroad, China's economy was still subject to uncertainties. Faced with such a social background, hoteliers' judgment on the overall industry and market in 2019 was relatively negative. On the other side, the slowdown in the growth of the number of domestic tourists and income in 2019 also affected the conditions of the hospitality industry.

The prosperity index of the hospitality industry has been falling to its lowest value since the second half of 2013. Throughout hotels nationwide, except for a few regions, performance fell across the board. In the background of a long-term steady growth in hotel supply but a decline in the growth of demand, the supply-demand imbalance has caused the decline in hotel occupancy and RevPAR. Among which, the imbalance between supply and demand of high-end hotels has further intensified, and it is expected that this sub-market will continue to be under pressure going forward.

In the severe market environment, hotels of the Company kept abreast of market supply and demand dynamics and captured consumer trends, gaining insight into market opportunities and thus adopting more flexible strategies to face the crisis. Through strengthening customer demand analysis, business form innovation and sales and marketing expansion, the Company withstood downward market pressure and held fast to the bottom-line profits, achieving revenue of RMB1,767 million and EBITDA of RMB558 million. In terms of operation, the Company continuously improved its service standards, maintaining its leadership position in the regional market. At the same time, certain hotels leveraged innovative business models to drive improvement in performance. The differentiated family-themed restaurant transformed by Hilton Sanya Yalong Bay Resort & Spa, the featured astronomical theme created by Jinmao Purelax Mountain Hotel, Lijiang, and the All Day Dining restaurant renovated by Grand Hyatt Shanghai all received positive market response and showed significant improvement in terms of various performance data.

## CHAIRMAN'S STATEMENT

In terms of commercial property leasing, given the domestic and foreign economic environment, corporate decentralization and other factors, leasing demand in the central business districts continued to weaken and a net outflow occurred. The vacancy rate in the Shanghai market in the fourth quarter of 2019 reached a new high since the financial crisis. Sluggish market demand and fierce external competition, coupled with large-scale rental withdrawal of small and medium-sized customers internally, have resulted in an extremely severe operating situation. Through flexible leasing strategies, in-depth internal potential tapping, active external cooperation, and maximum policy support gained, the leasing rate was pulled back up to as high as 92.7%, far exceeding the regional average. During the Review Period, the property leasing segment realized revenue of RMB481 million and EBITDA of RMB471 million.

The Observation Deck on the 88th floor of Jin Mao Tower realized an operating revenue of RMB74 million. The operating revenue and the number of visitors reached a record high for the same period in the past 20 years since its opening (except for the World Expo year). Going against the trend, a growth in both group and individual visitors was achieved. At the same time, throughout the year, three ultra-high tourism consultancy projects were newly signed with respect to external consultation, establishing the absolute leadership position of "Jinmao Tourism" in the national ultra-high tourism industry. The innovative project "Jinmao Skywalk" realized independent and safe operation, and achieved excellent financial performance with an annual operating revenue of RMB4.9 million. In addition, it vigorously promoted cooperation with various brands, shooting reality shows for major satellite TV channels, achieving media promotion benefits of over RMB550 million at zero cost.

While further intensifying its strategy of "balanced structure of asset-light and asset-heavy business with a combination of long-term and short-term investments", the Company continued to gear towards the development arm of China Jinmao to give impetus to the headquarters strategising of the city operator. Going forward, with the hotel and apartment business as the core, the Company will fully integrate its asset-light business while expanding high-quality heavy assets and increasing effort on marketing coordination to build core competitiveness, thereby realizing transformation and upgrading.

The Company successfully held the first Culture Week of Jinmao Hotel Sojourn and Brand Launch celebration in Jade Dragon Snow Mountain, Lijiang, Yunnan between 4 and 6 January 2019. The Company also officially launched its own Jinmao Hotel brand. Currently, the Company is steadily developing its asset-light business, and has successfully signed up multiple projects in a number of segments, including hotel, apartment, property and tourism. Jinmao Hotel Xi'an Central was opened early on 28 July, and Jinmao Boill e-Wisdom Valley Executive Apartment started business at the end of the year.

Looking ahead, China's economy may maintain a steady and progressive momentum, though it will still be affected by the complex and changing external environment and uncertainties. The tourism and hospitality industries are undergoing market transformation, alongside profound changes in mass consumption concepts. While observing market disciplines and following the trends, the Company will enhance its products and make every effort to improve its performance. The Company will also carry out business innovation and explore new sources of profit. The COVID-2019 outbreak in January 2020 has produced a huge impact on the hospitality industry and the entire tourism industry. It is expected that the performance of the Group in the first half of 2020 will be negatively affected. Under this tough external environment, the Company will actively take measures to control the operating and labour costs of its affiliated hotels, paying attention to cash flow management to ensure stability in transition amid such difficult times. At the same time, the Company is integrating existing resources while actively adjusting the business plans to make full preparation for business recovery after the epidemic.



In terms of hotel operations, the Company will continue to unleash its potential for profits through operation and management. Through space activation, operational innovation, technological update, marketing enhancement and other “floor efficiency”-driven measures, Jinmao Hotel will upgrade and optimise its management so as to maintain the Company’s good reputation in the industry while further improving its performance level.

For commercial property leasing, the Company will continue to focus on the first principle of “Occupancy” in expanding its marketing efforts and customer acquisition capabilities, while maintaining close cooperation with existing high-quality resources, to ensure performance growth and breakthroughs.

The Observation Deck on the 88th floor of Jin Mao Tower will also remain committed to efficient operation, IP cooperation and innovation, gradually upgrading tourism to the role of a leisure industry operator, and actively participating in and thus making greater contributions to the development and construction of China Jinmao as a city operator.

Finally, on behalf of the Boards, I would like to express my sincere gratitude to our customers, business partners, Holders of Share Staped Units and the employees of the Company. All the employees of Jinmao Hotel will focus on honest cooperation, customer orientation, value creation and the pursuit of excellence in order to achieve better performance and create greater value for all Holders of Share Staped Units!



*Chairman*  
**LI Congrui**

Hong Kong  
24 March 2020



# HONOURS AND AWARDS IN 2019

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

1. In January, Jinmao (China) Hotel Investment and Management Limited was granted the honour of "Outstanding Employer" by the judging committee of "China Hotel Tourism".
2. In April, China Jin Mao (Group) was granted the honour of "Best Hotel Owners of China" by the judging committee of "14th China Hotel Starlight Awards".
3. In April, Jin Mao Tower was granted the honour of "2018 Outstanding Contribution to Building Economy" by the Shanghai Pudong New Area People's Government.
4. In May, Jin Mao Tower was granted the honour of "Excellent Quality Building" by "Lujiazui Financial City".
5. In September, Jinmao (China) Hotel Investment and Management Limited was granted the honour of "2019 China's Best Hotel Owner" by the "16th Golden-Pillow Award of China's Hotels".

## GRAND HYATT SHANGHAI

1. In January, Grand Hyatt Shanghai was granted the honour of "2018 Ideal Luxury Hotel (Shanghai)" by "Shanghai Daily".
2. In March, Grand Hyatt Shanghai was granted the honour of "Landmark Hotel in the Asia-Pacific" by the "3rd Hotel Discovery Awards".
3. In April, Grand Hyatt Shanghai was granted the honour of "Luxury Hotel of the Year 2018" by "China Mag Travel Awards".
4. In April, Grand Hyatt Shanghai was granted the honour of "2019 Classic City Hotel" by "KOL".
5. In June, Grand Hyatt Shanghai was granted the honour of "The MICE Hotels of the Year in Greater China" by "The China Premium Traveler CPT Approved Annual Awards".
6. In August, Grand Hyatt Shanghai was granted the honour of "Landmark Hotel of the Year" by "Timeout Hospitality Awards".
7. In September, Grand Hyatt Shanghai was granted the honour of "2019 China's Most Popular Business Hotel" by the "16th Golden-Pillow Award of China's Hotels".
8. In November, Grand Hyatt Shanghai was granted the honour of "Best Business Hotel in Shanghai" by "Business Traveler China Awards".
9. In December, Grand Hyatt Shanghai was granted the honour of "Fashion Hotel of the Year" by "Splendid Pioneer for City of Fashion Awards 2019".





## HONOURS AND AWARDS IN 2019



## HYATT REGENCY CHONGMING

1. In March, Hyatt Regency Chongming was granted the honour of "The Best Kid-Friendly Hotel" by the "3rd Hotel Discovery Awards".
2. In April, Hyatt Regency Chongming was granted the honour of "The Most Popular Resort of the Year" by the "2019 New Media & Hotel Awards".
3. In April, Hyatt Regency Chongming was granted the honour of "2019 The Best Leisure Destination Hotel" by "Splendeur".
4. In May, Hyatt Regency Chongming was granted the honour of "The Best Family Resort Hotel" by the "2018-2019 Selected High-Class Hotel Awards Gala".
5. In July, Hyatt Regency Chongming was granted the honour of "The Best Family Resort Hotel" by "9th China Hotels Fashion List Awards".
6. In October, Hyatt Regency Chongming was granted the honour of "The Best Family Hotel of the Year" by "Voyage Best Hotel & Resort Value Awards".
7. In December, Hyatt Regency Chongming was granted the honour of "iDeal Urban Resort Hotel (Shanghai)" by "iDeal Shanghai Awards".

## THE WESTIN BEIJING CHAOYANG

1. In March, The Westin Beijing Chaoyang was granted the honour of "Most Popular Business Hotel" by the "China Hotel New Power Media Awards".
2. In April, The Westin Beijing Chaoyang was granted the honour of "2018 Best Business Hotel" by "Travel & Leisure".
3. In May, The Westin Beijing Chaoyang was granted the honour of "The Best Business Travel Hotel" by "AIRTIME 2018-2019 Selected High-Class Hotels Awards".
4. In December, The Westin Beijing Chaoyang was granted the honour of "Business Hotels of Year in Greater China" by "China Premium Traveler Approved Awards 2019-2020".
5. In December, The Westin Beijing Chaoyang was granted the honour of "The Best Business Hotel" by "CHANCE".

## RENAISSANCE BEIJING WANGFUJING HOTEL

1. In April, Renaissance Beijing Wangfujing Hotel was granted the title of "Most Popular Wedding Service Hotel" by the "China Hotel New Power Media Awards".
2. In April, Renaissance Beijing Wangfujing Hotel was granted the honour of "Top 10 City Nova Hotels of China" by the "Starlight Awards".
3. In May, Renaissance Beijing Wangfujing Hotel was granted the honour of "The Best City Resort Hotel" by "AIRTIME 2018-2019 Selected High-Class Hotels Awards".
4. In June, Renaissance Beijing Wangfujing Hotel was granted the honour of "The Best Parent-Child Hotel" by "First Journey".
5. In November, Renaissance Beijing Wangfujing Hotel was granted the honour of "Best Wedding Hotel" by "Fashion Travel 2019 China Hotel Awards".
6. In December, Renaissance Beijing Wangfujing Hotel was granted the honour of "The Best Hotel Restaurant of the Year – Wan Li Chinese Restaurant" by "Ganlanhuobao.com".



## HONOURS AND AWARDS IN 2019

## THE RITZ-CARLTON SANYA, YALONG BAY

1. In January, The Ritz-Carlton Sanya, Yalong Bay was granted the honour of "Top 10 Hotels of 2018, Hainan" by the "Hainan Tourism Hotel Association".
2. In January, The Ritz-Carlton Sanya, Yalong Bay was granted the honour of "2018 Best Luxury Hotel Award" by "Ctrip".
3. In June, The Ritz-Carlton Sanya, Yalong Bay was granted the honour of "2019 Must-Stay List – Sanya Must-Stay Hotel" by "Dianping.com".
4. In September, The Ritz-Carlton Sanya, Yalong Bay was granted the honour of "2019 China's Most Popular Business Hotel" by the "16th Golden-Pillow Award of China's Hotels".
5. In September, The Ritz-Carlton Sanya, Yalong Bay was granted the honour of "Popular Tourist Destination Hotel Awards of Annual" by "Hotels Newrank".
6. In October, The Ritz-Carlton Sanya, Yalong Bay was granted the honour of "Best Wedding Service" by "Hotel Wedding Awards".

## HILTON SANYA YALONG BAY RESORT & SPA

1. In March, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "2018 Most Popular Resort Hotel" by "Ctrip".
2. In June, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "2019 Certificate of Excellence" by "TripAdvisor".
3. In October, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "The Family-Friendly Hotel Award of the Year" by "2019 City Travel Hotel Awards".
4. In November, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "2019 Best Resort Hotel" by "Meituan".
5. In December, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "The Best Family Friendly Hotel in China" by "SHANG Hotel Awards".

## JW MARRIOTT HOTEL SHENZHEN

1. In May, JW Marriott Hotel Shenzhen was granted the honour of "2019 Must-Stay List – Shenzhen Must-Stay Hotel" by "Dianping.com".
2. In May, JW Marriott Hotel Shenzhen was granted the honour of "Guest Review Awards" by "Booking.com".
3. In June, JW Marriott Hotel Shenzhen was granted the honour of "Best Conference Hotel" by "Metropolitan Hotel Awards 2019".
4. In June, JW Marriott Hotel Shenzhen was granted the honour of "Excellent Service – Oriented Hotel of the Year" by "Jie Mian News 2019 Greater Bay Area Hospitality Awards".
5. In November, JW Marriott Hotel Shenzhen was granted the honour of "The Best Popular Wedding & Conference Hotel" by "Phoenix Life Travel Award".
6. In December, JW Marriott Hotel Shenzhen was granted the honour of "The Best Luxury Hotel" by "Awards of Trip.com 2019".





# MANAGEMENT DISCUSSION AND ANALYSIS

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

The Boards have recommended the payment of a final distribution of HK15.43 cents per Share Stapled Unit for the year ended 31 December 2019 to the Holders of Share Stapled Units, based on the total Trust Distributable Income of approximately RMB564 million (equivalent to approximately HK\$641 million) for the same period. Subject to approval of the Holders of Share Stapled Units at the forthcoming 2019 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2020. Taken together with the interim

distribution of HK16.60 cents per Share Stapled Unit paid in October 2019, the total distribution per Share Stapled Unit for the year 2019 is HK32.03 cents.

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

## OVERVIEW OF ASSET PORTFOLIO

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

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

## JINMAO HOTEL ASSET PORTFOLIO (BY CATEGORY)

Category	Property	City	Total GFA (sq.m.)	Number of Rooms
1. Hotel	Grand Hyatt Shanghai	Shanghai	76,013	555
	Hilton Sanya Yalong Bay Resort & Spa	Sanya	75,208	501
	The Ritz-Carlton Sanya, Yalong Bay	Sanya	83,772	450
	The Westin Beijing Chaoyang	Beijing	77,945	550
	JW Marriott Hotel Shenzhen	Shenzhen	51,730	411
	Hyatt Regency Chongming	Shanghai	48,992	235
	Renaissance Beijing Wangfujing Hotel	Beijing	44,413	329
	Lijiang Jinmao Hotels	Lijiang	84,384	401
Subtotal			542,457	3,432
2. Office	Jin Mao Tower office (including the evacuation floors on the 15th floor and the 30th floor)	Shanghai	137,121	N/A
3. Retail	Shanghai J•LIFE	Shanghai	35,659	N/A
4. Tourist	Observation Deck on the 88th floor of Jin Mao Tower	Shanghai	1,885	N/A
5. Property Management	Shanghai Property Management	N/A	N/A	N/A
6. Consultancy management	Shanghai Jinmao Hotel Management Company Limited	N/A	N/A	N/A



## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Among which:

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

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

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

In 2019, faced with the impacts of an overall downward economy and the US-China trade war, the prosperity index of China's hospitality industry continued to fall to its lowest in 13 years. Hotel performance was seriously polarized. Apart from the positive growth recorded for the mid-end budget hotels, RevPAR of super high-end, high-end and mid- to high-end hotels revealed a decline of varying extents. The market was volatile in general. Looking at the cities where the Group has hotel properties: The high star-rated hotels in Beijing experienced a decline in demand and the increase in supply meant that the growth of daily rate of guest rooms was limited. Accordingly, RevPAR decreased slightly. Affected by the economy and increase in supply, Shanghai saw a decline in both sales volume and price; whereas Shenzhen's RevPAR continued to decrease due to the impacts of the trade war. The increase in supply in Sanya led to a continuous decrease in price and competition among the bays of Sanya remained fierce. In Lijiang, the market price rebounded slightly with seasonal changes in demand. RevPAR increased slightly as a result. Facing the uncertain economic environment and aggressive market competition, the hotels of the Group proactively seized market opportunities, developed differentiated products and optimised customer structure, consistently optimised customer mix through expanding sales channels, enhanced service quality and maintained their leading market positions within their respective regions.


In 2019, revenue of the Group amounted to RMB2,474 million, representing a year-on-year decrease of 4%. Gross profit of the Group amounted to RMB1,417 million, with a year-on-year decrease of 4%.

Hotel	Occupancy		Average Daily Rate (RMB)		RevPAR (RMB)	
	2019	2018	2019	2018	2019	2018
Grand Hyatt Shanghai	<b>89.1%</b>	89.4%	<b>1,391</b>	1,411	<b>1,240</b>	1,261
Hyatt Regency Chongming	<b>48.2%</b>	54.2%	<b>704</b>	724	<b>339</b>	393
The Westin Beijing Chaoyang	<b>85.0%</b>	82.4%	<b>1,123</b>	1,218	<b>954</b>	1,004
Renaissance Beijing Wangfujing Hotel	<b>87.6%</b>	88.6%	<b>1,081</b>	968	<b>947</b>	857
The Ritz-Carlton Sanya, Yalong Bay	<b>68.4%</b>	62.4%	<b>1,748</b>	2,146	<b>1,196</b>	1,340
Hilton Sanya Yalong Bay Resort & Spa	<b>86.1%</b>	89.6%	<b>982</b>	1,108	<b>845</b>	993
JW Marriott Hotel Shenzhen	<b>87.9%</b>	84.7%	<b>1,050</b>	1,096	<b>923</b>	929
Lijiang Jinmao Hotels	<b>55.8%</b>	48.4%	<b>712</b>	723	<b>398</b>	350









# FOCUS ON EXPERIENCE EXCELLENT AND UNRIVALED

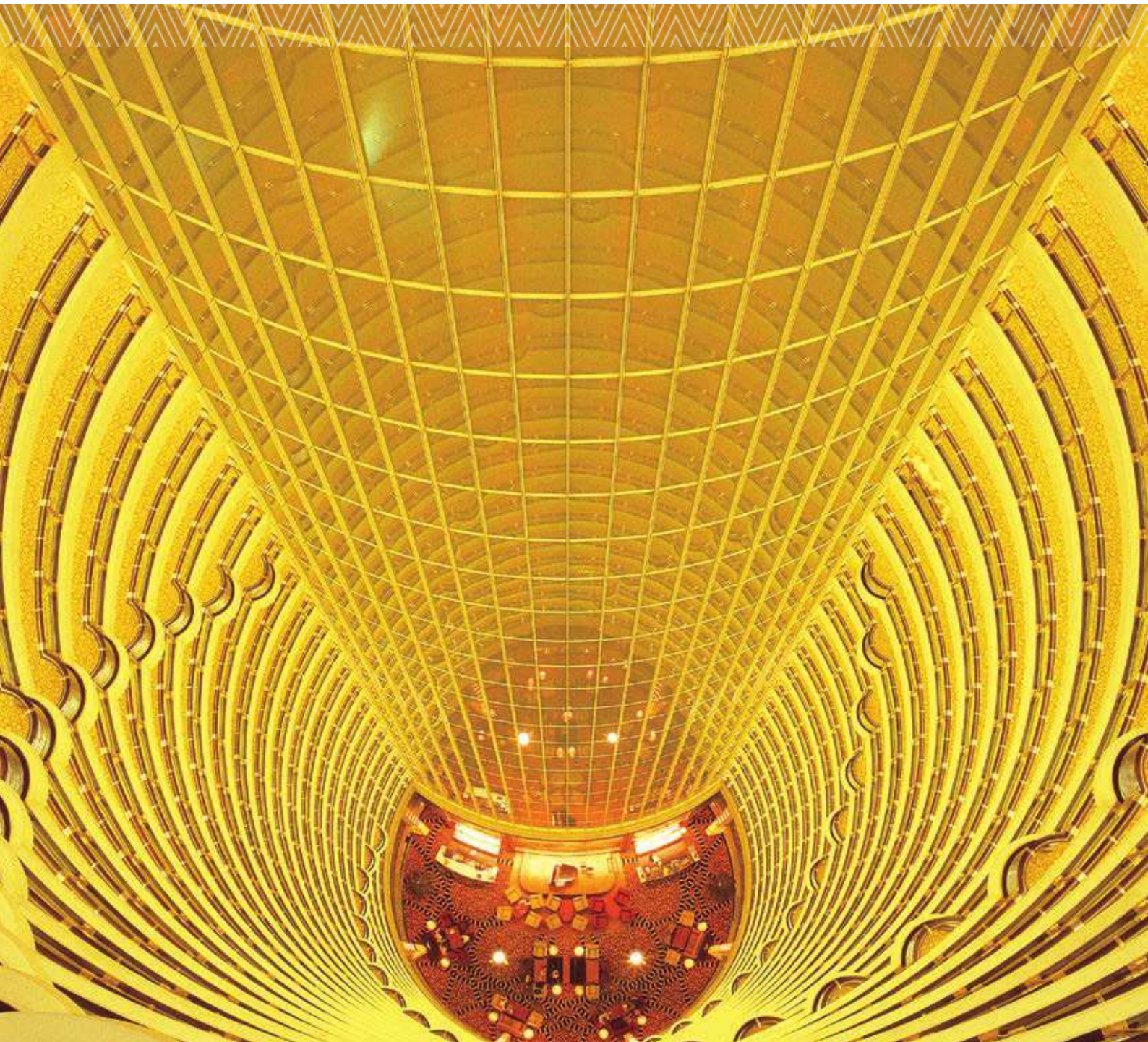
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We have rooted our business in Pudong of Shanghai but have always been holding a global perspective. We are also keeping pace with the times and are dedicated to excellence. From Shanghai to Sanya and from Beijing to Shenzhen, and following on the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



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review – Hotel Operations Segment






**GRAND HYATT  
SHANGHAI**

**L**OCATED AT SHANGHAI'S ICONIC LANDMARK JIN MAO TOWER, GRAND HYATT SHANGHAI EMBRACES THE SCENIC VIEW OF SHANGHAI BUND AND THE BEAUTIFUL SKYLINE OF THE CITY. WE HAVE ALWAYS DEDICATED OURSELVES TO PROVIDING OUR GUESTS WITH ATTENTIVE AND PROFESSIONAL SERVICES. WHETHER FOR BUSINESS OR LEISURE TRAVEL, THE NEWLY UPGRADED 555 LUXURY ROOMS AND SUITES, THE MULTI-FUNCTIONAL BANQUET HALL, VARIOUS RESTAURANTS AND THE CORRESPONDING ANCILLARY FACILITIES WILL WELCOME YOU WITH A CORDIAL AND MEMORABLE STAY.

Grand Hyatt Shanghai, located on the 53rd-87th floors of Jin Mao Tower, commenced operation in 1999. The hotel was included in the Guinness World Records 2000 as the world's highest hotel. Since its opening, leveraging on its unique landmark location and high-quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and abroad.

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

During the Review Period, under the economic decline of the overall Shanghai hotel market, Grand Hyatt Shanghai optimised the marketing strategies and stabilized rooms occupancy, maintaining its No.1 position of the market share in the Comp Set. As to food and beverage, the restaurants on the 54th and 56th floors, which re-opened to the market after re-positioning and speedy renovation, were well received by customers. Average check and total number of customer visits increased significantly as compared to those before renovation. For the year ended 31 December 2019, Grand Hyatt Shanghai recorded an occupancy of 89.1% and an average daily rate of RMB1,391 (for the year ended 31 December 2018: 89.4% and RMB1,411). As at the date of this report, the Group owns 100% interest of Grand Hyatt Shanghai.

Grand Hyatt Shanghai	2019	2018
Occupancy	<b>89.1%</b>	89.4%
Average daily rate (RMB)	<b>1,391</b>	1,411
RevPAR (RMB)	<b>1,240</b>	1,261
Rooms revenue (RMB million)	<b>248.0</b>	252.2
Food and beverage revenue (RMB million)	<b>210.7</b>	216.6
Total revenue (RMB million)	<b>464.7</b>	475.4
EBITDA (RMB million)	<b>143.5</b>	141.0
Total basic management fees to the hotel manager (RMB million)	<b>9.3</b>	9.2
Total incentive management fees to the hotel manager (RMB million)	<b>17.8</b>	18.3
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>13.1</b>	13.4

MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment






**HYATT REGENCY  
CHONGMING**

**H**YATT REGENCY CHONGMING IS LOCATED FAVORABLY IN THE EAST OF CHONGMING ISLAND, THE THIRD LARGEST ISLAND IN THE PRC. SURROUNDED BY A BEAUTIFUL NATURAL ENVIRONMENT, IT OFFERS FRESH ORGANIC DELICACIES, “HYATT CAMPUS” CONFERENCE EXPERIENCE AND UNIQUE PET DOGS FRIENDLY GUEST ROOMS. HYATT REGENCY CHONGMING IS AN IDEAL VENUE FOR RELAXATION, HOLIDAYS AND MEETINGS.

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

During the Review Period, despite facing an unfavorable environment with decreasing popularity of the region and lack of tourist hot spots, Hyatt Regency Chongming took the initiative to innovate and introduced external resources to add an equestrian touch on top of pet hotel. At the same time, Hyatt Regency Chongming endeavored to optimize cost to enhance profit margin. For the year ended 31 December 2019, Hyatt Regency Chongming recorded an occupancy of 48.2% and an average daily rate of RMB704 (for the year ended 31 December 2018: 54.2% and RMB724). As at the date of this report, the Group owns 100% interest of Hyatt Regency Chongming.

Hyatt Regency Chongming	2019	2018
Occupancy	<b>48.2%</b>	54.2%
Average daily rate (RMB)	<b>704</b>	724
RevPAR (RMB)	<b>339</b>	393
Rooms revenue (RMB million)	<b>28.5</b>	33.7
Food and beverage revenue (RMB million)	<b>26.6</b>	32.5
Total revenue (RMB million)	<b>55.5</b>	66.6
EBITDA (RMB million)	<b>3.5</b>	2.9
Total basic management fees to the hotel manager (RMB million)	<b>1.1</b>	1.3
Total incentive management fees to the hotel manager (RMB million)	<b>0.3</b>	0.5
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>1.7</b>	2.0

MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment




**THE WESTIN  
BEIJING CHAOYANG**

**T**HE WESTIN BEIJING CHAOYANG IS LOCATED AT THE PRIME AREA OF THE CHAOYANG DISTRICT, BEIJING, ADJACENT TO THE RENOWNED YANSHA BUSINESS CIRCLE AND EMBASSIES. THE HOTEL IS LOCATED WITHIN A 25-MINUTE DRIVING DISTANCE FROM THE BEIJING CAPITAL INTERNATIONAL AIRPORT. WITH ITS MODERN DESIGN AND PERFECT SERVICE, THE HOTEL BECOMES THE FIRST CHOICE OF ACCOMMODATION FOR FOREIGN AND LOCAL POLITICIANS AND CELEBRITIES, AS WELL AS BUSINESS TRAVELERS AND THOSE WHO PURSUE A QUALITY LIFESTYLE.

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

During the Review Period, both the overall demand in the Beijing market and the overall RevPAR have decreased. The Westin Beijing Chaoyang actively coped with the price competition among hotels in the same region and expanded the business through direct sales channels, which guaranteed the growth of occupancy. For the year ended 31 December 2019, The Westin Beijing Chaoyang recorded an occupancy of 85.0% and an average daily rate of RMB1,123 (for the year ended 31 December 2018: 82.4% and RMB1,218). As at the date of this report, the Group owns 100% interest of The Westin Beijing Chaoyang.

The Westin Beijing Chaoyang	2019	2018
Occupancy	<b>85.0%</b>	82.4%
Average daily rate (RMB)	<b>1,123</b>	1,218
RevPAR (RMB)	<b>954</b>	1,004
Rooms revenue (RMB million)	<b>191.6</b>	201.6
Food and beverage revenue (RMB million)	<b>69.8</b>	85.3
Total revenue (RMB million)	<b>281.1</b>	308.4
EBITDA (RMB million)	<b>118.3</b>	108.7
Total basic management fees to the hotel manager (RMB million)	<b>7.0</b>	7.7
Total incentive management fees to the hotel manager (RMB million)	<b>10.3</b>	11.0
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>11.3</b>	12.4



MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment




**RENAISSANCE BEIJING  
WANGFUJING HOTEL**

**S**ITUATED ON WANGFUJING AVENUE IN BEIJING'S MAJOR BUSINESS AND SHOPPING DISTRICT, RENAISSANCE BEIJING WANGFUJING HOTEL IS UNIQUELY DESIGNED WITH TWO WINGS SPREADING OUT LIKE AN OPEN BOOK. ALMOST HALF OF ITS ROOMS ENJOY THE MARVELOUS VIEW OF THE FORBIDDEN CITY. ITS PILLARLESS BALLROOM WITH AN AREA OF NEAR 1,000 SQ. M. AND CLASSIC COURTYARD RESTAURANT HUTONG PLACE ALLOW GUESTS TO EXPERIENCE AN INCREDIBLE JOURNEY FROM THE PAST TO THE PRESENT.

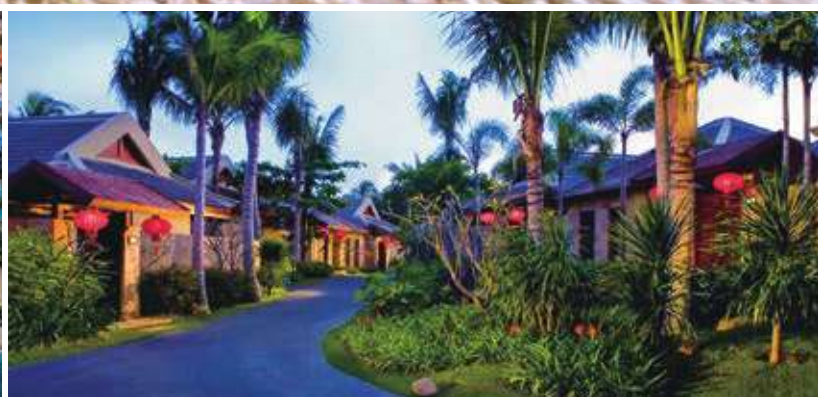
Situated on the northern section of Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel enjoys superior geographical location with access to a cluster of historical sites and facilities. It is within a short distance to The Forbidden City, Tiananmen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

During the Review Period, while maintaining high occupancy, Renaissance Beijing Wangfujing Hotel actively sought potential for profit, expanded premium channels and customer base and stepped up sales efforts of high-end room categories. As a result, RevPAR increased by 10%, with an improvement for its market ranking in the Comp Set. For the year ended 31 December 2019, Renaissance Beijing Wangfujing Hotel recorded an occupancy of 87.6% and an average daily rate of RMB1,081 (for the year ended 31 December 2018: 88.6% and RMB968). As at the date of this report, the Group owns 100% interest of Renaissance Beijing Wangfujing Hotel.

Renaissance Beijing Wangfujing Hotel	2019	2018
Occupancy	<b>87.6%</b>	88.6%
Average daily rate (RMB)	<b>1,081</b>	968
RevPAR (RMB)	<b>947</b>	857
Rooms revenue (RMB million)	<b>110.5</b>	100.1
Food and beverage revenue (RMB million)	<b>52.7</b>	52.9
Total revenue (RMB million)	<b>167.7</b>	157.4
EBITDA (RMB million)	<b>43.5</b>	38.2
Total basic management fees to the hotel manager (RMB million)	<b>3.4</b>	3.2
Total incentive management fees to the hotel manager (RMB million)	<b>3.1</b>	2.7
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>5.7</b>	4.7



MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment






**THE RITZ-CARLTON**  
**SANYA, YALONG BAY**

SITUATED AT THE SCENIC YALONG BAY, THE MAGNIFICENT THE RITZ-CARLTON SANYA, YALONG BAY IS INSPIRED BY THE SUMMER PALACE IN BEIJING. THE HOTEL ALSO PROVIDES A PLEASANT RESORT EXPERIENCE TO ITS GUESTS THROUGH TAILORED TOURS OF THE TROPICAL ISLAND WHICH FEATURES DIFFERENT CULTURES ALL OVER THE WORLD.

Situated at the enchanting Yalong Bay in Sanya, The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. The hotel offers 450 guest rooms, suites and villas with each guest room occupying a floor area of more than 60 square metres. 19 of the guest rooms are luxury suites and 33 are private villas with independent swimming pools, all of which are situated among the secluded white beaches and red mangrove forest conservation zone of the Yalong Bay. Since opening, the hotel has been well received by affluent global travelers and celebrated by the tourism industry, with over 100 awards worldwide.

During the Review Period, competition among the bays of Sanya remained fierce and customers were more price sensitive, resulting in a continuous decline in average daily rate. The Ritz-Carlton Sanya, Yalong Bay closely monitored market dynamics and through flexible sales strategies and excellent service quality, continued to maintain its leading position in Yalong Bay. For the year ended 31 December 2019, The Ritz-Carlton Sanya, Yalong Bay recorded an occupancy of 68.4% and an average daily rate of RMB1,748 (for the year ended 31 December 2018: 62.4% and RMB2,146). As at the date of this report, The Ritz-Carlton Sanya, Yalong Bay is 100% owned by the Group.

The Ritz-Carlton Sanya, Yalong Bay	2019	2018
Occupancy	<b>68.4%</b>	62.4%
Average daily rate (RMB)	<b>1,748</b>	2,146
RevPAR (RMB)	<b>1,196</b>	1,340
Rooms revenue (RMB million)	<b>197.7</b>	221.2
Food and beverage revenue (RMB million)	<b>77.1</b>	84.1
Total revenue (RMB million)	<b>291.0</b>	321.5
EBITDA (RMB million)	<b>94.9</b>	104.2
Total basic management fees to the hotel manager (RMB million)	<b>7.3</b>	8.1
Total incentive management fees to the hotel manager (RMB million)	<b>6.9</b>	7.8
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>14.7</b>	14.6

MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment






**HILTON SANYA YALONG  
BAY RESORT & SPA**

**H**ILTON SANYA YALONG BAY RESORT & SPA IS HILTON INTERNATIONAL'S VERY FIRST GLOBAL RESORT BUILT IN CHINA. SITUATED AT YALONG BAY, THE MOST ENCHANTING GULF WITHIN SOUTH CHINA SEA, HILTON SANYA YALONG BAY RESORT & SPA PROUDLY PRESENTS EIGHT OUTDOOR SWIMMING POOLS IN VARIOUS SIZES, SHAPES AND FUNCTIONS SURROUNDED BY THE TROPICAL LANDSCAPE.

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

During the Review Period, Hilton Sanya Yalong Bay Resort & Spa responded positively to the fierce market competition among bays of Sanya. The family-themed packages received positive feedback from customers with overwhelming response, which expanded the market share. As to food and beverage, in line with the positioning of kid-friendly hotel, the first family-themed restaurant among the international hotel chains in Yalong Bay was launched. For the year ended 31 December 2019, Hilton Sanya Yalong Bay Resort & Spa recorded an occupancy of 86.1% and an average daily rate of RMB982 (for the year ended 31 December 2018: 89.6% and RMB1,108). As at the date of this report, the Group owns 100% interest of Hilton Sanya Yalong Bay Resort & Spa.

Hilton Sanya Yalong Bay Resort & Spa	2019	2018
Occupancy	<b>86.1%</b>	89.6%
Average daily rate (RMB)	<b>982</b>	1,108
RevPAR (RMB)	<b>845</b>	993
Rooms revenue (RMB million)	<b>151.7</b>	178.4
Food and beverage revenue (RMB million)	<b>54.1</b>	58.1
Total revenue (RMB million)	<b>210.3</b>	241.5
EBITDA (RMB million)	<b>70.4</b>	85.8
Total basic management fees to the hotel manager (RMB million)	<b>3.0</b>	3.4
Total incentive management fees to the hotel manager (RMB million)	<b>4.5</b>	6.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>6.3</b>	7.2



MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment




**JW MARRIOTT**  
**HOTEL SHENZHEN**

**J**W MARRIOTT HOTEL SHENZHEN IS LOCATED AT THE CENTER OF THE FUTIAN BUSINESS DISTRICT IN SHENZHEN AND ADJACENT TO SHENZHEN CONVENTION & EXHIBITION CENTRE AND SHENZHEN SDG GOLF CLUB. WITH ITS MAGNIFICENT DESIGN, INCREDIBLE AMENITIES, FIRST-CLASS SERVICES AND EXCELLENT EVENT ORGANISING AND CATERING, THE HOTEL IS COMMITTED TO PROVIDING A PERFECT AND UNFORGETTABLE EXPERIENCE FOR ITS GUESTS.

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

During the Review Period, as a result of the trade war, business activities in Shenzhen reduced significantly. JW Marriott Hotel Shenzhen actively adjusted the pricing strategies and ensured growth of occupancy. The market share also increased year-on-year. For the year ended 31 December 2019, JW Marriott Hotel Shenzhen recorded an occupancy of 87.9% and an average daily rate of RMB1,050 (for the year ended 31 December 2018: 84.7% and RMB1,096). As at the date of this report, the Group owns 100% interest of JW Marriott Hotel Shenzhen.

JW Marriott Hotel Shenzhen	2019	2018
Occupancy	<b>87.9%</b>	84.7%
Average daily rate (RMB)	<b>1,050</b>	1,096
RevPAR (RMB)	<b>923</b>	929
Rooms revenue (RMB million)	<b>135.0</b>	135.9
Food and beverage revenue (RMB million)	<b>65.3</b>	67.9
Total revenue (RMB million)	<b>208.9</b>	212.6
EBITDA (RMB million)	<b>80.2</b>	75.4
Total basic management fees to the hotel manager (RMB million)	<b>5.2</b>	5.3
Total incentive management fees to the hotel manager (RMB million)	<b>4.7</b>	4.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>10.2</b>	8.5



MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Hotel Operations Segment




**LIJIANG  
JINMAO HOTELS**

**L**IJIANG JINMAO HOTELS ARE LOCATED AT THE HEART OF THE OLD TOWN OF LIJIANG AND ON THE JADE DRAGON SNOW MOUNTAIN. WITH PICTURESQUE SCENERY AND PROFOUND CULTURE, THE DESIGN OF THE HOTELS COMBINES LOCAL NAXI ETHNIC ARCHITECTURE AND CONTEMPORARY STYLE. GUESTS WILL EMBRACE THE EVER CHANGING VIEW OF THE SNOW MOUNTAIN BY THE WINDOW, EXPERIENCE THE SENSE OF ETERNITY AND INNER PEACE, AND ENJOY A SUPERIOR QUALITY HOLIDAY.

