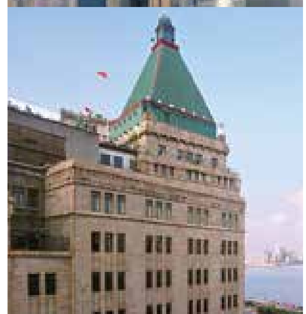
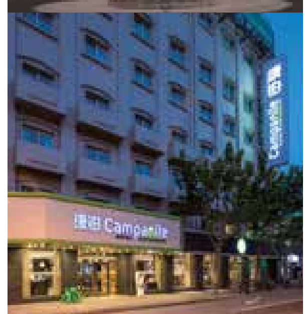
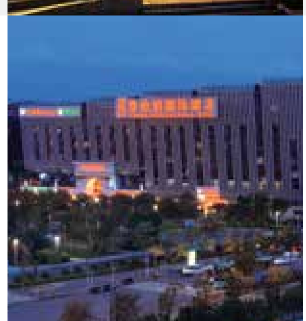





Shanghai Jin Jiang Capital Company Limited

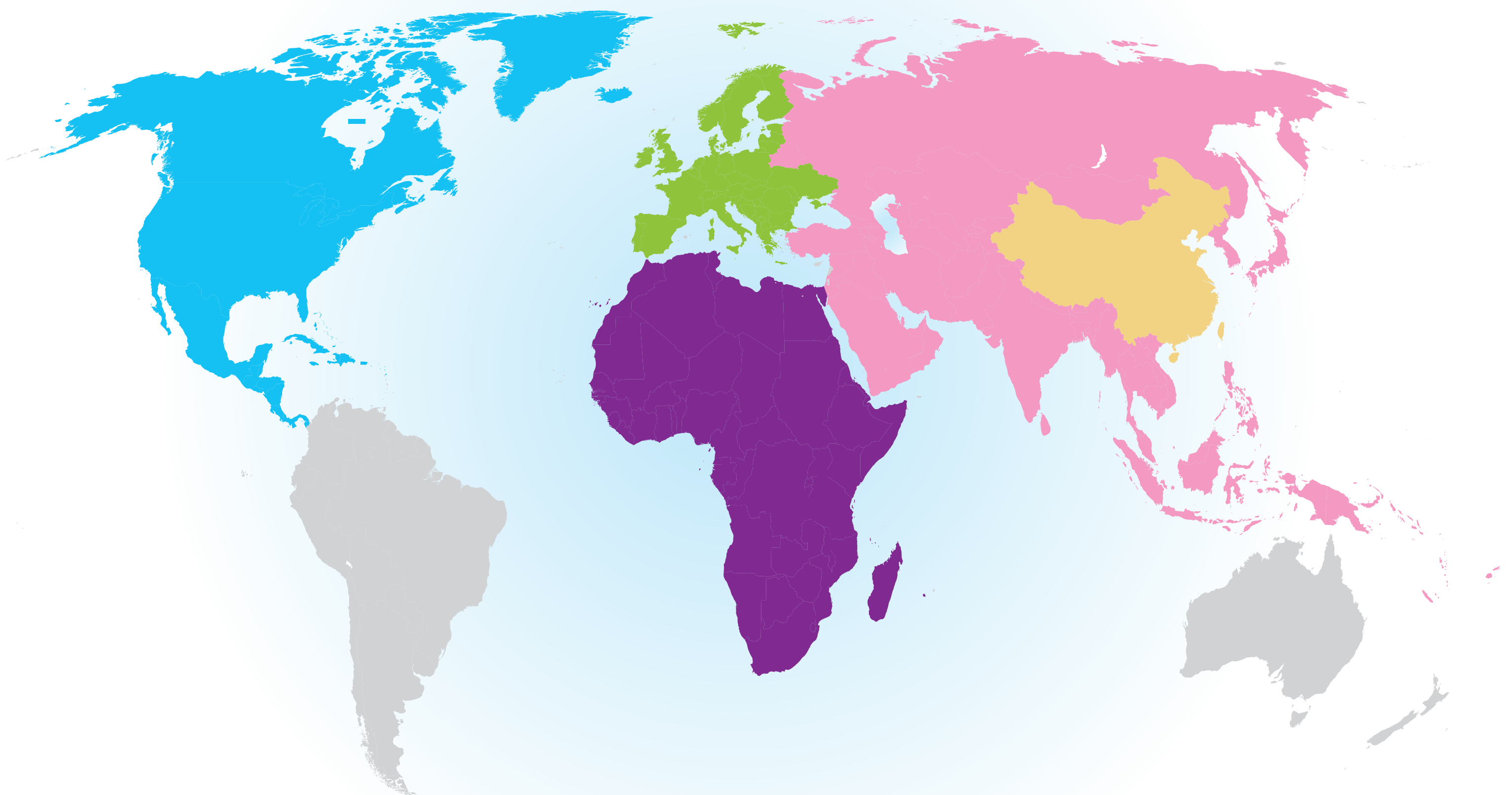
Formerly known as "Shanghai Jin Jiang International Hotels (Group) Company Limited"

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

Stock Code : 02006

ANNUAL REPORT 2020

Global Hotel Deployment



China
Number of hotels: **8,226**

Europe
Number of hotels: **1,008**

Africa
Number of hotels: **37**

Asia (excluding China)
Number of hotels: **206**

Americas
Number of hotels: **17**

Total
Number of hotels: **9,494**

Note: The above figures indicate owned or managed hotels in operation around the world.

Contents

CORPORATE INFORMATION

THE FIFTH SESSION OF THE BOARD
EXECUTIVE DIRECTORS
Mr. Yu Minliang *(Chairman)*
Ms. Guo Lijuan *(Vice Chairman)*
Mr. Chen Liming *(Vice Chairman)*
Mr. Ma Mingju
Ms. Zhou Wei
Mr. Sun Yu

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ji Gang
Dr. Rui Mingjie
Mr. Shen Liqiang

THE FIFTH SESSION OF THE SUPERVISORY COMMITTEE
SUPERVISORS
Mr. Wang Guoxing
(Chairman of Supervisory Committee)
Mr. Kuang Ke
Mr. Zhao Feng

AUTHORIZED REPRESENTATIVES
Ms. Guo Lijuan
Ms. Zhang Jue

JOINT COMPANY SECRETARIES
Ms. Zhang Jue
Ms. So Lai Shan

QUALIFIED ACCOUNTANT
Dr. Ai Gengyun

NOMINATION COMMITTEE
Mr. Yu Minliang *(Chairman)*
Dr. Rui Mingjie
Mr. Ji Gang

AUDIT AND RISK CONTROL COMMITTEE
Mr. Shen Liqiang *(Chairman)*
Mr. Ji Gang
Dr. Rui Mingjie

REMUNERATION AND APPRAISAL COMMITTEE
Mr. Ji Gang *(Chairman)*
Ms. Guo Lijuan
Mr. Shen Liqiang

STRATEGIC INVESTMENT COMMITTEE
Mr. Chen Liming *(Chairman)*
Mr. Ma Mingju
Dr. Rui Mingjie

INTERNATIONAL AUDITOR
PricewaterhouseCoopers
Certified Public Accountants and Registered PIE

PRC AUDITOR
PricewaterhouseCoopers Zhong Tian LLP

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

As to PRC law:
King & Wood Mallesons

CHINESE NAME OF THE COMPANY
上海錦江資本股份有限公司

ENGLISH NAME OF THE COMPANY
Shanghai Jin Jiang Capital Company Limited

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

INVESTOR AND MEDIA RELATIONS CONSULTANT
iPR Ogilvy & Mather

PRINCIPAL BANKERS
Industrial and Commercial Bank of China
Bank of China

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

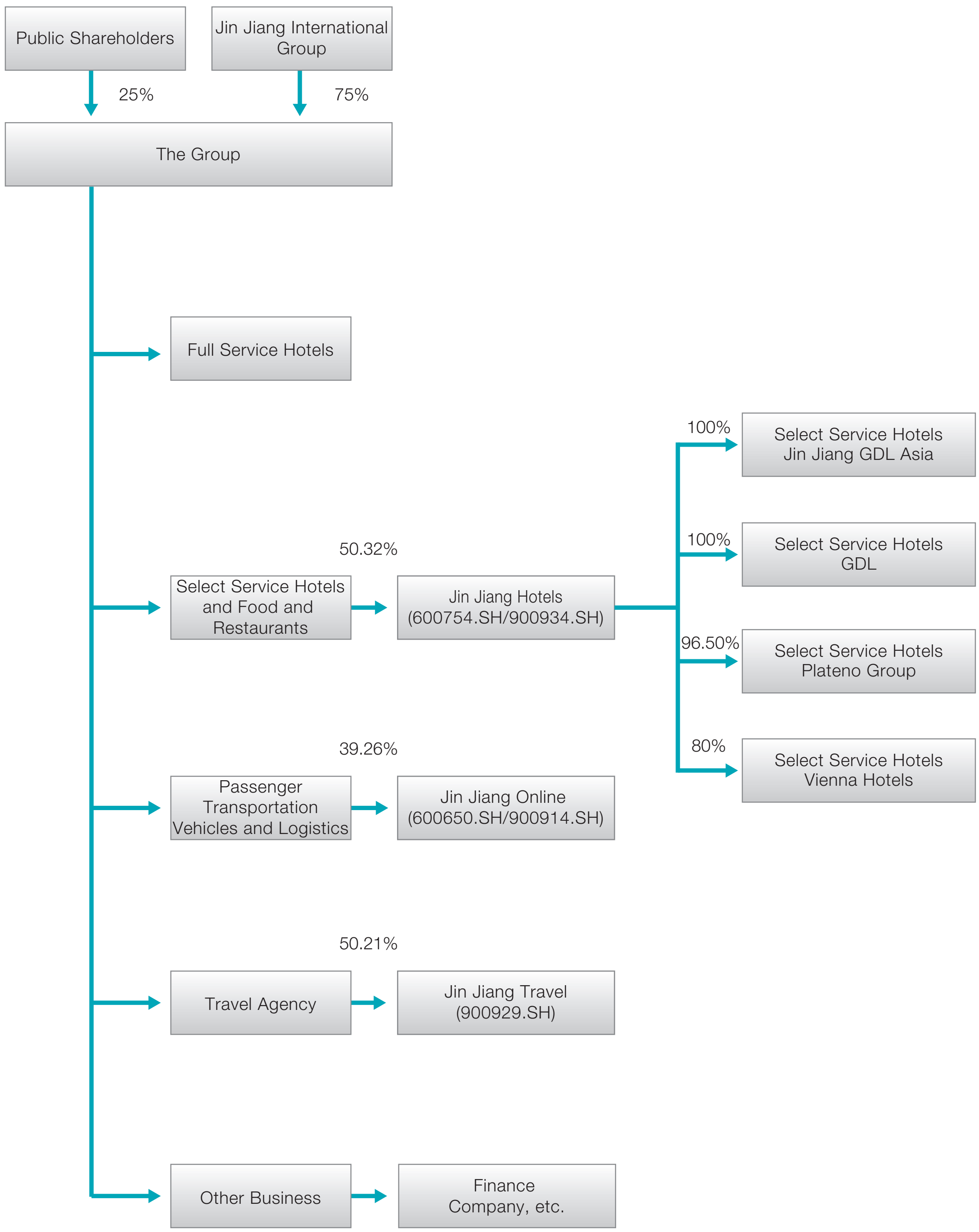
PRINCIPAL PLACES OF BUSINESS IN THE PRC
26/F., Union Building
No. 100 Yan'an East Road
Shanghai, the PRC

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

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

CORPORATE STRUCTURE

The following graph sets out the major business segments of the Company as at 31 December 2020:



INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP

	Full Service Hotels		Select Service Hotels		Total	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
China	88	26,589	8,138	817,389	8,226	843,978
Asia (excluding China)	—	—	206	22,716	206	22,716
Europe	—	—	1,008	71,181	1,008	71,181
Americas	—	—	17	3,198	17	3,198
Africa	—	—	37	5,012	37	5,012
Total	**88**	**26,589**	**9,406**	**919,496**	**9,494**	**946,085**

Note:

1. As at 31 December 2020, the Group owned or managed 9,494 hotels in operation with a total of 946,085 guest rooms located in 66 countries around the world, including 8,226 hotels in operation with a total of 843,978 guest rooms owned or managed in the PRC.

INFORMATION ON HOTELS OF THE GROUP

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

All hotels (As of 31 December 2020)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
Hotel Category										
Full Service Hotels										
– 5-star Luxury Hotels	5	2,250	2	964	43	14,403	–	–	50	17,617
– 4-star Luxury Hotels	10	3,262	1	383	37	7,946	–	–	48	11,591
Sub-total	**15**	**5,512**	**3**	**1,347**	**80**	**22,349**	**–**	**–**	**98**	**29,208**
Commercial Hotels	2	274	–	–	1	56	–	–	3	330
Total Number of Full Service Hotels	**17**	**5,786**	**3**	**1,347**	**81**	**22,405**	**–**	**–**	**101**	**29,538**
Select Service Hotels										
— Middle-end hotels	125	22,265	–	–	–	–	7,987	906,377	8,112	928,642
— Budget hotels	827	85,257	–	–	–	–	5,519	416,617	6,346	501,874
Total number of Select Service Hotels	**952**	**107,522**	**–**	**–**	**–**	**–**	**13,506**	**1,322,994**	**14,458**	**1,430,516**
Total	**969**	**113,308**	**3**	**1,347**	**81**	**22,405**	**13,506**	**1,322,994**	**14,559**	**1,460,054**

INFORMATION ON HOTELS OF THE GROUP

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

In operation (As of 31 December 2020)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
Hotel Category										
Full Service Hotels										
– 5-star Luxury Hotels	5	2,250	2	964	36	12,612	–	–	43	15,826
– 4-star Luxury Hotels	10	3,262	1	383	31	6,788	–	–	42	10,433
Sub-total	**15**	**5,512**	**3**	**1,347**	**67**	**19,400**	**–**	**–**	**85**	**26,259**
Commercial Hotels	2	274	–	–	1	56	–	–	3	330
Total Number of Full Service Hotels	**17**	**5,786**	**3**	**1,347**	**68**	**19,456**	**–**	**–**	**88**	**26,589**
Select Service Hotels										
— Middle-end hotels	122	21,987	–	–	–	–	4,300	490,502	4,422	512,489
— Budget hotels	812	83,590	–	–	–	–	4,172	323,417	4,984	407,007
Total Number of Select Service Hotels	**934**	**105,577**	**–**	**–**	**–**	**–**	**8,472**	**813,919**	**9,406**	**919,496**
Total	**951**	**111,363**	**3**	**1,347**	**68**	**19,456**	**8,472**	**813,919**	**9,494**	**946,085**