Lijiang Jinmao Hotels comprise Lijiang Jinmao Hotel • The Unbound Collection by Hyatt and Jinmao Purelax Mountain Hotel, Lijiang (formerly known as Grand Hyatt Lijiang). In 2018, the Company changed the business model of Grand Hyatt Lijiang from entrusted management to franchised operation, and started separate operations of the urban area and the Mountain Lodge. Located in the well-known tourist hot spot in China, Lijiang, Yunnan, the two hotels embrace three UNESCO World Heritage Sites comprising the Old Town of Lijiang, Three Parallel Rivers of Yunnan Protected Areas and Dongba culture. Combining traditional ethnic architecture with contemporary design, the hotels present the elegance of the traditional culture of the local Naxi community to the guests. Set against the dramatic backdrop of the snow mountains and lakes, the hotels offer its guests the natural beauty and cultural aspects of the old town.

Lijiang Jinmao Hotel • The Unbound Collection by Hyatt is located within Jinmao Whisper of Jade Dragon Complex at the north end of Shangri-La Avenue, within walking distance of Shuhe Old Town. Lijiang Jinmao Hotel • The Unbound Collection by Hyatt commenced operations on 28 February 2018. Its precedent entity is the urban area of Grand Hyatt Lijiang, which commenced operations on 28 September 2014. The hotel has 312 guest rooms in total.

Jinmao Purelax Mountain Hotel, Lijiang is located in Ganhaizi meadowland with an elevation of 3,100 metres at the eastern foothill of Jade Dragon Snow Mountain, next to the Guinness World Record holding Jade Dragon Snow Golf Course and 17 kilometers away from the urban area of the hotel. It is the best place to experience the magnificence of the glaciers. The hotel commenced operations on 31 March 2018. Its precedent entity was Grand Hyatt Lijiang Mountain Lodge, which commenced operations on 2 September 2015. The hotel has 89 guest rooms in total.

During the Review Period, Lijiang Jinmao Hotel • The Unbound Collection by Hyatt actively adjusted the sales

strategies and filled the gap in the conference market and corporate teams through focusing on exploring retail customers and tour groups. Market rankings and market share both increased as a result. Jinmao Purelax Mountain Hotel, Lijiang, through introducing a myriad of cultural and experience theme activities, attracted high-end individual travelers and quality corporate customers while maintaining its good reputation through online channels, and significantly increased the RevPAR. For the year ended 31 December 2019, Lijiang Jinmao Hotels recorded an occupancy of 55.8% and an average daily rate of RMB712 (for the year ended 31 December 2018: 48.4% and RMB723). As at the date of this report, the Group owns 100% interest of Lijiang Jinmao Hotels.

Lijiang Jinmao Hotels	2019	2018
Occupancy	<b>55.8%</b>	48.4%
Average daily rate (RMB)	<b>712</b>	723
RevPAR (RMB)	<b>398</b>	350
Rooms revenue (RMB million)	<b>57.2</b>	49.1
Food and beverage revenue (RMB million)	<b>27.3</b>	26.7
Total revenue (RMB million)	<b>87.9</b>	78.0
EBITDA (RMB million)	<b>3.5</b>	1.6
Total basic management fees to the hotel manager (RMB million)	–	–
Total incentive management fees to the hotel manager (RMB million)	–	–
Contributions to furniture, fixtures and equipment reserve (RMB million)	<b>1.4</b>	–



# PURSUIT OF HIGH-QUALITY PROPERTIES TO CUSTOMER SATISFACTION

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









# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review – Property Leasing Segment

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

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

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

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

### JIN MAO TOWER OFFICE

The 3rd-50th floors of Jin Mao Tower provide Grade A office spaces with a total GFA of approximately 137,121 sq.m. and a leasable area of 126,719 sq.m. There are five groups of 26 high-speed lifts, exclusively serving the office floors, which can comfortably transport guests in speed to their offices directly without the need to change lifts. The design of 5-6 lifts for every ten floors ensures that the waiting time for guests during the rush hour will not be more than 35 seconds, providing convenient vertical transportation. Benefiting from its prime location and excellent services, Jin Mao Tower has become one of the most favored venues to well-known domestic enterprises, multinational corporations and international organisations for setting up their offices in Shanghai, including 22 Fortune 500 companies. Major tenants include finance and trading companies, law firms and consultancy firms.



MANAGEMENT DISCUSSION AND ANALYSIS  
Business Review – Property Leasing Segment

During the Review Period, the office market in Shanghai's central business districts further declined under such macroeconomic landscape. Coupled with the conglomerates' relocation of office to non-business districts and small and medium-sized enterprises' moving out of core districts due to operating pressure, office vacancy in Pudong area, Shanghai further increased and average rent decreased. Leverage on its premium property quality and professional services, Jin Mao Tower office firmly secured the existing major clients within the building. At the same time, it further explored the needs of quality customers to expand the lease guarantee and renew the lease. Occupancy rose against the downward trend and the performance remained steady. In 2019, area under new leases was 13,894 sq.m. and the average rent of newly contracted areas was higher than the average market level. As of 31 December 2019, the Jin Mao Tower office has achieved an occupancy of 92.7% (31 December 2018: occupancy of 91.4%).

Jin Mao Tower office	2019	2018
Occupancy	<b>92.7%</b>	91.4%
Revenue (RMB million)	<b>416.0</b>	435.6
EBITDA (RMB million)	<b>416.4</b>	407.4

## SHANGHAI J•LIFE

Shanghai J•LIFE, located on the six-level podium of Jin Mao Tower, occupies a GFA of 35,659 sq.m. and has a leasable area of 10,405 sq.m. Tenants include retail stores, clinics, financial service providers as well as Chinese and western restaurants. The mall has become one of the lifestyle service centers in Pudong New District of Shanghai. During the Review Period, Shanghai J•LIFE remained a steady occupancy, while actively optimized its tenant structure to enhance rental revenue. As of 31 December 2019, Shanghai J•LIFE has achieved 99.3% occupancy (31 December 2018: occupancy of 100%), with an average rent remaining in a market-leading position.

SHANGHAI J•LIFE	2019	2018
Occupancy	<b>99.3%</b>	100%
Revenue (RMB million)	<b>56.8</b>	56.3
EBITDA (RMB million)	<b>47.4</b>	45.3

## OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER

The Observation Deck on the 88th floor of Jin Mao Tower, stands at a height of 340.1 metres. With an area of 1,520 sq.m., it is one of the first 4A tourist attractions in China. Standing atop and looking afar, visitors can enjoy a breath-taking cityscape view of the Huangpu River and panoramic view of the mouth of the Yangtze River. Visitors can also enjoy an upside down view of the atrium of Grand Hyatt Shanghai below, described by architects, scientists and writers as "Shared Space", "Golden Ring" and "Time Tunnel". Two high-speed express lifts, travelling at 9.1 metres per second, take visitors from the basement to the Observation Deck on the 88th floor in just 45 seconds. In addition, the Observation Deck on the 88th floor of Jin Mao Tower concerned about the visitors experience and further enriched the entertainment, education and fashion in the products. The first outdoor skywalk project in Mainland China has been put into trial operation. The project offers tourists with highly innovative and challenging high-altitude stroll adventure under the guidance of instructors on the glass-floored platform extended from the Observation Deck. The skywalk project received an overwhelming response from tourists and aroused wide coverage by many renowned media bodies locally and abroad. In addition, it led to a substantial increase in the number of individual travelers during the Review Period. During the Review Period, the Observation Deck attracted 1,418.7 thousands domestic and overseas visitors (for the year ended 31 December 2018: 1,274.4 thousands visitors).

Observation Deck, 88th Floor, Jin Mao Tower	2019	2018
Visitors (thousand)	<b>1,418.7</b>	1,274.4
Revenue (RMB million)	<b>74.2</b>	63.5
EBITDA (RMB million)	<b>44.0</b>	31.5

## OTHER BUSINESSES

Our businesses also include property management services and consultancy management export.









# HEADING RECASTING GLORY

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## Future Prospects

Looking ahead, China's economy may maintain a steady and progressive momentum, though it will still be affected by the complex and changing external environment and uncertainties. The tourism and hotel industries are undergoing market transformation, alongside profound changes in mass consumption concepts. While observing market disciplines and following the trends, the Company will enhance its products and make every effort to improve its performance. The Company will also carry out business innovation and explore new sources of profit.

Hotel business will be the core of the Group, who deeply explores into the values of assets in stock, continuing to facilitate the upgrade of the asset management business. Meanwhile, the Company endeavors to seek for commercial properties which are strategically worthy, proactively exploring asset-light and asset-heavy business with combination of long-term and short-term investments as to ensure the steady growth of the Company's performance.



MANAGEMENT DISCUSSION AND ANALYSIS  
Future Prospects

The Group thoroughly persists on being customer-oriented, accelerates business innovation, facilitates the converge of mobile Internet and traditional business, provides considerate high-quality services to enhance the satisfaction of customers, develops the most outstanding and leading hotel portfolio in the industry.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### OVERALL FINANCIAL REVIEW

For the year ended 31 December 2019, profit attributable to Holders of Share Stapled Units amounted to RMB246.4 million, representing a decrease of 2% from RMB250.4 million for last year. Without taking into account the impact of fair value change on investment properties, profit attributable to Holders of Share Stapled Units amounted to RMB170.1 million, representing a decrease of 16% from RMB202.7 million for last year.

#### I. REVENUE

For the year ended 31 December 2019, revenue of the Group amounted to RMB2,473.7 million, representing a decrease of 4% from RMB2,564.9 million for last year, which was mainly attributable to the decrease in the revenue from the hotel operation and property leasing segments.

In 2019, the Group's revenue from hotel operations was approximately RMB1,767.2 million, representing a decrease of 5% as compared to last year. The Group's revenue from property leasing was approximately RMB480.5 million, representing a decrease of 4% as compared to last year. Revenue from others, primarily including the Observation Deck on the 88th floor of Jin Mao Tower, property management and asset-light business, increased by 12% as compared to last year, which was mainly attributable to the increase in revenue from the Observation Deck on the 88th floor of Jin Mao Tower and asset-light business.

	For the year ended 31 December					
	2019		2018		Annualised percentage change (%)	
	RMB million	Percentage of revenue (%)	RMB million	Percentage of revenue (%)		
Hotel operations	<b>1,767.2</b>	<b>72</b>	1,864.3	73	-5	
Property leasing	<b>480.5</b>	<b>19</b>	499.0	19	-4	
Others	<b>226.0</b>	<b>9</b>	201.6	8	12	
Total	<b>2,473.7</b>	<b>100</b>	2,564.9	100	-4	

#### II. COST OF SALES AND GROSS PROFIT MARGIN

For the year ended 31 December 2019, cost of sales of the Group was approximately RMB1,056.4 million (2018: RMB1,090.1 million) and the overall gross profit margin of the Group in 2019 was 57%, which remained steady as compared to that of 2018. During the period, the gross profit margin of property leasing segment increased to a high level of 98% (2018: 95%). The gross profit margin of hotel operations was 49% (2018: 50%), which decreased slightly as compared to last year.

### III. FAIR VALUE GAINS ON INVESTMENT PROPERTIES

For the year ended 31 December 2019, fair value gains on investment properties of the Group amounted to RMB101.7 million, which increased by 60% as compared to last year. The fair value gains on investment properties comprised primarily the fair value gains of the office portions of Jin Mao Tower, Shanghai J•LIFE and Beijing Wangfujing Quadrangle Courtyard.

### IV. OTHER INCOME AND GAINS

For the year ended 31 December 2019, other income and gains of the Group amounted to approximately RMB48.6 million, representing an increase of 39% as compared to RMB35.1 million in last year, which was mainly due to the increase interest income from bank deposits and government grants.

### V. SELLING AND MARKETING EXPENSES

For the year ended 31 December 2019, selling and marketing expenses of the Group was RMB132.7 million, decreasing by 6% from RMB140.8 million of last year, which was mainly due to the decrease in salary expenses of the sales department and the decrease in channel fees paid to the hotel management company. Selling and marketing expenses comprise primarily advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations.

### VI. ADMINISTRATIVE EXPENSES

For the year ended 31 December 2019, administrative expenses of the Group amounted to RMB654.5 million, representing a decrease of 5% from RMB687.6 million in last year, which was mainly due to the tax and fee reduction policies launched by the government during the Review Period, the real estate tax reduction incentives enjoyed by certain hotels and the decrease in IT system expenses. Administrative expenses comprise primarily staff costs, depreciation of properties, real estate tax, property insurance expenses, IT system expenses, consultancy fee and foreign exchange gains or losses.

### VII. FINANCE COSTS

For the year ended 31 December 2019, finance costs of the Group were RMB329.0 million, representing an increase of 5% from RMB314.6 million in last year, which was mainly due to the increase in average financing scale during the Review Period.

### VIII. INCOME TAX EXPENSE

For the year ended 31 December 2019, the Group had an income tax expense of RMB190.0 million, representing an increase of 9% from RMB173.6 million in last year.



## MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

**IX. PROFIT ATTRIBUTABLE TO HOLDERS OF SHARE STAPLED UNITS**

For the year ended 31 December 2019, profit attributable to Holders of Share Stapled Units amounted to RMB246.4 million, representing a decrease of 2% as compared to RMB250.4 million in last year. After excluding the impact of fair value changes on investment properties, in 2019, profit attributable to Holders of Share Stapled Units has a year-on-year decrease of 16%, mainly due to the decrease in revenue and increase in finance costs during the Review Period. For the year ended 31 December 2019, net profit after tax attributable to Holders of Share Stapled Units as a result of gains of fair value on investment properties of the Group amounted to approximately RMB76.3 million.

**X. PROPERTY, PLANT AND EQUIPMENT**

As at 31 December 2019, property, plant and equipment amounted to RMB6,635.8 million, representing a decrease of 4% from RMB6,892.2 million as at 31 December 2018 due to the property depreciation.

**XI. INVESTMENT PROPERTIES**

As at 31 December 2019, investment properties are RMB9,168.9 million, which mainly comprised the office portions of Jin Mao Tower, Shanghai J•LIFE, Beijing Wangfujing Quadrangle Courtyard and Jinmao Boill e-Wisdom Valley Executive Apartment.

**XII. TRADE RECEIVABLES**

As at 31 December 2019, trade receivables were RMB94.5 million, representing an increase of 2% from RMB92.6 million as at 31 December 2018.

**XIII. TRADE PAYABLES**

As at 31 December 2019, trade payables were RMB75.5 million, representing a decrease of 8% from RMB82.1 million as at 31 December 2018, it was mainly due to the decrease in payables from hotel operations.

**XIV. OTHER PAYABLES AND ACCRUALS**

As at 31 December 2019, other payables and accruals were RMB725.3 million, representing a decrease of 7% from RMB782.8 million as at 31 December 2018, which was mainly due to the payment of accrued interest, payment of remaining construction fees and refund of lease deposits.

**XV. INTEREST-BEARING BANK AND OTHER BORROWINGS**

As at 31 December 2019, interest-bearing bank and other borrowings (including current and non-current) were RMB7,241.6 million, decreasing by 2% from RMB7,400.8 million as at 31 December 2018, which was mainly due to the decrease in short-term borrowings during the Review Period.

## XVI. GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2019 and 31 December 2018 were as follows:

	As at 31 December 2019 (RMB million)	As at 31 December 2018 (RMB million)
Interest-bearing bank and other borrowings (current and non-current)	7,241.6	7,400.8
Less: cash and cash equivalents	(707.1)	(760.2)
restricted bank balances	(13.5)*	(52.8)
Net debt	6,521.0	6,587.8
Total equity	5,460.2	5,829.8
Add: amount due to related parties	2,399.0	2,013.2
Adjusted capital	7,859.2	7,843.0
Net debt-to-adjusted capital ratio	83%	84%

\* As a result of rounding, the figure disclosed in the statement of financial position is RMB13.6 million, whereas the amount is RMB13.5 million here.

## XVII. LIQUIDITY AND CAPITAL RESOURCES

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

As at 31 December 2019, the Group had cash and cash equivalents of RMB707.1 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2018: RMB760.2 million).



## MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

As at 31 December 2019, the Group had total interest-bearing bank and other borrowings of RMB7,241.6 million (as at 31 December 2018: RMB7,400.8 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2019	2018
	(RMB million)	(RMB million)
Within one year	5,011.1	5,689.6
In the second year	–	1,711.2
In the third to fifth years, inclusive	2,230.5	–
Beyond five years	–	–
<b>Total</b>	<b>7,241.6</b>	<b>7,400.8</b>

Interest-bearing bank and other borrowings of approximately RMB5,011.1 million were repayable within one year shown under current liabilities. The Group's borrowings are denominated in RMB, HK dollar, US dollar and Japanese yen. As at 31 December 2019, except for the interest-bearing bank and other borrowings of approximately RMB1,850.0 million bearing interest at fixed rates, other interest-bearing bank loans and other borrowings of the Group bore interest at floating rates. There was no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2019, the Group had banking facilities of up to RMB13,402.4 million, which were all denominated in RMB, HK dollar, US dollar and Japanese yen. The amount of banking facilities utilised was RMB7,241.6 million.

The Group's net cash outflow of RMB53.8 million for the year ended 31 December 2019 mainly consisted of:

1. A net cash inflow of RMB620.2 million from operating activities, which was mainly attributable to net revenue from property leasing and hotel operations. Without taking in account the amounts due to and from the related parties, the net cash inflow from operating activities was RMB836.4 million.
2. A net cash outflow of RMB140.1 million from investing activities, which was mainly attributable to the inputs for renovation and upgrade of the hotel properties and Jin Mao Tower from the Group and the payment of remaining construction fees.
3. A net cash outflow of RMB533.9 million from financing activities, which was mainly attributable to the payment of distributions, the repayment of bank loans and payment of loan interest.

## XVIII. PLEDGE OF ASSETS

As at 31 December 2019, the Group had no pledge of assets.

## **XIX. CONTINGENT LIABILITIES**

Details of the Group's contingent liabilities as at 31 December 2019 are set out in note 33 to the consolidated financial statements of the Trust Group.

## **XX. CAPITAL COMMITMENTS**

Details of the Group's capital commitments as at 31 December 2019 are set out in note 34 to the consolidated financial statements of the Trust Group.

## **XXI. MARKET RISK**

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

## **XXII. INTEREST RATE RISK**

The Group is exposed to interest rate risk resulted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. An increase in interest rates will increase the interest expense relating to the Group's outstanding floating interest rate borrowings and increase the cost of new debt. Fluctuation of interest rates would also cause significant fluctuation to the outstanding debt at fair value of the Group. In 2019, the Group made use of financial derivative instruments to hedge partial interest rate risk. The Group cannot guarantee that any future hedging activity can prevent the Group from the impact of interest rates fluctuation.

## **XXIII. FOREIGN CURRENCY EXCHANGE RISK**

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in RMB. The Group's distributable income is settled in HK dollar. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. In 2019, the Group used the financial derivatives to partially hedge and control foreign exchange risk and all hedging activities adopted hedging accounting. The Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

## **XXIV. EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2019, the Group employed 4,159 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including social security provided in accordance with the "Labour Law of the PRC" and the third party liability insurance covering some of employees. The Group's salary levels are reviewed regularly against market standards.

## **XXV. SHARE OPTION SCHEME**

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

## **XXVI. MATERIAL ACQUISITIONS AND DISPOSALS**

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



# INVESTOR RELATIONS REPORT

## INVESTOR RELATIONS ACTIVITIES IN 2019

<p><b>MARCH</b></p> <ul style="list-style-type: none"> <li>▶ Announcement of 2018 results           <ul style="list-style-type: none"> <li>• Analysis seminar</li> <li>• Results presentation for media</li> </ul> </li> <li>▶ Carrying out non-deal roadshows in Hong Kong and Singapore</li> </ul>	<p><b>MAY</b></p> <ul style="list-style-type: none"> <li>▶ Participation in the investors meeting in Singapore held by Deutsche Bank</li> <li>▶ Participation in the investors meeting in Shenzhen held by HSBC</li> </ul>	<p><b>JUNE</b></p> <ul style="list-style-type: none"> <li>▶ Participation in the investors meeting in Hong Kong held by Citibank</li> <li>▶ Participation in the investors meeting in Shanghai held by Industrial Securities</li> </ul>
<p><b>AUGUST</b></p> <ul style="list-style-type: none"> <li>▶ Announcement of 2019 interim results           <ul style="list-style-type: none"> <li>• Analysis seminar</li> <li>• Results presentation for media</li> </ul> </li> <li>▶ Carrying out non-deal roadshows in Hong Kong</li> </ul>	<p><b>SEPTEMBER</b></p> <ul style="list-style-type: none"> <li>▶ Participation in the H shares summit organised by Shenzhen Panoramic Network</li> </ul>	<p><b>DECEMBER</b></p> <ul style="list-style-type: none"> <li>▶ Participation in the investors meeting in Shanghai held by Everbright Securities</li> <li>▶ Participation in the Global Investment Carnival held by GURUCLUB</li> </ul>

## COMMUNICATION WITH HOLDERS OF SHARE STAPLED UNITS

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

To enhance its transparency, the Company is committed to communicating its information to investors and other stakeholders through various channels in a timely and accurate manner to enable investment decision-making by existing and prospective investors. Furthermore, the Company believes that effective and adequate communication would allow us to adequately consider the potential impact on the capital market in the decision-making process.

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

- ▶ The annual reports and interim reports of the Company will be delivered to the Holders of Share Stapled Units and investors as well as the analysts who pay attention to the performance of the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- ▶ The Company held its interim and annual results presentations to announce its results and outlook and respond to investors and the media's inquiries.

- The Company maintained good communication and exchanges with investors through investor hotlines, email and results presentation. It handled queries from investors conscientiously and kept relevant records to convey investors' concerns and views to its management in a timely manner.
- The Directors and the management of the Company had attended regular meetings with securities analysts and investors, securities analyst briefings, investor group briefings, overseas roadshows and investor conferences.
- Project visits are organised and if needed, site visits are organised for investors and analysts to directly visit the properties of the Company and communicate with management so as to enhance investor's understanding of the Company.

## FEEDBACK FROM INVESTORS

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

## PROSPECTS OF OUR INVESTOR RELATIONS WORK

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

## INVESTOR ENQUIRIES

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# PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

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### MR. LI CONGRUI

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Chairman and  
Non-executive Director

**Mr. Li Congrui**, aged 49, was appointed as a non-executive Director of the Trustee-Manager and the Company on 25 March 2014 and was appointed as the Chairman of the Board on 29 April 2016. Mr. Li is also a member of the Remuneration and Nomination Committee of the Company Board. He has been the Vice President of China Jinmao since April 2009, the executive director of China Jinmao since June 2011, the executive director and Chief Executive Officer of China Jinmao since January 2013, and the director of China Jin Mao (Group) since February 2013, and the chairman of China Jin Mao (Group) since November 2015, respectively. He also holds positions in a number of subsidiaries of China Jinmao, including the chairman of Sinochem Franchise Properties (Beijing) Co., Ltd., the chairman of Jinmao Investment (Changsha) Co., Ltd. and an executive director of Shanghai Jinmao Investment Management Group Co., Ltd. Mr. Li joined Sinochem Group in 1997, and held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corporation. From 2003 and prior to joining China Jinmao, he had been the director and the general manager of Zhoushan State Oil Reserve Base Company Limited (舟山國家石油儲備基地有限責任公司). Mr. Li has over 20 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large-scale project construction.

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



**MR. ZHANG HUI**

Non-executive Director

**Mr. ZHANG Hui**, aged 49, was re-designated to non-executive Director of the Trustee-Manager and the Company on 19 October 2017. He was the Chief Executive Officer and an executive Director of the Trustee-Manager and the Company from March 2014 to October 2017. Mr. ZHANG has been the senior vice president of China Jinmao since October 2017. He currently serves as the executive director of many subsidiaries of China Jinmao including Jinmao Southwest Enterprises Management (Chongqing) Company Limited. He joined Sinochem Group in 2002 and held a number of senior positions including general manager of Shanghai Orient Terminal Co., Ltd. He had been the vice president of China Jinmao from January 2010 to July 2014. He has also been a director since January 2010 and the general manager of China Jin Mao (Group) from January 2010 to October 2017. Before joining Sinochem Group, he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has over 20 years of experience in large-scale project development and management, project investment planning and corporate governance.

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



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

**MR. JIANG NAN**

Non-executive Director

**Mr. JIANG Nan**, aged 46, was appointed as a non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Mr. JIANG is also a member of the Audit Committees of the Trustee-Manager Board and the Company Board. Mr. JIANG joined China Jinmao in 2006 as the Chief Financial Officer and has been involved in the day-to-day management of China Jinmao. From 2007 to 2011, Mr. JIANG served as an executive director of China Jinmao and has been re-appointed as an executive director of China Jinmao since August 2015, responsible for the guidance and management of accounting and financing, capital market, investor relations, and budget assessment of China Jinmao. He has been a general manager of Jinmao Capital Holding Limited since June 2019. Mr. JIANG joined Sinochem Group in August 1995 and worked in the Finance Department from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for financial management and investment projects, and operation of the overseas funds of Sinochem Group. He has been the director of China Jin Mao (Group) since December 2008. Mr. JIANG has over 20 years of experience in corporate finance and accounting management.

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



## MR. TANG YONG

Executive Director and Chief Executive Officer

**Mr. TANG Yong**, aged 51, was appointed as an executive Director and Chief Executive Officer of the Trustee-Manager and the Company on 19 October 2017. He is responsible for the operation and management of the Group. Mr. TANG was the deputy general manager of the Company from 20 January 2017 to 18 October 2017. Mr. TANG joined China Jin Mao (Group) in May 2000 and has held a number of positions in China Jin Mao (Group) and its subsidiaries including assistant to the general manager and deputy general manager of the Human Resources Division, director of the administration and human resources division of Shanghai Property Management, deputy general manager and general manager of Shanghai Property Management, general manager of the Human Resources Division, general manager of the Technical Support Division and the assistant to the general manager and deputy general manager of China Jin Mao (Group). From 1991 to 2000 before joining China Jin Mao (Group), Mr. TANG had worked at Shanghai Crane & Conveyor Works Co., Ltd. He has over 20 years of experience in corporate governance and human resources management.

Mr. TANG is also the chairman of Shanghai Jin Mao Jin Jiang Automobile Service Company Limited and Shanghai Jinmao Hotel Management Company Limited.

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



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

**DR. CHEN JIEPING**

Independent non-executive  
Director

Dr. CHEN Jieping, aged 66 was appointed as an independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHEN is also a member of the Remuneration and Nomination Committee of the Company Board and the chairman of the Audit Committees of the Trustee-Manager Board and the Company Board. Dr. CHEN is currently an independent non-executive director of HJ Capital (International) Holdings Company Limited (stock code: 0982), a company listed on the Stock Exchange, and an independent director of Saurer Intelligent Technology Co., Ltd. (stock code: 600545), a company listed on the Shanghai Stock Exchange. Dr. CHEN served as an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245) and Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which are companies listed on the Shenzhen Stock Exchange, Industrial Securities Co., Ltd. (stock code: 601377), a company listed on the Shanghai Stock Exchange, and Shanghai La Chapelle Fashion Co., Ltd. (stock code: 6116), a company listed on the Stock Exchange.

Dr. CHEN has over 18 years of experience in accounting. He was the Associate Dean, a Professor of the Senior Management Master of Business Administration Program of the China Europe International Business School from 2009 and 2016. Dr. CHEN was the Head of the Department of Accountancy of the City University of Hong Kong from 2005 to 2008.

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



## DR. CHUNG SHUI MING TIMPSON

Independent non-executive  
Director

**Dr. CHUNG Shui Ming Timpson**, GBS, JP, Dssc (Hon), aged 68, was appointed as an independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHUNG is also the chairman of the Remuneration and Nomination Committee of the Company Board. Dr. CHUNG is currently an independent non-executive director of China Unicom (Hong Kong) Limited (stock code: 0762), Glorious Sun Enterprises Limited (stock code: 0393), Miramar Hotel and Investment Company, Limited (stock code: 0071), China Overseas Grand Oceans Group Limited (stock code: 0081), China Everbright Limited (stock code: 0165), China Railway Group Limited (stock code: 0390), Orient Overseas (International) Limited (stock code: 0316) and Postal Savings Bank of China Co., Ltd. (stock code: 1658), which are companies listed on the Stock Exchange. Dr. CHUNG served as an independent non-executive director of China Everbright Bank Co., Ltd. (stock code: 601818) and China State Construction Engineering Co., Ltd. (stock code: 601668), both of which are companies listed on Shanghai Stock Exchange, as well as an independent non-executive director of Nine Dragons Paper (Holdings) Limited (Stock Code: 02689), Henderson Land Development Company Limited (stock code: 0012) and China Construction Bank Corporation (stock code: 0939), all of which are companies listed on the Stock Exchange.

Dr. CHUNG is well-versed in accounting, financing, finance and corporate management and has over 31 years of experience in accounting and corporate management. Dr. CHUNG served as the Audit Supervisor of Coopers & Lybrand, Chairman of the Hong Kong Housing Society and Chief Executive Officer of Shimao International Holdings Limited.

Dr. CHUNG graduated from The University of Hong Kong in November 1976 with a bachelor of science degree. He obtained a master's degree in business administration from the Chinese University of Hong Kong in October 1987 and was awarded an honorary doctoral degree in social science from the City University of Hong Kong in November 2010. Dr. CHUNG is also a fellow member of the Hong Kong Institute of Certified Public Accountants.



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS



## DR. XIN TAO

Independent non-executive  
Director

**Dr. XIN Tao**, aged 63, was appointed as an independent non-executive Director of the Trustee-Manager and the Company on 9 June 2015. Dr. XIN is also a member of the Audit Committees of the Trustee-Manager Board and the Company Board. Dr. XIN was the consultant to China World Hotel of China World Trade Center Company Limited (中國國際貿易中心有限公司) and the vice chairwoman of China World Trade Property & Hotel Management Co., Ltd. (國貿物業酒店管理公司). Dr. XIN has 37 years of experience in hotel management. From 1983 to 1988, she was the deputy director of the Food and Beverage Department at Beijing Jinglun Hotel. From 1988 to 2014, Dr. XIN was the deputy director and the deputy general manager at China World Hotel and Traders Hotel Beijing of China World Trade Center, the deputy general manager at China World Summit Wing of China World Trade Center, the general manager at Traders Hotel Beijing of China World Trade Center, and the assistant to the general manager at China World Trade Center Company Limited, respectively. Dr. XIN also served various social positions, such as the secretary general of China Tourist Hotel Association (中國旅遊飯店業協會), a member of the National Tourism Standards Committee (國家旅遊標準委), the deputy director of National Star Rating Committee of Experts (國家星評委專家委員會), the chairwoman of the board of supervisors of Beijing Tourism Industry Association (北京旅遊協會), the accommodation expert for Beijing 2008 Olympic Summer Games, the accommodation expert for Beijing 2022 Olympic Winter Games Bid Committee. As a senior expert in the hospitality industry, Dr. XIN Tao also serves as the visiting professor and industry mentor at the Beijing Second Foreign Language Institute and Tourism Institute of Beijing Union University, the chief inspector and a consultant of Beijing Hospitality Institute (中瑞酒店管理學院).

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

## THE SENIOR MANAGEMENT OF THE GROUP

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**Ms. ZHANG  
RUNHONG**

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**Ms. ZHANG Runhong**, aged 42, is the head of finance of the Group and concurrently the head of finance of China Jin Mao (Group). Ms. ZHANG joined China Jin Mao (Group) in 2003 and served as a number of positions of China Jin Mao (Group) and its subsidiaries, including deputy finance director of Shanghai Grand Hyatt and The Ritz-Carlton Sanya, Yalong Bay, Deputy General Manager and General Manager of the Finance Department. Ms. ZHANG has nearly 20 years of experience in financial analysis and management.

Ms. ZHANG also serves as the chairman of Jin Mao (Shanghai) Management Co., Ltd., Jinmao Hainan Investment Co., Ltd. and Jin Mao (Li Jiang) Hotel Investment Company Ltd., and a director of Shanghai Jinmao Jinjiang Automotive Services Co., Ltd., Jinmao Sanya Travel Co., Ltd., Jinmao Sanya Resort Hotel Co., Ltd., Jinmao (Beijing) Real Estate Co., Ltd., Jinmao Shenzhen Hotel Investment Co., Ltd., Wangfujing Hotel Management Co., Ltd., Li Long (Shanghai) Hotel Management Company Limited, Shanghai Jinmao Hotel Management Company Limited and Shanghai Jinmao Sheng Rong Yacht Club Limited, a company held as to 23% by China Jinmao.

Ms. ZHANG graduated from Shanghai University of Finance and Economics in June 2000 with a bachelor's degree in economics. In February 2003, Ms. ZHANG obtained a master's degree in management from Shanghai University of Finance and Economics. Ms. ZHANG holds the qualification certificate of Chinese Certified Public Accountant, Certified Commercial Investment Member, Certified Hotel Asset Manager, Certified Hospitality Accountant Executive and Certified Hotel Administrator.



## THE SENIOR MANAGEMENT OF THE GROUP



**MR. ZENG FEI**

**Mr. ZENG Fei**, aged 41, is the deputy general manager of the Group and of China Jin Mao (Group) and the chairman of Labour Union of China Jin Mao (Group). Mr. ZENG joined Sinochem Group in June 2004 and has held a number of positions, including staff at Operation Division of Sinochem International Oil Corporation, deputy manager to the CEO of Sinochem. From August 2009 to February 2016, he had been the deputy general manager of the General Affairs Department, the deputy officer in the office of general manager (chaired) and the officer in the office of the general manager of China Jinmao and an assistant to the general manager of China Jin Mao (Group) from February 2016 to January 2017. Mr. ZENG has nearly 20 years of experience in corporate governance.

Mr. ZENG is also the chairman of Jin Mao Sanya Tourism Company Ltd., Jin Mao Sanya Resort Hotel Company Ltd., Beijing Jin Mao Real Estate Company Ltd., Jinmao Shenzhen Hotel Investment Co., Ltd. and Wangfujing Hotel Management Co., Ltd. and a director of Shanghai Jinmao Jin Jiang Automobile Service Company Limited and Jinmao (Hainan) Investment Limited.

Mr. ZENG graduated from Peking University in July 2001 with a bachelor's degree in laws. He also held a master's degree in laws from the same university in June 2004. Mr. Zeng holds a PRC legal professional qualification certificate and the title of Political Administrator.



**MR. ZHANG WEI**

**Mr. ZHANG Wei**, aged 44, is an assistant to the general manager of the Group and of China Jin Mao (Group). Mr. ZHANG joined China Jin Mao (Group) in July 1998 and had held a number of positions in China Jin Mao (Group) and its subsidiaries including assistant to the general manager of the Office Building Division, deputy general manager of the Business Development Division, deputy general manager of the Office Building Division and deputy general manager and general manager of Shanghai Property Management. He has over 20 years of experience in corporate governance, office building sales and leasing and property management.

Mr. ZHANG was also the chairman of Li Long (Shanghai) Hotel Management Company Limited and the deputy chairman of Shanghai Jinmao International Cruising-Yacht Company Limited, a company held as to 23% by China Jinmao.

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

## THE SENIOR MANAGEMENT OF THE GROUP

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**MR. GU YIJUN**

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**Mr. GU Yijun**, aged 41, was appointed as an assistant to the general manager of the Group and of China Jin Mao (Group) on 10 June 2019. Mr. GU serves concurrently as the general manager of Shanghai Jinmao Hotel Management Company Limited since January 2018. Mr GU joined China Jin Mao (Group) in February 2000 and had held a number of positions in China Jin Mao (Group) and its subsidiaries including manager of concierge of Grand Hyatt Shanghai, assistant to general manager (hotel secondment) of strategic planning department of China Jin Mao (Group), executive deputy general manager of The Ritz-Carlton Sanya, Yalong Bay and Grand Hyatt Lijiang (secondment), deputy general manager, deputy general manager of strategy operations department, deputy general manager of hotel operations department (chaired), general manager of hotel management department and general manager of innovation and strategic development department. Mr. GU has approximately 20 years of experience in hotel operations and management.

Mr. GU also serves as a director of Jin Mao (Shanghai) Management Co., Ltd. and Shanghai Jinmao Hotel Management Company Limited.

Mr. GU graduated from Glion Institute of Higher Education with a bachelor's degree in hotel management in December 1999 and obtained a master's degree in business administration from American International College in May 2004.



# CONSOLIDATED CORPORATE GOVERNANCE REPORT

## GOVERNANCE AND COMPLIANCE

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

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

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

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

This consolidated corporate governance report of the Trust and the Company sets out a summary of the key processes, systems and measures used by the Trust, the Trustee-Manager and the Company in implementing the corporate governance framework for the year ended 31 December 2019. Pursuant to the Trust Deed, the Trustee-Manager shall ensure the compliance by Jinmao Hotel with the applicable Listing Rules and other relevant laws and regulations. The Company shall ensure its compliance with the Listing Rules and other relevant laws and regulations. Each of the Trustee-Manager and the Company shall cooperate with each other to ensure that each party complies with the obligations imposed by the Listing Rules, including, without limitation, the disclosure obligations and coordinating disclosure to the Stock Exchange.

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

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

Throughout the year ended 31 December 2019, Jinmao Hotel (through the Trustee-Manager) and the Company had complied with the applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and adopted some recommended best practices set out in the Corporate Governance Code where applicable. The requirement to establish a nomination committee is not relevant to the Trustee-Manager because the Trust Deed requires that the Board of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. In addition, the requirement to establish a remuneration committee is also not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employees.

## INFORMATION ABOUT THE SHARE STAPLED UNITS

As at 31 December 2019, there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit refers to the combination of the following securities or interests in securities:

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

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

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

## THE BOARDS

### RESPONSIBILITIES OF THE BOARDS

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

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

For the year ended 31 December 2019, the Company had arranged appropriate liability insurance coverage to protect the Directors and the senior management of the Trustee-Manager and the Company against potential legal actions so that the Directors would be in a better position to perform their duties and prevent risks.

The executive Director works full-time for Jinmao Hotel and the Company, and all the non-executive Directors and independent non-executive Directors have confirmed to the Trustee-Manager and the Company that they contributed sufficient time and attention to the affairs of Jinmao Hotel and the Company for the year ended 31 December 2019.

## COMPOSITION OF THE BOARDS

The Trust Deed requires that:

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

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



## CONSOLIDATED CORPORATE GOVERNANCE REPORT

With respect to board diversity, the Directors of the Company have different professional backgrounds, and provide professional advice to the Company in their respective areas of expertise. As of the date of this report, the compositions of the Trustee-Manager Board and the Company Board are the same and the Boards consist of the following seven Directors as detailed below:

**NON-EXECUTIVE DIRECTORS**

Mr. LI Congrui (Chairman)  
Mr. ZHANG Hui  
Mr. JIANG Nan

**EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

Mr. TANG Yong

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

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

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

Pursuant to clause 29.2(m) of the Trust Deed and Articles 16.3 and 16.21 of the Company's Articles, Mr. JIANG Nan, Dr. XIN Tao and Dr. CHUNG Shui Ming Timpson shall retire from office by rotation at the 2019 AGM. Mr. JIANG Nan and Dr. XIN Tao are eligible and willing to offer themselves for re-election.

Biographical details of the Directors and the senior management are set out on pages 56 to 66 of this annual report. The members of the Boards have no financial, business, family or other material/relevant relationships with each other.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

## BOARD DIVERSITY

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

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

**MEETINGS OF THE BOARDS AND COMMITTEES UNDER THE BOARDS**

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

Attendance at regular meetings of the Boards and committees under the Boards are detailed as follows:

Name of Director	Joint Board meeting of the Trustee-Manager and the Company	Joint Audit Committee meeting of the Trustee-Manager and the Company	Independent Board Committee of the Company	Strategy and Investment Committee of the Company	No. of meetings attended/ No. of meetings held (Attendance rate)
<b>Non-executive Directors</b>					
Mr. LI Congrui (Chairman)	4/4 (100%)	—	—	1/1 (100%)	
Mr. ZHANG Hui	4/4 (100%)	—	—	1/1 (100%)	
Mr. JIANG Nan	4/4 (100%)	3/3 (100%)	—	1/1 (100%)	
<b>Executive Director and Chief Executive Officer</b>					
Mr. TANG Yong	4/4 (100%)	—	—	—	
<b>Independent non-executive Directors</b>					
Dr. CHUNG Shui Ming Timpson	2/4 (50%) <sup>(1)</sup>	—	1/1 (100%)	—	
Dr. CHEN Jieping	4/4 (100%)	3/3 (100%)	1/1 (100%)	1/1 (100%)	
Dr. XIN Tao	4/4 (100%)	3/3 (100%)	1/1 (100%)	1/1 (100%)	

Note: (1) The Company issued a notice for each regular meeting to all Directors of the Company in accordance with the Company's Articles. Dr. CHUNG Shui Ming Timpson failed to attend two regular meetings of the Board due to other business commitments and he had informed the chairman of the meetings in advance. The number of Directors attending the relevant meetings had reached the quorum.



## DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT AND ACCESS TO INFORMATION

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

The Directors actively participate in continuous professional development, and develop and update their knowledge and skills to ensure that their contributions to the Boards remain informed and relevant. During the Review Period, each Director participated in various external trainings, seminars and forums. Mr. LI Congrui attended "Minsheng Bank Real Estate and Finance Cross-Sector Seminar 'Thinking and Sharing Exchange' 2019" and "GIC Insights 2019"; Mr. ZHANG Hui participated in the "China Asset Management System – Season 6" seminar organised by Zentrust Asset Management Research Institute, the "Investment Market + Project Financing + Industrial Real Estate + Investment Measurement + Tax Planning" seminar organised by China Real Estate Club and the online workshop on promoting the high quality development of state-owned enterprises organised by China E-Learning Academy For Leadership under the CPCCC Organisation Department; Mr. JIANG Nan attended the "Training for Updating Engineering Quality of the Chief Accountant of Large and Medium-sized Enterprises 2019", "Minsheng Bank Real Estate and Finance Cross-Sector Seminar 'Thinking and Sharing Exchange' 2019", "Swiss Virtual Reality Learning Project of 'Smart Technology Innovation' of China Europe International Business School" and "2019 ULI China Mainland Annual Meeting"; Mr. TANG Yong attended the CBRE China Real Estate Market Trend Prospects 2019", HVS Hotel Asset Management Theory and Case Workshop and the Operation and Management Benchmarking Sharing Session jointly organised by Marriott and Jinmao Hotel; Dr. CHUNG Shui Ming Timpson attended the Freshfields Training on Law and Regulation Trends 2019, visit to Hainan Free Trade Zone for CPPCC Hong Kong Members, field trip to the US West Coast, Mexico and Columbia, field trip to Istanbul, Croatia and Budapest and the Greater Bay Tokyo seminar organised by the HKSAR government (co-organised by CGCC); Dr. CHEN Jieping attended a training for independent directors of listed companies which was organised by the Shanghai Stock Exchange from 23 to 24 July 2019, and also regularly reads financial news and pays attention to changes in accounting standards; Dr. XIN Tao attended the 16th Organised China Hotels Development Forum, CHAT2019/the 15th China Hotels and Tourism Industries Forum.

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

## RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL ACCOUNTS

The Trustee-Manager Board and the Company Board are responsible for the preparation of the financial accounts of the Trust Group and the Trustee-Manager for the year ended 31 December 2019 so as to give a true and fair view of the operating results and financial conditions of the Trust Group and the Trustee-Manager.

Our auditor has responsibility for its report on the financial statements of the Trust Group and Trustee-Manager and has made a statement as to its reporting responsibility on pages 110 to 115 and pages 208 to 210 of the "Independent Auditor's Report", respectively.

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

## COMMITTEES UNDER THE BOARDS

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

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

## AUDIT COMMITTEES OF THE TRUSTEE-MANAGER AND THE COMPANY

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

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

The major terms of reference of the committees include:

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

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

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

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

For the year ended 31 December 2019, the Trustee-Manager Audit Committee and the Company Audit Committee held three meetings in total. All the members of the committees attended the above meetings.

For the year ended 31 December 2019, the review of the financial reporting and internal controls by the Trustee-Manager Audit Committee and the Company Audit Committee included the following:

- monitoring the financial statements of the Trust Group and the Trustee-Manager, auditing the 2018 Annual Report of the Trustee-Manager and the Company and reviewing the completeness and accuracy of the 2019 interim report and the formal announcement relating to the financial performance of the Trustee-Manager and the Company;
- approving the remuneration and terms of engagement of the external auditor and making recommendations to the Boards on the appointment of the external auditor;
- reviewing the annual pre-audit results, profit forecast, audit strategies and significant matters for 2019; and
- approving the Trustee – Manager's and the Company's 2018 internal review work summary, internal control work report and the 2019 work plans for internal review and internal controls.

The Head of Finance and the auditors of the Company attended the three meetings mentioned above.



## CONSOLIDATED CORPORATE GOVERNANCE REPORT

**REMUNERATION AND NOMINATION COMMITTEE OF THE COMPANY**

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

The major terms of reference of the committee include:

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

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

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

The Company's Governance Code for the Remuneration and Nomination Committee contains the Board Diversity Policy. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service, and takes the above elements as measurable objectives for candidates for directorship.

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

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

For the year ended 31 December 2019, the Remuneration and Nomination Committee of the Company undertook nomination, appointment, review and determination of remuneration packages, including the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Company Board;
- determining the remuneration packages of the executive Director and individual members of the senior management based on the operating results and profit of the Group and with reference to the rates of other companies, both domestically and overseas, and the prevailing market rates, and making recommendations to the Company Board;
- assessing the performance of the executive Director and senior management; and
- assessing the independence of the independent non-executive Directors.

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**INDEPENDENT BOARD COMMITTEE OF THE COMPANY**

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

The major terms of reference of the committee include:

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

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

For the year ended 31 December 2019, none of the properties acquired by or investment opportunities obtained by China Jinmao was subject to the Hotel Arrangements Deed and the Independent Board Committee of the Company held one committee meeting. All members of the committee attended the meeting.

For the year ended 31 December 2019, the Company's Independent Board Committee made resolutions which included the following:

- reviewing and confirming compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements;
- confirming that the Group did not exercise any call options or accept the offer under right of first refusals to acquire related hotels or participate in any investment opportunity pursuant to the Hotel Arrangements for the year ended 31 December 2019; and
- examining continuing connected transactions on an annual basis and confirming them in the annual report and accounts of the Company.



## COMPLIANCE WITH TERMS OF THE NON-COMPETE UNDERTAKING AND THE HOTEL ARRANGEMENTS

China Jinmao has provided its written confirmation in respect of China Jinmao Group's compliance with their obligations under the terms of the non-compete undertaking and the Hotel Arrangements for the year ended 31 December 2019.

## STRATEGY AND INVESTMENT COMMITTEE OF THE COMPANY

The Company has established the Strategy and Investment Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014 and were amended by the Company Board on 26 November 2018.

The major terms of reference of the committee include:

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

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

For the year ended 31 December 2019, the Strategy and Investment Committee held one committee meeting. All members of the committee attended the meeting.

For the year ended 31 December 2019, the Company's Strategy and Investment Committee made resolutions which included the following:

- reviewing the feasibility report of the rental project of Jinmao Boill e-Wisdom Valley Executive Apartment.

## COMPANY SECRETARY

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

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

**CORPORATE GOVERNANCE MEASURES FOR POTENTIAL CONFLICTS OF INTERESTS**

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

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

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

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

## MEETING OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

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

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

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

## RIGHTS OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

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

### ARTICLE 1.1

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

### ARTICLE 1.2

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



## CONSOLIDATED CORPORATE GOVERNANCE REPORT

**ARTICLE 2.2**

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

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

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

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

### PROPOSING A CANDIDATE FOR ELECTION AS A DIRECTOR

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

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

### CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2019, there was no major amendment to the Trust Deed, the Trustee-Manager's Articles or the Company's Articles, and the aforesaid documents currently in effect are available for download from the websites of the Stock Exchange and the Company.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on the remuneration of Directors and senior management. Details of the remuneration of Directors of the Company are set out in note 9 and note 10 to the consolidated financial statements of the Trust Group.

The remuneration of the senior management for the year ended 31 December 2019 is within the following bands:

Emolument bands	Number of senior management members
HK\$1,500,001 to HK\$2,000,000	–
HK\$2,000,001 to HK\$2,500,000	2
HK\$2,500,001 to HK\$3,000,000	2
HK\$3,000,001 to HK\$3,500,000	–
HK\$4,000,001 to HK\$4,500,000	1
Total	5

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

### AUDITORS' REMUNERATION

For the year ended 31 December 2019, the remuneration paid/payable to the Trustee-Manager's and the Company's auditors, Ernst & Young, amounted to a total of RMB3,262,500, of which RMB1,688,000 was for the audit service fees of the Trustee-Manager's financial statements and the Trust Group's consolidated financial statements, RMB872,000 was for audit service fees of certain subsidiaries of the Company, RMB660,000 was for review service fees of the Trust Group's interim financial information, and RMB42,500 was for review services in respect of the Group's continuing connected transactions.

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

### RISK MANAGEMENT AND INTERNAL CONTROLS

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

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



During 2019, the measures established and taken by the Trustee-Manager Board and the Company Board are set out as follows:

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

During the year ended 31 December 2019, the Trustee-Manager Board and the Company Board did not discover any significant deviations or errors in risk management and internal controls. The Trustee-Manager Board and the Company Board are satisfied that the risk management and internal controls of the Trust (together with the Trustee-Manager) and the Company during the year ended 31 December 2019 are effective.

### INSIDE INFORMATION SYSTEM AND INTERNAL CONTROL PROCEDURES

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

### COMPLIANCE WITH THE MODEL CODE

The Trustee-Manager and the Company have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules to regulate Directors' dealings of Share Stapled Units and related securities transactions.

Having made specific enquiries of all Directors, all Directors have confirmed that, as at the date of this report, they were in full compliance with the Model Code.

## CONSOLIDATED CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH HOLDERS OF SHARE STAPLED UNITS

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

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

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

## MEETING OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

The Company maintains and facilitates exchange and communication between registered Holders of Share Stapled Units and the Board through a number of communication methods, including meetings of registered Holders of Share Stapled Units, announcements and circulars to shareholders. Jinmao Hotel and the Company held the annual general meeting of registered Holders of Share Stapled Units for the year 2018 on 5 June 2019 to review and approve the audited consolidated financial statements of the Trust Group, the Company and its subsidiaries for the year ended 31 December 2018 and the audited financial statements of the Trustee-Manager for the year ended 31 December 2018, the Directors' report and the independent auditor's report; to declare a final dividend of HK12.88 cents per Share Stapled Unit for the year ended 31 December 2018; to re-elect Mr. LI Congrui as a non-executive Director of the Trustee-Manager and the Company; to re-elect Mr. ZHANG Hui as a non-executive Director of the Trustee-Manager and the Company; to re-elect Dr. CHEN Jieping as an independent non-executive Director of the Trustee-Manager and the Company; to authorise the Trustee-Manager and the Directors of the Company to determine their remuneration; to re-appoint Ernst & Young as the auditors of the Trust, the Company and the Trustee-Manager and authorise the Trustee-Manager and Directors of the Company to determine the remuneration of the auditors; and to review and approve the general mandate to the Directors of the Trustee-Manager and the Company to issue, allot and dispose of no more than 20% of the total number of issued Share Stapled Units on the day the resolution is approved. Except for Dr. CHUNG Shui Ming Timpson, an independent non-executive Director, who was unable to attend due to other business commitments, all other Directors attended the annual general meeting of registered Holders of Share Stapled Units for the year 2018 held on 5 June 2019.

# REPORT OF THE DIRECTORS

The Boards are pleased to present the annual report for the year ended 31 December 2019, the audited consolidated financial statements of the Trust Group for the year ended 31 December 2019 and the audited financial statements of Jinmao (China) Investments Manager Limited for the year ended 31 December 2019.

## PRINCIPAL ACTIVITIES

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

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

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

Principal activities and other particulars of subsidiaries of the Company as at 31 December 2019 are set out in note 1 to the consolidated financial statements of the Trust Group.

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

## BUSINESS REVIEW

A detailed review on the Trust Group's business performance during the Review Period, as well as the principal risks and uncertainties and future prospects of the Trust Group are set out in the Chairman's Statement on pages 12 to 15 of this annual report and the Management Discussion and Analysis on pages 20 to 53 of this annual report and the Environment, Social and Governance Report which is set out on pages 220 to 260 of this annual report, the discussions thereof forming part of this Report of the Directors.

## DISTRIBUTION

### GROUP DISTRIBUTABLE INCOME

For the year ended 31 December 2019, the Group Distributable Income amounted to approximately RMB564 million (equivalent to approximately HK\$641 million) after the adjustments permitted under the Trust Deed and the Company's Articles. The details of the distribution policy of the Trust Group (including a description of such adjustments) are set out in note 12 to the consolidated financial statements of the Trust Group.

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



## REPORT OF THE DIRECTORS

## DISTRIBUTION PER SHARE STAPLED UNIT

The Boards have recommended the payment of a final distribution of HK15.43 cents per Share Stapled Unit for the year ended 31 December 2019 to the Holders of Share Stapled Units, based on the total Trust Distributable Income of approximately RMB564 million (equivalent to approximately HK\$641 million) for the same period. Subject to the approval of the Holders of Share Stapled Units at the forthcoming 2019 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2020. Taken together with the interim distribution of HK16.60 cents per Share Stapled Unit paid in October 2019, the total distribution per Share Stapled Unit for the year 2019 is HK32.03 cents.

No dividend was recommended by the Trustee-Manager Board for the year ended 31 December 2019.

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

## FINANCIAL HIGHLIGHTS

Highlights of the results and assets and/or liabilities of the Trust Group are set out on page 11 of this annual report.

## RESERVES

Movements in reserves of the Trust Group during the year ended 31 December 2019 are set out in the consolidated statement of changes in equity and note 31 to the consolidated financial statements of the Trust Group.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Trust Group during the year ended 31 December 2019 are set out in note 14 to the consolidated financial statements of the Trust Group.

## INVESTMENT PROPERTIES

Details of movements in the investment properties of the Trust Group for the year ended 31 December 2019 are set out in note 15 to the consolidated financial statements of the Trust Group.

## ISSUED SHARE STAPLED UNITS

For the year ended 31 December 2019, no new Share Stapled Units were issued by the Trust Group. As at 31 December 2019, there were a total of 2,000,000,000 Share Stapled Units in issue.

Details of movements in the issued capital of the Trust and the Company for the year ended 31 December 2019 are set out in note 30 to the consolidated financial statements of the Trust Group. Details of the share capital of the Trustee-Manager are set out in note 4 to the financial statements of the Trustee-Manager.

## ISSUANCE OF BONDS

On 22 March 2019, China Jin Mao (Group) completed the issue of the super & short-term commercial paper in the national inter-bank market in the PRC of an amount of RMB0.6 billion and with a maturity period of 270 days and an interest rate of 3.47% per annum. Please refer to the announcements issued by the Company and the Trust on 20 March 2019 and 22 March 2019 for details. The proceeds from the issue of the super & short-term commercial paper have been used to supplement the working capital of China Jin Mao (Group).

On 11 April 2019, China Jin Mao (Group) completed the issue of the super & short-term commercial paper in the national inter-bank market in the PRC of an amount of RMB0.7 billion and with a maturity period of 260 days and an interest rate of 3.39% per annum. Please refer to the announcements issued by the Company and the Trust on 8 April 2019 and 11 April 2019 for details. The proceeds from the issue of the super & short-term commercial paper have been used to supplement the working capital of China Jin Mao (Group).

Except as disclosed above, for the year ended 31 December 2019, the Trust Group has not issued any bonds.

## EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2019, no equity-linked agreement of the Trust Group has been entered into or existed.

## DONATIONS

For the year ended 31 December 2019, charitable and other donations made by the Trust Group amounted to RMB0.2 million.

## DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

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

### CCB FACILITY LETTER

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

On 20 April 2018, the Company (as borrower) and CCB (as lender) entered into a supplemental CCB Facility Letter whereupon the conditions imposing specific performance obligations on controlling Holders of Share Stapled Units were amended as follows. Other terms remain the same as the CCB Facility Letter.

## REPORT OF THE DIRECTORS

Pursuant to the terms of the supplemental CCB Facility Letter, if:

- (1) China Jinmao, the controlling Holder of Share Stapled Units of the Company, ceases to hold (directly and indirectly) at least 50.1% of the issued Share Stapled Units of the Company, or ceases to remain the Company's single largest Holder of Share Stapled Units; or
- (2) Sinochem Hong Kong ceases to maintain controlling power over China Jinmao; or
- (3) Sinochem Corporation ceases to hold (directly or indirectly) over 50% of the issued share capital of Sinochem Hong Kong; or
- (4) the central government of the PRC ceases to hold at least 51% of the issued share capital of Sinochem Group,

and the Company does not remedy such situation to the reasonable satisfaction of CCB within fourteen days after receipt of written notice from CCB requiring it to do so, CCB may by written notice to the Company:

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

### DBS FACILITY LETTER

On 2 September 2016, pursuant to the DBS Facility Letter, the Company (as borrower) obtained from DBS (as lender) a US\$250,000,000.00 term loan facility for a term of up to two years till 1 September 2018. On 8 March 2018 and 26 February 2020, the Company and DBS entered into supplemental facility letters, pursuant to which the term of the term loan facility has been extended to 23 May 2022.

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

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

### BoCOM FACILITY AGREEMENT

On 2 September 2016, the Company (as borrower) entered into BoCom Facility Agreement with BoCom (as lender) for a HK\$1,000,000,000.00 equivalent dual currency term loan facility for a term of up to 36 months. Pursuant to the terms of the BoCom Facility Agreement, if China Jinmao does not or ceases to own at least 51% of the issued Share Stapled Units of the Company from time to time, free from any Security, it constitutes an event of default.



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

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

## REPURCHASE, SALE OR REDEMPTION OF SHARE STAPLED UNITS

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

For the year ended 31 December 2019, none of the Trust, the Trustee-Manager, the Company or any of its subsidiaries repurchased, sold or redeemed any Share Stapled Units.

## DIRECTORS

Pursuant to clause 29.1(a) of the Trust Deed, the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company. The list of Directors and their roles and functions from 1 January 2019 to the date of this report is as follows:

Name of Director

### Non-executive Directors

Mr. LI Congrui (Chairman)

Mr. ZHANG Hui

Mr. JIANG Nan

### Executive Director

Mr. TANG Yong (Chief Executive Officer)

### Independent Non-executive Directors

Dr. CHUNG Shui Ming Timpson

Dr. CHEN Jieping

Dr. XIN Tao

## REPORT OF THE DIRECTORS

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

Pursuant to clause 29.2(m) of the Trust Deed and Articles 16.3 and 16.21 of the Company's Articles, Mr. JIANG Nan, Dr. XIN Tao and Dr. CHUNG Shui Ming Timpson shall retire from office by rotation at the 2019 AGM. Mr. JIANG Nan and Dr. XIN Tao are eligible and willing to offer themselves for re-election.

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

### PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors of the Trustee-Manager and the Company and senior management of the Company are set out on pages 56 to 66 of this annual report.

### DIRECTORS' SERVICE CONTRACTS

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

### REMUNERATION OF DIRECTORS

Details of the remuneration of the Directors of the Company are set out in note 9 and note 10 to the consolidated financial statements of the Trust Group.

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

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES

As at 31 December 2019, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO); (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange were as follows:

### (a) THE COMPANY

Name of Director	Capacity	Number of Share Stapled Units held or owned	Percentage of issued Share Stapled Units
LI Congrui	Beneficial owner	350,000 (Long position)	0.018%
ZHANG Hui	Beneficial owner	771,000 (Long position)	0.039%
JIANG Nan	Beneficial owner	484,500 (Long position)	0.024%

### (b) ASSOCIATED CORPORATION OF THE COMPANY

Name of Director	Capacity	Name of associated corporation	Number of shares held or owned in the associated corporation <sup>(1)(2)</sup>	Percentage of issued shares of the associated corporation
LI Congrui	Beneficial owner	China Jinmao	5,500,000 (Long position)	0.047%
ZHANG Hui	Beneficial owner	China Jinmao	3,000,000 (Long position)	0.025%
JIANG Nan	Beneficial owner	China Jinmao	5,500,000 (Long position)	0.047%

- Notes:
- (1) China Jinmao holds 66.77% equity interests in Jinmao Hotel and the Company as at the date of this report and accordingly is an associated corporation of Jinmao Hotel and the Company.
  - (2) The above Directors of the Trustee-Manager and the Company, namely, Mr. LI Congrui, Mr. ZHANG Hui and Mr. JIANG Nan, hold 1,000,000 shares, nil share and 1,000,000 shares as well as 4,500,000 underlying shares subject to share options, 3,000,000 underlying shares subject to share options and 4,500,000 underlying shares subject to share options in China Jinmao, respectively, which comprise unlisted equity derivatives. The total number of shares related to the equity interests and share options above constitutes the same shares held or owned in the associated corporation by the Directors of the Trustee-Manager and the Company as set forth in the above table.



## REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2019, none of the Directors or the chief executive of the Company had any interests and/or short positions (as applicable) in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO); (ii) would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) would be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange.

### INTERESTS OF SUBSTANTIAL HOLDERS OF SHARE STAPLED UNITS

As at 31 December 2019, the interests or short positions of persons (other than the Directors or the chief executive of the Company) in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Part XV of Section 336 of the SFO, to be recorded in the register required under such section as having an interest in 5% or more of the issued Share Stapled Units are as follows:

Name of Holder of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested in	Long position/ short position	Percentage of issued Share Stapled Units
China Jinmao	Beneficial owner	1,335,319,000	Long position	66.77%
Sinochem Hong Kong <sup>(1)</sup>	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
Sinochem Corporation <sup>(1)</sup>	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
Sinochem Group <sup>(1)</sup>	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
TONG Jinquan <sup>(2)</sup>	Beneficial owner	185,218,000	Long position	9.26%
LU Shiqing	Beneficial owner	158,550,000	Long position	7.93%

Notes: (1) Sinochem Group holds 98.00% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong, which in turn holds 35.06% equity interests in China Jinmao. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong are all deemed to be interested in the Share Stapled Units beneficially owned by China Jinmao.

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

Save as disclosed above, as at 31 December 2019, no person (other than the Directors of the Trustee-Manager and the Company as set out above) had an interest or short position in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register required under such section.

## TAX RELIEF AND EXEMPTION

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

## PRE-EMPTIVE RIGHTS

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

## MAJOR CUSTOMERS AND SUPPLIERS

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

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

## COMPLIANCE WITH NON-COMPETE UNDERTAKING

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

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

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

## REPORT OF THE DIRECTORS

## PERMITTED INDEMNITY PROVISION

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

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed 4,159 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including social security provided in accordance with the "Labour Law of the PRC" and the third party liability insurance covering some of employees. The Group's salary levels are reviewed regularly against market standards.

## MANAGEMENT CONTRACTS

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

## CONNECTED TRANSACTIONS

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

As China Jinmao is the controlling Holder of Share Stapled Units, China Jinmao and its subsidiaries are connected persons of the Trust Group. As Sinochem Group is the controlling shareholder of China Jinmao, Sinochem Group and its subsidiaries are connected persons of the Trust Group. Accordingly, the transactions entered into with China Jinmao Group and Sinochem Conglomerate will constitute connected transactions for the Trust Group. Other details of connected persons described in this section are set out in the section headed "Definitions" of this annual report.



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

Non-exempt continuing connected transactions	Total transaction amount for the year ended 31 December 2019 (RMB'000)
1. Hotel Property Management Agreement	8,313
2. Commercial Property Management Agreements	1,650
3. Framework Lease Agreement	45,414
(i) Sinochem Framework Lease Agreement	38,057
(ii) China Jinmao Framework Lease Agreement	7,357
4. Decoration Services Framework Agreement with Shanghai Decoration	4,031
5. Framework Hotel and Apartment Management Services Agreement	553
6. Framework Consultancy Services Agreement	1,703
7. Framework Property Management Services Agreement for China Jinmao*	4,051
8. Continuing connected transactions for Sinochem International Plaza	9,203
9. Shop Lease Agreement with Shenzhen Yuemao Properties	460
10. North Bund J•Life Property Management Services Agreement with Shanghai Yinhu	1,959
11. Zhejiang Pufa Consultancy Services Agreement	113

\* Includes the transaction amount under the North Bund J•Life Property Management Services Agreement.

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

## REPORT OF THE DIRECTORS

**A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS****1. HOTEL PROPERTY MANAGEMENT AGREEMENT**

On 7 December 2016, the Company and China Jinmao entered into a hotel property management agreement (the "Hotel Property Management Agreement") for a term of three years with effect from 1 January 2017, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement, pursuant to which the Company agreed to provide hotel property management services in respect of the Excluded Hotels to China Jinmao Group. On 13 December 2019, the Company renewed the Hotel Property Management Agreement with China Jinmao for a period of three years with effect from 1 January 2020, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement.

The transactions under the Hotel Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Hotel Property Management Agreement, the hotel property management services provided by the Company relate to overseeing and monitoring of the hotel management agreements, advising on hotel decorations and overseeing the financial performance of the Excluded Hotels.

Under the Hotel Property Management Agreement, the Group is entitled to receive an annual fee upon the formal opening of such Excluded Hotel, comprising a basic management fee of 0.5% of the total development costs of an Excluded Hotel and an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortization of each Excluded Hotel. The annual caps for the transactions contemplated under the Hotel Property Management Agreement for the six financial years ended/ending 31 December 2017, 2018, 2019, 2020, 2021 and 2022 are RMB8.25 million, RMB13.59 million, RMB18.92 million, RMB9.53 million, RMB9.64 million and RMB17.30 million, respectively.

**2. COMMERCIAL PROPERTY MANAGEMENT AGREEMENTS**

On 7 December 2016, China Jin Mao (Group) entered into a commercial property management agreement with China Jinmao (Shanghai) (the "Shanghai Commercial Property Management Agreement") for a period of three years with effect from 1 January 2017, unless terminated earlier in accordance with the terms of the Shanghai Commercial Property Management Agreement, pursuant to which China Jinmao (Shanghai) agreed to provide certain commercial property management services in relation to Shanghai J•Life. On 7 December 2016, Jinmao (Li Jiang) also entered into a commercial property management agreement with China Jinmao (Shanghai) (the "Lijiang Commercial Property Management Agreement", together with the Shanghai Commercial Property Management Agreement, the "Commercial Property Management Agreements") for a period of three years with effect from 1 January 2017, unless terminated earlier in accordance with the terms of the Lijiang Commercial Property Management Agreement, pursuant to which China Jinmao (Shanghai) agreed to provide certain commercial property management services in relation to Lijiang J•Life.

Due to internal business restructuring of China Jinmao, effective from 1 July 2017, China Jinmao (Shanghai) has transferred all its rights and obligations under the Commercial Property Management Agreements to Jinmao Commercial (Shanghai). On 13 December 2019, China Jin Mao (Group) and Jinmao (Li Jiang) renewed the Shanghai Commercial Property Management Agreement and the Lijiang Commercial Property Management Agreement with Jinmao Commercial (Shanghai), respectively, each for a period of three years with effect from 1 January 2020.

The arrangements under the Shanghai Commercial Property Management Agreement and the Lijiang Commercial Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

Under the Shanghai Commercial Property Management Agreement, Jinmao Commercial (Shanghai) will provide certain commercial property management services in relation to Shanghai J•Life. The commercial property management services mainly include (i) leasing management; (ii) marketing management; (iii) project management; and (iv) other relevant services as may be reasonably required by China Jin Mao (Group) in relation to Shanghai J•Life. Under the Shanghai Commercial Property Management Agreement, Jinmao Commercial (Shanghai) is entitled to receive an annual fee equivalent to 3% of the annual rental income from Shanghai J•Life. The annual caps for the transactions contemplated under the Shanghai Commercial Property Management Agreement for the six financial years ended/ending 31 December 2017, 2018, 2019, 2020, 2021 and 2022 are RMB3.0 million, RMB4.5 million, RMB6.0 million, RMB3.0 million, RMB4.5 million and RMB6.0 million, respectively.

Under the Lijiang Commercial Property Management Agreement, Jinmao Commercial (Shanghai) will provide certain commercial property management services in relation to Lijiang J•Life. The commercial property management services mainly include (i) leasing management; (ii) marketing management; (iii) project management; and (iv) other relevant services as may be reasonably required by Jinmao (Li Jiang) in relation to Lijiang J•Life. Under the Lijiang Commercial Property Management Agreement, Jinmao Commercial (Shanghai) is entitled to receive an annual fee equivalent to 3% of the annual rental income from Lijiang J•Life. The annual caps for the transactions contemplated under the Lijiang Commercial Property Management Agreement for the six financial years ended/ending 31 December 2017, 2018, 2019, 2020, 2021 and 2022 are RMB0.9 million, RMB1.8 million, RMB3.0 million, RMB0.9 million, RMB1.8 million and RMB3.0 million, respectively.

The annual caps in respect of the Commercial Property Management Agreements are estimated with reference to (i) estimated rental income from Shanghai J•Life and Lijiang J•Life; (ii) the historical transaction amounts under the previous commercial property management agreements; and (iii) similar commercial property management agreements entered into by other listed hospitality business trusts and real estate investment trusts which invest in commercial assets.



## REPORT OF THE DIRECTORS

### 3. FRAMEWORK LEASE AGREEMENTS

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

On 21 December 2018, (i) the Company renewed the framework lease agreement with China Jinmao (the "China Jinmao Framework Lease Agreement") for a period of three years with effect from 1 January 2019, pursuant to which the Company will provide certain leasing and relevant management services to China Jinmao in relation to office space in Jin Mao Tower, shop units and other properties and facilities owned by the Company; and (ii) China Jin Mao (Group) renewed the framework lease agreement with Sinochem Group (the "Sinochem Framework Lease Agreement", together with the China Jinmao Framework Lease Agreement, the "Framework Lease Agreements") for a period of three years with effect from 1 January 2019, pursuant to which China Jin Mao (Group) will provide certain leasing and relevant management services to Sinochem Conglomerate in relation to office units at Jin Mao Tower. The renewed China Jinmao Framework Lease Agreement and the renewed Sinochem Framework Lease Agreement form the master Framework Lease Agreements and shall supplement the Individual Lease Agreements for these continuing connected transactions such that the terms shall be on commercial terms. All existing and future Individual Lease Agreements entered into by members of Sinochem Conglomerate and members of China Jinmao Group with the Group will be regulated by their respective Framework Lease Agreements.

The rentals charged by the Group to Sinochem Conglomerate and China Jinmao Group are determined after arm's length negotiations between the Group and each lessee of the Individual Lease Agreements and with reference to prevailing market rates for leasing similar properties or providing similar management services during the term of the agreements.

The annual caps for the transactions contemplated under the Framework Lease Agreements for the three financial years ended/ending 31 December 2019, 2020 and 2021 are RMB61.11 million, RMB85.46 million and RMB103.14 million, respectively. The annual caps in respect of these Framework Lease Agreements are estimated with reference to (i) the aggregate annual rental income received from members of Sinochem Conglomerate and China Jinmao Group; (ii) principal factors such as the agreed rental rates in the existing Individual Lease Agreements and the prevailing rental rates of relevant properties and relevant units in the proximity owned by the Company which are leased to independent third parties; (iii) the prevailing rental rates of relevant hotel properties and shop units owned by the Company; and (iv) the business growth and office space demand from each of the members of Sinochem Conglomerate and China Jinmao Group.

#### 4. DECORATION SERVICES FRAMEWORK AGREEMENT WITH SHANGHAI DECORATION

On 21 December 2018, the Company entered a decoration services framework agreement with Shanghai Decoration (the "Decoration Services Framework Agreement") for a term from 1 January 2019 to 31 December 2020, pursuant to which Shanghai Decoration would provide decoration services to the Group, which include, but are not limited to, the renovation, recovery and relocation works for offices, hotels and other related facilities ("Decoration Services").

The transactions under the Decoration Services Framework Agreement are in the ordinary and usual course of business of the Group. For the two years ended/ending 31 December 2019 and 2020, the annual caps of the maximum aggregate amounts paid/payable under the Decoration Services Framework Agreement amounted to/amount to RMB50.0 million and RMB50.0 million, respectively.

The annual caps in respect of the Decoration Services Framework Agreement are estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the Decoration Services by the Group; (iii) historical quotations submitted by various decoration services providers invited by the Group for the bidding process; (iv) the prevailing market rates for relevant decoration services; and (v) the existing business scale and operations of Shanghai Decoration. When deciding the market rates of the Decoration Services, the management of the Company will, to the extent practicable, take into account the rates of at least two similar and comparable quotes provided by independent third parties for reference or obtain quotations from at least two independent third parties for providing similar decoration services. The Decoration Services Agreement will be on terms no less favorable than those offered by Shanghai Decoration to other independent third parties.

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

## REPORT OF THE DIRECTORS

**5. FRAMEWORK HOTEL AND APARTMENT MANAGEMENT SERVICES AGREEMENT**

On 7 December 2018, the Company entered into a framework hotel and apartment management services agreement (the "Framework Hotel and Apartment Management Services Agreement") with China Jinmao for a term from 7 December 2018 to 31 December 2020, pursuant to which the Company agreed to provide hotel and apartment management services to members of China Jinmao Group, which mainly include (i) management of the functional areas and facilities in respect of guest rooms, catering, recreation etc.; (ii) marketing services; (iii) human resources services; (iv) booking and reservation services; (v) security services; and (vi) other services that might be required for the operation of hotels and apartments by China Jinmao. The transactions under the Framework Hotel and Apartment Management Services Agreement are in the ordinary and usual course of business of the Group. The management fees to be paid to the Company under each individual hotel and apartment management services agreement primarily include (i) a base management fee equivalent to 2% of the total operating revenue; (ii) an incentive management fee based on the gross operating profits and calculated on a tier basis; (iii) labour dispatch expenses; (iv) a marketing fee equivalent to 1% of the total operating revenue; and (v) room reservation service and other fees agreed separately. For the period from 7 December 2018 to 31 December 2018, the period from 1 January 2019 to 31 December 2019 and the period from 1 January 2020 to 31 December 2020, the annual caps of the maximum aggregate amounts paid/payable under the Framework Hotel and Apartment Management Services Agreement were/are RMB1.2 million, RMB3.65 million and RMB12.05 million, respectively. The consideration is determined after arm's length negotiations and on terms no more favorable than those offered by the Company to other independent third parties and is estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customized hotel and apartment management services by China Jinmao; and (iii) the prevailing market rates for relevant customized hotel and apartment management services. When deciding the market rates for relevant customized hotel and apartment management services, the management of the Company will, to the extent practicable, take into account the rates of at least two similar and comparable transactions entered with or carried out by independent third parties for reference or obtain quotations from at least two independent third parties for providing similar management services.

## 6. FRAMEWORK CONSULTANCY SERVICES AGREEMENT

On 7 December 2018, the Company entered into a framework consultancy services agreement (the "Framework Consultancy Services Agreement") with China Jinmao for a term from 7 December 2018 to 31 December 2020, pursuant to which the Company agreed to provide consultancy services to members of China Jinmao Group, which mainly include (i) consultancy services for the design, construction, renovation and equipment of hotel and apartment properties under the relevant projects of China Jinmao (such as orientation planning, brand screening, technical services, operational auditing, etc.); and (ii) other consultancy services as requested by China Jinmao. The transactions under the Framework Consultancy Services Agreement are in the ordinary and usual course of business of the Group. The consideration to be paid to the Company under each individual consultancy services agreement primarily includes a consultancy service fee determined with reference to factors including period cycle, anticipated demand and type of property for the services provided. For the period from 7 December 2018 to 31 December 2018, the period from 1 January 2019 to 31 December 2019 and the period from 1 January 2020 to 31 December 2020, the annual caps of the maximum aggregate amounts paid/payable under the Framework Consultancy Services Agreement were/are RMB2.00 million, RMB6.55 million and RMB8.80 million, respectively.

The annual caps in respect of the Framework Consultancy Services Agreement are determined after arm's length negotiations and on terms no more favorable than those offered by the Company to other independent third parties and are estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customized consultancy services by China Jinmao; and (iii) the prevailing market rates for relevant customized consultancy services. When deciding the market rates for providing consultancy services, the management of the Company will, to the extent practicable, take into account the rates of at least two similar and comparable quotes provided to independent third parties for reference or obtain quotations from at least two independent third parties for providing similar consultancy services.