INFORMATION ON HOTELS OF THE GROUP

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

Under development (As of 31 December 2020)	Hotels in which the Group held Hotel Interests and managed by the Group		Hotels in which the Group held Hotel Interests but managed by third parties		Hotels owned by third parties but managed by the Group		Hotels owned by third parties but operated under franchises granted by the Group		Total number of hotels	
	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms	Number of hotels	Total number of rooms
Hotel Category										
Full Service Hotels										
– 5-star Luxury Hotels	–	–	–	–	7	1,791	–	–	7	1,791
– 4-star Luxury Hotels	–	–	–	–	6	1,158	–	–	6	1,158
Sub-total	**–**	**–**	**–**	**–**	**13**	**2,949**	**–**	**–**	**13**	**2,949**
Commercial Hotels	–	–	–	–	–	–	–	–	–	–
Total Number of Full Service Hotels	**–**	**–**	**–**	**–**	**13**	**2,949**	**–**	**–**	**13**	**2,949**
Select Service Hotels										
— Middle-end hotels	3	278	–	–	–	–	3,687	415,875	3,690	416,153
— Budget hotels	15	1,667	–	–	–	–	1,347	93,200	1,362	94,867
Total Number of Select Service Hotels	**18**	**1,945**	**–**	**–**	**–**	**–**	**5,034**	**509,075**	**5,052**	**511,020**
Total	**18**	**1,945**	**–**	**–**	**13**	**2,949**	**5,034**	**509,075**	**5,065**	**513,969**

INFORMATION ON HOTELS OF THE GROUP

INFORMATION ON HOTELS OF THE GROUP 4 — LIST OF FULL SERVICE HOTELS IN WHICH THE GROUP HOLDS SUBSTANTIAL INTERESTS (INSIDE THE PRC)

Name of hotel	Effective interests held by the Company	Number of rooms	Address
5-star hotels			
Shanghai Jin Jiang Hotel	100.00%	442	No. 59, Maoming South Road Shanghai, the PRC
Shanghai Peace Hotel	100.00%	270	No. 20, Nanjing East Road Shanghai, the PRC
Shanghai Jin Jiang Tower	100.00%	582	No. 161, Changle Road Shanghai, the PRC
Shanghai Jin Jiang Tomson Hotel	50.00%	418	No. 777, Zhangyang Road Shanghai, the PRC
Shanghai Renaissance Yangtze Hotel	50.00%	546	No. 2099, Yan'an West Road Shanghai, the PRC
Beijing Kunlun Hotel	60.00%	558	No. 2, Xinyuan South Road Beijing, the PRC
Wuhan Jin Jiang International Hotel	100.00%	398	No. 707, Jianshe Avenue Wuhan Hubei Province, the PRC
4-star hotels			
Shanghai Park Hotel	100.00%	261	No. 170, Nanjing West Road Shanghai, the PRC
Shanghai Jian Guo Hotel	65.00%	455	No. 439, Caoxi North Road Shanghai, the PRC
Shanghai Rainbow Hotel	100.00%	602	No. 2000, Yan'an West Road Shanghai, the PRC
Shanghai Cypress Hotel	100.00%	152	No. 2419, Hongqiao Road Shanghai, the PRC
Shanghai Hotel	100.00%	521	No. 505, Wulumuqi North Road Shanghai, the PRC
Shanghai Jing An Hotel	100.00%	132	No. 370, Huashan Road Jing'an District Shanghai, the PRC
Holiday Inn Downtown Shanghai	100.00%	288	No. 585, Hengfeng Road Shanghai, the PRC
Kunming Jin Jiang Hotel	100.00%	315	No. 98, Beijing Road Kunming Yunnan Province, the PRC
West Capital International Hotel	100.00%	230	No. 135, West Street Lianhu District Xi'an Shaanxi Province, the PRC
Shanghai Sofitel Hyland Hotel	43.99%	383	No. 505, Nanjing East Road Shanghai, the PRC
Jiangsu Nanjing Hotel	40.00%	306	No. 259, Zhongshan North Road Nanjing Jiangsu Province, the PRC
Commercial Hotels			
Shanghai Pacific Hotel	100.00%	177	No. 108, Nanjing West Road Shanghai, the PRC

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

MAJOR AWARDS

“Jin Jiang” Brand

2019–2020 Tourism and Hospitality Industry MBI Award Presentation Ceremony and Summit Forum 2019–2020 — Top 10 Most Influential Domestic High-end Hotel Brand 2019

“Jin Jiang Hotels”

“Gold Medal Award 2020” hosted by Jiemian News of Shanghai United Media Group — Investor Relation Medal of the Year
The 2nd “New Fortune Best Listed Companies”
China Tourist Hotel Association — Top 60 China Hotel Groups 2019
Sina Finance — “PRC Corporate ESG ‘Gold Duty Award’ 2020” and Best Corporate Governance (G) Duty Award”
CLS — Best Corporate Governance Case Award
“Golden Quality” Award for Listed Companies 2020 hosted by Shanghai Securities News — Corporate Governance Award

Jin Jiang Hotel (China)

The 15th China Hotel Starlight Awards — Hotel Group with Outstanding Influence in China
Golden Light Award of China Tourism and Hospitality Industry — Outstanding Domestic Hotel Group in China
The 4th HOTELN Awards 2020 — Hotel Group with Investment Value 2020
The 17th Golden Pillow Award of China Hotels 2020 — Hotel Management Company in China with Excellent Investment Value 2020
Global Tourism Information Summit 2020 — Award of Outstanding Contributions to Anti-epidemic Work of the China Tourism Industry 2020
Ocean Engine — Urban Innovative Hotel Group 2020

“Jin Jiang Metropolo”

The 15th China Hotel Starlight Awards — Outstanding Cultural Theme Hotel Brand in China
Meadin — 2019 Select Service Mid-tier Hotel Influential Brand — Gold Journey Award
Meadin — 2019 Select Service Mid-tier Hotel Brand with Investment Value — Gold Journey Award
Golden Light Award of China Tourism and Hospitality Industry — Outstanding Cultural Tourism Brand in China
The 4th HOTELN Awards 2020 — Middle- to High-end Hotel with Investment Potential in China 2020
The 4th HOTELN Awards 2020 — Outstanding Anti-epidemic Hotel in China 2020
The 12th Continental Diamond Awards 2020 — Brand Hotel Development Investment Value Award of the Year
The 12th Continental Diamond Awards 2020 — Original Design Brand Hotel of the Year

“Magnolia”

The 15th China Hotel Starlight Awards — Outstanding Premium Service Hotel Brand in China
Meadin — 2019 Select Service Mid-tier Hotel Influential Brand — Gold Journey Award
Meadin — 2019 Select Service Mid-tier Hotel Brand with Investment Value — Gold Journey Award
Golden Light Award of China Tourism and Hospitality Industry — Outstanding Hotel Brand in China
The 4th HOTELN Awards 2020 — Hotel Brand with Investment Value in the China Hotel Industry 2020
The 17th Golden Pillow Award of China Hotels 2020 — Premium Service Mid-tier Hotel Brand 2020

MAJOR AWARDS

"Jin Jiang Inn"	Ctrip Tourism Award 2020 — Outstanding Hotel Brand 2020 Meadin — 2019 Budget Hotel Influential Brand — Gold Journey Award
"Golden Tulip"	Meadin — 2019 Full Service Mid-tier Hotel Influential Brand — Gold Journey Award Golden Light Award of China Tourism and Hospitality Industry — Outstanding Hotel Brand in China
"Campanile"	Meadin — 2019 Select Service Mid-tier Hotel Brand with Investment Value — Gold Journey Award The 4th CTCAS Summit and "Longque Award" 2019 — Best Cultural Tourism Investment Hospitality Brand in 2019
"Kyriad"	The 15th China Hotel Starlight Awards — Outstanding Business Hotel Brand in China Golden Light Award of China Tourism and Hospitality Industry — Outstanding Hotel Brand in China The 8th Global (China) Cultural Tourism Gold Awards — Global (China) Outstanding Urban Business Hotel Ctrip Tourism Award 2020 — Outstanding Hotel Brand 2020
"Lavande"	Meadin — 2019 Select Service Mid-tier Hotel Influential Brand — Gold Journey Award The 17th Golden Pillow Award of China Hotels 2020 — Investors' Choice of Mid-tier Hotel Brand 2020 The 12th Continental Diamond Awards 2020 — Hotel Brand Development and Investment Value Award of the Year Ctrip Tourism Award 2020 — Outstanding Hotel Brand 2020 Pinchain Tourism China Hospitality Awards — Feature Hospitality Marketing Case Yanlv Tourism Awards — Choice Creative Marketing Hotel Brand of the Year
"James Joyce Coffetel"	The 20th China Hotel Golden Horse Award —Best Boutique Hotel Leading Brand in China The 20th China Hotel Golden Horse Award — Vanguard Anti-epidemic Unit in the Cultural and Tourism Industry 2020 The 15th China Hotel Starlight Awards —Popular Chain Business Hotel Brand in China The 9th China Hotel Cultural Festival — TOP10 Chain Budget Hotel Brand in China 2020 (by Scale) The 12th China Hotel Industry Gold Eagle Award — Benchmark Brand of the Year for Achievements in Scenario Operation
"Xana Hotelle"	The 20th China Hotel Golden Horse Award — The Most Popular National Hotels Brand among Consumers in China The 15th China Hotel Starlight Awards — Hotel Brand with Outstanding Investment Value in China The 4th HOTELN Awards 2020 — Hotel with Development Scale in China 2020 The 8th Global (China) Cultural Tourism Gold Awards — Global (China) Outstanding Boutique Hotel Brand The 9th China Financial Sector Summit — Brand with Industry Influence 2020

MAJOR AWARDS

"Huan Peng"	The 15th China Hotel Starlight Awards — International Hotel Brand with Excellent Investment Reputation in China Most Valuable Hotel Brands Worldwide 2020 — 5th ranking in Most Valuable Hotel Brands Worldwide 2020 www.hotel.hc360.com — "Most Charming" and Influential Hotel Brand 2020
"ZMAX 潮漫"	The 15th China Hotel Starlight Awards — Hotel Brand with Outstanding Development Potential in China Meadin — 2019 Select Service Mid-tier Hotel Brand with Investment Value — Gold Journey Award
"ZMAX"	The 15th China Hotel Starlight Awards — Outstanding Green Hotel Brand in China Meadin — 2019 Select Service Mid-tier Hotel Brand with Commercial Value — Gold Journey Award 2020 Global Hotel Festival Summit Forum and Award Presentation Ceremony — Outstanding Lifestyle Hotel Brand of the Year
"ZMAX 潮漫"	Meadin — 2019 Select Service Mid-tier Hotel Brand with Investment Value — Gold Journey Award IQF2020 — Meticulous Quality Award 2020 — Outstanding Corporate Award
"Fei Fan Cheng Pin"	The 9th China Hotel Cultural Festival — TOP20 Chain Middle-end Hotel Brand in China 2020 (by Scale)
"7 Days"	Meadin — 2019 Budget Hotel Influential Brand — Gold Journey Award The 4th HOTELN Awards 2020 — Hotel Brand with Investment Value in the China Hotel Industry 2020 The 9th China Hotel Cultural Festival — TOP3 Chain Budget Hotel Brand in China 2020 (by Scale)
"IU"	Meadin — 2019 Budget Hotel Influential Brand — Gold Journey Award The 4th HOTELN Awards 2020 — Innovative Lifestyle Hotel Brand in China 2020 The 9th China Hotel Cultural Festival — TOP30 Chain Budget Hotel Brand in China 2020 (by Scale)
"Vienna International"	The 15th China Hotel Starlight Awards — Outstanding Middle-end Hotel Brand in China

MAJOR AWARDS

"Vienna Hotels"	The 15th China Hotel Starlight Awards — Hotel Brand with Outstanding Development Potential in China Meadin — 2019 Select Service Mid-tier Hotel Influential Brand — Gold Journey Award Meadin — 2019 Select Service Mid-tier Hotel Brand with Investment Value — Gold Journey Award Golden Light Award of China Tourism and Hospitality Industry — Hotel Brand with Excellent Influence in China The 4th HOTELN Awards 2020 — Influential Hotel of the Year in the China Hotel Industry The 17th Golden Pillow Award of China Hotels 2020 — Business Hotel Brand with Excellent Influence 2020 The 8th Global (China) Cultural Tourism Gold Awards — Global (China) Outstanding Mid-tier Hotel Brand The 15th Asian Brand Awards — Top 10 Trustworthy Brands in Asia (Industries) 2020
"Vienna 3 Best"	Golden Light Award of China Tourism and Hospitality Industry — Hotel Brand with Investment Value of the Year in China
"歐暇•地中海"	Golden Light Award of China Tourism and Hospitality Industry — Hotel Brand with Investment Potential of the Year in China
"麗亭"	The 17th Golden Pillow Award of China Hotels 2020 — Excellent Business Travel Design Hotel Brand in China 2020
"麗芮"	The 15th China Hotel Starlight Awards — Premium Choice High-end Lifestyle International Hotel Brand in China
"麗柏"	Golden Light Award of China Tourism and Hospitality Industry — Hotel Brand with Investment Value of the Year in China
"暻閣"	The 4th HOTELN Awards 2020 — Influential High-end Hotel Brand in China 2020

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"ADR"	room revenue divided by rooms in use
"Audit and Risk Control Committee"	the audit and risk control committee of the Company
"Available Room(s)"	number of room(s) available of each hotel after deducting Permanent House Use
"Beijing Kunlun Hotel"	Kunlun Hotel Co., Ltd. (北京崑崙飯店有限公司)
"Board"	the board of Directors of the Company
"China" or "PRC"	The People's Republic of China
"Commercial Hotel(s)"	hotel(s) in which the Group holds Hotel Interests or which are owned by the third parties but managed by the Group, which have obtained or are expected to obtain 3-star or 2-Star-ratings, according to the criteria set by the Group
"Company"	Shanghai Jin Jiang Capital Company Limited
"COVID-19 epidemic"	Coronavirus Disease epidemic
"Director(s)"	the director(s) of the Company
"EUR"	Euro, the lawful currency of the European Union
"Finance Company"	Jin Jiang International Finance Company Limited (錦江國際集團財務有限公司)
"Franchisee(s)"	third party(ies) who have entered into franchise agreement(s) with the Group for the license to use the Jin Jiang trademark or Jin Jiang Inn trademark
"Full Service Hotel(s)"	hotel(s) which are based on comprehensive hotel functions and facilities, and provide all rounded quality services for guests
"Gaoxiao Taxi"	Shanghai Gaoxiao Taxi Company Limited (上海高校出租汽車有限公司)
"GDL"	Groupe du Louvre, a société par actions simplifiée incorporated under the laws of France
"Group"	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the date of incorporation of the Company, those entities and businesses which were consolidated into and operated by the Company upon its establishment
"Hongqiao United"	Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd. (上海虹橋經濟技術開發區聯合發展有限公司)
"Hotel Interest(s)"	the equity interest(s) held by the Group in companies engaged in hotel operations

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Huangpu Housing Management Bureau"	Bureau of Housing Security and Management of Shanghai Huangpu District (上海市黃浦區住房保障和房屋管理局)
"Huangpu No. 3 Property Requisition Company"	Shanghai Huangpu District No. 3 Property Requisition Services Co., Ltd. (上海市黃浦區第三房屋徵收服務事務所有限公司)
"JHJ Transportation"	JHJ International Transportation Co., Ltd. (錦海捷亞國際貨運有限公司)
"Jian Guo Hotel"	Shanghai Jian Guo Hotel Co., Ltd. (上海建國賓館有限公司)
"Jin Jiang Automobile"	Shanghai Jin Jiang Automobile Services Co., Ltd. (上海錦江汽車服務有限公司)
"Jin Jiang Cold"	Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. (上海錦江國際低溫物流發展有限公司)
"Jin Jiang GDL Asia"	Jin Jiang GDL Asia Co., Ltd. (上海錦江盧浮亞洲酒店管理有限公司), formerly known as Shanghai Jin Jiang Metropolo Hotel Management Company Limited (上海錦江都城酒店管理有限公司)
"Jin Jiang HK"	Shanghai Jin Jiang International Hotels Group (HK) Company Limited (上海錦江國際酒店集團(香港)有限公司)
"Jin Jiang Hotel"	Jin Jiang Hotel Company Limited (上海錦江飯店有限公司)
Jin Jiang Hotel Investment"	Shanghai Jin Jiang International Hotel Investment Company Limited (上海錦江國際旅館投資有限公司)
"Jin Jiang Hotels"	Shanghai Jin Jiang International Hotels Company Limited (上海錦江國際酒店股份有限公司)
"Jin Jiang Inn"	Jin Jiang Inn Company Limited (錦江之星旅館有限公司)
"Jin Jiang International Group"	Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司)
"Jin Jiang International Investment"	Shanghai Jin Jiang International Investment and Management Company Limited (上海錦江國際投資管理有限公司)
"Jin Jiang Online"	Shanghai Jin Jiang Online Network Service Company Limited (上海錦江在線網絡服務股份有限公司), formerly known as Shanghai Jin Jiang International Industrial Investment Company Limited (上海錦江國際實業投資股份有限公司)
"Jin Jiang Travel"	Shanghai Jin Jiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司)
"Jin Ya Catering"	Shanghai Jin Ya Catering Management Co., Ltd. (上海錦亞餐飲管理有限公司), formerly known as Shanghai New Asia Café de Coral Company Limited (上海新亞大家樂餐飲有限公司)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Luxury Hotel(s)"	hotel(s) in which the Group holds Hotel Interests or which are owned by third parties but managed by the Group which have obtained or are expected to obtain 5-star or 4-Star-ratings, according to the criteria set by the Group

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Occupancy Rate"	rooms in use divided by Available Rooms for a given period
"Permanent House Use"	guest rooms which have been removed from the rentable inventory for a period longer than six months
"Plateno Group"	Keystone Lodging Holdings Limited and its subsidiaries
"Plaza Great Wall"	Shanghai New Asia Plaza Great Wall Hotel Company Limited (上海新亞廣場長城酒店有限公司)
"Radisson Hotel Group"	Radisson Hotel Group
"Reporting Period"	the period from 1 January 2020 to 31 December 2020
"RevPAR"	room revenue per Available Room
"RMB"	Renminbi, the lawful currency of the PRC
"Select Service Hotel(s)"	hotel(s) providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
"Shanghai Company"	Shanghai Shanghai Food Co., Ltd. (上海尚海食品有限公司)
"Shanghai International"	Shanghai International Group Co., Ltd. (上海國際集團有限公司)
"Shanghai SASAC"	Shanghai Municipal State-owned Assets Supervision and Administration Commission
"Sofitel Hyland"	Sofitel Hyland Shanghai Co., Ltd. (上海海侖賓館有限公司)
"Star-rating" or "Star-rated"	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Supplies Company"	Shanghai Jin Jiang International Hotel Supplies Company Limited (上海錦江國際酒店物品有限公司)
"Vienna Hotels"	Vienna Hotels Group Co., Ltd. (維也納酒店有限公司)
"WeHotel"	Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司)
"Yangtze Hotel"	Shanghai Yangtze Hotel Company Limited (上海揚子江大酒店有限公司)

FINANCIAL HIGHLIGHTS

	2020	2019 (Restated)*	2018	2017	2016
Items of Consolidated Income Statement (RMB million)					
Revenue	**14,201**	20,977	20,631	19,759	17,013
Profit attributable to shareholders of the Company	**298**	676	762	761	758
Earnings per share on profit attributable to shareholders of the Company (RMB cents)	**5.36**	12.14	13.68	13.67	13.63
Items of Consolidated Balance Sheet (RMB million)					
Total assets	**61,713**	63,439	57,184	62,998	56,771
Total liabilities	**41,860**	43,804	37,138	42,194	36,631
Total equity	**19,853**	19,635	20,046	20,804	20,140
Total equity attributable to the shareholders of the Company	**9,493**	9,229	9,473	9,485	9,357
Items of Consolidated Statement of Cash Flows (RMB million)					
Net cash (used)/generated from operating activities	**(332)**	3,963	1,180	6,597	1,146
Non-HKFRS Financial Information					
Proposed dividend (RMB million)	**57**	345	445	445	445
Proposed dividend per share (RMB cents)	**1.02**	6.20	8.00	8.00	8.00
EBITDA (RMB million)	**4,814**	6,269	4,427	4,468	4,118
Total equity per share (RMB)	**3.57**	3.53	3.60	3.74	3.62
Total equity per share attributable to the shareholders of the Company (RMB)	**1.71**	1.66	1.70	1.70	1.68
Gearing ratio	**46.3%**	45.6%	35.0%	37.8%	43.9%
Additions to non-current assets (other than financial instruments and deferred tax assets) (RMB million)	**3,472**	1,727	1,423	3,647	14,725

* In 2020, Jin Jiang Online acquired 100% equity interests in Gaoxiao Taxi, which was regarded as a common control combination and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Comparative figures as at 31 December 2019 and for the year ended then were restated in accordance with the above accounting treatment.

OPERATIONAL STATISTICS

	2020	2019
Average Occupancy Rate		
Full Service Hotels		
— 5-star Luxury Hotels	**33%**	72%
— 4-star Luxury Hotels	**43%**	63%
Select Service Hotels in the PRC	**61%**	75%
— Middle-end hotels	**66%**	78%
— Budget hotels	**54%**	72%
Select Service Hotels outside the PRC	**37%**	65%
— Middle-end hotels	**34%**	60%
— Budget hotels	**38%**	67%
ADR (RMB/room)		
Full Service Hotels		
— 5-star Luxury Hotels	**720**	872
— 4-star Luxury Hotels	**413**	533
Select Service Hotels in the PRC	**196**	211
— Middle-end hotels	**233**	260
— Budget hotels	**141**	160
Select Service Hotels outside the PRC (EUR/room)	**53**	57
— Middle-end hotels (EUR/room)	**64**	66
— Budget hotels (EUR/room)	**50**	54
RevPAR (RMB/room)		
Full Service Hotels		
— 5-star Luxury Hotels	**241**	627
— 4-star Luxury Hotels	**178**	338
Select Service Hotels in the PRC	**119**	157
— Middle-end hotels	**155**	203
— Budget hotels	**141**	115
Select Service Hotels outside the PRC (EUR/room)	**20**	37
— Middle-end hotels (EUR/room)	**22**	39
— Budget hotels (EUR/room)	**19**	36

Notes:

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

2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Plaza Great Wall, Golden Tulip Shanghai Rainbow, Shanghai Hotel, Shanghai Jing An Hotel, Shanghai Sofitel Hotel, Jiangsu Nanjing Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.

3. Under the Select Service Hotels in the PRC, the middle-end hotels include the operational data of all operating chain hotels under the brands of, among others, "Jin Jiang Metropolo", "Campanile (康鉑)", "Lavande", "James Joyce Coffetel", "Xana", "Venus Royal", "Vienna International", "Vienna Classic", "Vienna Hotels" and "Vienna 3 Best"; the budget hotels include the operational data of all operating chain hotels under the brands of, among others, "Jin Jiang Inn", "Jinguang Inn", "Bestay Hotels Express", "IU", "7 Days Inn" and "Pai".

4. Under the Select Service Hotels outside the PRC, the middle-end hotels include the operational data of all operating chain hotels under the brands of, among others, "Golden Tulip"; the budget hotels include the operational data of all operating chain hotels under the brands of, among others, "Premiere Classe", "Campanile", "Kyriad" and "Sarovar".

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present on behalf of the Board the annual report of the Group for the year ended 31 December 2020.

During 2020, the Group actively dealt with the unprecedented COVID-19 epidemic, bearing in mind the mission of "Jin Jiang" as a national brand as it positioned itself according to a global strategic perspective. The integration of our hotel businesses was expedited with comprehensive enhancement in quality and efficiency. Through the synergetic joint effort of various segments, the overall advantage of Jin Jiang was brought into full play to drive the integration of the brand with "one centre and three platforms" (namely, Jin Jiang Hotel Global Innovation Centre, WeHotel Global Shared Hotel Platform, Jin Jiang Global Shared Procurement Platform and Jin Jiang Global Shared Financial Platform). Through coordination in the operation of capital, assets, treasury and resources and development in the industry, we have enhanced our contributions to the national strategy and the strategy of Shanghai and built the national brand of "Jin Jiang" into a world-renowned name with resolute efforts.

During the Reporting Period, the Group realised sales revenue of approximately RMB14.201 billion, representing a decrease of approximately 32.3% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB1.681 billion, representing a decrease of approximately 42.3% as compared to the same period of last year. Earnings before interests, taxes, depreciation and amortisation ("EBITDA") of the Group amounted to approximately RMB4.814 billion, representing a decrease of approximately 23.2% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB298 million, representing a decrease of approximately 55.8%, mainly due to the impact of the COVID-19 epidemic. The Board has proposed a distribution of RMB1.02 cents (inclusive of tax) per share as dividends for the year ended 31 December 2020.

In 2020, the Group held or managed a total of 9,494 hotels in operation with approximately 950,000 rooms in aggregate in 66 countries over the world. Among the said hotels, a total of 8,226 self-owned or managed hotels were in operation in China with approximately 840,000 rooms in total. In addition, 5,066 hotels of the Group were under construction over the world with a total of approximately 510,000 rooms. In terms of the number of guest rooms in operation, the Group together with the guest rooms in operation of Radisson Hotel Group of Jin Jiang International Group ranked second in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in August 2020.

In 2020, Jin Jiang Hotels, a subsidiary of the Company, launched a non-public issuance of A shares. The "Reply on Approval for the Non-public Issuance of Shares by Shanghai Jin Jiang International Hotels Company Limited" issued by the China Securities Regulatory Commission has been received, granting approval to the non-public issuance of not more than 150 million new shares by Jin Jiang Hotels, through which Jin Jiang Hotels is expected to raised RMB5 billion.

In 2020, the Group established Jin Jiang Hotels China Company, which was the first restructuring of the frontline brands and back-end organisational structure by the Group following the successive acquisitions of GDL, Plateno Group and Vienna Hotels in recent years. The establishment of Jin Jiang Hotels China Company represents a crucial measure of the Group for the advancement of the strategy of "intensive domestic business development, global deployment and multinational operations" in active response to the unprecedented COVID-19 epidemic and evolving global landscapes to turn crises into opportunities.

In 2020, the Company and Shanghai International and its subsidiary entered into a cooperation framework agreement in relation to equity restructuring and swap project of subsidiaries, pursuant to which a series of equity restructuring and swaps of the Group's relevant equity interests in Sofitel Hyland, Jian Guo Hotel and Beijing Kunlun Hotel were proposed in accordance with the Company's strategic positioning of "capital, assets, funds and resources" and requirements for deepening reforms and focusing on core business development, with the aim of optimising the hotel assets and enhancing the overall market strengths of the Company. Through the swap, the Company has been further focused on its core business, optimised its management mechanism and increased its capability in market-oriented operation and management. In the meantime, it was also conducive to the advancement of the development of Jin Jiang Hotels as a high-end brand and the enhancement of its market competitiveness.

CHAIRMAN'S STATEMENT

The Group supported anti-epidemic measures with its full effort, and proactively fulfilled its social responsibility as a State-owned enterprise, as it deployed domestic hotel resources at first instance for the government use as venues for designated quarantine, quarantine for international arrivals and accommodation for frontline anti-epidemic workers, etc. while organising hotel staff to fulfill their frontline duties and assuring the provision of services subject to stringent implementation of anti-epidemic measures. During the COVID-19 epidemic, 818 hotels under the Group with 140,000 rooms across the nation were offered to support anti-epidemic operations in Wuhan, Shanghai and elsewhere in China. Meanwhile, the Group procured meticulous logistical back-up for 1,649 Shanghai medical workers dispatched to Hubei, providing premium services in vigorous implementation of instructions of State and Shanghai authorities to take care of frontline medical staff and in a fine testimony to the corporate image of Jin Jiang. Meanwhile, we also adopted various measures, such as fully or partially waiving the ongoing franchise fees for franchisees, properly handling expropriated and temporarily closed hotels, enhancing disinfection and sanitisation of hotels and vehicles and processing the cancellation or rescheduling of customers' trips, in a diligent effort to fulfill its corporate social responsibility through a range of anti-epidemic initiatives.

In 2021, the complexity and volatility in global political and economic conditions, lack of comprehensive control over the COVID-19 epidemic, uncertainties in global economic recovery, periodic structural supply-and-demand correlation in the hotel industry and rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. Nevertheless, with the gradual promotion of COVID-19 vaccination, the international tourism industry should embrace gradual recovery, and broad prospects for future development still hold out for the tourism and hotel industry. The Group will actively address the challenges and seize the opportunities that might arise.