## 7. FRAMEWORK CHINA JINMAO PROPERTY MANAGEMENT SERVICES AGREEMENT

On 21 December 2018, the Company entered into a framework property management services agreement (the "Framework China Jinmao Property Management Services Agreement") with China Jinmao for a term from 1 January 2019 to 31 December 2021, pursuant to which the Company agreed to provide property management services to members of China Jinmao Group, which mainly include (i) comprehensive property management services for common areas and public facilities under the relevant projects of China Jinmao; (ii) property management consultancy services for the relevant projects of China Jinmao; and (iii) other services for certain non-common areas as requested by China Jinmao under special arrangement, including security, cleaning, greening, purchase of supplies, monitoring and maintenance of construction and renovation, hosting of facilities and equipment, intermediary services and contracting services. For the three financial years ended/ending 31 December 2019, 2020 and 2021, the annual caps of the maximum aggregate amounts paid/payable under the Framework China Jinmao Property Management Services Agreement were/are RMB12.60 million, RMB14.49 million and RMB16.67 million, respectively.



## REPORT OF THE DIRECTORS

The annual caps in respect of the Framework China Jinmao Property Management Services Agreement are determined after arm's length negotiations and on terms no more favorable than those offered by the Company to other independent third parties and are estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customized property management services by China Jinmao; and (iii) the prevailing market rates for relevant customized property management services. When deciding the market rates for providing the property management services, the management of the Company will, to the extent practicable, take into account the rates of at least two similar and comparable quotes provided to independent third parties for reference or obtain quotations from at least two independent third parties for providing similar property management services.

For avoidance of doubt, the annual cap of the North Bund J•Life Property Management Services Agreement for the year ended 31 December 2019 has been considered and included in the 2019 annual cap of the Framework China Jinmao Property Management Services Agreement.

#### 8. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO SINOCHEM INTERNATIONAL PLAZA

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

On 22 August 2016, Shanghai Property Management and Shanghai Dehuan entered into a supplemental property management services agreement (the "Shanghai Dehuan Supplemental Property Management Services Agreement") for a term from 22 August 2016 to 31 May 2018, pursuant to which Shanghai Property Management agreed to provide additional property management services in relation to Sinochem International Plaza. On the same date, Shanghai Property Management entered into a property management framework agreement with Sinochem International (the "Sinochem Property Management Framework Agreement") for a term from 22 August 2016 to 31 May 2018, pursuant to which Shanghai Property Management agreed to provide certain customized property management services to the connected tenants at Sinochem International Plaza.

On 31 May 2018, Shanghai Property Management and Shanghai Dehuan entered into the renewed Shanghai Dehuan Property Management Services Agreement (the "Renewed Shanghai Dehuan Property Management Services Agreement") and the renewed Shanghai Dehuan Supplemental Property Management Services Agreement (the "Renewed Shanghai Dehuan Supplemental Property Management Services Agreement"), pursuant to which Shanghai Property Management agreed to provide certain property management services and additional property management services in relation to Sinochem International Plaza to Shanghai Dehuan for the period from 1 June 2018 to 31 May 2020. On the same date, Shanghai Property Management and Sinochem International entered into the renewed Sinochem Property Management Framework Agreement (the "Renewed Sinochem Property Management Framework Agreement") pursuant to which Shanghai Property Management agreed to provide customized property management services to the connected tenants at Sinochem International Plaza for the period from 1 June 2018 to 31 May 2020.

Pursuant to the consideration and payment terms of the Renewed Shanghai Dehuan Property Management Services Agreement, the property management fees to be paid to Shanghai Property Management by Shanghai Dehuan primarily consist of (i) a management remuneration of RMB40,000 per month; and (ii) a management fee of RMB31.17 per month per square metre (based on the floor area actually used) for the period from 1 June 2018 to 31 May 2020, each of which is based on arm's length negotiations and on terms no more favorable than those offered by Shanghai Property Management to other independent third parties. The total consideration (including management remuneration and management fees) paid/payable under such property management services agreements amounted to/is expected to amount to approximately RMB7.8 million, RMB7.8 million and RMB3.2 million, respectively, for the years of 2018, 2019 and 2020.

Under the Renewed Shanghai Dehuan Supplemental Property Management Services Agreement, the additional property management services to be provided by Shanghai Property Management in relation to Sinochem International Plaza mainly include (i) services for the temporary car parking spaces; (ii) maintenance services for special engineering equipment; (iii) services for the transformer station; and (iv) services for materials procurement in connection with Sinochem International Plaza (the "Additional Property Management Services").

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

For the period from 1 January 2018 to 31 December 2018, the period from 1 January 2019 to 31 December 2019 and the period from 1 January 2020 to 31 May 2020, the caps of the maximum aggregate annual amounts paid/payable under the Shanghai Dehuan Supplemental Property Management Services Agreement and the Renewed Shanghai Dehuan Supplemental Property Management Services Agreement were/are RMB1.675 million, RMB1.5 million and RMB0.625 million, respectively.

Under the Renewed Sinochem Property Management Framework Agreement, the customized property management services to be provided by Shanghai Property Management to the connected tenants at Sinochem International Plaza mainly include (i) cleaning services for the rented areas of the connected tenants; (ii) pest control services for the rented areas of the connected tenants; (iii) commission management services in connection with the gym area rented by the connected tenants; and (iv) materials procurement on behalf of the connected tenants (the "Customized Property Management Services").

For avoidance of doubt, the Customized Property Management Services are provided to the connected tenants in relation to their rented areas at Sinochem International Plaza and are not included in the scope of services under the Renewed Shanghai Dehuan Property Management Services Agreement and the Renewed Shanghai Dehuan Supplemental Property Management Services Agreement. Pursuant to the Renewed Sinochem Property Management Framework Agreement, Shanghai Property Management and each of the connected tenants will enter into separate agreements in relation to the provision of the Customized Property Management Services.

## REPORT OF THE DIRECTORS

For the period from 1 January 2018 to 31 December 2018, the period from 1 January 2019 to 31 December 2019 and the period from 1 January 2020 to 31 May 2020, the caps of the maximum aggregate annual amounts paid/payable under the Sinochem Property Management Framework Agreement and the Renewed Sinochem Property Management Framework Agreement amounted to/amount to RMB6.4 million, RMB2.4 million and RMB1.0 million, respectively.

#### 9. SHOP LEASE AGREEMENT WITH SHENZHEN YUEMAO PROPERTIES

On 28 August 2018, Jin Mao Shenzhen, an indirect wholly-owned subsidiary of the Company, and Shenzhen Yuemao Properties entered into a shop lease agreement (the "Shop Lease Agreement") for a term from 1 September 2018 to 31 May 2019, pursuant to which Jin Mao Shenzhen agreed to lease one shop unit within JW Marriott Hotel Shenzhen to Shenzhen Yuemao Properties. The transactions under the Shop Lease Agreement were in the ordinary and usual course of business of the Group. The rental paid by Shenzhen Yuemao Properties to Jin Mao Shenzhen under the Shop Lease Agreement was RMB0.098 million per month (the rental of the first month was exempted based on industry practice), which included the rental rate for the shop unit leased and the relevant management fees, and was based on arm's length negotiations with reference to prevailing market rates for leasing similar properties or providing relevant management services during the term of the agreement. When deciding the market rates for leasing similar properties or providing management services, the management of the Company would, to the extent practicable, take into account the rates of at least two similar and comparable quotes provided by independent third parties for reference or obtain quotations from at least two independent third parties for providing similar management services. The rental was also on terms no more favorable than those offered by Jin Mao Shenzhen to other independent third parties. The total consideration under the Shop Lease Agreement amounted to RMB0.784 million (exclusive of tax).

#### 10. NORTH BUND J•LIFE PROPERTY MANAGEMENT SERVICES AGREEMENT WITH SHANGHAI YINHUI

On 31 October 2018, Shanghai Property Management entered into a property management services agreement with Shanghai Yinhui (the "North Bund J•Life Property Management Services Agreement") for a term from 1 November 2018 to 31 October 2019, pursuant to which Shanghai Property Management agreed to provide certain property management services for the western area of Shanghai North Bund J•Life, a high-end commercial property in the North Bund of Shanghai owned by Shanghai Yinhui. The property management services mainly included (i) daily material management; (ii) cleaning and maintenance services for common areas; (iii) operational and maintenance services for public facilities and equipment; (iv) management of the prohibited activities in using the properties; and (v) other customized property management services provided to the property owner as requested by Shanghai Yinhui. The transactions under the North Bund J•Life Property Management Services Agreement were in the ordinary and usual course of business of the Group.

The property management fees paid to Shanghai Property Management under the North Bund J•Life Property Management Services Agreement primarily included a management fee of RMB29.8 per month per square metre (based on the floor area actually used). The total consideration under the North Bund J•Life Property Management Services Agreement amounted to approximately RMB2.65 million (inclusive of tax). For the period from 1 November 2018 to 31 December 2018 and the period from 1 January 2019 to 31 October 2019, the caps of the maximum aggregate amounts paid under the North Bund J•Life Property Management Services Agreement were RMB0.44 million and RMB2.21 million, respectively. The consideration was determined after arm's length negotiations and on terms no more favorable than those offered by Shanghai Property Management to other independent third parties and was estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customized property management services by Shanghai Yinhuai; and (iii) the prevailing market rates for relevant customized property management services. When deciding the market rates for customized property management services, the management of the Company would, to the extent practicable, take into account the rates of at least two similar and comparable transactions entered with or carried out by independent third parties for reference or obtain quotations from at least two independent third parties for providing similar management services.

#### 11. ZHEJIANG PUFU CONSULTANCY SERVICES AGREEMENT

On 28 February 2019, Shanghai Property Management, a wholly-owned subsidiary of the Company, entered into a consultancy services agreement with Zhejiang Pufa, a non-wholly owned subsidiary of Sinochem Group, for a term from 1 March 2019 to 30 November 2019 (the "Zhejiang Pufa Consultancy Services Agreement"), in relation to the provision of certain property management consultancy services by Shanghai Property Management to Zhejiang Pufa. In relation to the provision of property management services by Zhejiang Pufa in relation to Zhonghua Lantian Tower in Hangzhou, the PRC, Shanghai Property Management agreed to provide certain property management consultancy services to Zhejiang Pufa, which mainly included consultancy services for (i) health, safety and environment (HSE) and security management; (ii) management of facilities and equipment; and (iii) management of customer services and environmental maintenance. The transactions under the Zhejiang Pufa Consultancy Services Agreement were in the ordinary and usual course of business of the Group.

The consideration paid to Shanghai Property Management under the Zhejiang Pufa Consultancy Services Agreement was a consultancy fee of RMB0.12 million. The consideration in respect of the Zhejiang Pufa Consultancy Services Agreement was determined after arm's length negotiations and on terms no more favorable than those offered by Shanghai Property Management to other independent third parties and was estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customized consultancy services by Zhejiang Pufa; and (iii) the prevailing market rates for relevant customized consultancy services. When deciding the market rates for providing the property management consultancy services, the management of Shanghai Property Management would, to the extent practicable, take into account the rates of at least two similar and comparable quotes provided to independent third parties for reference or obtain quotations from at least two independent third parties for providing similar consultancy services.



## REPORT OF THE DIRECTORS

**B. REVIEW OF CONTINUING CONNECTED TRANSACTIONS**

Pursuant to Rule 14A.55 of the Listing Rules, the Directors of the Trustee-Manager and the Company (including the independent non-executive Directors) have reviewed the above continuing connected transactions in the year ended 31 December 2019 and acknowledged that such transactions are:

- (1) entered into in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or terms no less favorable than those offered to or available from independent third parties by or for the Trust Group;
- (3) transacted in the year of 2019 with prices and terms in compliance with the pricing policies and standards as stated in the relevant announcements of the Company; and
- (4) conducted in accordance with the terms of the agreements governing such transactions which are fair and reasonable and in the interest of Holders of Share Stapled Units as a whole.

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

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

**RELATED PARTY TRANSACTIONS**

During the Review Period, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the reporting period are disclosed in note 35 to the financial statements. Save as disclosed in the paragraph headed "Connected Transactions" in this annual report, the related party transactions disclosed in note 35 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

## SUFFICIENCY OF PUBLIC FLOAT

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

## MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2019, no material acquisition or disposal was carried out by the Group.

## MATERIAL LITIGATION

For the year ended 31 December 2019, the Trust Group was not subject to any material litigation that could have an adverse impact on the Trust Group.

## AUDITORS

The financial statements of the Trust Group and the Trustee-Manager have been audited by Ernst & Young, who has offered themselves for reappointment. A resolution will be proposed at the forthcoming 2019 AGM to re-appoint Ernst & Young as the auditors of the Company and the Trustee-Manager.

## CORPORATE GOVERNANCE

The Trust, the Trustee-Manager and the Company embrace the importance of maintaining and developing high standard corporate governance practices to protect and safeguard the interest of Holders of Share Stapled Units. The Trustee-Manager and the Company have been in compliance with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2019, and have adopted certain best practices recommended therein where applicable.

Further details of the corporate governance code and practices of the Company are set out in the consolidated corporate governance report on pages 67 to 86 of this annual report.

## SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Details of significant subsequent events of the Group are set out in note 39 to the financial statements.

By Order of the Board

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

*Chairman*

**LI Congrui**

Hong Kong, 24 March 2020

# INDEPENDENT AUDITOR'S REPORT



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

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

## OPINION

We have audited the consolidated financial statements of Jinmao Hotel (the "Trust"), Jinmao (China) Hotel Investments and Management Limited (the "Company") and its subsidiaries (together, the "Trust Group") and of the Company and its subsidiaries (the "JCHIML Group") set out on pages 116 to 207 (together referred to as "the Trust and the Company's consolidated financial statements"). As explained in note 2.1 to the Trust and the Company's consolidated financial statements, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together. The Trust and the Company's consolidated financial statements together comprise the consolidated statement of financial position of the Trust Group and of the JCHIML Group as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Trust Group and of the JCHIML Group for the year then ended, and notes to the Trust and the Company's consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Trust and the Company's consolidated financial statements give a true and fair view of the consolidated financial position of the Trust Group and the JCHIML Group as at 31 December 2019, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
<i>Revaluation of investment properties</i>	
<p>The Trust Group and the JCHIML Group adopted the fair value model for their investment properties in accordance with HKAS 40 <i>Investment Property</i>. Changes in fair values were recorded in profit or loss. The valuations on the investment properties of the Trust Group and the JCHIML Group as at 31 December 2019 were determined by management or an independent appraiser engaged by management. The amount of investment properties as at 31 December 2019 and their changes of fair value for the year ended 31 December 2019, amounting to RMB9,168,941,000 and RMB101,696,000, respectively, were significant to the consolidated financial statements. In addition, since the valuation involved management judgement and estimates based on a projection of future cash flows, term yield and reversionary yield which will affect the fair value of the investment properties, we considered the valuation of investment properties is significant to our audit.</p>	<p>We assessed the objectivity, independence and expertise of the external appraiser. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions and estimations, such as term yield, reversionary yield and external market rent against those of peers with similar nature and area. We compared rental assumptions against actual rents of existing leasing contracts, expected occupancy against historical data maintained by the Trust Group and the JCHIML Group. We also assessed the adequacy of the disclosures of investment properties, including valuation sensitivity and the fair value hierarchy.</p>
<p>Relevant disclosures are included in notes 3 "Summary of significant accounting policies", 4 "Significant accounting judgements and estimates" and 15 "Investment properties" to the consolidated financial statements.</p>	



## INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of property, plant and equipment, and right-of-use assets</i>	
<p>The Trust Group and the JCHIML Group hold property, plant and equipment, and right-of-use assets in Mainland China. The carrying amounts of property, plant and equipment and right-of-use assets were RMB6,635,752,000 and RMB1,192,617,000, respectively as at 31 December 2019.</p>	<p>Our audit procedures included an analysis of the rationale and objective evidence used by management in evaluating whether there are impairment indicators for property, plant and equipment, and right-of-use assets.</p>
<p>The impairment assessment of these assets is significant to our audit due to (i) the significance of the carrying amounts as at 31 December 2019; and (ii) the assessment on impairment losses involved significant management judgement on whether impairment indicators existed and significant estimation of the recoverable amounts of those assets with impairment indicators identified. Such estimation includes projection of future cash flows, estimated room rates, estimated occupancy rates, discount rates, estimated market price per square metre, etc.</p>	<p>For those assets with impairment indicators, with the assistance from our valuation specialists, we assessed the methodologies and assumptions adopted in the determination of the recoverable amounts of those assets (which is the higher of fair value less costs of disposal and value in use).</p>
<p>Relevant disclosures are included in notes 3 “Summary of significant accounting policies”, 4 “Significant accounting judgements and estimates”, 14 “Property, plant and equipment” and 16 “Leases” to the consolidated financial statements.</p>	<p>For value in use, our audit procedures included evaluation of key assumptions used in the discounted cash flow projections prepared by management by reference to the historical performance and business plans of the relevant assets. We also took into account the reasonableness of the key assumptions, such as the discount rate, by benchmarking to the external industry information.</p>
	<p>For fair value less costs of disposal, our audit procedures included evaluation of key unobservable inputs, such as the estimated market price per square metre, used in the valuation method by reference to the recent comparable transactions.</p>
	<p>We also took into account the objectivity, independence and expertise of the external appraiser engaged by management.</p>
	<p>We assessed the adequacy of the disclosures of property, plant and equipment and right-of-use assets.</p>

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

## INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

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

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

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

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

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

24 March 2020



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	6	<b>2,473,670</b>	2,564,936
Cost of sales		<b>(1,056,370)</b>	(1,090,099)
Gross profit		<b>1,417,300</b>	1,474,837
Other income and gains	6	<b>48,645</b>	35,097
Fair value gains on investment properties	15	<b>101,696</b>	63,689
Selling and marketing expenses		<b>(132,678)</b>	(140,830)
Administrative expenses		<b>(654,549)</b>	(687,648)
Other expenses and losses, net		<b>(4,130)</b>	(8,938)
Finance costs	8	<b>(329,014)</b>	(314,600)
Share of profits and losses of:			
Joint ventures		<b>829</b>	2,426
An associate		<b>(11,707)</b>	–
PROFIT BEFORE TAX	7	<b>436,392</b>	424,033
Income tax expense	11	<b>(190,037)</b>	(173,615)
PROFIT FOR THE YEAR		<b>246,355</b>	250,418
EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY	13		
Basic (RMB)		<b>0.12</b>	0.13
Diluted (RMB)		<b>0.12</b>	0.13

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
PROFIT FOR THE YEAR		<b>246,355</b>	250,418
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Net income/(loss) on cash flow hedges	27	<b>5,460</b>	(11,395)
Net income on net investment hedges	27	–	2,412
Exchange differences on translation of foreign operations		<b>(149,579)</b>	(277,680)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		<b>(144,119)</b>	(286,663)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation		<b>67,983</b>	–
Income tax effect	29	<b>(16,996)</b>	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		<b>50,987</b>	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<b>(93,132)</b>	(286,663)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<b>153,223</b>	(36,245)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	<b>6,635,752</b>	6,892,154
Investment properties	15	<b>9,168,941</b>	8,855,800
Right-of-use assets	16	<b>1,192,617</b>	–
Prepaid land lease payments	16	–	1,185,640
Long-term receivables		<b>3,917</b>	–
Other intangible assets	17	<b>8,014</b>	9,549
Investments in joint ventures	18	<b>30,956</b>	32,801
Investment in an associate	19	<b>68,293</b>	30,000
Deferred tax assets	29	<b>6,769</b>	12,271
<b>Total non-current assets</b>		<b>17,115,259</b>	17,018,215
<b>CURRENT ASSETS</b>			
Inventories	20	<b>14,692</b>	14,609
Trade receivables	21	<b>94,467</b>	92,647
Prepayments, other receivables and other assets	22	<b>55,205</b>	81,547
Due from related parties	23	<b>11,192</b>	10,543
Derivative financial instruments	27	–	847
Restricted bank balances	24	<b>13,640</b>	52,752
Cash and cash equivalents	24	<b>707,052</b>	760,240
<b>Total current assets</b>		<b>896,248</b>	1,013,185
<b>CURRENT LIABILITIES</b>			
Trade payables	25	<b>75,543</b>	82,125
Contract liabilities		<b>104,574</b>	89,096
Other payables and accruals	26	<b>725,259</b>	782,768
Interest-bearing bank and other borrowings	28	<b>5,011,065</b>	5,689,586
Lease liabilities	16	<b>2,119</b>	–
Due to related parties	23	<b>2,398,998</b>	2,013,203
Derivative financial instruments	27	<b>18,133</b>	–
Tax payable		<b>54,032</b>	30,636
<b>Total current liabilities</b>		<b>8,389,723</b>	8,687,414
<b>NET CURRENT LIABILITIES</b>		<b>(7,493,475)</b>	(7,674,229)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,621,784</b>	9,343,986

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2019

		2019	2018
	Notes	RMB'000	RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	28	<b>2,230,583</b>	1,711,209
Lease liabilities	16	<b>72,347</b>	–
Derivative financial instruments	27	–	11,974
Deferred tax liabilities	29	<b>1,858,694</b>	1,790,971
<b>Total non-current liabilities</b>		<b>4,161,624</b>	3,514,154
<b>Net assets</b>		<b>5,460,160</b>	5,829,832
<b>EQUITY</b>			
Share capital	30	<b>1,587</b>	1,587
Reserves	31	<b>5,458,573</b>	5,828,245
<b>Total equity</b>		<b>5,460,160</b>	5,829,832

**Li Congrui**  
Director

**Tang Yong**  
Director



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Merger reserve	Capital reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Hedging reserve	Asset revaluation reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note 31)	(note 31)	(note 31)		(note 31)	(note 31)		
At 1 January 2018	1,587	4,880,448	(5,771,842)	(8,423)	629,939	(148,356)	(1,459)	69,606	6,826,882	6,478,382
Profit for the year	-	-	-	-	-	-	-	-	250,418	250,418
Other comprehensive income/(loss) for the year:										
Net loss on cash flow hedges	-	-	-	-	-	-	(11,395)	-	-	(11,395)
Net income on net investment hedges	-	-	-	-	-	-	2,412	-	-	2,412
Exchange differences on translation of foreign operations	-	-	-	-	-	(277,680)	-	-	-	(277,680)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(277,680)	(8,983)	-	250,418	(36,245)
Final 2017 distributions declared	-	(252,639)	-	-	-	-	-	-	-	(252,639)
2018 interim distributions	-	(359,666)	-	-	-	-	-	-	-	(359,666)
Transfer from retained profits	-	-	-	-	32,858	-	-	-	(32,858)	-
At 31 December 2018	1,587	4,268,143*	(5,771,842)*	(8,423)*	662,797*	(426,036)*	(10,442)*	69,606*	7,044,442*	5,829,832

	Share capital	Share premium account	Merger reserve	Capital reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Hedging reserve	Asset revaluation reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note 31)	(note 31)	(note 31)		(note 31)	(note 31)		
At 1 January 2019	1,587	4,268,143	(5,771,842)	(8,423)	662,797	(426,036)	(10,442)	69,606	7,044,442	5,829,832
Profit for the year	-	-	-	-	-	-	-	-	246,355	246,355
Other comprehensive income/(loss) for the year:										
Net income on cash flow hedges	-	-	-	-	-	-	5,460	-	-	5,460
Exchange differences on translation of foreign operations	-	-	-	-	-	(149,579)	-	-	-	(149,579)
Gains on property revaluation, net of tax	-	-	-	-	-	-	-	50,987	-	50,987
Total comprehensive income/(loss) for the year	-	-	-	-	-	(149,579)	5,460	50,987	246,355	153,223
Final 2018 distributions declared	-	(226,353)	-	-	-	-	-	-	-	(226,353)
2019 interim distributions	-	(296,542)	-	-	-	-	-	-	-	(296,542)
Transfer from retained profits	-	-	-	-	60,947	-	-	-	(60,947)	-
At 31 December 2019	1,587	3,745,248*	(5,771,842)*	(8,423)*	723,744*	(575,615)*	(4,982)*	120,593*	7,229,850*	5,460,160

\* These reserve accounts comprise the consolidated reserves of RMB5,458,573,000 as at 31 December 2019 (2018: RMB5,828,245,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 RMB'000	2018 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>436,392</b>	424,033
Adjustments for:			
Finance costs	8	<b>329,014</b>	314,600
Share of profits and losses of joint ventures and an associate		<b>10,878</b>	(2,426)
Bank interest income	6	<b>(16,696)</b>	(8,962)
Loss on disposal of items of property, plant and equipment, net	7	<b>5,801</b>	603
(Reversal of impairment)/Impairment of trade receivables	7	<b>(1,748)</b>	3,798
Fair value gains on investment properties	15	<b>(101,696)</b>	(63,689)
Fair value losses on hedges of a net investment	7	<b>–</b>	3,012
Depreciation	7	<b>297,573</b>	285,852
Depreciation of right-of-use assets (2018: recognition of prepaid land lease payments)	7	<b>46,915</b>	44,383
Amortisation of other intangible assets	7	<b>3,939</b>	5,514
		<b>1,010,372</b>	1,006,718
Decrease/(increase) in inventories		<b>(83)</b>	1,961
Increase in trade receivables		<b>(2,072)</b>	(2,627)
Decrease in long term receivables		<b>891</b>	–
Decrease/(increase) in prepayments, other receivables and other assets		<b>(18,892)</b>	6,621
Increase in amounts due from related parties		<b>(649)</b>	(2,199)
Decrease in trade payables		<b>(6,582)</b>	(4,538)
Increase in contract liabilities		<b>15,258</b>	89,096
Increase in other payables and accruals		<b>(40,245)</b>	(100,947)
Decrease in amounts due to related parties		<b>(215,545)</b>	(133,520)
Exchange differences		<b>(28,555)</b>	(24,489)
Cash generated from operations		<b>713,898</b>	836,076
Interest received		<b>16,696</b>	8,962
PRC corporate income tax paid		<b>(110,412)</b>	(147,254)
Net cash flows from operating activities		<b>620,182</b>	697,784
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		<b>(79,940)</b>	(141,026)
Proceeds from disposal of items of property, plant and equipment		<b>133</b>	623
Investment in an associate		<b>(50,000)</b>	(30,000)
Additions to investment properties		<b>(51,382)</b>	(10,911)
Additions to other intangible assets		<b>(3,048)</b>	(2,680)
Realised loss on derivative financial instruments not qualifying as hedges		<b>–</b>	(1,572)
Dividends received from joint ventures		<b>5,075</b>	–
Decrease/(increase) in restricted bank balances		<b>39,112</b>	(25,844)
Net cash flows used in investing activities		<b>(140,050)</b>	(211,410)

CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings		<b>8,100,969</b>	4,862,432
Repayment of bank and other borrowings		<b>(8,374,442)</b>	(4,991,952)
Loan from the intermediate holding company		<b>483,857</b>	–
Principal portion of lease payments		<b>(3,272)</b>	–
Interest paid		<b>(326,557)</b>	(312,750)
Distributions paid to holders of Share Stapled Units		<b>(414,440)</b>	(204,938)
Net cash flows used in financing activities		<b>(533,885)</b>	(647,208)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<b>760,240</b>	920,312
Effect of foreign exchange rate changes, net		<b>565</b>	762
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	24	<b>611,952</b>	655,013
Non-pledged time deposits with original maturity of less than three months when acquired		<b>74,500</b>	62,000
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		<b>20,600</b>	43,227
Cash and cash equivalents as stated in the consolidated statement of financial position	24	<b>707,052</b>	760,240

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

31 DECEMBER 2019 ■■■■■■■■■■

## 1. CORPORATE AND TRUST GROUP INFORMATION

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

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

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

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

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



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019

## 1. CORPORATE AND TRUST GROUP INFORMATION (CONTINUED)

### INFORMATION ABOUT SUBSIDIARIES

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
Grace Circle Development Limited	BVI/Hong Kong	US\$1	100	–	Investment holding
Most Giant Limited	Hong Kong	HK\$2	100	–	Investment holding
Forever Eagle Limited	Hong Kong	HK\$1	–	100	Investment holding
中國金茂(集團)有限公司 China Jin Mao (Group) Company Limited * #	PRC/ Mainland China	RMB2,635,000,000	–	100	Investment holding, hotel operation and property investment
金茂(上海)物業服務有限公司 Jin Mao (Shanghai) Property Management Co., Ltd. ** #	PRC/ Mainland China	RMB5,000,000	–	100	Property management
金茂(北京)置業有限公司 Beijing Jin Mao Real Estate Company Limited ** #	PRC/ Mainland China	RMB1,600,000,000	–	100	Hotel operation
金茂(三亞)度假酒店有限公司 Jin Mao Sanya Resort Hotel Company Limited ** #	PRC/ Mainland China	RMB300,000,000	–	100	Hotel operation
金茂(三亞)旅業有限公司 Jin Mao Sanya Tourism Company Limited ** #	PRC/ Mainland China	RMB500,000,000	–	100	Hotel operation
金茂(海南)投資有限公司 Jin Mao Hainan Investment Company Limited ** #	PRC/ Mainland China	RMB1,511,579,000	–	100	Investment holding
金茂深圳酒店投資有限公司 Jin Mao Shenzhen Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB700,000,000	–	100	Hotel operation

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019

## 1. CORPORATE AND TRUST GROUP INFORMATION (CONTINUED) INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
金茂(麗江)酒店投資有限公司 Jin Mao (Li Jiang) Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB100,000,000	-	100	Hotel operation
王府井飯店管理有限公司 Wangfujing Hotel Management Company Limited * #	PRC/ Mainland China	US\$73,345,000	-	100	Hotel operation
驪隆(上海)酒店管理有限公司 Li Long (Shanghai) Hotel Management Company Limited ** #	PRC/ Mainland China	RMB760,000,000	-	100	Hotel operation
上海金茂酒店管理有限公司 Shanghai Jinmao Hotel Management Company Limited ** #	PRC/ Mainland China	RMB10,000,000	-	100	Hotel management

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

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

\*\* Registered as limited liability companies under PRC law

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

## NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2019

### 2.1 BASIS OF PRESENTATION

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's consolidated financial statements for the year ended 31 December 2019 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2019 comprise the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "JCHIML Group").

The Trust controls the Company and the sole activity of the Trust during the year ended 31 December 2019 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated financial results and financial position of the Company with the only difference being disclosures of capital of the Company. The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of changes in equity, the consolidated statements of cash flows, the significant accounting policies and the related explanatory information are common to the Trust and the Company. The Directors therefore believe that it is clearer to present together the consolidated financial statements of the Trust and the consolidated financial statements of the Company, which are hereinafter referred to as "the Trust and the Company's consolidated financial statements".

The Trust Group and the JCHIML Group are referred to as the "Groups".

### 2.2 BASIS OF PREPARATION

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

#### BASIS OF CONSOLIDATION

The Trust's consolidated financial statements for the year ended 31 December 2019 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2019 comprise the consolidated financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Trust and the Company. Control is achieved when the Groups are exposed, or have rights, to variable returns from the Groups' involvement with the investee and have the ability to affect those returns through the Groups' power over the investee (i.e., existing rights that give the Groups the current ability to direct the relevant activities of the investee).

## 2.2 BASIS OF PREPARATION (*CONTINUED*)

### BASIS OF CONSOLIDATION (*CONTINUED*)

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Trust and the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Groups obtain control, and continue to be consolidated until the date that such control ceases.

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

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

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



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 2.3 NET CURRENT LIABILITIES

The Groups had net current liabilities of RMB7,493,475,000 as at 31 December 2019. The Directors are of the opinion that, based on a detailed review of the working capital forecast of the Groups and the available unutilised banking facilities, the Groups will have the necessary liquid funds to finance the Groups' working capital and to meet the Groups' capital expenditure requirements.

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

## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and Annual Improvements to HKFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Groups' financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. For a sublease arrangement, the classification of the sublease is made by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. HKFRS 16 did not have any significant impact on leases where the Groups are the lessor.

The Groups have adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

### NEW DEFINITION OF A LEASE

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a 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 obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Groups elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

### AS A LESSEE – LEASES PREVIOUSLY CLASSIFIED AS OPERATING LEASES

#### NATURE OF THE EFFECT OF ADOPTION OF HKFRS 16

The Groups have lease contracts mainly for properties. As a lessee, the Groups previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Groups. Under HKFRS 16, the Groups apply a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Groups recognise depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

#### IMPACT ON TRANSITION

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Groups elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Groups have continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) (continued)

### AS A LESSEE – LEASES PREVIOUSLY CLASSIFIED AS OPERATING LEASES (CONTINUED)

#### IMPACT ON TRANSITION (CONTINUED)

The Groups have used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

### FINANCIAL IMPACT AT 1 JANUARY 2019

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) RMB'000
Assets	
Increase in right-of-use assets	1,234,709
Decrease in prepaid land lease payments	(1,185,640)
Decrease in prepayments, other receivables and other assets	(45,080)
Increase in total assets	3,989
Liabilities	
Increase in lease liabilities	3,989
Increase in total liabilities	3,989

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	5,986
Weighted average incremental borrowing rate as at 1 January 2019	4.49%
Discounted operating lease commitments as at 1 January 2019	5,682
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	1,693
Lease liabilities as at 1 January 2019	3,989

## 2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Groups assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Groups.
- (c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Groups considered whether they have any uncertain tax positions arising from the transfer pricing on their intergroup sales. Based on the Groups' tax compliance and transfer pricing study, the Groups determined that it is probable that their transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Groups.

## 2.5 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 2.5 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (*CONTINUED*)

Further information about those HKFRSs that are expected to be applicable to the Groups is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Groups expect to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Groups will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Groups' financial statements.

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Groups expect to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Groups' financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Groups have a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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

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

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

#### FAIR VALUE MEASUREMENT

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those categories consistent with the function of the impaired assets.

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

#### IMPAIRMENT OF NON-FINANCIAL ASSETS (*CONTINUED*)

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

#### RELATED PARTIES

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

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

or

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



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

#### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

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

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

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

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

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

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

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

#### INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold properties held as a right-of-use asset (2018: leasehold property under an operating lease) which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

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

#### INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

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

#### COMPUTER SOFTWARE

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

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) LEASES (APPLICABLE FROM 1 JANUARY 2019)

The Groups assess at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### GROUPS AS LESSEE

The Groups apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Groups recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Groups adopt the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

#### (A) *RIGHT-OF-USE ASSETS*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 70 years
Office properties and staff quarters	1 to 5 years

If ownership of the leased asset transfers to the Groups by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Groups' policy for "investment properties".

#### (B) *LEASE LIABILITIES*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Groups and payments of penalties for termination of a lease, if the lease term reflects the Groups exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) LEASES (APPLICABLE FROM 1 JANUARY 2019) (*CONTINUED*)

#### GROUPS AS LESSEE (*CONTINUED*)

##### (B) *LEASE LIABILITIES (CONTINUED)*

In calculating the present value of lease payments, the Groups use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### (C) *SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS*

The Groups apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Groups enter into a lease in respect of a low-value asset, the Groups decide whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### GROUPS AS LESSOR

When the Groups act as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Groups do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Groups allocate the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Groups are intermediate lessor, a sublease is classified as a finance lease or 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 Groups apply the on-balance sheet recognition exemption, the Groups classify the sublease as an operating lease.



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) LEASES (APPLICABLE BEFORE 1 JANUARY 2019)

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

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

#### INVESTMENTS AND OTHER FINANCIAL ASSETS

##### INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Groups' business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Groups have applied the practical expedient of not adjusting the effect of a significant financing component, the Groups initially measure a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Groups have applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Groups' business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) INVESTMENTS AND OTHER FINANCIAL ASSETS (*CONTINUED*)

#### SUBSEQUENT MEASUREMENT

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

##### *FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Groups had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Groups and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### DERECOGNITION OF FINANCIAL ASSETS

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

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

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) **DERECOGNITION OF FINANCIAL ASSETS (*CONTINUED*)**

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

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

#### **IMPAIRMENT OF FINANCIAL ASSETS**

The Groups recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Groups expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **GENERAL APPROACH**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Groups assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Groups compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Groups consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Groups may also consider a financial asset to be in default when internal or external information indicates that the Groups are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Groups. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

#### IMPAIRMENT OF FINANCIAL ASSETS (*CONTINUED*)

##### GENERAL APPROACH (*CONTINUED*)

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### SIMPLIFIED APPROACH

For trade receivables and contract assets that do not contain a significant financing component or when the Groups apply the practical expedient of not adjusting the effect of a significant financing component, the Groups apply the simplified approach in calculating ECLs. Under the simplified approach, the Groups do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Groups have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Groups choose as their accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

#### FINANCIAL LIABILITIES

##### INITIAL RECOGNITION AND MEASUREMENT

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

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

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

##### SUBSEQUENT MEASUREMENT

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

##### ***FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) **FINANCIAL LIABILITIES (*CONTINUED*)**

#### SUBSEQUENT MEASUREMENT (*CONTINUED*)

##### *FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (*CONTINUED*)*

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Groups that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Groups' own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

##### *FINANCIAL LIABILITIES AT AMORTISED COST (LOANS AND BORROWINGS)*

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

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

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

#### DERECOGNITION OF FINANCIAL LIABILITIES

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

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

#### OFFSETTING OF FINANCIAL INSTRUMENTS

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

#### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

##### INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Groups use derivative financial instruments, such as foreign currency forward contracts and interest rate swaps, to hedge their foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Groups formally designate and document the hedge relationship to which the Groups wish to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

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

#### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (*CONTINUED*)

##### INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (*CONTINUED*)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Groups will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Groups actually hedge and the quantity of the hedging instrument that the Groups actually use to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

##### CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The hedging reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

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

#### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (*CONTINUED*)

##### HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

##### CURRENT VERSUS NON-CURRENT CLASSIFICATION

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Groups expect to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

##### INVENTORIES

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

##### CASH AND CASH EQUIVALENTS

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

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



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) PROVISIONS

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

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

#### INCOME TAX

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

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

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

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

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

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

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

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

#### INCOME TAX (*CONTINUED*)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Groups have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### GOVERNMENT GRANTS

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

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

#### REVENUE RECOGNITION

##### REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Groups expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Groups will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) **REVENUE RECOGNITION (*CONTINUED*)**

#### REVENUE FROM CONTRACTS WITH CUSTOMERS (*CONTINUED*)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Groups and the customer at contract inception. When the contract contains a financing component which provides the Groups a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

- (a) Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Groups;
- (b) Revenue from the rendering of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Groups;

#### REVENUE FROM OTHER SOURCES

Rental income is recognised on a time proportion basis over the lease terms. 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 incurred.