Year 2021 is the first year of the "14th Five-year Plan" period, as well as the beginning of our journey towards the accomplishment of goals for the second centenary period. The Group will intensify the reform of its mechanisms and institutional systems with persistent efforts and explore the innovation and transformation of business models compatible with the age of the Internet economy. The Group will seek to take the business to another level in terms of "brand, quality, efficiency, scale, business network, market value and human resources" in our drive for high-quality development. Further efforts will be made in the coordinated application of capital, assets, fund and resources to enhance our efficiency and effectiveness. The global deployment of human resources will be further optimised with stronger efforts to build a global team, as the Group endeavors to develop Jin Jiang into a competitive global hotel group matching international standards and the national "Jin Jiang" brand into a world-renowned name.

In addition to the pursuit of economic benefits and safeguarding of shareholders' interests, the Group is also engaged in the vigorous protection of the lawful rights and interests of its staff, customers and business partners in accordance with its corporate social responsibility underpinned by sustainability. The Group is actively involved in community welfare initiatives such as environmental protection activities and the development of residential communities, while in the hotel operations, the Group highlights the importance of "safety, healthiness, comfort and professionalism", aiming to promote coordinated and harmonious development with the society and to achieve economic benefits for the hotels, social benefits for the community and well-being of the ecological environment at the same time.

Finally, I wish to express sincere gratitude to all employees for their invaluable contributions to the Group. I would also like to take this opportunity to thank all shareholders, investors and the public for their longstanding support of the Group. In united effort with our shareholders, we pledge to continue to enhance the value of the Group and deliver sound rewards for all.

Yu Minliang
Chairman
Shanghai, the PRC
31 March 2021

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yu Minliang (俞敏亮), aged 63, the chairman of the Board and an executive Director. Mr. Yu is an economist with a master's degree in economics. He is a member of the Communist Party of China. He was the general manager of Shanghai New Asia (Group) Co., Ltd. (上海新亞（集團）股份有限公司), the general manager and the secretary to the Party Committee of Shanghai New Asia (Group) Company Limited (上海新亞（集團）有限公司), the chairman and the secretary to the Party Committee of Jin Jiang (Group) Company Limited and the chairman, the secretary to the Party Committee and chief executive officer of Jin Jiang International Group. At present, Mr. Yu is also serving as the chairman and the secretary to the Party Committee of Jin Jiang International Group and the chairman of Jin Jiang Hotels.

Ms. Guo Lijuan (郭麗娟), aged 58, the vice chairperson of the Board and an executive Director. Ms. Guo obtained a master's degree in business administration. She is a member of the Communist Party of China. Ms. Guo was the deputy head of the suburban department and the rights and interests department of China Communist Youth League Shanghai Committee (共青團上海市委). She was the general manager, the chairperson and the secretary to the Party Committee of Shanghai Advertising Co., Ltd. (上海廣告有限公司). She was a director and the vice president of Shanghai World Expo (Group) Co., Ltd. (上海世博（集團）有限公司). She was an executive director, the chairperson and the secretary to the Party Committee of Shanghai Foreign Service Co., Ltd. (上海對外服務有限公司) as well as the vice president of Shanghai East Best International (Group) Co., Ltd. (上海東浩國際服務貿易（集團）有限公司). Ms. Guo is currently the president, the deputy secretary to the Party Committee and a director of Jin Jiang International Group and the vice chairperson of Jin Jiang Hotels.

Mr. Chen Liming (陳禮明), aged 60, the vice chairman of the Board and an executive Director. Mr. Chen obtained a master's degree in business administration and he is an economist. He is a member of the Communist Party of China. Mr. Chen was the general manager of Holland Shanghai City Restaurant Co., Ltd. (荷蘭上海城酒家有限公司), the deputy general manager of Sofitel Hyland, the executive manager of Shanghai New Asia (Group) Co., Ltd. (上海新亞（集團）股份有限公司), the secretary of the executive committee of the board of directors (vice president), vice president and vice chairman of Jin Jiang International Group. He is currently the chief executive officer (overseas business) of Jin Jiang International Group, a director of Jin Jiang Hotels, the chairman and the president of GDL and the chairman of Radisson Hospitality Inc. (U.S.).

Mr. Ma Mingju (馬名駒), aged 60, an executive Director and the chief executive officer of the Company. He is a senior accountant with a master's degree in business administration. He is a member of the Communist Party of China. Mr. Ma was the manager of accounting and finance department and general manager of the Finance Business Division of Jin Jiang International Group and the Supervisor of the Company and director of Jin Jiang Online. He is currently the vice president of Jin Jiang International Group, the chairman of Jin Jiang International Investment, the chairman of Finance Company and the chairman of Radisson Hospitality AB (publ), respectively.

Ms. Zhou Wei (周維), aged 40, an executive Director. She holds master's degrees in business administration and arts respectively. She is a member of the Communist Party of China. She was formerly the deputy chief director of the department of translation and interpretation of Foreign Affairs Office of the Shanghai Municipal People's Government, the deputy manager of the Investment Development Division of Jin Jiang International Group, the director and the chief investment officer of the Investment Development Division of the Company, the deputy chief executive officer of Jin Jiang GDL Asia and a director of Radisson Hospitality Inc. (U.S.), and is currently the vice president of Jin Jiang International Group, a director of Jin Jiang Hotels, a director of Radisson Hospitality AB (publ) and a supervisor of GDL.

Mr. Sun Yu (孫瑜), aged 47, an executive Director. He is a senior accountant with a master's degree in accounting. He is a member of the Communist Party of China. He was formerly the financial director of Shanghai Diesel Engine Co., Ltd. (上海柴油機股份有限公司) and the deputy general manager and financial director of the Finance Business Division of Jin Jiang International Group. He is currently the vice president Jin Jiang International Group, a director of Jin Jiang Online, a director of Jin Jiang Travel and the vice chairman of Jin Jiang International Investment.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ji Gang (季崗), aged 63, an independent non-executive Director. He is a senior economist with a master's degree in economics. Mr. Ji was the general manager of Shanghai Zhongya Hotel, general manager and chairman of Shanghai Everbright City Company Limited, director of Zhabei District Commercial Committee, director of Zhabei District Economic Committee, president of SIIC Investment Company Limited in Hong Kong, the vice chairman and president of Shanghai Industrial Development Company Limited, the chairman of the board, president and executive director of Shanghai Industrial Urban Development Group Limited.

Dr. Rui Mingjie (芮明杰), aged 66, an independent non-executive Director. He is a professor and an instructor for doctoral candidates with a doctoral degree. Dr. Rui is currently the head of the Department of Industrial Economics, director of the Center for Business Development and Management Innovation of Fudan University, discipline leader in the national key discipline of Industrial Economics of Fudan University, and person-in-charge of the post-doctoral mobile station in Applied Economics at Fudan University. He is also the vice president of China Society of Industrial Economics, chief specialist of Shanghai Innovative Research Base of Social Sciences (Industry Structural Adjustment) (上海市社會科學創新研究基地(產業結構調整)), and a leading figure of Rui Mingjie's Office of Government Policy Counselling and Research Base of Shanghai Municipal Government (上海市政府決策諮詢研究基地芮明杰工作室).

Mr. Shen Liqiang (沈立強), aged 64, an independent non-executive Director. Mr. Shen is a senior accountant with a master's degree in business administration. He is a member of the Communist Party of China. He is currently an independent director of Caitong Securities Company Limited. He was the national representative of the 13th and 14th Shanghai Municipal People's Congress and one of the first Top 10 Shanghai Financiers. With dozens of years in the financial industry, he worked in People's Bank of China and Industrial and Commercial Bank of China. He worked in Industrial and Commercial Bank of China, as the deputy branch manager and the deputy secretary to the Party Committee of Zhejiang Provincial Branch, the branch manager and the secretary to the Party Committee of Hangzhou Municipal Branch, Hebei Provincial Branch and Shanghai Municipal Branch. He was the chairman of ICBC Credit Suisse Asset Management Co., Ltd. and Shanghai Banking Association, a director of the University Council of Shanghai University of Finance and Economics, an independent director of SINOPEC Shanghai Petrochemical Company Limited, the president of Shanghai Jindin Financial, Historical and Cultural Development Foundation and the head of Shanghai Bank Museum.

SUPERVISORS

Mr. Wang Guoxing (王國興), aged 57, the chairman of the Supervisory Committee. Mr. Wang is a senior accountant with a master's degree in economics. He is a member of the Communist Party of China. He was a lecturer of the School of Finance of Shanghai University of Finance and Economics, board secretary of Jin Jiang Hotels, board secretary and deputy financial director of Shanghai New Asia (Group) Company Limited (上海新亞(集團)有限公司) as well as deputy financial director and the chief secretary of the executive committee (vice president) of the board of Jin Jiang International Group. He is currently a vice president of Jin Jiang International Group and the chairman of the supervisory committee of Jin Jiang Hotels, Jin Jiang Online and Jin Jiang Travel.

Mr. Kuang Ke (匡克), aged 42, a Supervisor. He holds a bachelor's degree in economics. He was the head of audit of Shanghai Hongqiao Parkson Trading Company (上海虹橋百盛商貿有限公司) and the audit manager of New World Department Store China Limited (新世界百貨中國有限公司). He is currently the deputy head of the audit office of Jin Jiang International Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhao Feng, aged 46, a Staff Supervisor, deputy secretary of the Communist Party Committee, secretary of the Disciplinary Committee and chairman of the Trade Union. He holds a master of business administration degree. He was deputy general manager of a network branch company of Jin Jiang Travel, general manager of Shanghai National Tourism Advertising Company Limited (上海國旅廣告有限公司), member of the Communist Party organisation and deputy chief of the Bureau of Culture, Sports, Broadcast, Television and Tourism of Karamay, Xinjiang (9th Dispatchment of Shanghai officers in aid of Xinjiang).

JOINT COMPANY SECRETARIES

Ms. Zhang Jue (張珏), aged 38, the Board secretary and joint company secretary of the Company. She holds a bachelor's degree. She was a securities affairs representative of Jin Jiang Hotels, a board secretary and a deputy director of planning and development department of Jin Jiang Travel. She is currently a director of Jin Jiang Online and Jin Jiang Travel.

Ms. So Lai Shan (蘇麗珊), the joint company secretary of the Company. Ms. So joined the Company on 31 August 2018. Ms. So is an assistant manager of the Listing Services Department of TMF Hong Kong Limited and has more than 10 years of experience in company secretarial field. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.

SENIOR MANAGEMENT

Mr. Ma Mingju (馬名駒), an executive Director and the chief executive officer of the Company. Please refer to his biography under the paragraph headed "Executive Directors" in this section.

Ms. Yin Yanhong (尹嫣紅), aged 52, the chief financial officer and finance controller of the Company. She is a senior accountant with a master's degree in accounting. She was the manager of the audit department and finance department of Hua Lian Supermarket Co. Ltd, and the assistant to the manager and deputy manager of the planning and finance department of Jin Jiang International Group.

Ms. Zhang Wei (張偉), aged 54, the vice president of the Company. She is a senior political analyst with a bachelor's degree. She was the deputy secretary to the Party Committee and executive deputy manager of Peace Hotel, and the general manager of Expo Jin Jiang Apartment Hotel (世博錦江公寓酒店) as well as the deputy secretary to the Party Committee of the Company. She currently also serves as the vice president of the asset management centre of the Company.

Mr. Xia Li (夏力), aged 52, a vice president of the Company. He holds a master's degree in business administration. He was formerly the general manager of Holland Shanghai City Co., Ltd. (荷蘭上海城有限公司), deputy general manager of Shanghai Marriott Hotel Hongqiao, standing deputy general manager of Shanghai Zitai Hotel Management Co. Ltd. (上海紫泰酒店管理有限公司), deputy general manager of Shanghai Zizhu Hotel Co. Ltd. (上海紫竹酒店有限公司). He currently serves as general manager of Shanghai Tower Jin Jiang Hotel Assets Management Company Limited (上海中心大廈錦江酒店資產管理有限公司).

Dr. Ai Gengyun (艾耕雲), aged 50, a qualified accountant of the Company. Dr. Ai was the director of the planning and finance department of Jin Jiang Hotels, deputy general manager of Shanghai Kentucky Fried Chicken Company Limited, director of the planning and finance department of the Company and a director of GDL. Dr. Ai is a member of the Chinese Institute of Certified Public Accountants and a senior accountant in the PRC with extensive professional experience in financial reporting, management and internal control.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Cai Jianping (蔡建平), aged 59, a vice-president of the Company. He holds a bachelor's degree. He was a director of human resources department of Shanghai New Asia (Group) Company Limited, a deputy general manager of Sofitel Hyland, a deputy general manager of Yangtze Hotel and a director of human resources department of the Company.

Ms. Zhang Jue (張珏), the Board secretary and joint company secretary of the Company. Please refer to her biography under the paragraph headed "Joint Company Secretaries" in this section.

In accordance with code B.1.5 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the annual remuneration and relevant bands of the senior management for 2020 listed in the section headed "Directors, Supervisors and Senior Management" in this annual report are set out as follows:

	Year ended 31 December 2020 RMB'000
Salary and other allowances	1,849
Discretionary bonus	446
Retirement scheme contributions	560
	2,855

The emoluments fell within following bands:

	Year ended 31 December 2020 Number
RMB420,820 (equivalent to HK$500,000) to RMB841,640 (equivalent to HK$1,000,000)	6

MANAGEMENT DISCUSSION AND ANALYSIS

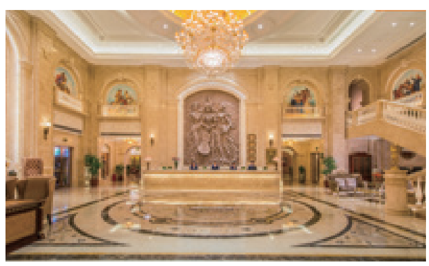
BUSINESS REVIEW

During 2020, the Group actively dealt with the unprecedented COVID-19 epidemic, bearing in mind the mission of "Jin Jiang" as a national brand as it positioned itself according to a global strategic perspective to seize historic opportunities emerging in the crisis. The integration of our hotel businesses was expedited with comprehensive enhancement in quality and efficiency. Through the synergetic joint effort of various segments, the overall advantage of Jin Jiang was brought into full play to drive the integration of the brand with "one centre and three platforms" (namely, Jin Jiang Hotel Global Innovation Centre, WeHotel Global Shared Hotel Platform, Jin Jiang Global Shared Procurement Platform and Jin Jiang Global Shared Financial Platform). Through coordination in the operation of capital, assets, treasury and resources and development in the industry, we have enhanced our contributions to the national strategy and the strategy of Shanghai and built the national brand of "Jin Jiang" into a world-renowned name with resolute efforts.