#### OTHER INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### **CONTRACT LIABILITIES**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Groups transfer the related goods or services. Contract liabilities are recognised as revenue when the Groups perform under the contract (i.e., transfers control of the related goods or services to the customer).

### **EMPLOYEE BENEFITS**

#### PENSION SCHEMES

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

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

#### EMPLOYEE BENEFITS (*CONTINUED*)

##### PENSION SCHEMES (*CONTINUED*)

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

##### BORROWING COSTS

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

##### DIVIDENDS/DISTRIBUTIONS

Final dividends/distributions are recognised as a liability when they are approved by the shareholders/holders of Share Stapled Units in a general meeting. Proposed final dividends/distributions are disclosed in the notes to the financial statements.

Interim dividends/distributions are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

##### FOREIGN CURRENCIES

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

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Groups' net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss.

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



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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*) FOREIGN CURRENCIES (*CONTINUED*)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Groups initially recognise the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Groups determine the transaction date for each payment or receipt of the advance consideration.

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

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

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

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### JUDGEMENTS

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

#### CLASSIFICATION BETWEEN INVESTMENT PROPERTIES AND OWNER-OCCUPIED PROPERTIES

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

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### JUDGEMENTS (CONTINUED)

#### WITHHOLDING TAX ARISING FROM THE DISTRIBUTION OF DIVIDENDS

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

### ESTIMATION UNCERTAINTY

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

#### PROVISION FOR EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

The Groups use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and forms of credit insurance).

The provision matrix is initially based on the Groups' historical observed default rates. The Groups will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the hospitality sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Groups' historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Groups' trade receivables is disclosed in note 21 to the financial statements, respectively.

#### LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

The Groups cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Groups would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Groups "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Groups estimate the IBR using observable inputs (such as market interest rates) when available and are required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### ESTIMATION UNCERTAINTY (CONTINUED)

#### ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

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

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

The carrying amount of investment properties as at 31 December 2019 was RMB9,168,941,000 (2018: RMB8,855,800,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the Trust and the Company's consolidated financial statements.

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

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

#### DEFERRED TAX ASSETS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets relating to recognised tax losses at 31 December 2019 was RMB6,722,000 (2018: RMB12,116,000). The amount of unrecognised tax losses at 31 December 2019 was RMB442,776,000 (2018: RMB400,083,000). Further details are contained in note 29 to the financial statements.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### ESTIMATION UNCERTAINTY (CONTINUED)

#### PRC CORPORATE INCOME TAX

The Groups are subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable as at 31 December 2019 was RMB54,032,000 (2018: RMB30,636,000).

## 5. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

### GEOGRAPHICAL INFORMATION

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

### INFORMATION ABOUT MAJOR CUSTOMERS

For the years ended 31 December 2018 and 2019, there was no single external customer from which the revenue derived accounted for 10% or more of the Groups' total revenue.



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## 5. OPERATING SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2019

	Property leasing	Hotel operations	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>				
Sales to external customers	480,506	1,767,187	225,977	2,473,670
<b>Segment results</b>	477,799	222,869	66,759	767,427
<i>Reconciliation:</i>				
Interest income				16,696
Corporate and other unallocated expenses				(20,059)
Finance costs (other than interest on lease liabilities)				(327,672)
Profit before tax				436,392
<b>Segment assets</b>	9,123,277	12,029,616	259,101	21,411,994
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(8,915,146)
Corporate and other unallocated assets				5,514,659
Total assets				18,011,507
<b>Segment liabilities</b>	254,615	7,056,787	184,752	7,496,154
<i>Reconciliation:</i>				
Elimination of intersegment payables				(8,881,765)
Corporate and other unallocated liabilities				13,936,958
Total liabilities				12,551,347
<b>Other segment information:</b>				
Share of profits of joint ventures	–	–	829	829
Share of losses of an associate	–	–	(11,707)	(11,707)
Depreciation and amortisation	1,961	294,786	4,765	301,512
Depreciation of right-of-use assets	–	46,915	–	46,915
Loss on disposal of items of property, plant and equipment, net	–	5,801	–	5,801
Reversal of impairment in the statement of profit or loss	–	(1,748)	–	(1,748)
Fair value gains on investment properties	101,696	–	–	101,696
Investments in joint ventures	–	–	30,956	30,956
Investment in an associate	–	–	68,293	68,293
Capital expenditure*	56,600	72,738	4,109	133,447

\* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

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## 5. OPERATING SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2018

	Property leasing	Hotel operations	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>				
Sales to external customers	498,979	1,864,283	201,674	2,564,936
<b>Segment results</b>				
	445,629	225,487	61,148	732,264
<i>Reconciliation:</i>				
Interest income				8,962
Corporate and other unallocated expenses				(2,593)
Finance costs				(314,600)
Profit before tax				424,033
<b>Segment assets</b>				
	8,894,438	12,077,928	144,418	21,116,784
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(8,759,895)
Corporate and other unallocated assets				5,674,511
Total assets				18,031,400
<b>Segment liabilities</b>				
	293,118	7,020,556	54,624	7,368,298
<i>Reconciliation:</i>				
Elimination of intersegment payables				(8,726,514)
Corporate and other unallocated liabilities				13,559,784
Total liabilities				12,201,568
<b>Other segment information:</b>				
Share of profits of joint ventures	–	–	2,426	2,426
Share of losses of an associate	–	–	–	–
Depreciation and amortisation	2,309	284,642	4,415	291,366
Recognition of prepaid land lease payments	–	44,383	–	44,383
Loss on disposal of items of property, plant and equipment, net	–	603	–	603
Impairment recognised in the statement of profit or loss	–	3,731	67	3,798
Fair value gains on investment properties	63,689	–	–	63,689
Investments in joint ventures	–	–	32,801	32,801
Investment in an associate	–	–	30,000	30,000
Capital expenditure*	13,553	102,751	1,292	117,596

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## 6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	RMB'000
<b>Revenue</b>		
<i>Revenue from contracts with customers</i>		
Hotel operations	1,767,187	1,864,283
Others	225,977	201,674
	<b>1,993,164</b>	2,065,957
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	480,506	NA
	<b>480,506</b>	498,979
	<b>2,473,670</b>	2,564,936

### REVENUE FROM CONTRACTS WITH CUSTOMERS

#### (I) DISAGGREGATED REVENUE INFORMATION

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2019	2018
	RMB'000	RMB'000
Hotel operations	81,806	90,183
Others	7,290	17,251
	<b>89,096</b>	107,434

#### (II) PERFORMANCE OBLIGATIONS

Information about the Groups' performance obligations is summarised below:

- For hotel operations, the performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the services; and
- For other service contracts, the performance obligation is satisfied over time as services are rendered. Short-term advances are sometimes required before rendering the services. Service contracts are for periods of one year or less, and are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 are all expected to be recognised within one year.

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6. REVENUE, OTHER INCOME AND GAINS (*CONTINUED*)  
REVENUE FROM CONTRACTS WITH CUSTOMERS (*CONTINUED*)

(II) PERFORMANCE OBLIGATIONS (*CONTINUED*)

	2019	2018
	RMB'000	RMB'000
<b>Other income</b>		
Bank interest income	16,696	8,962
Government grants*	27,496	18,172
	<b>44,192</b>	27,134
<b>Gains</b>		
Penalty and confiscatory income	3,680	4,289
Others	773	3,674
	<b>4,453</b>	7,963
	<b>48,645</b>	35,097

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

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## 7. PROFIT BEFORE TAX

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

	Notes	2019 RMB'000	2018 RMB'000
Cost of services provided		<b>1,056,370</b>	1,090,099
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		<b>19,876</b>	23,104
Depreciation of property, plant and equipment	14	<b>297,573</b>	285,852
Depreciation of right-of-use assets (2018: amortisation of land lease payments)	16(a), 16(b)	<b>46,915</b>	44,383
Amortisation of other intangible assets	17	<b>3,939</b>	5,514
Minimum lease payments under operating leases		–	10,286
Lease payments not included in the measurement of lease liabilities	16(d)	<b>6,398</b>	–
Auditor's remuneration		<b>1,688</b>	1,663
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		<b>517,321</b>	535,302
Pension scheme contributions (defined contribution schemes)*		<b>46,242</b>	43,420
		<b>563,563</b>	578,722
Foreign exchange differences, net		<b>(8,245)</b>	(12,252)
Fair value losses on derivative financial instruments – transactions not qualifying as hedges**		–	3,012
Loss on disposal of items of property, plant and equipment, net**		<b>5,801</b>	603
(Reversal of impairment)/impairment of trade receivables**		<b>(1,748)</b>	3,798

\* As at 31 December 2019, the Groups had no forfeited contributions available to reduce the Groups' contributions to the pension schemes in future years (2018: Nil).

\*\* This item is included in "Other expenses and losses, net" in the consolidated statement of profit or loss.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	RMB'000	RMB'000
Interest on bank loans and notes	312,322	304,265
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	12,330	10,335
Interest on an amount due to the intermediate holding company	3,020	–
Interest on lease liabilities	1,342	–
	<b>329,014</b>	314,600

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2019	2018
	RMB'000	RMB'000
Fees	528	507
Other emoluments:		
Salaries, allowances and benefits in kind	1,441	1,429
Performance related bonuses*	2,214	1,081
Pension scheme contributions	157	151
	<b>3,812</b>	2,661
	<b>4,340</b>	3,168

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

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (A) INDEPENDENT NON-EXECUTIVE DIRECTORS

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

	2019	2018
	RMB'000	RMB'000
Dr. Chung Shui Ming Timpson	176	169
Dr. Chen Jieping	176	169
Dr. Xin Tao	176	169
	<b>528</b>	507

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

### (B) EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2019</b>					
Executive director:					
Mr. Tang Yong	–	1,441	2,214	157	3,812
	–	1,441	2,214	157	3,812
Non-executive directors:					
Mr. Li Congrui	–	–	–	–	–
Mr. Zhang Hui	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
	–	–	–	–	–
	–	1,441	2,214	157	3,812

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (*CONTINUED*)

### (B) EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE (*CONTINUED*)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2018					
Executive director:					
Mr. Tang Yong	–	1,429	1,081	151	2,661
	–	1,429	1,081	151	2,661
Non-executive directors:					
Mr. Li Congrui	–	–	–	–	–
Mr. Zhang Hui	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
Ms. Lan Haiqing (note)	–	–	–	–	–
	–	–	–	–	–
	–	1,429	1,081	151	2,661

Note: Ms. Lan Haiqing resigned as a non-executive director with effect from 8 June 2018.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2018: Nil).

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## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director and the chief executive (2018: one director and the chief executive). The remuneration for the year of the five highest paid employees of the Trustee-Manager and the Company is as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	5,324	5,183
Performance related bonuses	6,244	4,417
Pension scheme contributions	754	717
	<b>12,322</b>	10,317

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2019	2018
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	2	3
HK\$2,500,001 to HK\$3,000,000	2	–
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–
	<b>5</b>	5

## 11. INCOME TAX

	2019 RMB'000	2018 RMB'000
Current – PRC corporate income tax		
Charge for the year	137,335	140,880
Overprovision in prior year	(3,353)	–
Deferred (note 29)	56,055	32,735
Total tax charge for the year	<b>190,037</b>	173,615

### HONG KONG PROFITS TAX

No provision for Hong Kong profits tax has been made as the Groups did not generate any assessable profits arising in Hong Kong during the year (2018: Nil).

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## 11. INCOME TAX (CONTINUED)

### PRC CORPORATE INCOME TAX

PRC corporate income tax has been provided at the rate of 25% (2018: 25%) on the taxable profits of the Groups' PRC subsidiaries during the year.

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Trust, the Company and the majority of its subsidiaries are domiciled to the tax charge for the year is as follows:

#### 2019

	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000
Profit/(loss) before tax	622,620	(186,228)	436,392
Tax at the statutory tax rate	155,655	(30,728)	124,927
Profits and losses attributable to joint ventures and associates	2,720	–	2,720
Expenses not deductible for tax	11,841	30,728	42,569
Adjustments in respect of current tax of previous period	(3,353)	–	(3,353)
Tax losses not recognised	23,174	–	23,174
Tax charge for the year	190,037	–	190,037

#### 2018

	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000
Profit/(loss) before tax	573,562	(149,529)	424,033
Tax at the statutory tax rate	143,391	(24,672)	118,719
Profits and losses attributable to joint ventures	(607)	–	(607)
Expenses not deductible for tax	18,432	24,672	43,104
Tax losses utilised from previous periods	(4,175)	–	(4,175)
Tax losses from previous periods recognised	(5,880)	–	(5,880)
Tax losses not recognised	22,454	–	22,454
Tax charge for the year	173,615	–	173,615

The share of tax attributable to joint ventures amounting to RMB113,000 (2018: RMB838,000) is included in the "Share of profits of joint ventures" in the consolidated statement of profit or loss.



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## 12. DISTRIBUTIONS

	Note	2019 RMB'000	2018 RMB'000
Interim – HK16.60 cents (2018: HK20.55 cents) per Share Stapled Unit		<b>287,297</b>	336,086
Proposed 2019 distributions attributable to group distributable income – HK15.43 cents (2018: HK12.88 cents) per Share Stapled Unit	(a)	<b>276,264</b>	229,278
		<b>563,561</b>	565,364

- (a) The proposed 2019 distribution to holders of Share Stapled Units is based on the group distributable income for the year ended 31 December 2019 and the number of Share Stapled Units as at 31 December 2019. The proposed 2019 distribution was not recognised as a liability as at 31 December 2019, and is subject to the approval of the holders of Share Stapled Units at the forthcoming AGM.

The group distributable income for the year ended 31 December 2019 was RMB563,561,000, equivalent to HK\$640,600,000, which was adjusted from the profit or loss for the year ended 31 December 2019 after the adjustments permitted under the Trust Deed and the articles of association of the Company.

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

### 13. EARNINGS PER SHARE STAPLED UNIT

The calculation of the basic earnings per Share Stapled Unit/ordinary share of the Company for the year is based on the profit for the year of RMB246,355,000 (2018: RMB250,418,000), and the weighted average number of Share Stapled Units of 2,000,000,000 (2018: 2,000,000,000) in issue during the year.

The Groups had no potentially dilutive Share Stapled Units/ordinary shares of the Company in issue during the year (2018: Nil).

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

	2019	2018
	RMB'000	RMB'000
<b>Earnings</b>		
Profit for the year, used in the calculation of basic and diluted earnings per Share Stapled Unit/ordinary share of the Company	<b>246,355</b>	250,418
<b>Number of Share Stapled Units/ ordinary shares of the Company</b>		
	2019	2018
<b>Share Stapled Units/ordinary shares of the Company</b>		
Weighted average number of Share Stapled Units/ordinary shares of the Company in issue during the year, used in the calculation of basic and diluted earnings per Share Stapled Unit/ordinary share of the Company	<b>2,000,000,000</b>	2,000,000,000

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## 14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2019</b>							
At 1 January 2019:							
Cost	7,741,601	49,284	143,970	1,747,925	22,159	11,778	9,716,717
Accumulated depreciation and impairment	(1,682,693)	(49,284)	(42,920)	(1,031,061)	(18,605)	–	(2,824,563)
Net carrying amount	6,058,908	–	101,050	716,864	3,554	11,778	6,892,154
At 1 January 2019, net of accumulated depreciation and impairment	6,058,908	–	101,050	716,864	3,554	11,778	6,892,154
Additions	16,646	–	–	10,495	429	47,760	75,330
Disposals	(10,443)	–	–	(217)	(67)	–	(10,727)
Depreciation provided during the year	(180,899)	–	(19,714)	(96,423)	(537)	–	(297,573)
Transfers	(57,825)	–	–	89,791	–	(31,966)	–
Gain on property revaluation in relation to the transfer to investment properties	67,983	–	–	–	–	–	67,983
Transfer to investment properties (note 15)	(91,409)	–	–	(6)	–	–	(91,415)
At 31 December 2019, net of accumulated depreciation and impairment	5,802,961	–	81,336	720,504	3,379	27,572	6,635,752
At 31 December 2019:							
Cost	7,726,837	49,284	143,970	1,774,994	21,935	27,572	9,744,592
Accumulated depreciation and impairment	(1,923,876)	(49,284)	(62,634)	(1,054,490)	(18,556)	–	(3,108,840)
Net carrying amount	5,802,961	–	81,336	720,504	3,379	27,572	6,635,752

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## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Hotel properties	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2018</b>							
At 1 January 2018:							
Cost	8,002,304	49,284	143,970	1,409,165	26,136	34,448	9,665,307
Accumulated depreciation and impairment	(1,482,078)	(49,284)	(40,374)	(957,358)	(19,153)	–	(2,548,247)
Net carrying amount	6,520,226	–	103,596	451,807	6,983	34,448	7,117,060
At 1 January 2018, net of accumulated depreciation and impairment							
	6,520,226	–	103,596	451,807	6,983	34,448	7,117,060
Additions	9,723	–	–	10,959	–	81,178	101,860
Disposals	(35,632)	–	–	(850)	(116)	(4,316)	(40,914)
Depreciation provided during the year	(200,616)	–	(2,546)	(80,614)	(2,076)	–	(285,852)
Transfers	(234,793)	–	–	335,562	(1,237)	(99,532)	–
At 31 December 2018, net of accumulated depreciation and impairment							
	6,058,908	–	101,050	716,864	3,554	11,778	6,892,154
At 31 December 2018:							
Cost	7,741,601	49,284	143,970	1,747,925	22,159	11,778	9,716,717
Accumulated depreciation and impairment	(1,682,693)	(49,284)	(42,920)	(1,031,061)	(18,605)	–	(2,824,563)
Net carrying amount	6,058,908	–	101,050	716,864	3,554	11,778	6,892,154

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## 15. INVESTMENT PROPERTIES

	2019 RMB'000	2018 RMB'000
Carrying amount at 1 January	8,855,800	8,781,200
Additions	118,095	10,911
Transfer from property, plant and equipment (note 14)	91,415	–
Transfer from right-of-use assets (note 16)	1,935	–
Net gain from a fair value adjustment recognised in profit or loss	101,696	63,689
Carrying amount at 31 December	<b>9,168,941</b>	8,855,800

The Groups' investment properties consist of three (2018: one) commercial properties in Mainland China. The Directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of the property. Two (2018: one) of the Groups' investment properties were revalued on 31 December 2019 and 31 December 2018 at approximately RMB9,070,200,000 and RMB8,855,800,000, respectively, by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers. Each year, the Groups' management decide to appoint which external valuer to be responsible for the external valuations of the Groups' properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Groups' management have discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

As at 31 December 2019, one of the Groups' investment properties was a right-of-use asset relating to a building which will be leased out under one or more operating leases. This investment property was valued at approximately RMB98,741,000 as at 31 December 2019 by the Groups' management.

These investment properties are leased to related parties and third parties under operating leases, further summary details of which are included in note 16(e) to the financial statements.



15. INVESTMENT PROPERTIES (*CONTINUED*)

## FAIR VALUE HIERARCHY

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

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	RMB'000	RMB'000	RMB'000	RMB'000
Commercial properties	–	–	9,168,941	9,168,941

	Fair value measurement as at 31 December 2018 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	RMB'000	RMB'000	RMB'000	RMB'000
Commercial properties	–	–	8,855,800	8,855,800

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

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## 15. INVESTMENT PROPERTIES (CONTINUED)

### FAIR VALUE HIERARCHY (CONTINUED)

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

#### 2019

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB4,619
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB6,312
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield Reversionary yield Market rent (per unit p.a.)	3.50% 4.00% RMB12,000
Commercial properties – Wangfujing Quadrangle Courtyard	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.00% 4.50% RMB6,180
Commercial properties – Jinmao Boill e-Wisdom Valley Executive Apartment	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.84% 4.84% RMB665

#### 2018

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB4,224
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB9,960
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield Reversionary yield Market rent (per unit p.a.)	3.50% 4.00% RMB12,000

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## 15. INVESTMENT PROPERTIES (CONTINUED)

### FAIR VALUE HIERARCHY (CONTINUED)

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

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

## 16. LEASES

### THE GROUPS AS LESSEE

The Groups lease certain of their office properties, staff quarters and an operating property under operating lease arrangements. Leases for office properties and staff quarters are negotiated for terms ranging from one to five years. The lease for the operating property is negotiated for a term of fifteen years. Besides, lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 70 years. Other lease contracts generally have lease terms of 12 months or less or are individually of low value.

#### (A) PREPAID LAND LEASE PAYMENTS (BEFORE 1 JANUARY 2019)

	RMB'000
Carrying amount at 1 January 2018	1,272,434
Additions	1,975
Recognised during the year	(44,383)
Carrying amount at 31 December 2018	1,230,026

#### (B) RIGHT-OF-USE ASSETS

The carrying amounts of the Groups' right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments RMB'000	Office properties and staff quarters RMB'000	Total RMB'000
As at 1 January 2019	1,230,026	4,683	1,234,709
Additions	–	9,688	9,688
Transferred to investment properties (note 15)	(1,935)	–	(1,935)
Other transfer	–	(2,930)	(2,930)
Depreciation charge	(44,357)	(2,558)	(46,915)
As at 31 December 2019	1,183,734	8,883	1,192,617

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## 16. LEASES (CONTINUED)

### THE GROUPS AS LESSEE (CONTINUED)

#### (C) LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year are as follows:

	2019 Lease liabilities RMB'000
Carrying amount at 1 January	3,989
New leases	72,407
Accretion of interest recognised during the year	1,342
Payments	(3,272)
Carrying amount at 31 December	74,466
Analysed into:	
Current portion	2,119
Non-current portion	72,347

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

#### (D) THE AMOUNTS RECOGNISED IN PROFIT OR LOSS IN RELATION TO LEASES ARE AS FOLLOWS:

	2019 RMB'000
Interest on lease liabilities	1,342
Depreciation charge of right-of-use assets	46,915
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales)	6,386
Expense relating to leases of low-value assets (included in administrative expenses)	12
Total amount recognised in profit or loss	54,655

**16. LEASES (CONTINUED)****THE GROUPS AS LESSEE (CONTINUED)**

(E) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 32(c) and 34(c), respectively, to the financial statements.

**THE GROUPS AS LESSOR**

The Groups lease their investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Groups during the year was RMB480,506,000 (2018: RMB498,979,000), details of which are included in note 6 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Groups in the future periods under non-cancellable operating leases with their tenants are as follows:

	2019	2018
	RMB'000	RMB'000
Within one year	<b>430,404</b>	418,146
After one year but within two years	<b>326,503</b>	260,905
After two years but within three years	<b>183,698</b>	163,498
After three years but within four years	<b>92,907</b>	89,424
After four years but within five years	<b>55,403</b>	52,810
After five years	<b>60,240</b>	80,230
	<b>1,149,155</b>	1,065,013



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## 17. OTHER INTANGIBLE ASSETS

		Computer software RMB'000
<b>31 December 2019</b>		
At 1 January 2019:		
Cost		62,747
Accumulated amortisation		(53,198)
Net carrying amount		9,549
Cost at 1 January 2019, net of accumulated amortisation		9,549
Additions		3,048
Disposals/write-off		(644)
Amortisation provided during the year		(3,939)
At 31 December 2019, net of accumulated amortisation		8,014
At 31 December 2019:		
Cost		65,150
Accumulated amortisation		(57,136)
Net carrying amount		8,014
<b>31 December 2018</b>		
At 1 January 2018:		
Cost		59,927
Accumulated amortisation		(47,714)
Net carrying amount		12,213
Cost at 1 January 2018, net of accumulated amortisation		12,213
Additions		2,850
Amortisation provided during the year		(5,514)
At 31 December 2018, net of accumulated amortisation		9,549
At 31 December 2018:		
Cost		62,747
Accumulated amortisation		(53,198)
Net carrying amount		9,549

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## 18. INVESTMENTS IN JOINT VENTURES

	2019	2018
	RMB'000	RMB'000
Share of net assets	<b>30,956</b>	32,801

The amounts due from/to joint ventures are disclosed in note 23 to the Trust and the Company's consolidated financial statements.

Particulars of the Groups' joint ventures are as follows:

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

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

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

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## 18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	10,522	10,680
Other current assets	12,257	22,726
Current assets	22,779	33,406
Non-current assets	49,926	52,254
Financial liabilities, excluding trade and other payables	(3,553)	(467)
Other current liabilities	(7,241)	(19,591)
Current liabilities	(10,794)	(20,058)
Net assets	61,911	65,602
Revenue	35,532	39,156
Interest income	120	20
Depreciation and amortisation	(9,760)	(11,304)
Interest expenses	(50)	(179)
Tax	(225)	(1,676)
Profit and total comprehensive income for the year	1,657	4,852
Dividend declared	2,675	3,490

Reconciliation to the Groups' interests in the joint ventures:

	2019 RMB'000	2018 RMB'000
Proportion of the Groups' ownership	50%	50%
The Groups' share of net assets of the joint ventures and carrying amount of the investments	30,956	32,801
Share of the joint ventures' profit and total comprehensive income	829	2,426

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## 19. INVESTMENT IN AN ASSOCIATE

	2019 RMB'000	2018 RMB'000
Share of net assets	<b>68,293</b>	30,000

The amount due from an associate is disclosed in note 23 to the Trust and the Company's consolidated financial statements.

The following tables illustrate the summarised financial information adjusted for any differences in accounting policies of the Groups' investment in the associate that is not individually material:

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	<b>250</b>	31,000
Other current assets	<b>16,610</b>	–
Current assets	<b>16,860</b>	31,000
Non-current assets	<b>99,990</b>	–
Net assets	<b>116,850</b>	31,000

## 20. INVENTORIES

	2019 RMB'000	2018 RMB'000
Raw materials	<b>3,117</b>	3,220
Hotel merchandise	<b>9,967</b>	9,796
Trading stock	<b>1,608</b>	1,593
	<b>14,692</b>	14,609

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## 21. TRADE RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade receivables	95,877	93,805
Impairment	(1,410)	(1,158)
	<b>94,467</b>	92,647

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

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

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

	2019 RMB'000	2018 RMB'000
Within 1 month	89,794	83,424
1 to 3 months	1,760	5,174
4 to 6 months	963	1,208
Over 6 months	1,950	2,841
	<b>94,467</b>	92,647

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019 RMB'000	2018 RMB'000
At beginning of year	1,158	450
Impairment losses, net	252	708
At end of year	<b>1,410</b>	1,158



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## 21. TRADE RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Groups' trade receivables using a provision matrix:

### As at 31 December 2019

	Past due				Total
	Current	Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.39%	1.24%	6.88%	32.24%	1.47%
Gross carrying amount (RMB'000)	90,145	1,563	1,203	2,966	95,877
Expected credit losses (RMB'000)	351	19	83	957	1,410

### As at 31 December 2018

	Past due				Total
	Current	Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.39%	1.24%	5.26%	13.34%	1.23%
Gross carrying amount (RMB'000)	83,424	3,405	1,733	5,243	93,805
Expected credit losses (RMB'000)	326	42	91	699	1,158

## 22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2019	2018
		RMB'000	RMB'000
Prepayments		21,899	18,702
Deposits		11,740	6,062
Other receivables		21,566	12,397
Prepaid land lease payments	16	–	44,386
		55,205	81,547

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amount. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

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## 23. BALANCES WITH RELATED PARTIES

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

	2019 RMB'000	2018 RMB'000
Due from related parties:		
Fellow subsidiaries	11,192	9,104
Joint ventures	–	752
An associate	–	600
An associate of the Groups' ultimate holding company	–	87
	<b>11,192</b>	10,543
Due to related parties:		
Immediate holding company	954,380	843,302
Intermediate holding company	492,699	–
Fellow subsidiaries	949,032	1,147,086
Joint ventures	2,883	1,445
Joint ventures of immediate holding company	1	1
An associate of the Groups' ultimate holding company	3	21,369
	<b>2,398,998</b>	2,013,203

Except for an amount due to the intermediate holding company as at 31 December 2019 amounting to RMB492,699,000, which bears interest at a rate of 3.21% per annum, the amounts due from/to related parties are unsecured, interest-free and repayable on demand.

## 24. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2019 RMB'000	2018 RMB'000
Cash and bank balances	611,952	655,013
Time deposits	108,740	157,979
	<b>720,692</b>	812,992
Less: Restricted bank balances	<b>(13,640)</b>	(52,752)
Cash and cash equivalents	<b>707,052</b>	760,240

As at 31 December 2019, the cash and bank balances and time deposits of the Groups denominated in RMB amounted to RMB678,140,000 (2018: RMB769,433,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Groups are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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## 24. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (CONTINUED)

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

## 25. TRADE PAYABLES

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

	2019	2018
	RMB'000	RMB'000
Within 1 year or on demand	75,543	79,558
1 to 2 years	-	-
Over 2 years	-	2,567
	<b>75,543</b>	82,125

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

## 26. OTHER PAYABLES AND ACCRUALS

	2019	2018
	RMB'000	RMB'000
Other payables	647,897	694,205
Receipts in advance	6,262	7,367
Accruals	71,100	81,196
	<b>725,259</b>	782,768

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

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## 27. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2019		As at 31 December 2018	
	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
Interest rate swaps	-	-	847	-
Cross currency interest rate swaps	-	(17,880)	-	(11,974)
Foreign currency forward contract	-	(253)	-	-
	-	(18,133)	847	(11,974)

### CASH FLOW HEDGE – INTEREST RATE RISK AND FOREIGN CURRENCY RISK

At 31 December 2019, the Groups had a cross currency interest rate swap agreement in place with a notional amount of US\$250,000,000 and HK\$1,960,350,000 whereby they pay interest at a fixed rate of 3.45% and pay HK\$1,960,350,000 on the maturity date and receive interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.1% and receive US\$250,000,000 on the maturity date. The swap is being used to hedge the interest rate and foreign currency risk exposure of a floating rate unsecured bank loan with a face value of US\$250,000,000.

At 31 December 2019, the Groups had a cross currency interest rate swap agreement in place with a notional amount of JPY2,000,000,000 and HK\$145,137,881 whereby they pay interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.62% and pay HK\$145,137,881 on the maturity date, and receive interest at a variable rate equal to LIBOR plus 1% and receive JPY2,000,000,000 on the maturity date. The swap is being used to hedge the interest rate and foreign currency risk exposure of a floating rate unsecured bank loan with a face value of JPY2,000,000,000.

At 31 December 2019, the Groups had a foreign currency forward contract in place with a notional amount of US\$94,380,000 and HK\$735,503,340 whereby they pay HK\$735,503,340 on the maturity date and receive US\$94,380,000 on the maturity date. The foreign currency forward contract is being used to hedge the foreign currency risk exposure to the unsecured bank loan with a face value of US\$94,380,000.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the swap and foreign currency forward contract match the terms of the variable rate foreign currency denominated bank loans (i.e., notional amount, maturity, payment date). The Groups have established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the swap and foreign currency forward contract are identical to the hedged risk components. To test the hedge effectiveness, the Groups use the hypothetical derivative method and compare the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

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## 27. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

### CASH FLOW HEDGE – INTEREST RATE RISK AND FOREIGN CURRENCY RISK (CONTINUED)

The hedge ineffectiveness can arise from:

- differences in the timing of cash flows of the hedged item and the hedging instrument;
- different interest rate curves applied to discount the hedged items and hedging instruments;
- the counterparties' credit risks differently impacting the fair value movements of the hedging instrument and the hedged item; and
- changes to the forecasted amounts of cash flows of hedged items and hedging instruments.

The impact of the hedging instruments on the statement of financial position is as follows:

	Notional amount	Carrying amount RMB'000	Line item in the statement of financial position	Change in fair value used for measuring hedging ineffectiveness for the year RMB'000
<b>As at 31 December 2019</b>				
Interest rate swaps	HK\$1,450,000,000	–	Derivative financial instruments assets	(847)
Cross currency interest rate swap	US\$250,000,000/ HK\$1,960,350,000	(15,660)	Derivative financial instruments (liabilities)	(3,686)
Cross currency interest rate swap	JPY2,000,000,000/ HK\$145,137,881	(2,220)	Derivative financial instruments (liabilities)	(2,220)
Forward foreign currency contract	HK\$735,503,340/ US\$94,380,000	(253)	Derivative financial instruments (liabilities)	(253)

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

	Total hedging gain/(loss) recognised in other comprehensive income RMB'000	Hedge ineffectiveness recognised in profit or loss RMB'000
<b>Year ended 31 December 2019</b>		
Interest rate swaps	(837)	–
Cross currency interest rate swaps	6,429	–
Foreign currency forward contract	(132)	–
	5,460	–



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## 28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019			2018		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans, unsecured	1.62-4.91	2020	3,268,143	1.66-5.66	2019	2,847,071
Current portion of long-term bank loans, unsecured	LIBOR+1.1	2020	1,742,922	HIBOR+1.2, HIBOR+1.4	2019	2,142,515
Notes, unsecured			–	4.27	2019	700,000
			<b>5,011,065</b>			<b>5,689,586</b>
<b>Non-current</b>						
Bank loans, unsecured	HIBOR+1.5	2022	2,230,583	LIBOR+1.1	2020	1,711,209
			<b>2,230,583</b>			<b>1,711,209</b>
			<b>7,241,648</b>			<b>7,400,795</b>

	2019	2018
	RMB'000	RMB'000
Analysed into bank loans repayable:		
Within one year	5,011,065	4,989,586
In the second year	–	1,711,209
In the third to fifth years, inclusive	2,230,583	–
	<b>7,241,648</b>	<b>6,700,795</b>
Analysed into other borrowings repayable:		
Within one year	–	700,000
	–	700,000
	<b>7,241,648</b>	<b>7,400,795</b>

Notes:

- (a) The Groups' loan facilities amounted to RMB13,402,362,000 (2018: RMB12,310,529,000), of which RMB7,241,648,000 (2018: RMB7,400,795,000) had been utilised as at the end of the reporting period.
- (b) Except for the bank borrowings amounting to approximately RMB2,401,717,000 (2018: RMB1,807,018,000), RMB2,862,243,000 (2018: RMB3,343,777,000) and RMB127,688,000 (2018: Nil) which are denominated in United States dollars ("US\$"), HK\$ and Japanese Yen, respectively, all bank and other borrowings are denominated in RMB.

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## 29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### DEFERRED TAX LIABILITIES

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Right-of- use assets RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2018	1,465,203	279,165	–	8,112	1,752,480
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	15,922	22,655	–	(74)	38,503
Gross deferred tax liabilities at 31 December 2018	1,481,125	301,820	–	8,038	1,790,983
Effect of adoption of HKFRS16	–	–	1,171	–	1,171
Gross deferred tax liabilities at 1 January 2019	1,481,125	301,820	1,171	8,038	1,792,154
Deferred tax charged to the statement of profit or loss during the year (note 11)	25,810	20,989	16,420	3,928	67,147
Deferred tax charged to other comprehensive income during the year	16,996	–	–	–	16,996
Gross deferred tax liabilities at 31 December 2019	1,523,931	322,809	17,591	11,966	1,876,297

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## 29. DEFERRED TAX (CONTINUED)

### DEFERRED TAX ASSETS

	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Accruals RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2018	–	6,236	279	6,515
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	–	5,880	(112)	5,768
Gross deferred tax assets at 31 December 2018	–	12,116	167	12,283
Effect of adoption of HKFRS16	997	–	–	997
Gross deferred tax assets at 1 January 2019	997	12,116	167	13,280
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	16,594	(5,394)	(108)	11,092
Gross deferred tax assets at 31 December 2019	17,591	6,722	59	24,372

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Groups for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,769	12,271
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,858,694)	(1,790,971)
	(1,851,925)	(1,778,700)

As at 31 December 2019, the Groups had tax losses arising in Mainland China of RMB469,663,000 that would expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Groups, the applicable rate is 5% or 10%. The Groups are therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

## 29. DEFERRED TAX (CONTINUED)

### DEFERRED TAX ASSETS (CONTINUED)

As at 31 December 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Groups' subsidiaries established in Mainland China. In the opinion of the Directors, the unremitted earnings of the Groups' PRC subsidiaries are expected to be used to fund their operations and capital expenditures and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted approximately RMB6,248,625,000 at 31 December 2019 (2018: RMB6,064,107,000).

There are no income tax consequences attaching to the payment of distributions/dividends by the Trust and the Company to the holders of Share Stapled Units/shareholders.

## 30. SHARE CAPITAL

### SHARES

	2019	2018
	RMB	RMB
Issued and fully paid:		
2,000,000,000 ordinary shares of HK\$0.0005 each	<b>793,500</b>	793,500
2,000,000,000 preference shares of HK\$0.0005 each	<b>793,500</b>	793,500
	<b>1,587,000</b>	1,587,000

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## 31. RESERVES

The amounts of the Groups' reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the Trust and the Company's consolidated financial statements.

### (I) MERGER RESERVE

The merger reserve of the Groups represents the capital contributions from the equity holders of the subsidiaries now comprising the Groups before the completion of the Groups reorganisation underwent to rationalise the corporate structure of the Trust Group in preparation for the listing of the Share Stapled Units jointly issued by the Trust and the Company.

### (II) CAPITAL RESERVE

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary and the waiver of a payable by a shareholder.

### (III) PRC STATUTORY SURPLUS RESERVE

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Groups' subsidiaries established in Mainland China and were approved by the boards of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of the registered capital.

### (IV) ASSET REVALUATION RESERVE

The asset revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

### (V) HEDGING RESERVE

The hedging reserve represents reserves related to net investment hedges and cash flow hedges.



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## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (A) MAJOR NON-CASH TRANSACTIONS

During the year, the Groups had non-cash additions to right-of-use assets and lease liabilities of RMB72,713,000 and RMB72,407,000, respectively, in respect of lease arrangements for office properties, staff quarters and an operating property included in investment properties (2018: Nil).

### (B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2019		
	Bank and other loans RMB'000	Finance lease payables/ Lease liabilities RMB'000	Amount due to related parties RMB'000
At 31 December 2018	7,400,795	–	648,222
Effect of adoption of HKFRS 16	–	3,989	–
At 1 January 2019 (restated)	7,400,795	3,989	648,222
Changes from financing cash flows	(273,473)	(1,930)	244,429
New leases	–	72,407	–
Foreign exchange movement	114,326	–	6,628
Interest expense	–	1,342	–
Interest paid classified as financing cash flows	–	(1,342)	–
2018 annual and 2019 interim dividends payable	–	–	347,883
At 31 December 2019	7,241,648	74,466	1,247,162

	2018	
	Bank and other loans RMB'000	Amount due to the immediate holding company RMB'000
At 1 January 2018	7,288,632	218,004
Changes from financing cash flows	(129,520)	–
Foreign exchange movement	241,683	22,851
2017 annual and 2018 interim dividends payable	–	407,367
At 31 December 2018	7,400,795	648,222

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (C) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 RMB'000
Within operating activities	6,398
Within financing activities	1,930
	<b>8,328</b>

## 33. CONTINGENT LIABILITIES

As at 31 December 2019, the Groups did not have any significant contingent liabilities (2018: Nil).