During the Reporting Period, the Group realised sales revenue of approximately RMB14,201,062,000, representing a decrease of approximately 32.3% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB1,680,781,000, representing a decrease of approximately 42.3% as compared to the same period of last year. EBITDA of the Group amounted to approximately RMB4,813,741,000, representing a decrease of approximately 23.2% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB298,463,000, representing a decrease of approximately 55.8%, mainly due to the impact of the COVID-19 epidemic. The Board has proposed a distribution of RMB1.02 cents (inclusive of tax) per share as dividends for the year ended 31 December 2020.

As at the end of the Reporting Period, the Group held or managed a total of 9,494 hotels in operation with approximately 950,000 rooms in aggregate in 66 countries over the world. Among the said hotels, a total of 8,226 self-owned or managed hotels were in operation in China with approximately 840,000 rooms in total. In addition, 5,066 hotels of the Group were under construction over the world with a total of approximately 510,000 rooms. In terms of the number of guest rooms in operation, the Group together with the guest rooms in operation of Radisson Hotel Group of Jin Jiang International Group ranked the second in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in August 2020.





MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group supported anti-epidemic measures with its full effort, and proactively fulfilled its social responsibility as a State-owned enterprise, as it deployed domestic hotel resources at first instance for the government use as venues for designated quarantine, quarantine for international arrivals and free accommodation for frontline anti-epidemic workers, etc. while organising hotel staff to fulfill their frontline duties and assuring the provision of services subject to stringent implementation of anti-epidemic measures. During the COVID-19 epidemic, 818 hotels under the Group with 140,000 rooms across the nation were offered to support anti-epidemic operations in Wuhan, Shanghai and elsewhere in China. Meanwhile, the Group procured meticulous logistical back-up for 1,649 Shanghai medical workers dispatched to Hubei, providing premium services in vigorous implementation of instructions of the Municipal Commission and Municipal Government to take care of frontline medical staff and in a fine testimony to the corporate image of Jin Jiang. Meanwhile, we also adopted various measures, such as fully or partially waiving the ongoing franchise fees for franchisees, properly handling expropriated and temporarily closed hotels, enhancing disinfection and sanitisation of hotels and vehicles and processing the cancellation or rescheduling of customers' trips, in a diligent effort to fulfill its corporate social responsibility through a range of anti-epidemic initiatives.

During the Reporting Period, in order to support the Group's anti-epidemic operations, Jin Jiang International Group entered into various buyout agreements for hotel rooms, car rental and relevant services with Plaza Great Wall, Wuhan Jin Jiang, Jin Jiang Hotels and Jin Jiang Automobile, respectively, to promote stable and healthy business development of the Group and its subsidiaries. In the meantime, the Group offered rental concessions to tenants during the COVID-19 epidemic in active support of the policy of rental concessions for medium and small-sized and micro private enterprises published by the government and the Shanghai SASAC.

At the national anti-epidemic work commendation assembly held at the Great Hall of the People in Beijing on 8 September 2020, the CPC Committee of Jin Jiang International Group was awarded the title of "Vanguard Group in the National Battle Against the COVID-19 Epidemic".

During the Reporting Period, Shanghai Guanglv Enterprise Management Company Limited ("Shanghai Guanglv") acquired 100% equity interests in Xi'an Jin Jiang Inn Company Limited ("Xi'an Company") and Zhengzhou Jin Jiang Inn Company Limited ("Zhengzhou Company"); and Jin Jiang International Investment acquired 70% equity interests in Shanghai Jin Jiang Da Hua Hotel Company Limited ("Da Hua Company"). Through a series of equity interest transactions mentioned above, the Company was able to realise gains on the appreciation of asset value, while aligning with the light-asset investment and development strategy of Jin Jiang Hotels, thereby further advancing the innovative business model of hotel industry fund.

During the Reporting Period, Jin Jiang Hotels, a subsidiary of the Company, announced the establishment of Jin Jiang Hotels China Company, which was the first organisational restructuring of the frontline brands by the Group following the successive acquisitions of GDL, Plateno Group and Vienna Hotels in recent years. The establishment of Jin Jiang Hotels China Company represents a crucial measure of the Group for the advancement of the strategy of "intensive domestic business development, global deployment and multinational operations" in active response to the unprecedented COVID-19 epidemic and evolving global landscapes.

During the Reporting Period, the Company, Jin Jiang International Group, Jin Jiang Hotel and Finance Company entered into a capital increase agreement, pursuant to which the registered capital of Finance Company was proposed to be increased from RMB500 million to RMB1,000 million to support Finance Company's business development and to enhance the capital of Finance Company as well as to comply with the requirements from the China Banking and Insurance Regulatory Commission on the optimisation of the shareholding structure of Finance Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company's website address was changed from "www.jinjianghotels.com.cn" to "www.jinjiangcapital.com", with effect from 19 June 2020.

During the Reporting Period, in accordance with the Company's strategic development planning and adjustments to its business positioning and taking into account changes in the direction of industry integration, listed subsidiary "Shanghai Jin Jiang International Industrial Investment Company Limited" was renamed as "Shanghai Jin Jiang Online Network Service Company Limited".

During the Reporting Period, the Company, Shanghai International and its subsidiary, and Jin Jiang International Group and its subsidiary entered into a cooperation framework agreement in relation to equity restructuring and swap project of subsidiaries, pursuant to which a series of equity restructuring and swaps of the Group's relevant equity interests in Sofitel Hyland, Jian Guo Hotel and Beijing Kunlun Hotel were proposed in accordance with the Company's strategic positioning of "capital, assets, funds and resources" and requirements for deepening reforms and focusing on core business development, with the aim of optimising the hotel assets and enhancing the overall market strengths of the Company. Through the swap, the Company's dispersed equity interests in relevant subsidiaries were streamlined and integrated for further enhancing its management mechanism, focusing on its core business and increasing its capability in market-oriented operation and management. In the meantime, it was also conducive to the further optimisation of the Company's hotel assets, the advancement of the development of Jin Jiang hotels as a high-end brand and the enhancement of its overall strengths in the market.

During the Reporting Period, Jin Jiang Hotels, a subsidiary of the Company, launched a non-public issuance of A shares. At the extraordinary general meeting held on 13 November 2020, the non-participation of the Company in the subscription for the non-public issuance of A shares of Jin Jiang Hotels, which constituted a deemed disposal of maximum 6.82% equity interest in Jin Jiang Hotels, was considered and approved. As of the date of this annual report, Jin Jiang Hotels has received the "Reply on Approval for the Non-public Issuance of Shares by Shanghai Jin Jiang International Hotels Company Limited" issued by the China Securities Regulatory Commission, granting approval to the non-public issuance of not more than 150 million new shares by Jin Jiang Hotels.

During the Reporting Period, the Company and Hongqiao United entered into a capital increase agreement, pursuant to which the registered capital of Yangtze Hotel would increase from RMB451,811,628 to RMB1,000,000,000. Upon completion of the capital increase, the Company and Hongqiao United will each hold 50% equity interests of Yangtze Hotel. It will be beneficial to the reduction of liabilities owed by Yangtze Hotel, ensure its continuous and stable operation and provide further support for its business development. The Company will not lose control over Yangtze Hotel as a result of the capital increase, therefore, no profit or loss arising from the capital increase will be recorded in the consolidated income statement of the Company.

During the Reporting Period, Shanghai Company, a controlling subsidiary of Jin Jiang Online (a subsidiary of the Company) entered into the property requisition and compensation agreement with Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company, pursuant to which Huangpu Housing Management Bureau shall requisition the property situated at No. 1218 Waima Road owned by Shanghai Company. Due to the impact of the COVID-19 epidemic and other factors, Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company will pay the amount of compensation for property requisition in multiple instalments, and will determine the actual schedule of relocation relating to the property situated at No. 1218 Waima Road based on its funding conditions and arrangements for the progress of land requisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Full Service Hotels

The operation and management of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB1,175,982,000 to the Group's revenue, decreasing by approximately 42.5% as compared to the same period of last year, which was mainly attributable to the substantial decrease in demand for hotel accommodation as a result of business and travel restrictions under the continuous impact of the COVID-19 epidemic.

During the Reporting Period, the substantial decline in demand for hotel in Shanghai under the impact of the COVID-19 epidemic, in particular the decrease in demand for overseas business trip and tourism, resulted in the decrease in RevPAR for Available Rooms of the Group's high Star-rating Full Service Hotels in Shanghai by approximately 55% year-on-year, reflecting an approximately 26% year-on-year decrease in ADR and an approximately 39% year-on-year decrease in average Occupancy Rate.

During the Reporting Period, the Full Service Hotels under the Company enhanced their effort in online direct-marketing, promoting sales of hotel rooms, dining and other related products via Internet platforms such as live online streaming and WeChat Mall with the offer of promotional products such as "concessionary family suites", "timeshare holiday rooms", "assuring dining" and "assuring lunch boxes". Meanwhile, the Group actively participated in the "5.5 Shopping Festival" organised by the Shanghai Municipal Government to enhance resumption of operation of hotels. Following effective control of the COVID-19 epidemic in China and continuous improvements in market sentiments, the RevPAR for Available Rooms of the Full Service Hotels gradually recovered during the second half of 2020.

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

	2020 Group's Full Service Hotels in Shanghai			2019 Group's Full Service Hotels in Shanghai		
	Average Occupancy Rate (%)	**ADR (RMB)**	**RevPAR (RMB)**	Average Occupancy Rate (%)	ADR (RMB)	RevPAR (RMB)
5-star	**36%**	**738**	**266**	74%	919	679
4-star	**48%**	**439**	**211**	66%	606	403

Note: Full Service Hotels in Shanghai held by the Group (with equity interests) covered by the statistics in the above table include:

1. 5-star hotels: Jin Jiang Hotel, Peace Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
2. 4-star hotels: Park Hotel, Jian Guo Hotel, Cypress Hotel, Plaza Great Wall, Shanghai Hotel, Shanghai Jing An Hotel and Sofitel Hyland.

As at the end of the Reporting Period, the Group owned or managed 88 Full Service Hotels which were in operation across the world, offering approximately 27,000 guest rooms, among which 68 hotels with approximately 19,000 guest rooms were owned by third parties but managed by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Select Service Hotels

The business of Select Service Hotels represents another principal business of the Group, mainly covering Select Service Hotels operated by Jin Jiang GDL Asia, GDL, Plateno Group and Vienna Hotels.

During the Reporting Period, continuous growth in the business scale of Select Service Hotels contributed approximately RMB9,669,995,000 to the revenue of the Group, representing a decrease of approximately 34.7% as compared to the same period of last year and accounting for approximately 68.1% of the Group's turnover.

As at the end of the Reporting Period, there were 9,406 Select Service Hotels in operation offering 919,496 guest rooms in total. Analysed by the nature of the hotel properties, there were 934 self-managed hotels (accounting for approximately 9.39%) offering 105,577 guest rooms (accounting for approximately 11.48%) and 8,472 franchised hotels (accounting for approximately 90.07%) offering 813,919 guest rooms (accounting for approximately 88.52%). Analysed by the class of hotel brands, there were 4,422 middle-end hotels (accounting for approximately 47.01%) offering 512,489 guest rooms (accounting for approximately 55.74%) and 4,984 budget hotels (accounting for approximately 52.99%) offering 407,007 guest rooms (accounting for approximately 44.26%).

In 2020, there was a net increase of 892 Select Service Hotels. Analysed by the nature of the hotel properties, there was a reduction of 55 self-managed hotels and an increase of 947 franchised hotels. Analysed by the class of hotel brands, there was an increase of 859 middle-end hotels and an increase of 33 budget hotels.

In response to the sudden outbreak of the COVID-19 epidemic in early 2020, Jin Jiang Hotels swiftly activated its emergency response mechanism and urgently collected supplies for the COVID-19 epidemic prevention and control for dispatch to its hotels in Wuhan and other parts of the PRC. Supporting policies such as free room cancellation services were introduced immediately, while operational procedures for COVID-19 epidemic prevention and control were announced. Along with the escalating efforts in the COVID-19 epidemic prevention and control in various parts of China, Jin Jiang Hotels coordinated the reallocation of its hotel resources to provide suitable hotels across the country for the accommodation of medical staff. Following the resumption of work and production, Jin Jiang Hotels introduced the "assuring quarantine room" and "accommodation for work resumption" services to facilitate the implementation of remote work by corporate users during quarantine periods. In response to market changes, the marketing strategy was adjusted in a timely manner with the introduction of innovative marketing models. To effectively minimise the adverse impact of the COVID-19 epidemic for franchisees, Jin Jiang Hotels has also implemented supportive measures such as concessions in ongoing franchise fees and "double low-cost funding" for new franchised hotels. Since the second half of 2020, with the COVID-19 epidemic coming under effective control in China, the domestic hotel market have continued to recover and operations of the domestic hotels of Jin Jiang Hotels have seen gradual improvement and recovery.

In view of the COVID-19 epidemic, GDL swiftly established a crisis steering team. As Europe suddenly upgraded measures against the COVID-19 epidemic in early March 2020, the overseas hotel business had experienced a substantial decline since mid-March. With the escalation of the COVID-19 epidemic, countries such as France and Germany successively announced policies to provide labour cost subsidies. Since the second half of 2020, the European nations have reintroduced COVID-19 epidemic prevention and control measures and various restrictions following the repeated resurgence of the COVID-19 epidemic, while commencing vaccination programmes at the same time. Currently, market recovery and business conditions are still subject to uncertainty. During the Reporting Period, GDL formulated contingency measures focused on financial soundness with active adoption of a range of measures to seek external finance, reduce expenditure and protect liquidity. While financial risks have been effectively reduced, projects relating to brand remoulding, product upgrade and new concept innovation have also been started to prepare for rapid development after the COVID-19 epidemic is over.

MANAGEMENT DISCUSSION AND ANALYSIS

Food and Restaurants

During the Reporting Period, the Group developed its food and restaurant operations through several food and restaurant chain companies invested in by Jin Jiang Hotels, generating revenue of approximately RMB341,809,000 for the Group, which represented a decrease of approximately 0.5% as compared to the same period of last year and accounting for approximately 2.4% of the Group's turnover.

During the Reporting Period, Jin Jiang Hotels continued to develop the group catering business. It carried out the research and development of processed food with input from the national-grade chefs of the Group and enhanced the effort in sales via online e-commerce platforms.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue of passenger transportation vehicles and logistics was approximately RMB2,577,789,000, representing an increase of approximately 1.4% as compared to same period of last year and accounting for approximately 18.2% of the Group's turnover.