## 34. COMMITMENTS

(A) The Groups had the following capital commitments as at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	3,904	9,789
Capital contributions payable to an associate	40,000	90,000
	<b>43,904</b>	99,789

### (B) OPERATING LEASE COMMITMENTS AS AT 31 DECEMBER 2018

At 31 December 2018, the Groups had total future minimum lease receivables under non-cancellable operating leases of their office properties with falling due as follows:

	2018 RMB'000
Within one year	418,146
In the second to fifth years, inclusive	566,637
After five years	80,230
	<b>1,065,013</b>

(C) The Groups have various lease contracts that have not yet commenced as at 31 December 2019. The future lease payments for these non-cancellable lease contracts are RMB24,000 due within one year, RMB48,000 due in the second to fifth years.

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## 35. RELATED PARTY TRANSACTIONS

(A) In addition to the transactions detailed elsewhere in the Trust and the Company's consolidated financial statements, the Groups had the following material transactions with related parties during the year:

	Notes	2019 RMB'000	2018 RMB'000
Transactions with fellow subsidiaries:			
Decoration services received	(i)	4,031	1,387
Provision of property management services	(i)	20,180	14,474
Rental income	(i)	39,564	22,066
Rental expense	(i)	655	626
Consultancy service income	(i)	2,623	1,865
Commercial property management services received	(ii)	1,650	1,540
Transactions with the immediate holding company:			
Provision of hotel property management services	(iii)	8,313	8,131
Transactions with the intermediate holding company:			
Interest expense	(iv)	3,020	–
Transactions with the associate of the Groups' ultimate holding company:			
Provision of property management services	(i)	34	4,318
Rental income	(i)	–	28,582

Notes:

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) Effective from 1 January 2017, commercial property management expenses were payable at a fixed percentage of 3% of the annual rental income from the commercial portions of the Groups' properties pursuant to the commercial property management agreement dated 7 December 2016 entered into between Jinmao Investment Management (Shanghai) Co., Ltd. ("China Jinmao (Shanghai)"), a wholly-owned subsidiary of China Jinmao, and China Jin Mao (Group) Co., Ltd. ("China Jin Mao (Group)"), an indirect wholly-owned subsidiary of the Company, and the commercial property management agreement dated 7 December 2016 entered into between China Jinmao (Shanghai) and Jinmao (Li Jiang) Hotel Investment Limited Company, an indirect wholly-owned subsidiary of the Company.

Due to the internal business restructuring of China Jinmao, effective from 1 July 2017, China Jinmao (Shanghai) had transferred all its rights and obligations under the commercial property management agreements dated 7 December 2016 to Jinmao Commercial Properties (Shanghai) Company Limited (金茂商業房地產(上海)有限公司), which is also a wholly-owned subsidiary of China Jinmao. All other terms are substantially the same as those in the commercial property management agreements dated 7 December 2016.

On 13 December 2019, the Company renewed the commercial property management agreement with Jinmao Commercial Properties (Shanghai) Company Limited (金茂商業房地產(上海)有限公司) for a period of three years with effect from 1 January 2020.

- (iii) On 7 December 2016, the Company entered into a hotel property management agreement with China Jinmao for a period of three years with effect from 1 January 2017. Pursuant to the hotel property management agreement, the Groups would be entitled to receive the following annual fees for providing certain hotel property management services to the relevant hotels of China Jinmao and its subsidiaries (the "Relevant Hotels"): (i) a basic management fee of 0.5% of the total development costs of the Relevant Hotels; and (ii) an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of the Relevant Hotels upon the formal opening of the Relevant Hotels.

On 13 December 2019, the Company renewed the hotel property management agreement with China Jinmao for a period of three years with effect from 1 January 2020.

- (iv) The interest expense was charged at a rate of 3.21% per annum (2018: no interest expense paid to related parties).

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### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (B) OUTSTANDING BALANCES WITH RELATED PARTIES

Details of the Groups' balances with related parties are disclosed in note 23 to the Trust and the Company's consolidated financial statements.

#### (C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUPS

	2019	2018
	RMB'000	RMB'000
Short term employee benefits	11,568	9,600
Post-employment benefits	755	717
<b>Total compensation paid to key management personnel</b>	<b>12,323</b>	10,317

Further details of directors' and the chief executive's emoluments are included in note 9 to the Trust and the Company's consolidated financial statements.

#### (D) TRANSACTIONS AND BALANCES WITH OTHER STATE-OWNED ENTITIES

The Groups are indirectly controlled by the PRC government and operate in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Groups had some transactions with other SOEs including, but not limited to, borrowings, deposits and the provision of property lease and management services. The Directors consider that these transactions with other SOEs were activities conducted in the ordinary course of business and that the dealings of the Groups have not been significantly or unduly affected by the fact that the Groups and the other SOEs are ultimately controlled or owned by the PRC government. The Groups have also established pricing policies for the Groups' products and services and such pricing policies do not depend on whether or not the customers are SOEs.

A certain portion of these related party transactions in respect of items (i), (ii) and (iii) of (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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### 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2019**

#### FINANCIAL ASSETS

	Financial assets at fair value through profit or loss  RMB'000	Financial assets at amortised cost  RMB'000	Total  RMB'000
Long-term receivables	–	3,917	3,917
Trade receivables	–	94,467	94,467
Financial assets included in prepayments, other receivables and other assets	–	33,306	33,306
Due from related parties	–	11,192	11,192
Restricted bank balances	–	13,640	13,640
Cash and cash equivalents	–	707,052	707,052
	–	863,574	863,574

#### FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss  RMB'000	Financial liabilities at amortised cost  RMB'000	Total  RMB'000
Trade payables	–	75,543	75,543
Financial liabilities included in other payables and accruals	–	647,897	647,897
Derivative financial instruments	18,133	–	18,133
Due to related parties	–	2,398,998	2,398,998
Lease liabilities	–	74,466	74,466
Interest-bearing bank and other borrowings	–	7,241,648	7,241,648
	18,133	10,438,552	10,456,685



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### 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2018

#### FINANCIAL ASSETS

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	92,647	92,647
Financial assets included in prepayments, other receivables and other assets	–	18,459	18,459
Due from related parties	–	10,543	10,543
Derivative financial instruments	847	–	847
Restricted bank balances	–	52,752	52,752
Cash and cash equivalents	–	760,240	760,240
	847	934,641	935,488

#### FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	–	82,125	82,125
Financial liabilities included in other payables and accruals	–	694,205	694,205
Derivative financial instruments	11,974	–	11,974
Due to related parties	–	2,013,203	2,013,203
Interest-bearing bank and other borrowings	–	7,400,795	7,400,795
	11,974	10,190,328	10,202,302

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### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Groups' financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>				
Derivative financial instruments	–	847	–	847
<b>Financial liabilities</b>				
Derivative financial instruments	<b>18,133</b>	11,974	<b>18,133</b>	11,974
Interest-bearing bank and other borrowings	<b>7,241,648</b>	7,400,795	<b>7,241,648</b>	7,401,278
	<b>7,259,781</b>	7,412,769	<b>7,259,781</b>	7,413,252

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Groups' finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The changes in fair value as a result of the Groups' own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were assessed to be insignificant.

The Groups enter into derivative financial instruments with counterparties, principally financial institutions with good credit ratings. Derivative financial instruments, including foreign currency forward contracts and interest rate swaps, are measured using valuation techniques. The models incorporate market observable inputs including the foreign exchange spot and forward rates and interest rate curves. The carrying amounts of derivative financial instruments are the same as their fair values.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Groups' financial instruments:

As at 31 December 2019, no financial assets were measured at fair value.

#### As at 31 December 2018

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Derivative financial instruments	–	847	–	847

#### LIABILITIES MEASURED AT FAIR VALUE:

#### As at 31 December 2019

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Derivative financial instruments	–	18,133	–	18,133

#### As at 31 December 2018

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Derivative financial instruments	–	11,974	–	11,974

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

#### ASSETS FOR WHICH FAIR VALUE IS DISCLOSED:

The carrying amount of the Groups' financial assets were either measured at fair value or approximate to fair value in the consolidated statement of financial position as at 31 December 2018 and 2019.

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FAIR VALUE HIERARCHY (CONTINUED)

LIABILITIES FOR WHICH FAIR VALUE ARE DISCLOSED:

As at 31 December 2019

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	–	7,241,648	–	7,241,648

As at 31 December 2018

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	700,483	6,700,795	–	7,401,278

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Groups' principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Groups' operations. The Groups have various other financial assets and liabilities such as trade receivables and payables, which arise directly from the Groups' operations.

The Groups also enter into derivative transactions, including principally interest rate swaps, cross currency interest rate swaps and a foreign currency forward contract. The purpose is to manage the interest rate and currency risks arising from the Groups' sources of finance and net investment in foreign operations.

It is, and has been throughout the year under review, the Groups' policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Groups' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### INTEREST RATE RISK

The Groups' exposure to the risk of changes in market interest rates relates primarily to the Groups' long term debt obligations with floating interest rates.

The Groups' policy is to manage the Groups' interest cost using a mix of fixed and variable rate debts. The Groups enter into interest rate swaps, in which the Groups agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Groups' profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
<b>31 December 2019</b>		
US\$	25	(1,670)
HK\$	25	(1,531)
US\$	(25)	1,670
HK\$	(25)	1,531
<b>31 December 2018</b>		
US\$	25	–
HK\$	25	(5,260)
US\$	(25)	–
HK\$	(25)	5,260

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.



## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### FOREIGN CURRENCY RISK

All of the Groups' turnover and substantially all of the Groups' operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Groups' PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Groups.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Groups' PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the State Administration of Foreign Exchange. The Groups' PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Groups' subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Groups' financial assets and liabilities are not subject to foreign currency risk, except for certain cash and cash equivalents and interest-bearing bank borrowings denominated in US\$ and HK\$. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Groups' results of operations. The Groups have used derivative financial instruments to reduce the exposure to US\$ and HK\$ arising from the borrowings.

The Groups have entered into derivative financial instruments in respect of the cash flow hedges to minimise the foreign currency exposures arising from the Groups' US\$ denominated interest-bearing bank borrowings as detailed in note 27 to the Trust and the Company's consolidated financial statements. It is the Groups' policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Groups will constantly review the economic situation and their foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### FOREIGN CURRENCY RISK (CONTINUED)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US\$ and the exchange rate between HK\$ and US\$ on the Groups' profit before tax for the years ended 31 December 2019 and 2018.

	Increase/ (decrease) in US\$ exchange rate %	Increase/ (decrease) in profit before tax RMB'000
<b>31 December 2019</b>		
If the HK\$ weakens against the US\$	1	58
If the HK\$ strengthens against the US\$	(1)	(58)
If the RMB weakens against the US\$	5	385
If the RMB strengthens against the US\$	(5)	(385)
<b>31 December 2018</b>		
If the HK\$ weakens against the US\$	1	988
If the HK\$ strengthens against the US\$	(1)	(988)
If the RMB weakens against the US\$	5	441
If the RMB strengthens against the US\$	(5)	(441)

#### CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Groups are exposed to credit risk from the Groups' leasing activities, the provision of hotel and property management services and the Groups' financing activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of the reporting period is the carrying value of each class of financial assets.

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
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## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### LIQUIDITY RISK

The Groups' objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. In the opinion of the Directors, the Groups are expected to have adequate source of funding to finance and manage the Groups' liquidity position.

The maturity profile of the Groups' financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total RMB'000
<b>31 December 2019</b>					
Interest-bearing bank and other borrowings	5,174,018	89,247	2,288,777	–	7,552,042
Lease liabilities	6,451	8,886	18,850	69,921	104,108
Trade payables	75,543	–	–	–	75,543
Other payables	647,897	–	–	–	647,897
Derivative financial instruments	–	18,133	–	–	18,133
Due to related parties	2,398,998	–	–	–	2,398,998
	<b>8,302,907</b>	<b>116,266</b>	<b>2,307,627</b>	<b>69,921</b>	<b>10,796,721</b>

	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total RMB'000
<b>31 December 2018</b>				
Interest-bearing bank and other borrowings	5,854,282	1,737,706	–	7,591,988
Trade payables	82,125	–	–	82,125
Other payables	694,205	–	–	694,205
Derivative financial instruments	–	11,974	–	11,974
Due to related parties	2,013,203	–	–	2,013,203
	<b>8,643,815</b>	<b>1,749,680</b>	<b>–</b>	<b>10,393,495</b>

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### CAPITAL MANAGEMENT

The primary objectives of the Groups' capital management are to safeguard the Groups' ability to continue as a going concern, so that the Groups can continue to provide returns for shareholders/holders of Share Stapled Units and benefits for other stakeholders, and to provide an adequate return to shareholders/holders of Share Stapled Units by pricing products and services commensurately with the level of risk.

The Groups manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Groups may adjust the dividend/distribution payment to shareholders/holders of Share Stapled Units, issue new Share Stapled Units or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

The Groups monitor capital on the basis of the debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted bank balances. Adjusted capital comprises all components of equity and amounts due to related parties. The Groups aim to maintain the debt-to-adjusted-capital ratio at a reasonable level. The debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Notes	2019 RMB'000	2018 RMB'000
Interest-bearing bank and other borrowings	28	7,241,648	7,400,795
Less: Cash and cash equivalents	24	(707,052)	(760,240)
Restricted bank balances	24	(13,640)	(52,752)
Net debt		6,520,956	6,587,803
Total equity		5,460,160	5,829,832
Add: Amounts due to related parties	23	2,398,998	2,013,203
Adjusted capital		7,859,158	7,843,035
Debt-to-adjusted-capital ratio		83.0%	84.0%

### 39. EVENTS AFTER THE REPORTING PERIOD

#### (A) ISSUE OF THE SUPER & SHORT-TERM COMMERCIAL PAPER AND MEDIUM-TERM NOTE

On 18 February 2020, the Groups have completed the issue of the super & short-term commercial paper in the interbank market in the PRC of an amount of RMB0.8 billion and with a maturity period of 270 days and an interest rate of 2.9% per annum.

On 19 March 2020, the Groups have completed the issue of the medium-term note in the interbank market in the PRC of an amount of RMB0.5 billion and with a maturity period of three years and an interest rate of 3.28% per annum.

#### (B) IMPACT OF THE RECENT CORONAVIRUS SITUATION

The outbreak of novel coronavirus (COVID-19) has produced a huge impact on the hotel operations of the Groups. It is expected that the performance of the Groups in the first half of 2020 will be negatively affected.

Management of the Groups will actively take measures to control the operating and labor costs of its hotels, pay attention to cash flow management, integrate external resources and adjust business plans to make full preparation for business recovery after the pandemic.

Given the dynamic nature of these circumstances, the related impact on the Groups' consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Groups' 2020 interim and annual financial statements.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019

#### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 RMB'000	2018 RMB'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	9,025,000	9,025,000
<b>CURRENT ASSETS</b>		
Prepayments, other receivables and other assets	201	1,227
Due from a subsidiary	531,664	520,018
Derivative financial instruments	–	847
Restricted bank balances	13,120	27,377
Cash and cash equivalents	21,148	6,887
Total current assets	566,133	556,356
<b>CURRENT LIABILITIES</b>		
Other payables	13,398	13,104
Due to subsidiaries	324,818	324,210
Due to a related party	1,447,079	843,302
Derivative financial instruments	18,133	–
Interest-bearing bank borrowings	3,160,754	3,439,586
Total current liabilities	4,964,182	4,620,202
<b>NET CURRENT LIABILITIES</b>	<b>(4,398,049)</b>	<b>(4,063,846)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>4,626,951</b>	<b>4,961,154</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	2,230,583	1,711,209
Derivative financial instruments	–	11,974
Total non-current liabilities	2,230,583	1,723,183
Net assets	2,396,368	3,237,971
<b>EQUITY</b>		
Share capital	1,587	1,587
Reserves (note)	2,394,781	3,236,384
Total equity	2,396,368	3,237,971

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2019

#### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Accumulated losses	Exchange fluctuation reserve	Hedging reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	4,880,448	(495,040)	(123,441)	–	4,261,967
Loss for the year	–	(149,054)	–	–	(149,054)
Net loss on cash flow hedges	–	–	–	(11,395)	(11,395)
Net income on net investment hedges	–	–	–	953	953
Translation of functional currency to presentation currency	–	–	(253,782)	–	(253,782)
Final 2017 distributions declared	(252,639)	–	–	–	(252,639)
2018 interim distributions	(359,666)	–	–	–	(359,666)
At 31 December 2018 and 1 January 2019	4,268,143	(644,094)	(377,223)	(10,442)	3,236,384
Loss for the year	–	(186,230)	–	–	(186,230)
Net income on cash flow hedges	–	–	–	5,460	5,460
Translation of functional currency to presentation currency	–	–	(137,938)	–	(137,938)
Final 2018 distributions declared	(226,353)	–	–	–	(226,353)
2019 interim distributions	(296,542)	–	–	–	(296,542)
At 31 December 2019	3,745,248	( 830,324)	(515,161)	(4,982)	2,394,781

#### 41. APPROVAL OF THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

The Trust and the Company's consolidated financial statements were approved and authorised for issue by the Directors on 24 March 2020.

# INDEPENDENT AUDITOR'S REPORT



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## To the sole member of Jinmao (China) Investments Manager Limited

*(Incorporated in Hong Kong with limited liability)*

### OPINION

We have audited the financial statements of Jinmao (China) Investments Manager Limited (the "Company") set out on pages 211 to 218, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

## INDEPENDENT AUDITOR'S REPORT

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

24 March 2020



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	2019	2018
	HK\$	HK\$
Administrative expenses	(51,455)	(67,455)
Less: Amount borne by a fellow subsidiary	51,455	67,455
PROFIT OR LOSS BEFORE TAX	–	–
Income tax expense	–	–
PROFIT OR LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	2019	2018
	HK\$	HK\$
CURRENT ASSET		
Due from the immediate holding company	1	1
Net asset	1	1
EQUITY		
Share capital	1	1
Total equity	1	1

**Li Congrui**

*Director*

**Tang Yong**

*Director*

# STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Share capital HK\$	Total equity HK\$
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	1	1

# STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	2019	2018
	HK\$	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Trust distributable income received in a capacity as trustee-manager	<b>477,338,236</b>	720,000,000
Trust distributable income paid in a capacity as trustee-manager	<b>(477,338,236)</b>	(720,000,000)
Net cash flows used in operating activities	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AND AT END OF YEAR	-	-
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	-	-

# NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2019

## 1. CORPORATE INFORMATION

Jinmao (China) Investments Manager Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 20 March 2014. The registered office of the Company is located at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

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

The principal activity of the Company is administering Jinmao Hotel (the “Trust”), in its capacity as trustee-manager of the Trust.

### 2.1 BASIS OF PREPARATION

The Company’s financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The Company’s financial statements have been prepared under the historical cost convention. The Company’s financial statements are presented in Hong Kong dollars (“HK\$”) except when otherwise indicated.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Lease</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23



NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2019

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Except for the amendments to HKFRS 9, HKFRS 16, amendments to HKAS 19, amendments to HKAS 28 and Annual Improvements to HKFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Company's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Company considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup transactions. Based on the Company's tax compliance and transfer pricing study, the Company determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Company.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Definition of a Business<sup>1</sup></i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
HKFRS 17	<i>Insurance Contracts<sup>2</sup></i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Company expect to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Company's financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### RELATED PARTIES

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

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

or

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

NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 2019

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

#### FINANCIAL INSTRUMENTS

##### FINANCIAL ASSETS

The Company's financial asset includes an amount due from the immediate holding company and is classified and accounted for as financial assets at amortised cost. Financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

### 4. SHARE CAPITAL

At the time of incorporation, 1 ordinary share of the Company was issued.

### 5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year.

### 6. RELATED PARTY TRANSACTIONS

Transactions with a fellow subsidiary are disclosed in the statement of profit or loss and other comprehensive income.

In the opinion of the directors, the directors represented the key management personnel of the Company. During the year, no compensation was paid to the key management personnel.

### 7. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT

As at 31 December 2019 and 2018, the carrying amount of the Company's financial instrument approximated to its fair value.

### 8. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 24 March 2020.

# FIVE-YEAR FINANCIAL INFORMATION

31 DECEMBER 2019

## I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

RMB'000

	2015 (Restated)	2016	2017	2018	2019
<b>RESULTS</b>					
Revenue	2,390,261	2,450,751	2,595,448	2,564,936	<b>2,473,670</b>
Sale Costs	(1,050,586)	(1,065,969)	(1,109,683)	(1,090,099)	<b>(1,056,370)</b>
Gross profit	1,339,675	1,384,782	1,485,765	1,474,837	<b>1,417,300</b>
Other income and gains	126,583	51,356	22,622	35,097	<b>48,645</b>
Fair value gains on investment properties	314,120	319,281	38,786	63,689	<b>101,696</b>
Selling and marketing expenses	(140,298)	(145,442)	(152,350)	(140,830)	<b>(132,678)</b>
Administrative expenses	(645,819)	(702,051)	(742,959)	(687,648)	<b>(654,549)</b>
Other expenses and losses, net	(2,407)	(542)	(4,379)	(8,938)	<b>(4,130)</b>
Finance costs	(337,672)	(319,860)	(280,651)	(314,600)	<b>(329,014)</b>
Share of profits of joint ventures	3,265	3,682	2,678	2,426	<b>829</b>
Share of profits of associates	–	–	–	–	<b>(11,707)</b>
<b>PROFIT BEFORE TAX</b>	657,447	591,206	369,512	424,033	<b>436,392</b>
Income tax expense	(221,349)	(216,580)	(149,569)	(173,615)	<b>(190,037)</b>
<b>PROFIT FOR THE YEAR</b>	436,098	374,626	219,943	250,418	<b>246,355</b>
Attributable to:					
Owners of the parent	436,098	374,626	219,943	250,418	<b>246,355</b>
Non-controlling interests	–	–	–	–	<b>–</b>
	436,098	374,626	219,943	250,418	<b>246,355</b>

## II. MAJOR INFORMATION OF FINANCIAL POSITION

RMB'000

	2015 (Restated)	2016	2017	2018	2019
Total non-current assets	17,229,327	17,381,497	17,179,095	17,018,215	<b>17,115,259</b>
Total current assets	993,992	1,025,722	1,149,240	1,013,185	<b>896,248</b>
Total assets	18,223,319	18,407,219	18,328,335	18,031,400	<b>18,011,507</b>
Total current liabilities	4,606,201	6,510,662	8,059,321	8,687,414	<b>8,389,723</b>
Total non-current liabilities	6,639,533	5,361,097	3,790,632	3,514,154	<b>4,161,624</b>
Total liabilities	11,245,734	11,871,759	11,849,953	12,201,568	<b>12,551,347</b>
Equity attributable to:					
Owners of the parent	6,977,585	6,535,460	6,478,382	5,829,832	<b>5,460,160</b>









# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This report is the environmental, social and governance report publicly released by Jinmao (China) Hotel Investments and Management Limited, mainly introducing the Company's values on responsibility, management, practices, and performance in the environmental, social and governance aspects.

## RANGE OF PERIOD

This report covers the period from 1 January 2019 to 31 December 2019. In accordance with the reporting principle of materiality set out in the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") in Appendix 27 to the Listing Rules of the Hong Kong Stock Exchange ("Stock Exchange"), this report also covers our prevention and control measures against the COVID-2019 outbreak in early 2020.

## FREQUENCY OF PUBLICATION

This report is an annual report.

## SCOPE OF REPORTING

This report covers Jinmao (China) Hotel Investments and Management Limited and all its subsidiaries. For the entities included in the issuer group and a summary of their relevant businesses, please refer to the "Management Discussion and Analysis" section of the 2019 annual report of Jinmao Hotel. Any content involving only certain or some subsidiaries will be specified as such accordingly.

## BASIS OF PREPARATION

This report was prepared in accordance with the ESG Reporting Guide in Appendix 27 of the Listing Rules, How To Prepare An ESG Report? A Step-By-Step Guide To ESG Reporting published by the Stock Exchange in 2019, Sustainability Reporting Guidelines (GRI Standards) of the Global Sustainability Standards Board, and the National Standards of the PRC GB/T 36000-2015: Guidance on social responsibility.

## SOURCES OF INFORMATION

All the information and data disclosed in this report come from the relevant internal statistical reports, company documents and reports, third-party investigations and statistics etc. of Jinmao (China) Hotel Investments and Management Limited.

## DESCRIPTION OF REFERENCES

For ease of expression, "Jinmao (China) Hotel Investments and Management Limited" is referred to as "Jinmao Hotel", "the Company", "we" or "us" in this report.

## COMPLIANCE WITH THE ESG REPORTING GUIDE

As of 31 December 2019, Jinmao Hotel (through the Trustee-Manager) and the Company had been in compliance with the applicable guidance provisions as set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules, and adopted applicable recommended disclosures set out in the ESG Reporting Guide. For more information, please see the Index of ESG Indicators at the end of this report.

## 1 CORPORATE GOVERNANCE

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

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

As the exclusive developer and operator of Jin Mao Tower, one of the landmark buildings in the PRC with global influence, Jinmao Hotel upholds the business philosophy of "Innovation, Consolidation and Cooperation" and promotes the implementation of the development strategy of "balanced structure of asset-light and asset-intensive business with a combination of long-term and short-term investments" while strictly abiding by business ethics and operating in compliance with regulations. In addition to strengthening the communication with business partners and other stakeholders, Jinmao Hotel endeavors to improve the responsibility management system in an effort to continuously enhance the Company's capabilities in the area of environmental, social and governance matters.

### 1.1 COMPLIANCE WITH LAWS AND REGULATIONS

#### *ESG INDICATOR: B7 GENERAL DISCLOSURE; B7.1*

With the mission of becoming an "internationally renowned and first-class hotel investor and operator in the PRC", Jinmao Hotel is committed to strengthening corporate reform and ensuring its operations are law-abiding while creating a "simple, anti-corruption and efficient" atmosphere across the organisation to ensure that the enterprise operates in a compliant and stable manner. As at 31 December 2019, the Company collected a total of 261 industry laws and regulations relating to bribery, extortion, fraud and anti-money laundering, among others, and there were no material violations of national laws, regulations and related standards.

#### 1.1.1 ABIDING BY BUSINESS ETHICS

##### *ESG INDICATOR: B7 GENERAL DISCLOSURE; B7.1; B7.2; B7.3*

In 2019, Jinmao Hotel further refined the organisation's disciplinary supervision system and amended the administrative standards such as the Administrative Measures on Disciplinary Enforcement by the Disciplinary Inspection Committee and the Administrative Measures on Discipline Inspection Whistle-blowing in an effort to strengthen the development of the punishment and prevention system to ensure a strong basis in laws and evidence. In addition to the Management Procedures for Complaints and Proposals, Case Inspection and Trial Work, Jinmao Hotel continued to expand the channels for whistle-blowing as well as designed and facilitated the setting up of a mailbox and a hotline for whistle-blowing to increase the quality and efficiency of disciplinary inspection. At the same time, taking a proactive and preventative approach towards disciplinary issues, Jinmao Hotel organised relevant training events and carried out routine supervision as well as identification, management and prevention and control of corruption risks to promote the building of the "do not dare to be corrupt, no way to corrupt and no wish to be corrupt" working mechanism while strengthening the control and supervision over the operation of powers with a view to building a clean and transparent enterprise.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

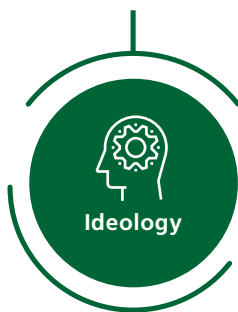
**Key data:**

- In 2019, the Company did not have any new incidents of whistle-blowing.
- In 2019, the Company organised a total of 7 training events on integrity building, anti-bribery and anti-corruption for Directors and employees.

**JINMAO HOTEL'S INTEGRITY BUILDING MANAGEMENT SYSTEM**

Strengthening the building of integrity for key posts, particularly business unit heads, and establishing awareness of red and bottom lines.

Adopting a monthly reporting mechanism to keep abreast of the status of preventing integrity risk at business units.



Ideology

Signing letters of undertaking on integrity building and letters of integrity commitment to earnestly assume the "two responsibilities".



Integrity  
commitment



Monthly  
reporting  
mechanism

Adopting a one-vote veto evaluation mechanism for integrity risks, ensuring effective operation of various work mechanisms for fair operation and anti-corruption and anti-bribery.



Evaluation  
mechanism

**1.1.2 ENSURING FAIR OPERATION****ESG INDICATOR: B5.2**

To create a fair business operating environment, Jinmao Hotel strictly abides by the Company's public tenders and procurement administrative provisions, including the Measures on Purchasing Through Public Tenders and Anti-corruption Agreement. Adhering to the "three principles", information and procedures for tenders and procurement must be made public; bid evaluation criteria must be fair; and the conclusions must be objective and fair. Procurements that involve larger monetary amounts, such as for engineering construction, non-engineering construction, procurement of materials and procurement of supplies in relation to hotel openings must be conducted by competitive tender to ensure that effective competition amongst the suppliers is safeguarded. In addition, Jinmao Hotel upholds the principles of business confidentiality, good faith and traceability procedures, standardizes record keeping for public tenders and procurement, and the technologies, patents and business secrets involved are kept strictly confidential such that the participation of relevant parties in all aspects of the process is with due diligence, professionalism and credibility, and the results of the public tenders are fair, just, scientific and merit-based.

### 1.1.3 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

#### *ESG INDICATOR: B6 GENERAL DISCLOSURE; B6.3*

Intellectual property rights are crucial to maintaining a high-end brand image for Jinmao Hotel. In accordance with the laws and regulations including the Patent Law of the PRC, the Trademark Law of the PRC and the Anti-Unfair Competition Law of the PRC, Jinmao Hotel has put in place a stringent market supervision and internal control system while strengthening the management and protection of intellectual property rights including texts, graphics, labels and advertisements currently in use in its business to prevent the occurrence of any infringements. In 2019, the Company registered 75 new trademarks. During the reporting period, no incidents of material infringement of intellectual property rights (including texts, graphics, labels and advertisements currently in use in the Company's business) were identified and there were no major material violations of intellectual property rights laws and regulations, including those relating to trademarks and copyrights.

## 1.2 RESPONSIBILITY GOVERNANCE

### 1.2.1 STAKEHOLDER ENGAGEMENT

Upholding the social responsibility concept of "creating value for the shareholders, building high quality standards for the customers, co-existing with the environment, working together with employees, helping partners to create win-win situations and building a harmonious community", Jinmao Hotel endeavors to build a mutually beneficial and long-term relationship with its business partners and other major stakeholders to enhance its value creation capability, and thereby provide responsible and high-quality products and services to the community.

### CORPORATE SOCIAL RESPONSIBILITY MODEL



### 1.2.2 MATERIALITY ANALYSIS

Faced with the impacts of changes in macroeconomic policies and market competition patterns, Jinmao Hotel has firmly focused on the objectives of business management and firmly grasped the requirements of ESG risk management to enhance the enterprise's overall efficiency as part of its efforts to take the Company's operations and management work to the next level. By adhering to compliance and security redlines, the Company ensures compliant operation of the enterprise and safeguards the health and safety of employees and consumers. On this basis, Jinmao Hotel further improves consumer services and the protection and management of employees' and suppliers' interests. To a larger extent, Jinmao Hotel actively participates in the community where it operates to make contributions to the community and local environment.

## 2 GREEN SHARING

Ecological priority and green development are key for an enterprise to achieve high-quality development. Jinmao Hotel integrates sustainable strategy into its decision-making and business operations. While comprehensively evaluating the relationship between investment income, local climate and resource utilization rate, Jinmao Hotel advocates the principle of environmental symbiosis when serving customers by adhering to the philosophy of "people-oriented, prevention-oriented and comprehensive management" in the course of its daily operation.

### 2.1 ENVIRONMENTAL MANAGEMENT

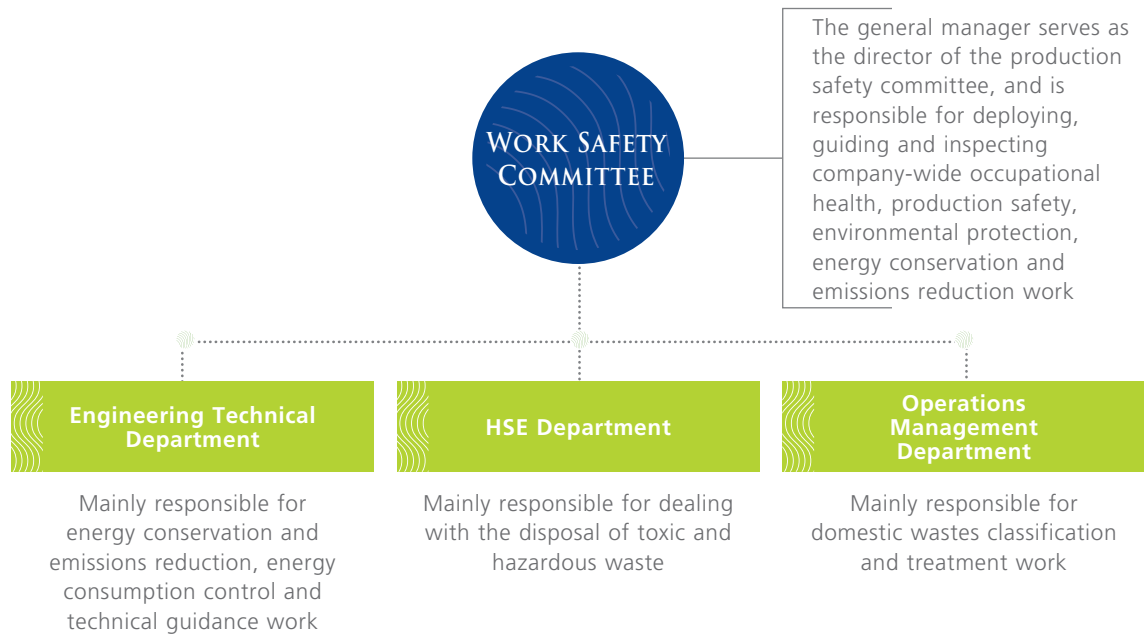
#### *ESG INDICATOR: A1 GENERAL DISCLOSURE; A2 GENERAL DISCLOSURE; A3 GENERAL DISCLOSURE; A4 GENERAL DISCLOSURE*

Jinmao Hotel endeavors to achieve the Company's sustainable development while upholding the principles of ecological civilization and green low-carbon environment. The safety committee of the Company is responsible for coordinating the environmental protection work in accordance with the Rules of Procedure of the Work Safety Committee of Jinmao Hotel. Jinmao Hotel has formulated the Jinmao Hotel Environmental Protection Management Guidelines and the Jinmao Hotel HSE Management System in strict compliance with the laws and regulations including the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC and the Law of the PRC on Environmental Impact Assessment, and makes amendments as appropriate. In addition, Jinmao Hotel has established environmental protection strategies and objectives while promoting the implementation of measures on environmental protection and pollution prevention and control. Every year, a third-party professional service provider is engaged to carry out a professional assessment of the Company's environmental management system. Jinmao Hotel continues to develop a "systemized and standardized" environmental management approach to centralize management and assessment of the environmental impacts of new construction, reconstruction and expansion projects, resource utilization and energy consumption.

In 2019, Jinmao Hotel strictly complied with the national environmental regulations and closely monitored the changes in the laws and regulations. Taking into account the prevailing circumstances and conditions, Jinmao Hotel adjusted the Company's operating strategy. Throughout the year, no incidents of non-compliance relating to the environment that have a material impact and environmental pollution were identified.



## JINMAO HOTEL'S ENVIRONMENTAL MANAGEMENT FUNCTION SYSTEM AND DUTIES



Year	Honours and awards granted to Jinmao Hotel and its affiliated hotels since listing
2014	Jin Mao Tower won the "Shanghai Green Building Award".
2015	The Ritz-Carlton Sanya, Yalong Bay was granted the title of "China Five-leaf Standard Green Hotel" by the National Green Hotel Committee.
2016	The Ritz-Carlton Sanya, Yalong Bay was granted the title of "China Green Hotel – Golden Leaf" by the Sanya Tourism Development Commission.
2017	Jin Mao Tower was awarded the "Green Renovation of Existing Buildings in Shanghai – Gold Prize" during the Shanghai Green Building International Forum.
2018	JW Marriott Hotel Shenzhen was granted the title of "China Five-leaf Standard Green Hotel" by the National Green Hotel Committee.
2019	Jin Mao Tower received the LEED-EB gold certification and BREEAM In-use highest level certification at the same time, as a leading green and low-carbon building in China.

Note: The title of "China Green Hotel" is a green certification in the industry granted by the National Green Hotel Committee according to the candidate's performance on environmental management, energy saving and other green indicators.



## 2.2 REDUCING EMISSIONS

### *ESG INDICATOR: A1 GENERAL DISCLOSURE*

Jinmao Hotel is cognizant of the negative impacts of construction projects on the natural environment. All construction projects of the Company strictly abide by the laws and regulations relating to pollution and emission promulgated by the national and local governments. The Company also has in place relevant documents which formulate effective measures to reduce emissions and discharges in an effort to minimize the environmental impact of exhaust gas, sewage, construction garbage and other emissions and discharges.

#### 2.2.1 STRENGTHENING EMISSION MANAGEMENT

##### *ESG INDICATOR: A1 GENERAL DISCLOSURE; A3.1*

Its affiliated hotels carry out energy saving transformation projects including contract energy performance and boiler low nitrogen combustion reconstruction in accordance with the Guidelines for Environmental Protection Management of Jinmao Hotel to effectively reduce energy consumption and hazardous emissions through technological means. During the upgrading and reconstruction projects of the affiliated hotels, Jinmao Hotel emphasizes the concept of green environment and energy saving while strengthening recycling efforts to minimize the emissions and discharges arising from business development to the environment. For instance, the Bucket Kingdom restaurant in Hilton Sanya Yalong Bay Resort & Spa preserved the original building structure of the restaurant during its design revamp to avoid generating a significant amount of construction waste. The renovation materials used during the revamp were environmentally friendly materials. Used electrical appliances and furniture in the original restaurant were recycled through internal second-handed transactions to avoid wastage of materials and pollution.

#### 2.2.2 REDUCING POLLUTANT EMISSIONS

##### *ESG INDICATOR: A1.1; A1.2; A1.3; A1.4; A1.5*

Jinmao Hotel has consistently placed the harmonious relationship between corporate development and nature as a top priority. Through actively engaging in technological innovation to reduce pollutant emissions, Jinmao Hotel ensures that the pollutant emissions standards and emissions are in line with the emissions requirements in various regions. In active response to the Air Pollutant Emission Standards for Boilers (DB31/387-2018) in Shanghai, low nitrogen combustion reconstruction was carried out on the boiler burners in Jin Mao Tower. Upon completion of the reconstruction, the mean emission of nitrogen oxides was reduced to 41mg/m<sup>3</sup>, a decrease of 68.5% as compared to before the reconstruction. Jinmao Hotel therefore showed its support for the nation's air pollution control efforts by taking practical actions.

Table: The emissions KPIs of Jinmao Hotel in 2019

ESG Indicators	Unit	2019	2018	
<b>A1.1 The types of emissions and respective emissions data</b>	Nitrogen oxides	tonnes	0.3407	0.3632
	Sulfur oxides	tonnes	0.0591	0.0605
	Particulates	tonnes	0.1135	0.1211
	Wastewater discharge	tonnes	1,499,139	1,662,053
<b>A1.2 Greenhouse gas emissions in total and intensity</b>	Direct emissions	tonnes CO <sub>2</sub>	18,767.1167	19,562.5453
		tonnes CO <sub>2</sub> /m <sup>2</sup>	0.0191	0.0120
	Indirect emissions	tonnes CO <sub>2</sub>	92,848.3680	111,143.5119
		tonnes CO <sub>2</sub> /m <sup>2</sup>	0.0947	0.1134
	Total CO <sub>2</sub> equivalent emissions	tonnes CO <sub>2</sub>	111,615.4847	130,706.0572
		tonnes CO <sub>2</sub> /m <sup>2</sup>	0.1139	0.1333
<b>A1.3 Total hazardous waste produced and intensity</b>	Waste batteries and other electronic waste	kg	1,381.8	1,139.37
	Waste lamp tubes and bulbs	kg	1,391.4	1,378.71
	Oil and lubricating oil	kg	108.4	217.5
	Paint	kg	2,294.6	2,514.8
	Waste printer consumables	piece	884 (approximately 1,353 kg)	1,233 (approximately 1,887 kg)
	Total discharge of hazardous waste	kg	6,529.2	7,137.38
	Emission density of hazardous waste	kg/m <sup>2</sup>	0.00666	0.00728

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Unit	2019	2018	
<b>A1.4 Total non-hazardous waste produced and intensity</b>	Kitchen waste	kg	<b>2,270,965</b>	2,379,661
	Plastic	kg	<b>50,871</b>	50,060
	Metal	kg	<b>31,440</b>	30,564
	Paper	kg	<b>82,459</b>	77,051
	Glass	kg	<b>50,685</b>	50,802
	Wood products	kg	<b>126,518</b>	811,746
	Total discharge of non-hazardous waste	kg	<b>2,612,938</b>	3,396,640
	Density of discharge of non-hazardous waste	kg/m <sup>2</sup>	<b>2.6655</b>	3.4650
<b>A1.5 Results achieved by mitigating emissions</b>	Difference of CO <sub>2</sub> emissions from the previous year	tonnes	<b>Down by ↓ 19,090.5725</b>	Up by ↑ 10,834.60
	Difference of wastewater discharge from the previous year	tonnes	<b>Down by ↓ 125,183</b>	Up by ↑ 37,731

## Notes:

- The types of emissions and emissions coefficients are mainly calculated based on the use of natural gas. The calculation coefficients come from the article titled Pollutant Generation Coefficient of Coal and Natural Gas Combustion, co-authored by Li Xianrui, Han Youpeng and Zhao Zhennong.
- For greenhouse gas emissions, the conversion coefficient between standard coal and carbon dioxide comes from the article titled Calculation of Carbon Dioxide Emissions from Standard Coal, co-authored by Tu Hua and Liu Cuijie. Among them, direct emissions are mainly calculated based on the use of natural gas. The conversion coefficient of standard coal for natural gas is derived from the average value of various types of natural gas coefficients in the General Principles for Computing Comprehensive Energy Consumption GB/T2589-2008. Indirect emissions are calculated based on the consumption of heat and the purchase of electricity. The conversion coefficient of standard coal for thermal energy is derived from the General Principles for Computing Comprehensive Energy Consumption GB/T2589-2008. The coefficient of power factor is derived from the mean emission factor of China's regional grid baseline determined by the Division of Climate Change Response of the National Development and Reform Commission in 2016.
- The total amount of hazardous waste and non-hazardous waste was provided by the affiliated hotels of the Company.
- The variation in carbon dioxide emissions is the difference between the total carbon dioxide emissions in 2019 and 2018.
- The variation in wastewater discharge is the difference in wastewater discharge between 2019 and 2018.
- Hilton Sanya Yalong Bay Resort & Spa adjusted the amount of paper it used in 2018.

### 2.2.3 WASTE DISPOSAL

#### *ESG INDICATOR: A1.6*

Jinmao Hotel carries out waste disposal in strict compliance with relevant laws and regulations. The affiliated hotels have designated personnel who take charge of and track the waste disposal work. Competent third-party service providers are engaged to classify and deal with waste. Disposing of hazardous waste without due care is strictly prohibited to prevent hazardous emissions from re-entering the ecological cycle.

#### **Jinmao Hotel waste disposal measures**

Waste category	Disposal measures
<p><b>Non-hazardous waste</b></p>	<p><b>Waste sorting and recycling</b></p> <p>The Company formulates waste sorting and classification management proposals in accordance with the laws and regulations and the actual circumstances; purchases and introduces waste sorting bins and sorting labels; actively communicates with all tenants and merchants on the management measures while earnestly fulfilling the management requirements of “no sorting, no clearance” to strengthen its waste sorting efforts.</p> <p><b>Waste recycling and reuse</b></p> <p>During the renovation of a restaurant in one of the Company’s affiliated hotels, the Company first conducted an environmental assessment and decided to preserve the original building structure of the restaurant to reduce the generation of construction waste. In addition, the Company voluntarily used environmentally friendly construction materials to further enhance the benefits to the environment.</p>
<p><b>Hazardous waste</b></p>	<p>Adhering to the principles of “safety is a must in business management” and “one position - two duties to enhance co-management efforts”, the person-in-charge of each unit shall define and categorize the dangerous sources; follow the “purchase as needed” principle and “small quantities within control” for procurement applications; carry out acceptance inspection pursuant to national standards; ensure safe storage; and follow the principle of “take diligently, use sparingly and use cautiously”, in accordance with the Guidelines on Hazardous Sources Identification and Risk Management and Control of Jinmao Hotel and the Guidelines on Safe Management of Hazardous Goods of Jinmao Hotel.</p>

## 2.3 ENERGY SAVING AND EFFICIENCY ENHANCING

### *ESG INDICATOR: A2 GENERAL DISCLOSURE; A3 GENERAL DISCLOSURE; A3.1*

Jinmao Hotel acts as a coordinator in promoting energy saving and efficiency enhancing efforts at the Group level and among the operating entities comprising Jinmao Hotel while optimizing the management measures and actively making use of green technologies to enhance resource utilization efficiency. In 2019, the Company successfully passed the audit of the ISO 50001 Energy Management System certification.

### 2.3.1 REINFORCING ENERGY MANAGEMENT

#### *ESG INDICATOR: A2 GENERAL DISCLOSURE; A2.1; A2.2; A2.3; A2.4*

Jin Mao Tower is well suited to execute green strategies. Jinmao Hotel established and guided the equipment and facilities management functions to establish an energy management team, and formulated energy efficiency transformation project plans while managing the use of energy by projects which are in the pipeline and existing properties, in accordance with the Company's internal guidelines, namely the Energy Design Guidelines and the Energy Management Guidelines. Within Jin Mao Tower, by effectively utilizing green energy technologies despite the complicated power supply, heat supply and other energy consumption system installations inside the building, temperature and humidity are maintained at an optimal level all year round so as to maintain a consistently high standard of air quality within the building.

**Table: KPIs of energy use of Jinmao Hotel in 2019**

ESG Indicators	Details of disclosure	Unit	2019	2018
<b>A2.1 Energy consumption</b>	Natural gas consumption	m <sup>3</sup>	<b>5,679,022</b>	6,054,152
	Natural gas consumption density	m <sup>3</sup> /m <sup>2</sup>	<b>5.7933</b>	6.1759
<b>A2.3 Energy use efficiency (Natural gas and electricity consumption)</b>	Electricity consumption	kWh	<b>95,062,843</b>	114,472,826
	Electricity consumption density	kWh/m <sup>2</sup>	<b>96.9750</b>	116.7754
<b>A2.1 Energy consumption (Thermal)</b>	Thermal consumption	GJ	<b>38,836</b>	39,119
	Thermal consumption density	GJ/m <sup>2</sup>	<b>0.0396</b>	0.0399
<b>A2.3 Energy use efficiency (Thermal)</b>	Direct energy consumption	MWh	<b>59,295.0403</b>	62,622.6348
	Indirect energy consumption	MWh	<b>105,850.6208</b>	125,347.9085
	Total energy consumption	MWh	<b>165,145.6610</b>	187,970.5433
	Energy consumption density	MWh/m <sup>2</sup>	<b>0.1685</b>	0.1918
<b>A2.2 Water consumption</b>	Water consumption	tonnes	<b>1,662,938</b>	1,843,704
	Water consumption density	tonnes/m <sup>2</sup>	<b>1.6964</b>	1.8808

Note: Direct energy consumption includes natural gas consumption, and indirect energy consumption includes electricity consumption and thermal consumption. The calculation coefficient is derived from the General Principles for Computing Comprehensive Energy Consumption GBT2589-2008.



**Table: Energy saving renovations of the hotels affiliated with Jinmao Hotel**

Category	ESG Indicator	Hotel	Renovation	Improvements of energy efficiency
Electricity saving and efficiency enhancing	A2.3	Renaissance Beijing Wangfujing Hotel	Switching to LED lights in grand conference room	Savings on electricity of approximately RMB90,000 per year.
		JW Marriott Hotel Shenzhen	Automatic reporting system for power distribution and power supply measurements	Real-time monitoring and timely alert on electricity usage, savings on electricity of RMB240,000 per year.
		Hilton Sanya Yalong Bay Resort & Spa	Replacing Par38 halogen lamps with LED lights in conference room common areas	Savings on electricity of 9,400kWh per year, translating into cost savings of approximately RMB8,600.
			Replacing halogen lamps with LED dimmable downlights in multi-purpose rooms	Savings on electricity of approximately 45,000kWh per year, translating into cost savings of approximately RMB41,400.
			Energy saving retrofit of refrigerated water pump	Savings on electricity of approximately 170,000kWh per year, translating into cost savings of approximately RMB130,000.
			Installing air-conditioner motherboard smart control system	Savings on electricity of approximately RMB600,000 per year.
		The Ritz-Carlton Sanya, Yalong Bay	Replacing high mast sodium lights to LED lights in tennis courts	Savings on electricity of approximately RMB6,900 per year.
			Optimizing the number of swimming pool pumps in use	Savings on electricity of approximately RMB214,200 per year.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	ESG Indicator	Hotel	Renovation	Improvements of energy efficiency
<b>Thermal saving and efficiency enhancing</b>	<b>A2.3</b>	JW Marriott Hotel Shenzhen	Recycling steam, condensed water and waste heat in laundry room	Secondary heating through water recycling system in guest rooms, savings on water of approximately RMB70,000 per year.
		Hilton Sanya Yalong Bay Resort & Spa	Energy saving retrofit of stoves in kitchen area	Savings on natural gas of approximately RMB89,300 per year.
		The Westin Beijing Chaoyang	Thermal recycling and re-use	Recycled heat can be entirely used to heat water for domestic use.
		The Ritz-Carlton Sanya, Yalong Bay	Optimizing the hours of use of swimming pool pumps	Savings on electricity of approximately RMB60,000 per year.
			Installing electronic boilers in kitchen to reduce the hours of use of gas-fired boilers	Savings on fuel gas of approximately RMB37,400 per year.
<b>Water saving and efficiency enhancing</b>	<b>A2.4</b>	Hilton Sanya Yalong Bay Resort & Spa	Adding water saving faucets to guest rooms	Savings on water of approximately 2,500 tonnes per year, translating into cost savings of approximately RMB17,300.
		The Ritz-Carlton Sanya, Yalong Bay	Renovating overflow egress of balanced water tanks for swimming pool and fountain pool	Savings on fuel gas of approximately RMB93,600 per year.

## 2.3.2 PROMOTING A GREEN OFFICE

**ESG INDICATOR: A2 GENERAL DISCLOSURE; A2.3; A2.4**

Jinmao Hotel strongly promotes the concept of a green office and guides its employees to thoroughly practise concepts such as water saving, electricity saving and materials saving in the course of daily operation. Through introducing the corporate WeChat App, Jinmao Hotel has built a paperless office platform for communication and exchange. Employees are urged to turn off water faucets when not in use and switch off electrical appliances when leaving the office. Jinmao Hotel also encourages staff to communicate via video conferencing to reduce carbon emissions incurred in business trips. In 2019, the Company held 307 video conferences.

### 2.3.3 REDUCING THE USE OF PACKAGING MATERIALS

The use of packaging materials is inevitable in the daily operation of hotels. Jinmao Hotel actively seeks to reduce the use of packaging materials, particularly the use of disposable packaging materials. Paper, plastics and a small portion of metal materials are selected as the packaging materials for kitchen food, finished food processing products and guest room toiletries. Third-party suppliers are required to provide proof that the materials they supply to meet environmental and health requirements.

In 2019, to reduce the use of packaging materials, Grand Hyatt Shanghai and Hyatt Regency Chongming adopted an initiative whereby they would not provide disposable products to customers in guest rooms in accordance with the Opinions on Non-provision of Disposable Products in Guest Rooms Voluntarily by Tourist Accommodation Providers in Shanghai published by the Shanghai Municipal Government.

ESG Indicator	Details of disclosure	Unit	2019	2018
<b>A2.5 Use of packaging materials</b>	Paper	kg	<b>40,162</b>	138,181
	Plastics	kg	<b>18,170</b>	19,008.5
	Metals	kg	<b>11,615</b>	13,878

## 2.4 GREEN PUBLIC WELFARE

### *ESG INDICATOR: A4 GENERAL DISCLOSURE; A4.1*

Jinmao Hotel pays attention to the impacts of its operating activities on the environment and advocates building a harmonious relationship with nature. In 2019, Hilton Sanya Yalong Bay Resort & Spa, The Ritz-Carlton Sanya, Yalong Bay, Renaissance Beijing Wangfujing Hotel, The Westin Beijing Chaoyang and Grand Hyatt Shanghai organised the "Earth Hour 2019 · Thriving in symbiosis with nature" event with the purpose of publicizing knowledge on saving the ocean and low-carbon travel to team members and guests. Activities such as cleaning beaches, avoiding food wastage by "clearing the plate" and "turn waste into treasure" recycling were held to encourage team members and guests to put words into actions and promote a harmonious relationship between community development and nature, while building thrifty eco-friendly habits in daily life. Through scientific management of water resources and reducing the use of plastic-made products, Jinmao Hotel strives to protect the beautiful home of mankind.

### 3 WIN-WIN IN THE VALUE ASPECT

Bearing in mind its responsibilities and undertakings, Jinmao Hotel builds a win-win eco-system of corporate value through pursuing four areas, namely quality service, employee growth, cooperation with partners and harmonious community. Jinmao Hotel endeavors to become a role model of creating harmony between the enterprise and community and contribute to promoting high-quality social development.

#### 3.1 PRIORITIZING CUSTOMERS

Amid increasingly fierce competition in the hospitality industry, service is the key. Adhering to the mission of “providing dedicated service with passion”, Jinmao Hotel takes a customer-oriented approach and endeavors to enhance the quality of service through providing innovative and quality products and services to satisfy or even exceed customer expectations.

##### 3.1.1 ENSURING SERVICE QUALITY

###### *ESG INDICATOR: B6 GENERAL DISCLOSURE; B6.4*

Jinmao Hotel aims to set the industry benchmark of quality services and strives to enhance the quality of service in various areas including hotel, office and property services to provide quality service experiences to customers. In 2019, Jinmao Hotel’s properties successfully passed the audit of four systems, namely quality/environment/occupational health and safety/energy. According to brandwisdom.com, its affiliated hotels’ overall reputation ranked second among their peers, and they scored over 4.7 points on Ctrip.

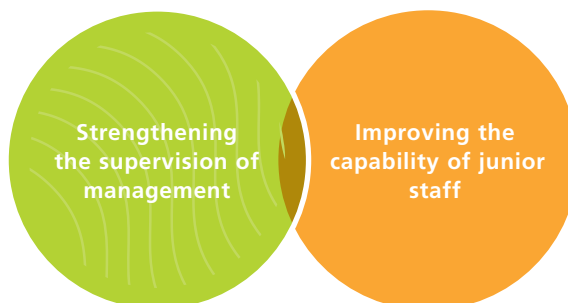
###### ENHANCING PROPERTY SERVICES

###### *ESG INDICATOR: B6.4*

Jin Mao (Shanghai) Property Management Co., Ltd. carries out tailored campaigns to enhance services themed “service optimization, business rationalization and efficiency enhancement” with a focus on customer care to further standardize service behaviors, simplify service flow and enhance work efficiency. At the same time, based on actual circumstances, Jinmao Hotel makes amendments to the standard operating procedures from time to time and as appropriate to comprehensively enhance the quality of customer service and improve customer satisfaction. In 2019, the Jin Mao Tower property submitted a total of 32 enhancement proposals in respect of the property. Throughout the year, the property management office of Jin Mao Tower received seven silk banners and two written compliments from customers.

#### JIN MAO (SHANGHAI) PROPERTY MANAGEMENT CO., LTD.’S MEASURES TO ENHANCE SERVICE QUALITY AND MANAGEMENT STANDARDS

- Holding daily pre-work meetings for managerial staff
- Conducting continuous communication and coordination on problems arising from operation
- Tracking problem-solving in real time and giving feedback on the results



- Conducting practical business training
- Organising skills competitions

## PROTECTING CUSTOMER SAFETY

### ESG INDICATOR: B6 GENERAL DISCLOSURE

Jinmao Hotel pushes ahead with HSE safety management work. After the promulgation of the Regulation on the Implementation of the Food Safety Law of the PRC and the amendments to the Fire Control Law of the PRC, Jinmao Hotel actively adopted measures to expedite the implementation of various new requirements. During the reporting period, there were no major lawsuits in relation to food safety. Centering on key areas including safety management, operation support, food safety, emergency planning, environmental protection and safe operation of equipment and facilities, the Company strives to improve the enterprise's internal control system by organising emergency drills and regularly carrying out equipment maintenance and organising specialised training to ensure comprehensive physical and property safety of customers. In 2019, Jinmao Hotel facilitated and organised a total of 784 HSE trainings and 84 emergency drills in an orderly manner, in which people participated 18,365 times. As a result of the comprehensive trainings and drills, Jinmao Hotel accomplished the target of zero accidents for the year.

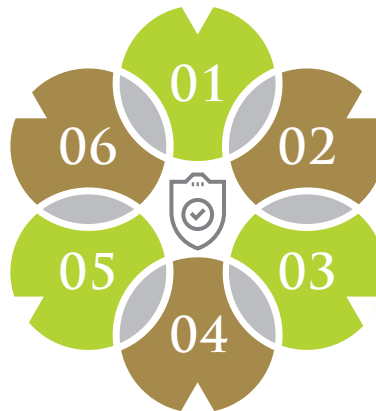
Jin Mao (Shanghai) Property Management Co., Ltd. was awarded the title of Advanced Unit in Safety Production for 2019 by the Lujiazui Sub-District Office.

### SAFETY PROTECTION MEASURES

Carrying out three-tier safety education, drills and exercises as well as safety and environmental inspection, special hidden dangers troubleshooting and thematic events during the safety month and the fire prevention month

Effectively implementing high-risk work permits and the reward and punishment system, and strengthening the degree of control over all employees and contractors

Carrying out safety precautions in connection with seasonal and meteorological characteristics



Modifying and perfecting the accountability system, and signing letters of undertaking with employees, thus fulfilling safety and environmental protection responsibilities

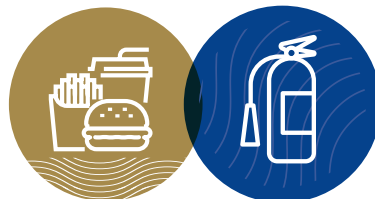
Upgrading and retrofitting safety-related equipment and facilities

Reinforcing safety assurance work during the Second China International Import Expo



## NEW MEASURES IMPLEMENTED BY JINMAO HOTEL

- Allocating designated food safety management staff
- Encouraging food safety administrators from each business unit to get licensed and promoting regulations on supervision and inspection



- Implementing zero-tolerance policy on compliance with fire prevention and safety formalities for new, retrofit and construction projects

### 3.1.2 INNOVATING PRODUCTS AND SERVICES

#### *ESG INDICATOR: B6 GENERAL DISCLOSURE*

Upholding the business philosophy of “Innovation, Consolidation and Cooperation”, Jinmao Hotel seeks to explore new commercial business development formats to shape the new business model of tourism service while developing new products in line with future demands and aspirations. Jinmao Hotel strives to deliver a perfect and extraordinary experience to every guest with unprecedented service quality.

#### ENRICHING SERVICE CONTENT

Jinmao Hotel attaches great importance to the refinement of products and services in an effort to provide multi-channel, diversified and high-quality experiences to customers. In 2019, with respect to the tourism project, the Company actively participated in market planning activities and rolled out innovative campaigns such as New Year’s Eve Sunrise Watching@Skywalk and Yoga on the Cloud@Skywalk to fulfil customer and market needs. Relying on its unique geographical position, Jinmao Purelax Mountain Hotel, Lijiang has built a plateau observatory based on its differentiated positioning and was highly ranked by social media influencers. Hyatt Regency Chongming opened resort scenic spots such as “YUE” farm and a children’s theme park featuring “Transformers” and started to build the country’s first five-star hotel racecourse project, which effectively increased the hotel’s profile. Grand Hyatt Shanghai’s restaurants on the 54th and 56th floors underwent renovation and functional adjustment, thus effectively solving the problem of long queues for guests during breakfast time and achieving a comprehensive upgrade in terms of choices of cuisine for buffets, quality and even the dining environment, so that guests can enjoy a magnificent view of the bustling city at each meal. The Company’s first apartment project, Jinmao Boill e-Wisdom Valley Executive Apartment, also opened in 2019, representing a breakthrough in service content.

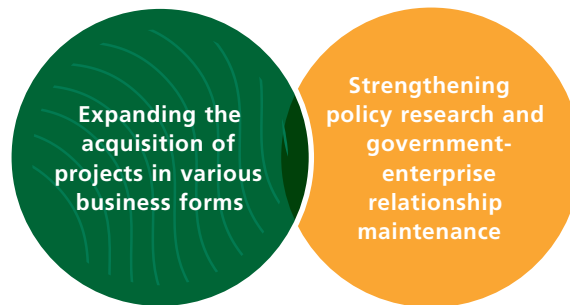
## DEVELOPING ASSET-LIGHT BUSINESS

In 2019, leveraging on the experience accumulated over years of operations and good market reputation, the Company entered into agreements with three landmark buildings, namely Hangzhou International Convention Center, Lanzhou Asia-Europe International Building and Suzhou Zhongnan Center for new tourism consultancy projects. Cumulatively, the Company has secured contracts for travel consultancy projects for five landmark buildings nationwide. Building on its own development experience, the Company endeavors to strengthen communication and exchange with its peers while enhancing overall service standards in the industry by fully capitalizing on its comparative advantages.

Jin Mao (Shanghai) Property Management Co., Ltd., successfully secured the property service project for Lanzhou Asia-Europe International Building, a landmark in the northwest and the tallest building in Lanzhou. By making concerted efforts with its peer, it strives to develop Lanzhou Asia-Europe International Building into a benchmark project in Lanzhou.

Shanghai Jinmao Hotel Management Company Limited has also established commercial business branches to accelerate the development and sales of customized products, continually enriched the product mix and optimized business procedures by leveraging on new development models. While gradually integrating the asset-light businesses of the hotel, apartment, property and tourism segments, the Company endeavors to build its core competitive strength as a “one-stop high-end comprehensive solutions provider”.

## ASSET-LIGHT BUSINESS DEVELOPMENT



- Asset-light hotel business development: paying attention to hotel projects of small- and medium-sized developers in second and third tier cities.
- Apartment business development: closely following property development market expansion opportunities, and achieving an incremental increase in apartments by way of heavy assets acquired off-balance sheet.
- Gradually integrating asset-light businesses of the hotel, apartment, property and tourism segments of the Company to build its core competitive strength of “one-stop high-end comprehensive solutions provider”.
- Learning the spirit of relevant national, provincial, municipal and local meetings and documents to fight for policy support.
- Strengthening communication and interaction with government departments to compete for quality hotel, apartment, tourism and property-related projects.
- Paying close attention to opportunities to acquire projects with regional advantages.

 **ENHANCING THE QUALITY OF NICHE SERVICE**

As one of the earliest tourist attractions in Shanghai to have passed the ISO 9001 Quality Management System certification, the 88th-floor Observation Deck of Jin Mao Tower strives to improve the service standard and tourism experience. Based on the latest requirements of the quality management system certification, the Company has amended and fine-tuned the internal quality control documents, optimized the management procedures and continued to step up supervision efforts. In addition, by introducing travel agency ticketing and the Jinmao tourism exclusive annual pass among other methods, the Company has offered a myriad of ticketing tourism options for consumers, thus expanding the channel coverage of the Observation Deck.

During the reporting period, the tourism business of Jin Mao Tower successfully completed the renewal audit of the ISO 9001:2015 standard for 2019. In 2019, the Company organised and planned a total of 15 trainings and emergency drills, which involved 235 participants. During the year, no incident or complaint was identified concerning the Jin Mao Tower Skywalk tourism business, and there were no material violations of laws and regulations in relation to the provision of services.

 **STRENGTHENING COOPERATION AND EXCHANGE**

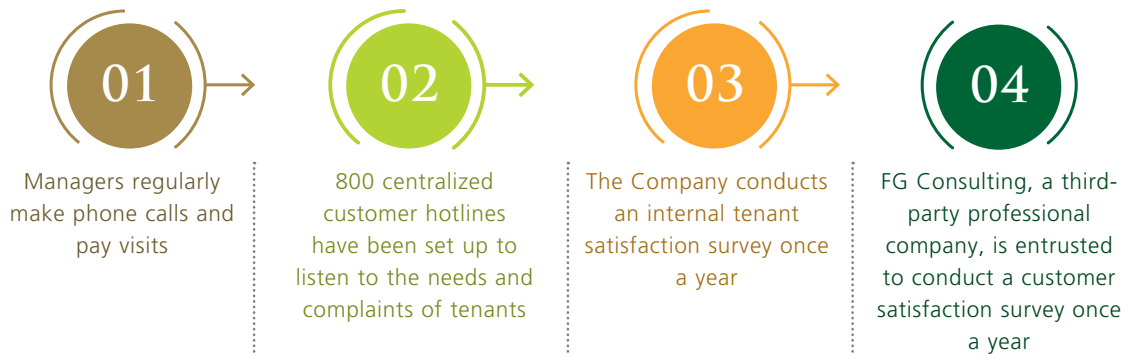
To build the online+direct sales platform, Jinmao Hotel collaborated with super brands such as Fliggy on joint marketing efforts. Coupled with the direction of “cultural tourism”, Jinmao Hotel worked with the Shanghai Museum of Modern Art and National Geographic to organise exhibitions and cooperated with intellectual property rights owners of sports events to jointly organise sports events such as an orienteering challenge and a vertical run. To provide targeted services to customers, Jinmao Hotel strengthened cooperation with several sightseeing bus companies in Shanghai to bundle sightseeing admission tickets with bus tickets and directly market the package tour option to passengers on the bus as part of a one-stop solution, thus achieving a win-win outcome for the parties.

### 3.1.3 CUSTOMER COMMUNICATION MANAGEMENT

#### *ESG INDICATOR: B6.2*

Jinmao Hotel highly values customer complaints and feedback. Jin Mao (Shanghai) Property Management Co., Ltd. has been conducting customer satisfaction surveys for 14 consecutive years to learn about the true needs of customers, receive customer feedback and improve its services. In 2019, Jin Mao (Shanghai) Property Management Co., Ltd. collated a total of 25 issues which were raised by customers. Targeted rectification proposals were then formulated and the rectification timeframe was set. In 2019, the satisfaction rate based on the internal surveys was 97.06%, whereas the third-party satisfaction scored 99 points, far above the industry average. The services provided by the property were greatly appreciated and valued by the tenants of Jin Mao Tower.

#### CHANNELS VIA WHICH THE OFFICE AND PROPERTY BUSINESSES CONDUCT CUSTOMER SATISFACTION SURVEYS



### 3.1.4 RESPECTING CUSTOMER PRIVACY

#### *ESG INDICATOR: B6 GENERAL DISCLOSURE; B6.5*

Protecting customer privacy and data is a key duty of Jinmao Hotel. The Company has formulated the Jinmao Hotel Information Security Management Guidelines to strengthen the security management of its network and information systems and mitigate risks associated with information security while preventing incidents of information security breaches from occurring to ensure the stability of system operations.

In 2019, Jinmao Hotel implemented the upgrade and enhancement of the information security system and strengthened the protection of customer privacy and data. Through routine inspections of information security, the Company carried out hidden danger investigation in the areas of server vulnerability, desktop password recovery, handling of sensitive information, network portal configuration and network application layer security reinforcement to strengthen the technological protection of IT data and manage risks associated with data leakage. The Company abides by the laws and regulations relating to personal data and privacy. During the year, no material leakage of customer data was identified.

## 3.2 GROWTH OF EMPLOYEES

### *ESG INDICATOR: B1 GENERAL DISCLOSURE*

Jinmao Hotel regards employees as a valuable asset to the Company. Upholding the values of “honest cooperation, customer-oriented, entrepreneurial innovation and the pursuit of excellence”, Jinmao Hotel insists on taking a people-oriented approach and makes use of systemized management and standardized service to realize the appreciation of both the enterprise value and employee value.

### 3.2.1 SAFEGUARDING BASIC RIGHTS AND INTERESTS

#### *ESG INDICATOR: B1 GENERAL DISCLOSURE*

Safeguarding employees' rights and interests are a fundamental guarantee by Jinmao Hotel to properly serve its employees and guide them in carrying out their duties. Jinmao Hotel continuously improves its employee management system and offers remuneration packages which are competitive with the market, adhering to the principles of diversity and equality in recruiting employees to build a harmonious and stable employer-employee relationship, thus achieving value sharing between the Company and its employees.

#### EQUAL AND DIVERSIFIED EMPLOYMENT

#### *ESG INDICATOR: B1 GENERAL DISCLOSURE; B1.1; B1.2; B2 GENERAL DISCLOSURE; B4 GENERAL DISCLOSURE; B4.1; B4.2*

Jinmao Hotel builds a fair, just and open recruitment platform in compliance with the labour laws and regulations to attract employees of different genders, ages, nationalities and regions in order to enhance the diversity of the Company's talent pool. During the recruitment process, the Company communicates fully with the candidates, discloses information including but not limited to working hours, salaries and benefits and answers reasonable enquiries from the candidates without coercion or deception. The Company strictly abides by the national laws and regulations in the process of selection, employment, education and retention of talents. The Company enters into a collective contract with employees through fair negotiation and enters into special compensation agreements under the collective contract periodically. The Company is resolutely against the use of child labour or forced labour. Any use of child labour or forced labour in the course of business operation is strictly prohibited. When handling procedures for new joiners, the Company stringently screens personnel information. Employment of personnel who have not met the statutory working age or do not fulfil the employment conditions is not allowed in accordance with the laws.

In 2019, the Company complied with the laws and regulations relating to the provision of a safe working environment and the protection of employees from occupational hazards and there were no cases of child labour, forced labour, strikes or work stoppages which would cause a material and adverse effect on the business and operation of the Company. The Company was named “2019 Outstanding Employer of the Year in China's Hotels & Tourism Industry”.



**Table: Basic information of the workforce of Jinmao Hotel**

	Category	Unit	2019	2018
<b>Employees</b>	Total number	persons	4,159	4,502
	Female	persons	1,901	1,890
	Senior positions	persons	5	4
	Mid-level positions	persons	59	62
	General positions	persons	4,095	4,436
	Contract employees	persons	3,295	3,414
	Temporary workers	persons	108	177
	Interns	persons	720	861
	Other categories	persons	36	50
	Aged 30 or below	persons	2,172	1,989
	Aged 31-50	persons	1,652	2,176
	Aged 51 or above	persons	335	337
	Foreign employees	persons	9	25

**Table: Employee turnover rate**

	Category	Unit	2019	2018
<b>Employee turnover rate</b>	Overall turnover rate	%	33.94	35.58
	Female	%	34.39	37.18
	Male	%	33.61	34.43
	Senior positions	%	0.00	0.00
	Mid-level positions	%	3.12	11.10
	General positions	%	34.55	35.76
	Aged 30 or below	%	48.42	48.82
	Aged 31-50	%	24.55	24.82
	Aged 51 or above	%	12.85	24.08

## Notes:

1. The calculation method of turnover rate: the total number of departures in that year/((total number of employees at the beginning of the year + the total number of employees at the end of the year)/2) x 100% (excluding dispatch employees).
2. A relatively high turnover rate is the norm in the hospitality industry.
3. The figures in 2018 have been adjusted to align with their comparable equivalents in 2019.
4. All of the Company's employees are in the PRC. The hotels of the Company mainly hire staff from the local areas.

 **COMPENSATION AND WELFARE SYSTEM**
***ESG INDICATOR: B1 GENERAL DISCLOSURE***

The Company implements attendance and leave management in strict accordance with the internal Employee Attendance Management Standards. Mandatory overtime work is strictly prohibited and any form of suppression of employees' freedom is not allowed. The Company also has in place a sound set of Compensation and Welfare Management Standards and strives to create a pleasant working environment for the employees and offer competitive remuneration and benefits.

 **STRENGTHENING DEMOCRATIC MANAGEMENT**

The Company convenes employee representatives meetings regularly and as needed, as well as a mid-year meeting and an annual meeting for employees to introduce and pass on the Company's development strategies, operating conditions and prevailing economic conditions to the employees so as to ensure all employees have the right to know and the right to participate. In 2019, at the employee representatives meeting held by the Company, the resolution regarding the special collective contract for compensation entered into by the Company was considered and passed.

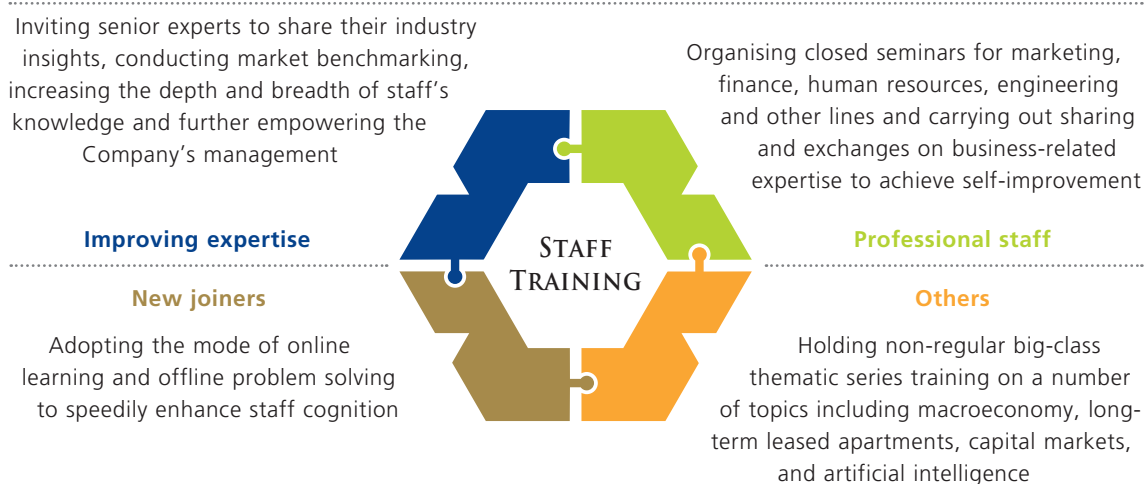
**3.2.2 STAFF TRAINING*****ESG INDICATOR: B3 GENERAL DISCLOSURE***

Jinmao Hotel actively builds a diversified and systematic staff training system to provide targeted and layered trainings to employees with different capabilities and talents so as to fully develop talent potential. While satisfying the self-improvement needs of employees, the employees can concurrently drive the enterprise's sustainable development.

 **IMPROVING THE TRAINING SYSTEM**
***ESG INDICATOR: B3 GENERAL DISCLOSURE; B3.1; B3.2***

In 2019, following the principles of "focusing on capacity building and talent teambuilding", Jinmao Hotel continued to organise a variety of training programs covering customer service, HSE management, asset management, leadership skills enhancement and other key areas. These trainings covered employees at various levels in the Company to comprehensively enhance the employees' capabilities, quality and level of business ethics.

## STAFF TRAINING SYSTEM



**Table: Average training time for employees**

		Category	Unit	2019	2018
<b>Average training time for employees</b>	By gender	Female	hours	43	40
		Male	hours	43	40
	By position level	Senior positions	hours	48	46
		Mid-level positions	hours	56	52
		General positions	hours	48	43
	By age	Aged 30 or below	hours	42	40
		Aged 31-50	hours	45	42
		Aged 51 or above	hours	39	34

Note: The figures in 2018 have been adjusted to align with their comparable equivalents in 2019.

### 3.2.3 OCCUPATIONAL HEALTH AND SAFETY

#### *ESG INDICATOR: B2 GENERAL DISCLOSURE*

Jinmao Hotel uses its best endeavors to create a healthy and safe working environment for its employees and consistently improves the HSE management system. Through regular body checks and safety training, Jinmao Hotel strives to prevent employees from suffering occupational diseases to make sure employees have a happy and healthy life. In 2019, the Company successfully passed the audit of the OHSAS18001 Occupational Health and Safety Management System certification.