During the Reporting Period, businesses under passenger transportation vehicles and logistics were subject to the enormous impact of the COVID-19 epidemic. Jin Jiang Automobile vigorously seized the opportunity of large-scale resumption in work production since the second quarter of 2020 and completed transport service assignments for major events and exhibitions such as the 13th meeting of the Chinese People's Political Consultative Conference, Lujiazui Forum, 21st China International Industry Fair and ceremonies celebrating the 30th anniversary of the development and opening of Pudong, winning unanimous praise from the organisers. The Third Import Expo was held as scheduled under the extraordinary circumstance of lack of effective COVID-19 epidemic control in other countries and normalised COVID-19 epidemic prevention and control measures in China. As the unit responsible for vehicle transportation for VIPs of the event, Jin Jiang Automobile was principally responsible for providing vehicles for core transportation assignments serving diplomatic delegations and eminent political leaders, as well as the vehicle transport assignments for various logistics departments of the event, with the provision of more than 240 vehicles of various sizes in over 1,800 turnouts. Meanwhile, NEV taxis were deployed to assist in transportation for visitors in and around the expo venues, completing about 500 turnouts. More than 300 drivers and logistics support staff were directly involved in the service. Jin Jiang Automobile was highly approved by participating VIPs and organisers of the summit conferences for its premium, safe, efficient and comprehensive vehicle services.

During the Reporting Period, Jin Jiang Cold continued to streamline and adjust its existing customer mix and product mix in ongoing optimisation of its business mix. Strong efforts were made to tap existing customer resources with proactive moves to assist in the business process optimisation of customers for the sharing of industry park resources. Value-added services were provided to increase supplementary income and revenue sources for the enterprise. Shanghai Xintiantian Cold Logistics Co., Ltd, a subsidiary of the Company, actively adjusted its business mindset under the impact of the COVID-19 epidemic and proactively offered logistics solutions to its customers in the food and beverage sector. Delivery routes were consolidated to reduce the frequency of distribution for reasonable reduction in logistics costs, while vigorous efforts were made to develop new customers in a bid to adjust the customer mix. Since the third quarter of 2020, normal operations have been fully resumed with incoming and outgoing volumes at warehouses improving to a daily average of 4,990 boxes and 4,698 boxes, respectively, in tandem with which operating revenue has also improved.

Travel Agency

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB302,214,000, decreasing by approximately 73.1% as compared to the same period of last year and accounting for approximately 2.1% of the Group's turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, Jin Jiang Travel persisted in a "two-pronged" approach to business in response to the impact of the COVID-19 epidemic on the tourism sector, emphasising both measures against the COVID-19 epidemic and resumption of production. It actively adopted measures to implement epidemic control, strengthen management and resume operations. In adherence to the principle of maximum protection of tourists' interests, it completed cancellation of trips due to the COVID-19 epidemic control and ensured the safe return to Shanghai of all travelers who had already embarked on their trips. In view of the resumption of domestic tourism activities in the second half of 2020, Jin Jiang Travel formulated detailed epidemic prevention systems and processes for traveling to ensure the safety of customers and staff.

During the Reporting Period, Jin Jiang Travel bypassed the barriers between different departments and facilitated development of the domestic tourism market by the business segments, introducing weekend self-travelling hotel products featuring hotel resorts as well as holiday family travel packages. A themed tourism route for the Import Expo pavilion was designed, while further inroads were made in the cooperation with TV shopping channels, and customised products were launched in in-depth collaboration with famous local hotels, scenic spots and photography companies. Meanwhile, products which could be customised according to requests were designed to complement the themed activities of industry fairs. In the inbound tour sector, we targeted at expatriate groups in Shanghai to develop the foreigner market. The marketing segment refocused sales on domestic tours, trade union-sponsored rehab trips, trips to peripheral areas of Shanghai and other fragmented standalone products. At the same time, cross-industry operations were expanded with the promotion of tourism and cultural-creative products to foster a new growth niche for extended tourism.

Jin Jiang Travel negotiated a transition to the online business model on the back of its online platform and accelerated coordination with WeHotel to develop an online and offline platform structure of Jin Jiang. Online products and operating teams were built and infrastructure tasks such as system building, business demand analysis and process streamlining were commenced. The construction of an online distribution platform was initiated to facilitate the B2B2C (Business to Business to Customer) distribution system. At the same time, we were engaged in the development of a mobile app online micro-store to fill our void in the mobile end.

Information Technology

During the Reporting Period, the Group further consolidated its shared global platform for hotel finance, procurement and IT integration, merging the portals for hotel services on the business end to provide consistent and high-standard services for a full range of high-end, mid-end and budget hotels. Through the WeHotel platform, resources in technology, membership, direct marketing and distribution were consolidated into the Company's official global hotel reservation platform with optimal customer experience. Through the interaction of online and offline operations, the core competitiveness of the Company's global hotels has been enhanced.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2019 is set out as follows:

	12 months ended 31 December 2020		12 months ended 31 December 2019	
	RMB in million	% of turnover	RMB in million (Restated)	% of turnover
Full Service Hotels	1,176.0	8.3%	2,046.0	9.8%
Select Service Hotels — managed and operated in Mainland China	7,832.9	55.2%	10,695.0	51.0%
Select Service Hotels — managed and operated overseas	1,837.1	12.9%	4,103.6	19.6%
Food and Restaurants	341.8	2.4%	343.6	1.6%
Passenger Transportation Vehicles and Logistics	2,577.8	18.2%	2,543.1	12.1%
Travel Agency	302.2	2.1%	1,122.8	5.4%
Other Operations	133.3	0.9%	123.0	0.5%
Total	14,201.1	100.0%	20,977.1	100.0%

Full Service Hotels

The following table sets out the percentages of contribution from the Group's Full Service Hotels segment and each type of business to the Group's turnover for the Reporting Period and the same period in 2019:

	12 months ended 31 December 2020		12 months ended 31 December 2019	
	RMB in million	% of turnover	RMB in million	% of turnover
Accommodation revenue	479.3	40.8%	1,003.9	49.1%
Food and beverage sales	362.3	30.8%	591.9	28.9%
Rendering of ancillary services	60.6	5.2%	74.8	3.7%
Rental revenue	156.3	13.3%	198.8	9.7%
Sales of hotel supplies	5.5	0.5%	6.0	0.3%
Hotel management revenue	112.0	9.4%	170.6	8.3%
Total	1,176.0	100.0%	2,046.0	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Accommodation revenue

Accommodation revenue was mainly determined by the number of Available Rooms, Occupancy Rate and ADR of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period was approximately RMB479,338,000, decreasing by approximately 52.3% or approximately RMB524,579,000 as compared to the same period of 2019. The aforesaid change was mainly caused by the substantial decline in the ADR and the average Occupancy Rate of the hotels in line with the substantial decline in domestic and overseas business and tourism demand under the impact of the COVID-19 epidemic.

Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for wedding banquets and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. Food and beverage sales in Full Service Hotels for the Reporting Period amounted to approximately RMB362,279,000, decreasing by approximately 38.8% or approximately RMB229,615,000 from the same period of last year. The aforesaid change reflected mainly the impact of the COVID-19 epidemic. The Full Service Hotels have made stronger efforts in online direct marketing, takeaways and Internet live streaming to alleviate the impact of the COVID-19 epidemic on the food and beverage business.

Rendering of ancillary services

Revenue from rendering ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. For the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB60,623,000, decreasing by approximately 18.9% or approximately RMB14,155,000 from the same period of last year.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for retail, exhibition and other purposes, as well as the outsourced leasing of certain restaurant venues. During the Reporting Period, rental revenue amounted to approximately RMB156,249,000, decreasing year-on-year by approximately 21.4% or approximately RMB42,561,000. The aforesaid change was primarily attributable to the moving out of certain tenants under the impact of the COVID-19 epidemic and rental concessions offered to tenants during the COVID-19 epidemic by the Group in response to the policy of the government and the Shanghai SASAC concerning rental concessions for small and medium-sized and micro private enterprises.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB507,000 from the same period of last year. Such decrease was mainly attributable to the consolidation of the Group's procurement platform and resources and the gradual adjustment of the business model of Supplies Company.

Hotel management revenue

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not controlled by the Group. External sales of hotel management business amounted to approximately RMB111,982,000 for the Reporting Period, decreasing by approximately 34.4% or approximately RMB58,628,000 as compared to the same period of last year. The decrease was principally due to the decrease in management fee income from affected Full Service Hotels managed by the Group and hotel management fee concessions offered by the Group to the hotels managed during the COVID-19 epidemic.

MANAGEMENT DISCUSSION AND ANALYSIS

Select Service Hotels — managed and operated in Mainland China

Select Service Hotels business managed and operated in Mainland China mainly comprised the turnover from Select Service Hotels managed and operated by the Group in Mainland China. For the Reporting Period, revenue from Select Service Hotels managed and operated in Mainland China amounted to approximately RMB7,832,937,000, representing a decrease of approximately 26.8% or approximately RMB2,862,069,000 as compared to the same period of last year. This reflected mainly the impact of the COVID-19 epidemic on Select Service Hotels in China. Currently, the hotel market in China is recovering and the operations of our Select Service Hotels in China are seeing gradual improvements and recovery.

Select Service Hotels — managed and operated overseas

Select Service Hotels business managed and operated overseas mainly comprised the turnover from Select Service Hotels managed and operated by the Group overseas. For the Reporting Period, revenue from Select Service Hotels managed and operated overseas amounted to approximately RMB1,837,058,000, representing a decrease of approximately 55.2% or approximately RMB2,266,531,000 as compared to the same period of last year. This reflected mainly the continuous impact of the COVID-19 epidemic in overseas countries. Amidst the currently easing COVID-19 epidemic conditions in Europe marred by fluctuations, operations of the overseas Select Service Hotels are seeing modest improvements.

Food and Restaurants

Revenue of food and restaurants segment was mainly derived from Jin Ya Catering, Shanghai Jin Jiang International Food Catering Management Co., Ltd., Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai Jinzhu Catering Management Co., Ltd. and Shanghai New Asia Food Company Limited. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB341,809,000, decreasing by approximately 0.5% or approximately RMB1,793,000 as compared to the same period of last year. The group catering business of the Group remained stable, while stronger efforts in Internet live streaming were made and the "Jin Jiang Food" (錦江食品) WeChat application was launched to identify new points for revenue growth.

Passenger Transportation Vehicles and Logistics

Revenue of passenger transportation vehicles and logistics for the Reporting Period amounted to approximately RMB2,577,789,000, representing an increase of approximately 1.4% or approximately RMB34,738,000 as compared to the same period of last year. This reflected mainly the growth in revenue following the expansion of the vehicle sales business and the cold logistics business.

Travel Agency

Revenue of travel agency for the Reporting Period amounted to approximately RMB302,214,000, decreasing by approximately 73.1% or approximately RMB820,552,000 as compared to the same period of last year, This reflected mainly the suspension of domestic and international tourism businesses due to the impact of the worldwide COVID-19 epidemic. Currently, inter-provincial tourism in China has gradually resumed.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Operations

In addition, the Group is also engaged in other business, including the provision of financial services through Finance Company and the provision of training services by Jin Jiang International Management College (上海錦江國際管理專修學院). Revenue of other operations for the Reporting Period amounted to approximately RMB133,273,000, representing an increase of approximately 8.3% as compared to the same period of last year, which was primarily due to the increase in interest income from loans provided by Finance Company.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB11,459,012,000 (same period in 2019: approximately RMB14,904,687,000), representing a decrease of approximately 23.1% as compared to the same period of last year. This was mainly attributable to the decline in the hotel business and travel agency business due to the impact of the COVID-19 epidemic.

Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB2,742,050,000 for the Reporting Period, representing a decrease of approximately RMB3,330,337,000 or approximately 54.8% as compared to the same period of last year.

Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB2,875,028,000 (same period in 2019: approximately RMB779,108,000), increasing by approximately RMB2,095,920,000 or approximately 269.0% as compared to the same period of last year, which was mainly due to the gain on disposal of subsidiaries amounted to RMB1,485,196,000, and the increase of government grants income and gain on disposal of property, plant and equipment and right-of-use assets. During the Reporting Period, the Group received dividend of approximately RMB178,499,000 (same period in 2019: approximately RMB157,232,000).

Selling and Marketing Expenses

Selling and marketing expenses comprised primarily labour costs, travel agency commissions and advertising fees, which amounted to approximately RMB1,063,598,000 for the Reporting Period (same period in 2019: approximately RMB1,360,815,000), representing a decrease of approximately 21.8% as compared to the same period of last year. The decrease was mainly attributable to the decline in the hotel business and travel agency business due to the impact of the COVID-19 epidemic.

Administrative Expenses

Administrative expenses for the Reporting Period amounted to approximately RMB2,581,246,000 (same period in 2019: approximately RMB2,455,660,000), representing an increase of approximately 5.1% as compared to the same period of last year, which mainly reflected the increase of early retirement welfare, termination benefits and post-employment benefits and long-term employee benefits for the redundant employees during hotel renovations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Expenses and Losses

Other expenses and losses were primarily consisted of bank charges and losses from the disposal of property, plant and equipment. Other expenses and losses for the Reporting Period amounted to approximately RMB225,016,000 (same period in 2019: approximately RMB116,628,000), increasing by approximately RMB108,388,000 as compared to the same period of last year, which was mainly due to the increase of unrealised fair value losses on financial assets at fair value through profit or loss and losses on disposal of property, plant and equipment.

Finance Costs — Net

Finance costs comprised interest expenses in respect of the Group's bank borrowings and lease liabilities, and exchange gains/losses from financing activities. Finance costs for the Reporting Period amounted to approximately RMB924,349,000 (same period in 2019: approximately RMB965,276,000), representing a decrease of approximately RMB40,927,000 or approximately 4.2% as compared to the same period of last year.

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly comprised the results of joint ventures including Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ Transportation, and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Pudong International Airport Cargo Terminal Co. Ltd., Jiangsu Nanjing Coach Passenger Transport and Shanghai Eastern Airlines International Tourism Transportation Co., Ltd. Share of results of joint ventures and associates for the Reporting Period amounted to approximately RMB132,232,000 (same period in 2019: approximately RMB276,626,000). Such decrease was attributable mainly to the decline in operating results of joint ventures and associates due to the impact of the COVID-19 epidemic.