#### STRENGTHENING SAFETY MANAGEMENT

##### *ESG INDICATOR: B2 GENERAL DISCLOSURE; B2.3*

Safety is the red cordon line for everything in Jinmao Hotel. The Company continues to set the objective of “zero HSE accident” while strictly observing the HSE redline. In addition to making amendments to the Guidelines and Scoring Methods for HSE Achievement Management of Jinmao Hotel, the Company also arranges for units to carry out self-assessments on achievement of HSE requirements based on the scoring methods and all units have been found to be in compliance with the standard requirements after the assessment. Moreover, the HSE Sanctions Management Guidelines of Jinmao Hotel has been published and implemented to hold the HSE redline management personnel accountable for any violations on a “zero tolerance” basis so as to resolutely eliminate the occurrence of such issues. As to the implementation of the system, Jinmao Hotel strictly executes the standards and regulations and clearly defines the HSE management duties of each professional business line and unit. With respect to grassroots construction, Jinmao Hotel implements the HSE management responsibilities and HSE system among grassroots positions to promote the management model of “taking hidden dangers as an issue”. As to spillover effect, Jinmao Hotel endeavors to enhance the guidance capabilities of HSE services, including HSE due diligence on new projects and HSE management among contractors and suppliers to better implement the requirements of HSE management with concerted efforts so as to achieve the safe development of the enterprise.

In 2019, the Company conducted a review on each unit semi-annually and made a total of 454 rectification proposals and demands. During the year, all of these proposals and demands were executed and fulfilled. The Company organised the HSE campaign tailored for all employees from the head office. Through a combination of training methods such as theory lessons, case analysis and on-the-spot explanations, the Company inculcated the concept of “safety is not a trivial matter” into the employees to raise their safety awareness and capability. In 2019, the Company identified a total of 5,138 hidden dangers through its investigations. 202 employees were awarded RMB80,800 for the hidden danger investigations. At the same time, in recognition of the outstanding performance of 36 individuals and seven collective units, rewards amounting to RMB650,000 were distributed during the year.

#### SAFEGUARDING OCCUPATIONAL HEALTH

##### *ESG INDICATOR: B2.1; B2.2; B2.3*

Jinmao Hotel provides continuous medical insurance services to its employees. Body checks are organised regularly each year where hospital staff explain the body check reports to the employees. Jinmao Hotel also invites hospital experts to speak at seminars on common diseases identified in the body checks. Jinmao Hotel carries out technological control over electromagnetic radiation, noise and hazardous gases according to the characteristics of the hotels, apartments and offices industries to ensure that the indicators are within the industries' safety levels. Given the outdoor heat in the summer, the Company adopts management measures such as shortening shift hours, installing water spray systems and position reshuffling to alleviate the problem. In addition, to mitigate the risks associated with occupational hazards that employees are subject to, employees engaging in special industries and special jobs must obtain a certificate before

commencing duty, including but not limited to: electrical safety operation certificate, food safety inspection certificate, firefighter certificate, boiler water quality inspector certificate, elevator administrator certificate, climbing heights certificate, anti-falling rescue certificate, and other related professional certificates.

From 1 January 2019 to 31 December 2019, Jinmao Hotel did not have any work-related fatalities in respect of its employees.

**Table: Employee health and safety indicators**

	Indicators	Unit	2019	2018
<b>Employee health and safety</b>	Lost days due to work injury	day(s)	<b>310</b>	1,210
	Employees suffered from work injury	person	<b>18</b>	59

### 3.2.4 ENRICHING THE LIVES OF EMPLOYEES

#### *ESG INDICATOR: B2.3*

Jinmao Hotel cares for the mental and physical health of its employees and organises a myriad of content-rich cultural activities to help employees maintain work-life balance, thus building a loving and warm Jinmao big family.

## JINMAO HOTEL ORGANISED A MYRIAD OF ACTIVITIES FOR STAFF

### Festive celebration

- **Lunar New Year:** The Company held Jinmao Hotel's 2019 "Hand in Hand, Heart to Heart" Lunar New Year event.
- **Lantern Festival:** The Company carried out the Shanghai-style "Eating Festive Food, Guessing Lantern Riddles" activity.
- **Women's Day:** The Company organised a DIY handmade leather activity.
- **Children's Day:** The Company gave out presents to the children (aged below 14) of 79 employees and invited reading experts to take part in the Company's "Parent-Child Reading Club".

### Content-rich cultural activities

- **Diversified interest groups:** The Company has set up a choir, a badminton club, a football team, a reading club and other interest groups.
- **Staff birthday parties:** Featured staff birthday parties were held throughout the year following the main theme of "Hand in Hand, Heart to Heart" of The Stride 2019 plus an extra monthly theme.
- **20th-anniversary celebration:** With the advent of the 20th anniversary of the full opening of Jin Mao Tower, the Company's trade union and the human resources department jointly organised the "Series of Events in Celebration of the 20th Anniversary of the Full Opening of Jin Mao Tower".

### Healthy lifestyle

- **The Stride 2019:** With New Year's Eve approaching, the trade union organised "The Stride 2019" walking event for all headquarters staff in celebration of the coming year.
- **"Healthy" stakeholders:** The Company launched the "Walk 10,000 steps 30 times, I treat you to a movie show" event to increase staff enthusiasm towards exercise.

### Caring for staff

- The Company has taken part in Shanghai's "Complementary Hospitalization and Medical Mutual Protection Plan" for current and retired employees.
- With the aim of spreading warmth, the Company put into practice long-term mechanisms of supporting the poor and helping the needy and did a good job in assisting needy staff.
- The Company gave out gifts to employees on festive days.
- The Company launched a caring activity for the posts which are exposed to high temperatures.
- The Company has established a retired employees caring platform.



### 3.3 PARTNERS' DEVELOPMENT

#### *ESG INDICATOR: B5 GENERAL DISCLOSURE*

Adhering to the principle of mutual benefits, Jinmao Hotel strengthens responsible procurement through supply chain management and strives to get everybody involved to achieve resource integration while reinforcing exchanges and cooperation with business partners and stakeholders, in order to achieve win-win development while building a community of shared interests.

#### 3.3.1 BUILDING A RESPONSIBLE SUPPLY CHAIN

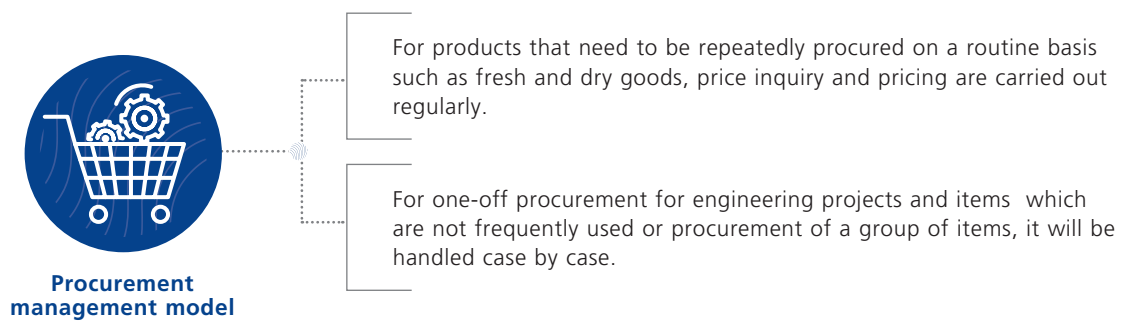
##### *ESG INDICATOR: B5 GENERAL DISCLOSURE*

A stable supply chain provides strong support for the Company to offer innovative and quality products to customers. Jinmao Hotel puts great emphasis on improving and enhancing the responsible supply chain. In addition to increasing the innovation of the supply chain management model and optimizing the supply chain management platform, the Company builds a supply chain system to fit its characteristics.

##### INNOVATIVE MANAGEMENT MODEL

By conducting research and analysis on the procurement matters of its affiliated hotels, Jinmao Hotel has summarized its two types of procurement: routine procurement and tender procurement. It then developed a corresponding management model leveraging on the supply chain platform. Key indicators such as the price matching rate are set to implement refined management of the supply chain, thus helping the enterprise to achieve the objective of "cost saving".

#### PROCUREMENT MANAGEMENT MODEL

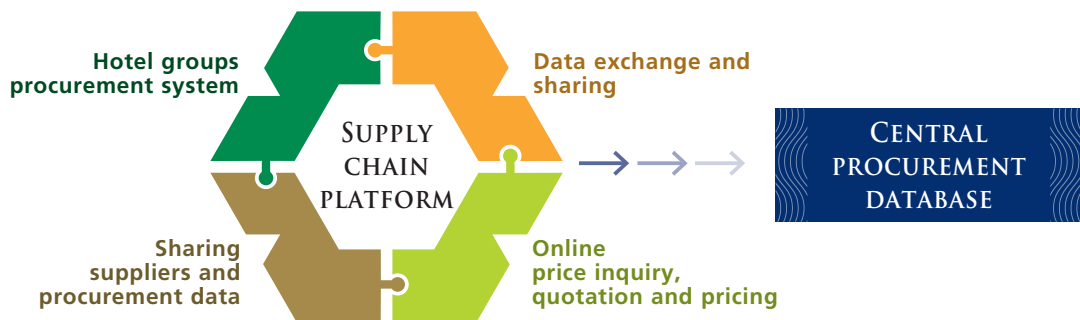


### OPTIMIZING PLATFORM DEVELOPMENT

Since 2007, relying on its supply chain platform, coupled with its supply chain management characteristics, Jinmao Hotel has been working with major hotel management groups such as Hyatt, Marriott, Starwood and Hilton to carry out data exchange and sharing in order to build a central database for procurement data. To this end, the Jinmao supply chain platform has become the supplier management center, procurement pricing center as well as procurement data center, thereby generating procurement benefits from economies of scale, improving procurement efficiency and increasing the Company's brand value. After continuous application and accumulation of experience, Jinmao Hotel officially launched a new version of the Jinmao supply chain platform with independent intellectual property rights in 2017, and continued to carry out upgrades and optimization while strengthening cost control and core technology capabilities to allow further extensions of the platform, thus providing strong support for the exportation of the asset-light business of Jinmao Hotel.

Since 2019, Jinmao Hotel's supply chain platform has been extended to include the management model of self-operated hotels under the existing entrusted management model. Through the supply chain platform, Jinmao Hotel connects the data interface with the sales and inventory system of the PICC system to enable self-operated hotels to obtain fundamental data such as products, suppliers and prices on the PICC system, place orders, receive deliveries and undertake other processes to achieve control over the whole procurement process, which effectively controls the daily purchasing costs of the hotels.

### JINMAO HOTEL'S SUPPLY CHAIN PLATFORM



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENHANCED SUPPLY CHAIN PLATFORM MEASURES FOR 2019

The registered information of suppliers is verified to effectively control cases of multiple suppliers being registered by the same user.

The model of adding big and small templates to strategic procurement modules has made it possible for centralized procurement to become more specific with regard to the products of different suppliers and for suppliers to make a more precise quotation.

The development of an interface with PICC's platform has resulted in Jinmao's supply chain platform becoming a basic data entry center, supplier management center and pricing center. Combining with PICC's purchasing, sales and inventory system, it has opened up a fully-functional chain of supply chain management for the hospitality industry.



Joint tendering by multiple hotels has allowed regional procurement to be effectively carried out.

INTRODUCING CENTRALIZED PROCUREMENT

Relying on the supply chain platform, the Company carries out centralized procurement. Upon consolidation of the procurement needs of the affiliated hotels, Jinmao Hotel will standardize the bidding price through the supply chain platform. Eventually, a centralized procurement price is agreed among the hotels to effectively enhance the procurement cost control efforts of the hotels. In 2019, the implementation of the centralized procurement agreement among the affiliated hotels was good. Procurement cost savings achieved through centralized procurement amounted to approximately RMB1,259,800.

CENTRALIZED PROCUREMENT FLOW



### 3.3.2 SUPPLIER MANAGEMENT

#### *ESG INDICATOR: B5 GENERAL DISCLOSURE; B5.2; B5.3; B5.4*

Insisting on responsible procurement, Jinmao Hotel formulates and implements relevant rules and regulations to supervise and monitor the environmental and social risks of suppliers such as construction contractors and construction materials providers. Suppliers are encouraged to improve their capabilities to perform their duties, so as to achieve harmonious development and share benefits among all parties. Jinmao Hotel requires that all new suppliers should provide a description of how they fulfil their social responsibilities and takes this into account during the assessment process as a key consideration factor.

#### ORGANISING CERTIFICATION AUDITS FOR SUPPLIERS

##### *ESG INDICATOR: B5.2; B5.4*

In order to help suppliers better understand the philosophy of Jinmao Hotel's supply chain management, familiarize themselves with the use of the supply chain platform, and effectively participate in supply chain collaboration, Jinmao Hotel adopts various methods including the provision of training to buyers (who will then provide training to suppliers), direct supplier training and publication of user manuals in combination with regular supplier seminars and remote fixed-location training, and carries out certification audits on supplier qualifications and on-site inspections for key suppliers.

#### CONDUCTING SUPPLIER ASSESSMENT

##### *ESG INDICATOR: B5.2; B5.4*

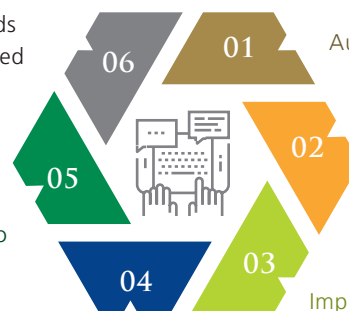
The Company pays attention to the performance and effectiveness of suppliers in the environmental and social aspects. In the supplier certification process, suppliers are required to provide a description of how they fulfil their social responsibilities, and the overall statuses of the suppliers are taken into consideration in score calculations as part of Jinmao Hotel's regular assessment of suppliers.

### SUPPLIER ASSESSMENT

Revise the Goods Acceptance Standards of Jinmao Hotel and make further improvements on establishing a goods acceptance ledger system, food-related inspection and testing reports and other standards.

Sign the Food Safety Notification for Food Supplying Companies of Jinmao Hotel with all suppliers relating to food products.

In introducing new suppliers and implementing follow-up evaluation of suppliers, check if they are subject to any administrative penalties.



01 Audit the qualifications of all suppliers.

02 Conduct onsite inspections of all newly introduced suppliers to prepare site inspection reports.

03 Implement a follow-up evaluation of all suppliers every two years and submit a follow-up supplier evaluation plan for the next two years by the end of each year.

### SUPERVISING THE PERFORMANCE OF DUTIES BY SUPPLIERS

Jinmao Hotel strictly manages employment behaviors, including the protection of workers at project sites, restrictions on working hours and prohibitions on child labour. Firmly abiding by the principle of “review first before the commencing construction”, the areas subject to review include but are not limited to construction site safety, personnel information and special work qualifications. The concept of safety permeates throughout the whole process from design, construction to acceptance to avoid risks associated with suppliers’ performance of duties.

**Table: Distribution of suppliers of Jinmao Hotel**

The Company and its affiliated companies	Number of suppliers
Jinmao (China) Hotel Investments and Management Limited	112
Shanghai Jinmao Hotel Management Company Limited	41
Grand Hyatt Shanghai	1,338
Hyatt Regency Chongming	324
The Ritz-Carlton Sanya, Yalong Bay	819
Hilton Sanya Yalong Bay Resort & Spa	563
JW Marriott Hotel Shenzhen	734
The Westin Beijing Chaoyang	647
Renaissance Beijing Wangfujing Hotel	386
Lijiang Jinmao Hotel • The Unbound Collection by Hyatt and Jinmao Purelax Mountain Hotel, Lijiang	277
Jin Mao (Shanghai) Property Management Co., Ltd.	877

Note: Some suppliers deal with two or more hotels.

## 3.4 COMMUNITY HARMONY

### *ESG INDICATOR: B8 GENERAL DISCLOSURE*

Strengthening community building is of great significance to promoting harmonious community development. Jinmao Hotel is fully cognizant that it is a part of the community and actively participates in community building, encourages employees and calls for the public’s participation in public welfare and volunteering activities, bringing together a powerful force to build a harmonious community as part of its efforts in fulfilling its responsibilities as a corporate citizen.

#### 3.4.1 PARTICIPATING IN COMMUNITY BUILDING

##### *ESG INDICATOR: B8 GENERAL DISCLOSURE; B8.1*

Jinmao Hotel is committed to sustainable economic growth. Specialising in improving services and development, Jinmao Hotel bears in mind where its blessings come from and pays close attention to and responds to the needs of the communities where it operates, contributing to building a beautiful community and promoting the sustainable development of the city.



### PARTICIPATING IN CO-BUILDING THE LUJIAZUI COMMUNITY

Located in the core business district of Lujiazui in Shanghai, Jin Mao Tower is a mixed-use development property project, including Grand Hyatt Shanghai and office, retail and tourist areas. By strengthening the connection between Jin Mao Tower and the high-rise buildings and key business premises in the surrounding area, Jinmao Hotel has opened up the underground passage linking Jin Mao Tower and Shanghai Center and IFC, thus creating an environment with convenient transportation access for the Lujiazui region. Jinmao Hotel proactively takes part in the building associations in the Lujiazui finance and trade zone, Pudong New Area, Shanghai to share its community resources and participate in nurturing the economy of the buildings, thus contributing to co-building the harmonious community of the financial city.

In 2019, the Company's volunteer team joined forces with the Lujiazui community to organise public welfare campaigns and participated in activities such as the Lujiazui traffic volunteer event and Light a candle; Make a wish New Year event. Jin Mao (Shanghai) Property Management Co., Ltd. was awarded the "Top Ten Public Welfare Contributors in the Lujiazui Community".

### STRENGTHENING PARENTAL RELATIONSHIPS

Jinmao Hotel pays attention to the building of a harmonious parental relationship and blends in the family element in product design. Based on the cartoon story "Bucket King" in Macau as the prototype, Hilton Sanya Yalong Bay Resort & Spa has rolled out the Bucket Kingdom, a 100% cartoon-themed children's restaurant that can accommodate up to 108 customers, boasting favorite children's meals. Children's drama performances are introduced to allow the little diners to experience a fun and exciting childhood fantasy journey and enjoy themselves through participation in creative events.

### FIGHTING AGAINST THE EPIDEMIC

In early 2020, faced with the unexpected outbreak of the COVID-2019 epidemic, Jinmao Hotel made concerted efforts to strictly implement various scientific prevention and control measures adhering to the "Not one less" work objective, putting the safety and health of employees, customers and tenants as a top priority. With careful deployment and swift action, Jinmao Hotel made a clarion call to fight against the epidemic.

To ensure the safe resumption of work for the enterprise, Jinmao Hotel followed the relevant national and local government requirements and the "Notice on Strengthening Epidemic Prevention and Control Work" issued by China Jinmao as well as the plans formulated at the work meeting on epidemic prevention and control. Coupled with the business characteristics of the hotels, properties and offices, Jinmao Hotel has formulated the "Proposal on Work Resumption and Epidemic Prevention and Control of Jinmao Hotel for 2020 Spring Festival" and adopted a number of measures in response to the resumption of work after the holidays, so as to provide customers with a safe and healthy working and travel environment.

Jin Mao Tower disinfects and sterilizes the air-conditioning filters, air ducts and the end of the passageways where air must pass through for circulation. It has also implemented two-way access control for the main entryway and entrances with a large flow of people. A visual human temperature measurement system is installed to promptly ensure accurate and effective body temperature monitoring of persons going in and out.

Jinmao Hotel's affiliated hotels will keep records of the number of checked-in guests from areas with a high number of infected people. At the same time, by setting up a control point at the entrances and exits, the body temperature of all persons going in and out including guests, tenants and contractors, is measured and monitored, and the records are reported daily. At the same time, according to the emergency plans formulated by the local government, each hotel has increased the frequency of cleaning and disinfection of common areas, inspected areas that may have hidden dangers, and placed sanitizers in common areas to ensure the health and safety of guests. In addition to daily room cleaning, disinfection work is strengthened and masks are distributed to guests. Employees and service personnel are required to wear masks to work. Each hotel also publicizes and guides guests on how to wear masks and dispose of them properly.

On 28 January 2020, Jinmao Hotel called for all employees to offer help by donating to the regions affected by the epidemic. During the period, funds raised and donations made amounted to RMB307,300. This is evidence of the Company's care for the people in the affected regions and its passion for the country and perseverance in fighting against the epidemic.

## JINMAO HOTEL'S ANTI-EPIDEMIC MEASURES

### Formulation of work solutions

- The Company convened a safety committee meeting and a special epidemic prevention and control coordination meeting. It clearly established work solutions in response to COVID-2019.
- The Company established a special group to take full charge of and lead the epidemic prevention and control work.

- The Company implemented management and control measures according to type and level, carrying out corresponding epidemic prevention work depending on the overall development of the epidemic.
- Intensive and specific disinfection measures were carried out.
- Disinfection and sterilization were carried out for air-conditioning filters, air ducts and at the end of passageways through which air must pass through.
- Anti-epidemic supplies such as face masks and sanitizers were provided to employees and customers.
- Two-way access control was implemented to strengthen the monitoring of body temperature.

### Orderly epidemic prevention

### Confidence in authoritative releases

- The Company widely publicized popular scientific knowledge on the prevention and control of the COVID-2019 epidemic to its customers and employees and gave briefings on epidemic prevention knowledge in a patient and detailed manner.
- The Company requested that employees do not start, circulate or believe in rumors, and encouraged them to rationally respond to the epidemic, maintain a healthy body and mind, and maintain positive energy.

- To ensure smooth resumption of production and work at Jin Mao Tower and various business units thereof, Jinmao Hotel formulated the "Proposal on Work Resumption and Epidemic Prevention and Control of Jinmao Hotel for 2020 Spring Festival" and "Jinmao Hotel Emergency Plans for the Epidemic Outbreak" and actively implemented them to provide employees and customers with a safe working environment.

### Guarantee to production and work resumption

### 3.4.2 VOLUNTEER ACTIVITIES FOR PUBLIC WELFARE

#### *ESG INDICATOR: B8.1; B8.2*

Taking advantage of its resources and capabilities, Jinmao Hotel organises a volunteer team to get into the community to carry out public welfare activities. Jinmao Hotel not only cares for children and the elderly in the community, but also participates in poverty alleviation efforts by sending school supplies to children in poor and deprived areas to be a “good neighbor” in the community.

#### CARING FOR CHILDREN WITH SPECIAL NEEDS

Jinmao Hotel cares for children with special needs and is dedicated to helping the poor. On Children’s Day in 2019, The Ritz-Carlton Sanya, Yalong Bay joined hands with Marriott Hainan Business Council and three Marriott sister hotels to organise a volunteer team to visit children with cerebral palsy at the Sanya Bright Connection Center, sending them holiday greetings and bringing them daily supplies, nutritious food and cash donations. At the same time, the hotel also launched the “Summer Camp Make a Wish Campaign” to collect the children’s wishes in advance and organised the hotel staff to help the children make their wishes come true, passing on their genuine care from Jinmao Hotel and the community.

#### ORGANISING POVERTY ALLEVIATION EFFORTS

Jinmao Hotel actively engages in charity activities to help the poor. In 2019, The Ritz-Carlton Sanya, Yalong Bay organised a volunteer team to visit the lonely elderly in Gaofeng Home for the Aged in Sanya, bringing them necessities while providing heartfelt services such as blood pressure measurement, hydromassage, haircut, and cleaning. The volunteers sincerely talked to the elderly and cared for their daily life, sending their care and warmth to the elderly. In addition, Jinmao Hotel and Lijiang Jinmao Hotel sent stationery, sports equipment, water heaters, computers and other necessities and school supplies to 119 students and 12 teachers from Lijiang Lanxiangwan Elementary School, delivering warmth and hope to the children in poor and deprived areas.

Jinmao Hotel actively takes part in public welfare activities in an effort to fulfil its social responsibilities as a central enterprise. In 2019, in celebration of the 20th anniversary of the full opening of Jin Mao Tower, Jinmao Hotel donated RMB200,000 to the primary and secondary school students in Ar Horqin Banner, Chifeng City, Inner Mongolia through the Shanghai Charity Foundation. The management of scholarships and use of donations will be disclosed to the public through the foundation.

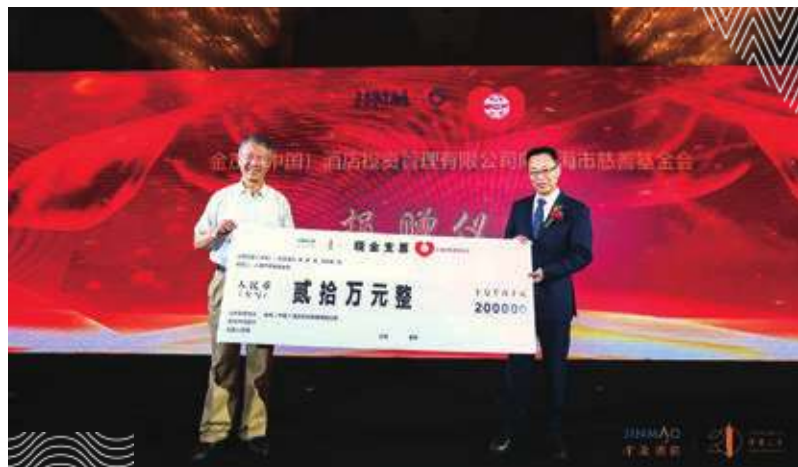


Photo: Jinmao Hotel’s measures to alleviate poverty

## 4 INDEX OF ESG INDICATORS

The Area of Environmental				
Aspects	Indicators	Details	Corresponding chapters	Target fulfilment status
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green sharing – Reducing emissions	Completed
	A1.1	The types of emissions and respective emissions data.	Green sharing – Reducing emissions – Reducing pollutant emissions	Completed
	A1.2	Direct (scope 1) and indirect energy (scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green sharing – Reducing emissions – Reducing pollutant emissions	Completed
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green sharing – Reducing emissions – Reducing pollutant emissions	Completed
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green sharing – Reducing emissions – Reducing pollutant emissions	Completed
	A1.5	Description of the emissions target(s) set and the steps taken to achieve them.	Green sharing – Reducing emissions – Strengthening emissions management	Completed
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of the reduction target(s) set and the steps taken to achieve them.	Green sharing – Reducing emissions – Strengthening emissions management	Completed

The Area of Environmental				
Aspects	Indicators	Details	Corresponding chapters	Target fulfilment status
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green sharing – Energy saving and efficiency enhancing	Completed
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green sharing – Energy saving and efficiency enhancing – Reinforcing energy management	Completed
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green sharing – Energy saving and efficiency enhancing – Reinforcing energy management	Completed
	A2.3	Description of the energy use efficiency target(s) set and the steps taken to achieve them.	Green sharing – Energy saving and efficiency enhancing – Reinforcing energy management	Completed
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, the water efficiency target(s) set and the steps taken to achieve them.	Green sharing – Energy saving and efficiency enhancing – Reinforcing energy management	Completed
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green sharing – Energy saving and efficiency enhancing – Reinforcing energy management	Completed
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green sharing	Completed
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green sharing	Completed
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green sharing – Green public welfare	Completed
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green sharing – Green public welfare	Completed



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Area of Society				
Aspects	Indicators	Details	Corresponding chapters	Target fulfilment status
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Win-win in the value aspect – Growth of employees – Safeguarding basic rights and interests	Completed
	B1.1	Total workforce by gender, employment type (e.g. fulltime or part-time), age group and geographical region.	Win-win in the value aspect – Growth of employees – Safeguarding basic rights and interests	Completed
	B1.2	Employee turnover rate by gender, age group and geographical region.	Win-win in the value aspect – Growth of employees – Safeguarding basic rights and interests	Completed
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Win-win in the value aspect – Growth of employees – Occupational health and safety	Completed
	B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	Win-win in the value aspect – Growth of employees – Occupational health and safety	Completed
	B2.2	Lost days due to work injury.	Win-win in the value aspect – Growth of employees – Occupational health and safety	Completed
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Win-win in the value aspect – Growth of employees – Occupational health and safety	Completed
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Win-win in the value aspect – Growth of employees – Staff training	Completed
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Win-win in the value aspect – Growth of employees – Staff training	Completed

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Area of Society				
Aspects	Indicators	Details	Corresponding chapters	Target fulfilment status
	B3.2	The average training hours completed per employee by gender and employee category.	Win-win in the value aspect – Growth of employees – Staff training	Completed
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Win-win in the value aspect – Growth of employees – Safeguarding basic rights and interests	Completed
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Win-win in the value aspect – Growth of employees – Safeguarding basic rights and interests	Completed
	B4.2	Description of steps taken to eliminate such practices when discovered.	Win-win in the value aspect – Growth of employees – Safeguarding basic rights and interests	Completed
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-win in the value aspect – Partners' development – Building a responsible supply chain	Completed
	B5.1	Number of suppliers by geographical region.	Win-win in the value aspect – Partners' development – Supplier management	Completed
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Win-win in the value aspect – Partners' development – Supplier management	Completed
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Win-win in the value aspect – Partners' development – Building a responsible supply chain	Completed
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-win in the value aspect – Partners' development – Supplier management	Completed
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Win-win in the value aspect – Prioritizing customers – Ensuring service quality	Completed
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		N/A

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Area of Society				
Aspects	Indicators	Details	Corresponding chapters	Target fulfilment status
	B6.2	Number of products and service related complaints received and how they are dealt with.	Win-win in the value aspect – Prioritizing customers – Customer communication management	Completed
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate governance – Compliance with laws and regulations – Safeguarding intelligent property rights	Completed
	B6.4	Description of quality assurance process and recall procedures.	Win-win in the value aspect – Prioritizing customers – Ensuring service quality	Completed
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Win-win in the value aspect – Prioritizing customers – Respecting customer privacy	Completed
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate governance – Compliance with laws and regulations – Abiding by business ethics	Completed
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate governance – Compliance with laws and regulations – Abiding by business ethics	Completed
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate governance – Compliance with laws and regulations – Abiding by business ethics	Completed
	B7.3	Description of anti-corruption training provided to directors and staff.	Corporate governance – Compliance with laws and regulations – Abiding by business ethics	Completed
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Win-win in the value aspect – Community harmony	Completed
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Win-win in the value aspect – Community harmony	Completed
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Win-win in the value aspect – Community harmony	Completed

# DEFINITIONS

“AGM”	the annual general meeting of the Trust and the Company to be held on a combined basis as a meeting
“Board(s)”	the Trustee-Manager Board and/or the Company Board
“BoCom”	Bank of Communications Co., Ltd. Hong Kong Branch
“BoCom Facility Agreement”	the facility agreement dated 2 September 2016 entered into between the Company and BoCom, pursuant to which BoCom agreed to grant HK\$1,000,000,000.00 equivalent HK\$/US\$ dual currency term loan facility to the Company
“CCB”	China Construction Bank (Asia) Corporation Limited
“CCB Facility Letter”	the facility letter dated 23 August 2016 obtained by the Company from CCB (as amended from time to time), pursuant to which CCB agreed to grant a HK\$1,000,000,000.00 equivalent HK\$/US\$ dual currency term loan facility to the Company
“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), (formerly known as Franshion Properties (China) Limited 方興地產(中國)有限公司) a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a controlling Holder of Share Stapled Units and a connected person of Jinmao Hotel and the Company
“China Jinmao Group”	China Jinmao and its subsidiaries (excluding the Trust Group)
“China Jin Mao (Group)”	China Jin Mao (Group) Company Limited (中國金茂(集團)有限公司), a company incorporated in the PRC with limited liability on 10 February 1993 and a wholly-owned subsidiary of the Company
“Company”	Jinmao (China) Hotel Investments and Management Limited (金茂(中國)酒店投資管理有限公司) (formerly known as Jinmao (China) Investments Holdings Limited 金茂(中國)投資控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability on 18 January 2008 and registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands
“Company Audit Committee”	the audit committee of the Company
“Company Board”	the board of directors of the Company
“Company’s Articles”	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time

## DEFINITIONS

“Comp Set”	a group of hotels that are seen as direct competitors to the hotels of the Company
“Connected Tenants”	Sinochem International and/or its subsidiaries (excluding Shanghai Dehuan and its subsidiaries) who are tenants of Sinochem International Plaza
“DBS”	DBS Bank Ltd.
“DBS Facility Letter”	the facility letter dated 2 September 2016 obtained by the Company from DBS (as amended from time to time), pursuant to which the DBS agreed to grant US\$250,000,000.00 term loan facility to the Company
“Director(s)”	a director of the Trustee-Manager and/or a director of the Company
“EBITDA”	profit before tax, after deducting fair value gains on investment properties, interest income and other investment income, adding back depreciation, amortisation of intangible assets, depreciation of right-of-use assets, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, one-time pre-opening expenses, and adjustment for impairment/(reversal of impairment) of trade receivables, exchange gain or loss and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group’s management believes such information will be helpful for investors in assessing our operating performance
“Excluded Hotels”	includes The Westin Nanjing, Meixi Lake International Plaza Hotel, Nanjing International Center Phase II Hotel and a hotel in the Nansha Jinmao Wan Project in Guangzhou, PRC
“GFA”	gross floor area
“Group”, “we” or “our”	the Company and its subsidiaries
“Group Distributable Income”	the audited consolidated profit attributable to the Holders of Share Stapled Units in respect of the relevant financial year or the relevant distribution period after giving effect to certain adjustments as described in the Prospectus and the Trust Deed
“Holder(s) of Share Stapled Units”	person(s) registered in the Share Stapled Units register as holder(s) of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees Limited, shall also include, where the context so admits, the CCASS participants whose securities accounts with the Central Clearing and Settlement System are deposited with the Share Stapled Units
“Hotel Arrangements”	the arrangements relating to the existing and future interests of the China Jinmao Group in hotel assets as set out in “Report of The Directors” in this report



“Hotel Arrangements Deed”	the deed dated 13 June 2014 entered into between the Company and China Jinmao relating to the Hotel Arrangements
“Jiaxing Investment”	Jinmao (Jiaxing) Investment Management Company Limited (金茂(嘉興)投資管理有限公司), a company indirectly owned by China Jinmao as to 50% of its equity interests, and therefore a connected person of the Company
“Jinmao Hotel” or “Trust”	Jinmao Hotel (金茂酒店) (formerly known as Jinmao Investments (金茂投資)), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company
“Jinmao (Li Jiang)”	Jinmao (Li Jiang) Real Estate Company Limited (金茂(麗江)置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Jinmao, and therefore a connected person of the Company
“Jin Mao Shenzhen”	Jin Mao Shenzhen Hotel Investment Company Limited (金茂深圳酒店投資有限公司), a company incorporated in the PRC with limited liability on 2 June 1993 and an indirect wholly-owned subsidiary of the Company
“Lijiang Jinmao Hotels”	Lijiang Jinmao Hotel • The Unbound Collection by Hyatt and Jinmao Purelax Mountain Hotel, Lijiang
“Listing”	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Share Stapled Units were first listed and from which dealings in the Share Stapled Units were permitted to take place on the Main Board of the Stock Exchange, being 2 July 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Loan Facility”	the term loan facility agreement dated 13 June 2014 entered into between the Company and a group of financial institutions
“Lujiazui Central Financial District”	an urban centre of the Pudong New District of Shanghai, the PRC, which covers an area of approximately 1.7 sq.km.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Properties”	the property portfolio of the Group, comprising Jin Mao Tower and eight hotels of the Group as at the date of this report
“Prospectus”	the prospectus jointly issued by Jinmao Hotel and the Company dated 19 June 2014

## DEFINITIONS

“Review Period”	from 1 January 2019 to 31 December 2019
“RevPAR”	revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Decoration”	Shanghai Jin Mao Construction & Decoration Company Limited (上海金茂建築裝飾有限公司), a company incorporated in the PRC with limited liability on 18 October 1994 and a wholly-owned subsidiary of China Jinmao
“Shanghai Dehuan”	Shanghai Dehuan Property Co., Ltd. (上海德寰置業有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of Sinochem Group, and therefore a connected person of the Company
“Shanghai Property Management”	Jin Mao (Shanghai) Property Management Co., Ltd. (金茂(上海)物業服務有限公司), a company incorporated in the PRC with limited liability on 18 September 1995 and an indirect wholly-owned subsidiary of the Company
“Shanghai Yinhui”	Shanghai Yinhui Real Estate Development Co., Ltd. (上海銀匯房地產開發有限公司), a company incorporated in the PRC with limited liability on 30 March 2000 and a non-wholly owned subsidiary of China Jinmao, and therefore a connected person of the Company
“Share Stapled Units”	<p>the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none"> <li>(a) a Unit;</li> <li>(b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and</li> <li>(c) a specifically identified preference share of the Company stapled to the Unit</li> </ul>
“Shareholders”	the persons registered at the relevant time in the principal register of members of the Company maintained in Cayman Islands or the branch register of members of the Company established and maintained in Hong Kong as the holders of an ordinary share of the Company and/or a preference share of the Company

“Shenzhen Yuemao Properties”	Shenzhen Yuemao Properties Company Limited (深圳悅茂置業有限公司), a non-wholly-owned subsidiary of China Jinmao, and therefore a connected person of the Company
“Sinochem Conglomerate”	Sinochem Group and its subsidiaries (excluding the Trust Group and the China Jinmao Group)
“Sinochem Group”	Sinochem Group Co., Limited (中國中化集團有限公司), a state-owned enterprise established in the PRC on 11 August 1981 and the ultimate controlling holder of the Share Stapled Units
“Sinochem Hong Kong”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), the controlling holder of the Share Stapled Units
“Sinochem International”	Sinochem International Corporation (中化國際(控股)股份有限公司), a state-owned corporation incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600500) and a subsidiary of Sinochem Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 13 June 2014 constituting Jinmao Hotel and entered into between the Trustee-Manager and the Company
“Trust Distributable Income”	the Trustee-Manager’s distributing 100% of the dividends (on behalf of Jinmao Hotel), distributions and other amounts received by it from the Company in respect of the ordinary shares of the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Hotel), as required under the Trust Deed
“Trust Group”	Jinmao Hotel and the Group
“Trust Property”	all property and rights of any kind whatsoever which are held on trust for Holders of Share Stapled Units, in accordance with the terms of the Trust Deed
“Trustee-Manager”	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Hotel
“Trustee-Manager Audit Committee”	the audit committee of the Trustee-Manager
“Trustee-Manager Board”	the board of directors of the Trustee-Manager
“Trustee-Manager’s Articles”	the articles of association of the Trustee-Manager, as amended from time to time
“Unit”	a unit in Jinmao Hotel

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