Taxation

The effective tax rate for the Reporting Period was approximately 45.2% (same period in 2019: approximately 26.2%). It was mainly attributable to the increase in tax loss and tax credit for which no deferred tax income tax assets were recognised for the Reporting Period.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company amounted to approximately RMB298,463,000 (same period in 2019: approximately RMB675,731,000), representing a decrease of approximately RMB377,268,000 or approximately 55.8%. This was mainly attributable to the decline in the Group's hotel business and travel agency business due to the impact of the COVID-19 epidemic.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and pledge of assets

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**7,344,276**	9,946,372
Bank borrowings — unsecured	**5,130,094**	1,309,839
Borrowings from related parties	**3,206,250**	4,412,250
	15,680,620	15,668,461
Less: current portion of long-term secured bank borrowings	**(724,205)**	(1,021,879)
current portion of long-term unsecured bank borrowings	**(19,559)**	(18,224)
current portion of long-term borrowings from related parties	**—**	(104,500)
	14,936,856	14,523,858
Borrowings included in current liabilities:		
Bank borrowings — secured	**52,496**	37,908
Bank borrowings — unsecured	**1,694,584**	1,508,141
Borrowings from related parties	**50,000**	71,000
Current portion of long-term secured bank borrowings	**724,205**	1,021,879
Current portion of long-term unsecured bank borrowings	**19,559**	18,224
Current portion of long-term borrowings from related parties	**—**	104,500
	2,540,844	2,761,652

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2020, the secured bank borrowings included:

(a) Bank borrowings of EUR602,000,000, equivalent to RMB4,831,050,000 (31 December 2019: EUR746,000,000, equivalent to RMB5,830,363,000), which were guaranteed by Jin Jiang International Group;

(b) Bank borrowings of RMB2,459,000,000 (31 December 2019: RMB4,059,000,000), which were pledged by the equity interests in a subsidiary of the Group;

(c) Bank borrowings of PLN30,952,000, equivalent to RMB54,226,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), which were pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland; and

(d) Bank borrowings of RMB52,496,000 (31 December 2019: RMB37,908,000), which were pledged by the inventories of a subsidiary of the Group.

The Group has fulfilled all covenants under the remaining borrowing agreements. The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Between 1 and 2 years	**9,499,747**	1,717,780
Between 2 and 5 years	**5,437,109**	12,806,078
	14,936,856	14,523,858

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

	At 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	**6,831,995**	7,419,688
EUR	**10,542,608**	9,748,403
PLN	**96,316**	116,513
Other foreign currencies	**6,781**	906
	17,477,700	17,285,510

MANAGEMENT DISCUSSION AND ANALYSIS

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

	At 31 December	
	2020	2019
Borrowings denominated in RMB	**3.3248%**	3.7419%
Borrowings denominated in EUR	**1.1928%**	1.2468%
Borrowings denominated in other foreign currencies	**4.5553%**	4.2255%

Treasury Management and Interest Rate Risk Management

As at 31 December 2020 and 31 December 2019, cash and cash equivalents amounted to approximately RMB8,112,300,000 and approximately RMB9,962,332,000, respectively.

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

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income held by the Group mainly included: 80,780,012 shares in Bank of Communications Co., Ltd. (601328.SH), 57,740,000 shares in Guotai Jun'an (601211.SH), 48,110,700 shares in Bank of China (601988.SH), 14,582,000 shares in Agricultural Bank of China (601288.SH), 116,813 shares in VCANBIO (600645.SH), 1,191,472 shares in Bank of Shanghai (601229.SH) and 437,245 shares in Shenwan Hongyuan (000166.SZ), etc.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss held by the Group mainly included: 60,390,877 shares in Bank of Beijing (601169.SH), etc.

HUMAN RESOURCES AND TRAINING

As at the end of the Reporting Period, the Group had approximately 50,233 employees included in its consolidated financial statements. As of now, no share option scheme has been established by the Group.

Staff training and development is a top priority for the Group. A dedicated organisation for training has been set up and an officer in charge of training has been assigned. A comprehensive set of hotel training policies and procedures, covering aspects such as training course preparations, training programmes, training for instructors and training systems, has been formulated. The Group arranges job-specific training courses for staff at different levels and further enriches staff training through various channels such as internal training, external training and online training.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group implements a "Global Talent Exchange and Training Programme and Implementation Scheme" to ensure training and manpower supply for key projects on an ongoing basis, with a consistent emphasis on the building of a market-oriented, specialised and internationalised staff team. The Group works with Jin Jiang GDL Asia and the European headquarter of GDL to organise coordinated staff exchange and training programmes for various hotel business segments, such as the "Voyage" exchange and training programme for intermediary and senior management personnel and the "Pilot" centralised exchange and training programme for senior hotel management personnel.

During the Reporting Period, the Group made adjustments to its human resources structure and optimised its position settings and staff allocation to further enhance its marketisation level.

SOCIAL RESPONSIBILITY

In the course of its development, the Group seeks to maximise not only its shareholders' value, but also its long-term corporate value. As such, social responsibility is an essential component in the Group's strategic development.

While pursuing economic benefits and protecting shareholders' interests, the Group has also acted vigorously to protect the legal rights of its employees, customers and business partners. It has been actively involved in public welfare programmes, such as those relating to environmental protection and community development, highlighting the characteristic of its operations as "safe, healthy, comfortable and professional" hotels to promote the Group's coordinated and harmonious development with the community as a whole and drive the fulfillment of economic benefits for the hotel, social benefits for the community and well-being for the eco-environment in a concerted manner.

The Group places a strong emphasis on the interests of citizens in the community, as it seeks to foster a harmonious and stable environment for sustainable development. It has made strong endeavours to improve staff remuneration and benefits, while constantly perfecting the model for democratic corporate management. The Group have also sought further protection for the legal rights of staff through the staff representatives' assembly.

The Group has stringently complied with the relevant laws and regulations in 2020. The Group has disclosed its policies and performance relating to environmental and social matters in accordance with established systems of operational compliance, and the Company's Environmental, Social and Governance Report for 2020 has been compiled in compliance with the requirements under the Appendix 27 to the Listing Rules "Environmental, Social and Governance Reporting Guide". The Environmental, Social and Governance Report for 2020 of the Company will be set out in the 2020 annual report of the Company.

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The complexity and volatility in global political and economic conditions, periodic structural supply-and-demand correlation in the hotel industry and rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. The unexpected outbreak of the COVID-19 epidemic in early 2020 has been an enormous blow to operations of the global hotel industry. Nevertheless, with the introduction and implementation of government policies to promote the development of the tourism industry, broad prospects for future development still hold out for China's hotel and tourism industry. The Group will actively address the challenges and seize the opportunities that might arise.

MANAGEMENT DISCUSSION AND ANALYSIS

In pursuit of its strategic plan of "intensive domestic business development, global deployment and multinational operations", the Group will uphold a development philosophy underpinned by innovation, coordination, eco-friendliness and sharing as it seeks to further entrench supply-side reforms, step up with the development of its core business, forge the "Jin Jiang" brand and advance the progress of international development in a prudent manner. The Group will make vigorous efforts to ensure proper integration to mergers and acquisitions, while driving capital, assets and fund operations and industry developments in a concerted manner to facilitate capital innovation and business breakthrough. The Group will also make advances in the innovation of mechanisms and regimes, with a view to enhancing vigour and energy in business development. The Group will step up with the international development and drive the progress of key projects as and when appropriate. Structural adjustments will be implemented and the industry mix will be improved. The Group will persist in a global manpower strategy emphasising marketisation, internationalisation and specialisation. Efforts will also be made to further enhance risk management and control and corporate governance.

The Group will seize the opportunity presented by the reform of state-owned assets and state-owned enterprises to enhance its development towards a market-oriented corporation and expedite the reforms of institutional system. The Group will explore the innovation and transformation of business models compatible with the age of Internet economy, while optimising its market-based remuneration regime and restraint and incentive mechanism. The Group will leverage on its strengths in specialisation, in a bid to foster a modern tourism service industry chain and a sharing economy platform centered on hotel operations. The Group will enhance asset liquidity and structural adjustments to further increase its overall asset return and enterprise value.

REPORT OF THE DIRECTORS

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in Full Service Hotel operation and management, Select Service Hotel management and franchising, restaurant operation, passenger transportation and logistics, travel agency and other related businesses. The Group is structured as a horizontally integrated hospitality and travel services provider, offering hospitality services tailored to all segments ranging from budget accommodation to 5-star hotels. This structure enables the Group to enjoy economies of scale as well as provides the Group with a platform to increase its market presence.

OPERATIONAL REVIEW

Management discussion and analysis on the Group's operations are set out on pages 24 to 40 in this annual report.

FINANCIAL REVIEW

The annual results of the Group for the year ended 31 December 2020 are set out in the consolidated income statement on page 114 in this annual report. Management discussion and analysis on financial review are set out on pages 31 to 38 in this annual report. Financial highlights of the Group for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 are set out on page 16 in this annual report.

BUSINESS REVIEW AND PROSPECTS

Discussion and analysis as required by Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Group's business, discussion of major risks and uncertainties faced by the Group, details of material events affecting the Group that have occurred subsequent to the end of the 2020 financial year, the Company's environmental policy and performance, the Company's compliance with relevant laws and regulations having a significant impact on the Company, the Company's important relations with its employees, customers and suppliers, and an indication of likely future developments in the Group's business, are set out in sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Notes to the Consolidated Financial Statements" in this annual report. The above sections form part of the Report of the Directors.

SHARE CAPITAL

For the year ended 31 December 2020, there was no issuance of new shares or bonds by the Company. The number of shares in each class of shares of the Company as at 31 December 2020 is set out as follows:

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

REPORT OF THE DIRECTORS

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

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

In 2007, approximately HK$1,091,600,000 (RMB1,098,200,000) was injected into Jin Jiang Hotel Investment by way of addition of capital on a pro-rata basis for the development and expansion of the Jin Jiang GDL Asia hotels network, pursuant to an arrangement between the Company and Jin Jiang Hotels Development (currently known as Jin Jiang Hotels). As at 31 December 2020, the issue proceeds applied to the development and expansion of Jin Jiang GDL Asia network had been fully utilized.

Issue proceeds of approximately RMB725,000,000 were applied as additional capital and investments in relevant affiliated hotels for the refurbishment of certain landmark hotels and Luxury Hotels, including Peace Hotel, Jin Jiang Tower, Jin Jiang Hotel, Cypress Hotel, Galaxy Hotel, Rainbow Hotel and Marvel Y.M.C.A. As of 31 December 2020, issue proceeds applied for the refurbishment of landmark hotels and Luxury Hotels had already been paid.

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

DIVIDENDS

On 31 March 2020, the Board proposed to declare a final dividend of RMB1.02 cents (inclusive of tax) per share for the year ended 31 December 2020, totalling RMB56,773,200. The payment of the dividend is expected to take place on no later than 15 August 2021.

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

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

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

For details of the resolutions to be considered and approved at the forthcoming annual general meeting, the book closure period of H share register, and the date of annual general meeting, please refer to the notice of 2020 annual general meeting to be issued by the Company in due course.

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

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Board has reviewed its "Company Operation and Corporate Governance Guidelines" and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2020, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company are set out in Note 41 to the consolidated financial statements.

RESERVES

The Group had reserves with an amount of approximately RMB3,927,209,000 as at 31 December 2020, of which RMB3,640,891,000 was retained earnings. Details of which are set out in the retained earnings in Note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

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

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

As of 31 December 2020, based on the calculation made in accordance with the PRC Accounting Standards for Business Enterprises, relevant PRC laws and the Articles of Association, the distributable reserves of the Company amounted to RMB1,815,515,911, of which about RMB56,773,200 is proposed to be the final dividend for the year.

FIXED ASSETS

Details of hotels in which the Group held substantial equity interests are set out on page 8 in this annual report.

BORROWINGS

The details of short- and long-term borrowings are set out in Note 23 to the consolidated financial statements.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers mainly comprised Franchisees, travel agencies, corporate customers and guests at its hotels. For the year ended 31 December 2020, the Group's five largest customers in aggregate accounted for less than 30% of the Group's total sales. Pursuant to the Group's franchise agreements with its Franchisees, no credit term is granted to the Franchisees and the Group's Franchisees are required to pay the continuing franchise fee on or before the tenth day of every month. A Franchisee would be obliged to pay a certain percentage of the amount payable as penalties in case of a default in payment.

The Group's suppliers mainly comprise vendors who supply the Group's hotel operations with hotel supplies such as food and beverages, as well as bath products. For the year ended 31 December 2020, the Group's five largest suppliers in aggregate accounted for less than 30% of the Group's total purchases. Generally, the credit term provided by the Group's suppliers is about two to six months.

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

CONNECTED TRANSACTIONS

Continuing Connected Transactions

According to the announcements issued by the Company on 26 April 2018, 30 December 2018, 8 May 2019, 18 August 2020 and 30 September 2020 (the "Connected Transaction Announcements"), the Company and Jin Jiang International Group, the controlling shareholder of the Company, and/or its associates had carried out the following continuing connected transactions. Since the applicable percentage ratios for the proposed maximum annual caps of the continuing connected transactions conducted under (1) the Master Provision of Hotel Rooms Agreement; (2) Master Property Leasing Agreement; (3) Master Electronic Commerce Service Agreement; (4) Loan Services Framework Agreement; (5) Master Provision of Catering Services and Food Agreement; and (6) Operating Property Loan Agreement exceed 0.1% but are lower than 5%, the continuing connected transactions under these agreements are only subject to the reporting, announcement and annual review requirements of the Listing Rules and are exempted from the independent shareholders' approval requirement, which are included in the disclosure of related party transactions in accordance with HKFRS 24 (revised) presented in Note 38 to the audited consolidated financial statements for the year ended 31 December 2020. All terms used below shall have the same meanings as defined in the Connected Transaction Announcements, unless the context requires otherwise.

(i) Master Provision of Hotel Rooms Agreement

On 26 April 2018, the Company and Jin Jiang International Group entered into the Master Provision of Hotel Rooms Agreement to replace the Previous Master Provision of Hotel Rooms Agreement entered into on 28 July 2015 to regulate the provision of hotel rooms by the Group to Jin Jiang International Group for the three years ended 31 December 2018, 2019 and 2020. Details of the Master Provision of Hotel Rooms Agreement are set out below:

Date:	26 April 2018
Parties:	(i) Jin Jiang International Group as the recipient; and
	(ii) the Company as the provider

REPORT OF THE DIRECTORS

Term:	1 January 2018 to 31 December 2020. The Master Provision of Hotel Rooms Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Provision of Hotel Rooms Agreement can be extended, provided that Jin Jiang International Group and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	(i) provision of hotel rooms; and (ii) other related or ancillary goods and services are provided by the Group to Jin Jiang International Group and its associates (excluding the Group).
	It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International Group, its subsidiaries and/or associates, as appropriate.
	As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the Master Provision of Hotel Rooms Agreement, they do not constitute new categories of connected transactions.
Pricing policy:	The prices for the provision of relevant products and services to Jin Jiang International Group and its associates under the Master Provision of Hotel Rooms Agreement shall be determined with reference to the "Hotel Negotiated Prices for Major Customers" (as defined below) offered by the Company to independent third party customers with equivalent or similar volume of annual room reservations and level of aggregate consumption to Jin Jiang International Group and its associates.
	"Hotel Negotiated Prices for Major Customers" shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of products and services.
	A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of products and services provided by independent third parties to determine the "Hotel Negotiated Prices for Major Customers". Generally, the quotations and terms will be obtained from at least two independent third parties via email, facsimile or telephone enquiry. The Company will determine the "Hotel Negotiated Prices for Major Customers" after comparing and considering certain factors, including the quotation, quality of products and services, seasonal demand in hotel industry, locations of the hotels and specific requirements of the counterparty, etc.

REPORT OF THE DIRECTORS

The historical amounts for the continuing connected transactions conducted under the Previous Master Provision of Hotel Rooms Agreement and the Master Provision of Hotel Rooms Agreement for each of the three years ended 31 December 2020, as well as the respective annual caps for the three years ended 31 December 2020, are set out below:

	Historical amounts (RMB in million)			**Annual caps (RMB in million)**		
Item	For the year ended 2018	For the year ended 2019	**For the year ended 2020**	For the year ended 2018	For the year ended 2019	**For the year ended 2020**
Fees received by the Group under the Previous Master Provision of Hotel Rooms Agreement and the Master Provision of Hotel Rooms Agreement for the relevant period	32.6	33.9	**17.0**	40.0	44.0	**48.0**

(ii) Master Property Leasing Agreement

As the Previous Master Property Leasing Agreement entered into on 28 July 2015 expired on 31 December 2017, the Company and Jin Jiang International Group agreed to renew the transaction terms, and entered into the Master Property Leasing Agreement on 26 April 2018 to regulate the provision of property leasing services by Jin Jiang International Group and its associates to the Group for the three years ending 31 December 2018, 2019 and 2020. Details of the Master Property Leasing Agreement are set out below:

Date: 26 April 2018

Parties: (i) Jin Jiang International Group as the lessor; and

(ii) the Company as the lessee

Term: 1 January 2018 to 31 December 2020. The Master Property Leasing Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Property Leasing Agreement can be extended, provided that Jin Jiang International Group and the Company agree to such extension and the Listing Rules are complied with.

Nature of transactions: Jin Jiang International Group and its associates shall lease some properties legally owned by it to the Group and provide other property leasing related services to the Group.

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

As the implementation agreements are simply further elaborations on the provision of services as contemplated by the Master Property Leasing Agreement, they do not constitute new categories of connected transactions.

REPORT OF THE DIRECTORS

Pricing policy: Prices for the relevant property leasing services under the Master Property Leasing Agreement shall be determined according to the "Market Price" (as defined below).

"Market Price" shall be determined with reference to quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas.

A designated department or personnel of the Company shall primarily be responsible for checking the quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas to determine the "Market Price". Generally, the quotations and terms will be obtained from at least two real estate agents who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the "Market Price" after comparing and considering certain factors, including the condition of the relevant property, availability of ancillary facilities and service items to be provided, etc.

Other major terms: Starting from the effective date of the Master Property Leasing Agreement, all existing agreements between the Group and Jin Jiang International Group in relation to property leasing transactions (including property leasing transactions after the effective date of the Master Property Leasing Agreement) will be deemed as implementation agreements made under the Master Property Leasing Agreement.

The historical amounts for the continuing connected transactions conducted under the Previous Master Property Leasing Agreement and the Master Property Leasing Agreement for each of the three years ended 31 December 2020, as well as the respective annual caps for the three years ended 31 December 2020, are set out below:

	Historical amounts (RMB in million)			Annual caps (RMB in million)		
Item	For the year ended 2018	For the year ended 2019	**For the year ended 2020**	For the year ended 2018	For the year ended 2019	**For the year ended 2020**
Property leasing service fees paid by the Group under the Previous Master Property Leasing Agreement and the Master Property Leasing Agreement for the relevant period	50.5	55.3	**54.0**	60.0	65.0	**70.0**

(iii) Master Electronic Commerce Service Agreement

As the Previous Master Electronic Commerce Service Agreement entered into on 28 July 2015 expired on 31 December 2017, the Company and Jin Jiang International Group agreed to renew the transaction terms, and entered into the Master Electronic Commerce Service Agreement on 30 December 2018 to regulate the provision of the electronic commerce services by Jin Jiang International Group and its associates to the Group for the three years ending 31 December 2018, 2019 and 2020. Details of the Master Electronic Commerce Service Agreement are set out below:

Date: 30 December 2018

REPORT OF THE DIRECTORS

Parties:	(i) Jin Jiang International Group as the service provider; and (ii) the Company as the service recipient
Term:	1 January 2018 to 31 December 2020. The Master Electronic Commerce Service Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Electronic Commerce Service Agreement can be extended, provided that Jin Jiang International Group and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	Jin Jiang International Group and its associates shall provide the electronic commerce services to the Group. It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International Group, its subsidiaries and/or associates, as appropriate. As the implementation agreements are simply further elaborations on the provision of services as contemplated by the Master Electronic Commerce Service Agreement, they do not constitute new categories of connected transactions.
Pricing policy:	Prices for the electronic commerce services shall be determined in accordance with the following principles: *Services for bonus-point redemption gifts* Upon checking in a member hotel of the Group at the member room rate, a member guest may enjoy two kinds of benefits including a room rate discount and bonus points. If a member guest with rewards membership chooses to receive the bonus points, the member hotel of the Group concerned is not required to pay any bonus costs to Jin Jiang International Group; if a member guest with prime membership chooses to receive bonus points, the member hotel of the Group shall pay to Jin Jiang International Group and its associates a fixed percentage of the reasonable room charges incurred by such member guest as bonus costs. If a member hotel of the Group launches other promotional activities that involve the grant of bonus points to member guests, an amount equivalent to the RMB cash value of the bonus points accrued shall be paid to Jin Jiang International Group and its associates. Where a member guest with prime membership is offered a complimentary room at a discounted rate through the redemption of bonus points, Jin Jiang International Group and its associates shall settle the account with such member hotel of the Group at 100% of such discounted rate. Prices for the electronic commerce services under the Master Electronic Commerce Service Agreement shall be determined according to the Market Price (as defined below).

REPORT OF THE DIRECTORS

"Market Price" shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of electronic commerce services provided by electronic commerce platforms who are independent third parties to determine the Market Price. Generally, the quotations and terms will be obtained from at least two electronic commerce platforms who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the Market Price after comparing and considering certain factors, including the quotation, quality of service, specific requirements of the counterparty, technical advantage of the service provider, requirements of the Group's customers, ability of the service provider to fulfill technical specifications and qualifications and relevant experience of the service provider, etc.

The historical amounts for the continuing connected transactions conducted under the Previous Master Electronic Commerce Service Agreement and the Master Electronic Commerce Service Agreement for each of the three years ended 31 December 2020, as well as the respective annual caps for continuing connected transactions under the Master Electronic Commerce Service Agreement for the three years ended 31 December 2020, are set out below:

	Historical amounts (RMB in million)			**Annual caps (RMB in million)**		
Item	For the year ended 2018	For the year ended 2019	**For the year ended 2020**	For the year ended 2018	For the year ended 2019	**For the year ended 2020**
Service fees paid by the Group under the Previous Master Electronic Commerce Service Agreement and the Master Electronic Commerce Service Agreement for the relevant period	16.5	20.1	**11.6**	20.0	22.0	**24.0**

(iv) Loan Services Framework Agreement

As the Previous Loan Services Framework Agreement entered into on 7 May 2019 expired on 6 May 2020, Finance Company, a wholly-owned subsidiary of the Company, had renewed the Loan Services Framework Agreement with Jin Jiang International Group on 7 May 2020, pursuant to which Finance Company shall continue to provide Jin Jiang International Group with loan services. Details of the Loan Services Framework Agreement are set out below:

Date: 7 May 2020

Parties: (i) Jin Jiang International Group as the service recipient; and

(ii) Finance Company as the service provider

REPORT OF THE DIRECTORS

Term: The Loan Services Framework Agreement will be effective for an initial term of one year commencing on 7 May 2020 and ending on 6 May 2021, unless either party terminates the Loan Services Framework Agreement by three months' prior written notice to the other party. The term of the Loan Services Framework Agreement can be extended upon expiry, provided that Jin Jiang International Group and Finance Company agree to such extension and the requirements under the relevant laws, regulations and/or the Listing Rules are complied with.

Nature of transactions: Finance Company shall provide Jin Jiang International Group with loan services.

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

The historical amounts for the continuing connected transactions conducted under the Previous Loan Services Framework Agreement and the Loan Services Framework Agreement for each of the three years ended 31 December 2020, as well as the respective annual caps for continuing connected transactions under the Loan Services Framework Agreement for the three years ended 31 December 2020, are set out below:

	Historical figures for the relevant period		
	For the 12 months ended 31 December 2018 (RMB'000)	For the 12 months ended 31 December 2019 (RMB'000)	**For the 12 months ended 31 December 2020 (RMB'000)**
Maximum daily balance of loans provided by Finance Company	650,000	425,000	**348,000**

	Annual caps for the relevant period		
	For the 12 months ended 31 December 2018 (RMB'000)	For the 12 months ended 31 December 2019 (RMB'000)	**For the 12 months ended 31 December 2020 (RMB'000)**
Maximum daily balance of loans provided by Finance Company	650,000	450,000	**350,000**

REPORT OF THE DIRECTORS

(v) Master Provision of Catering Services and Food Agreement

On 26 April 2018, the Company entered into the Master Provision of Catering Services and Food Agreement with Jin Jiang International Group. On 18 August 2020, the Board passed a resolution to revise the original annual cap for payment by the Group to Jin Jiang International Group for procurement of catering services and food in 2020 under the agreement to an annual cap of RMB30 million. On 20 November 2020, the Board passed a resolution to revise the original annual cap for payment by Jin Jiang International Group to the Group for procurement of catering services and food in 2020 under the Master Provision of Catering Services and Food Agreement to an annual cap of RMB30 million. Details of the Master Provision of Catering Services and Food are set out as follows:

Date:	26 April 2018
Parties:	(i) Jin Jiang International Group; and (ii) The Company
Term:	1 January 2018 to 31 December 2020. The Master Provision of Catering Services and Food Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Provision of Catering Services and Food Agreement can be extended, provided that Jin Jiang International Group and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	The Group provides catering services, food and other relevant ancillary products and services, including hotel catering, food processing and semi-finished products to Jin Jiang International Group. Jin Jiang International Group provides catering services, food and other relevant ancillary products and services, including catering raw materials to the Group. It is possible that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International Group, its subsidiaries and/or associates, as appropriate. As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the Master Provision of Catering Services and Food Agreement, therefore they do not constitute new categories of connected transactions.
Pricing policy:	Under the Master Provision of Catering Services and Food Agreement, the price for procurement of catering services and food by the Group from Jin Jiang International Group and the price for procurement of catering services and food by Jin Jiang International Group from the Group shall be determined by the "market price" (as defined below). The "market price" shall be determined with reference to the price accepted or charged by the Group for procurement or supply similar types of catering services and food from or to independent third parties.

REPORT OF THE DIRECTORS

A designated department or personnel of the Company shall primarily be responsible for checking the price for similar types of catering services and food procured by the Group from independent third parties to determine the "market price". Generally, the quotations and terms will be obtained from at least two independent third party suppliers via email or telephone enquiry. The Company will determine the "market price" after comparing and considering certain factors. A designated department or personnel of the Company shall take into consideration of the quotation and terms of providing similar types of catering services and food by the Group to at least two independent third party purchasers to determine the "market price".

The continuing connected transactions conducted under the Master Provision of Catering Services and Food Agreement for the two years ended 31 December 2019 constituted transactions of de minimis exemption. The historical amount and annual cap for the continuing connected transactions conducted under the Master Provision of Catering Services and Food Agreement for the year ended 31 December 2020 are set out below:

Item	Historical amounts (RMB in millions) For the year ended 2020	Annual caps (RMB in millions) For the year ended 2020
Maximum amount paid by the Group to Jin Jiang International Group for procurement of catering services and food from Jin Jiang International Group for the relevant period under the Master Provision of Catering Services and Food Agreement	16.4	30.0
Maximum amount paid by the Jin Jiang International Group to the Group for procurement of catering services and food from the Group for the relevant period under the Master Provision of Catering Services and Food Agreement	11.4	30.0

(vi) Provision of Operating Property Loan

On 30 September 2020, Finance Company, a subsidiary of the Company, and Beijing Kunlun Hotel entered into the Operating Property Loan Agreement, pursuant to which Finance Company agreed to provide a loan with a principal amount of RMB550,000,000 to Beijing Kunlun Hotel for a term of ten years from 30 September 2020 to 29 September 2030. Beijing Kunlun Hotel shall mortgage its self-owned operating hotel properties to Finance Company as security. Beijing Kunlun Hotel did not constitute a connected person of the Company as at 30 September 2020 (namely the date of the entering into of the Operating Property Loan Agreement). The shareholding structure of Beijing Kunlun Hotel was subsequently changed. Beijing Kunlun Hotel is held as to (i) 8.45% by Jin Jiang International Group's wholly-owned subsidiary, Jin Jiang International Investment, (ii) 60% by the Group and its wholly-owned subsidiary, Jin Jiang HK, and (iii) 31.55% by Shanghai International and its wholly-owned subsidiary, SIGAM. As Jin Jiang International Group through the Company and Jin Jiang International Investment has the right to appoint or remove a majority of the board of directors of Beijing Kunlun Hotel, Jin Jiang International Group has control over Beijing Kunlun Hotel and therefore, Beijing Kunlun Hotel is a subsidiary of Jin Jiang International Group. Beijing Kunlun Hotel constitutes a connected person of the Company under Chapter 14A of the Listing Rules. In accordance with Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements (including publishing an announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the continuing connected transaction of the provision of operating property loans under the Operating Property Loan Agreement. In the event of any subsequent amendment or renewal of the Operating Property Loan Agreement, the Company shall further comply with all applicable reporting, disclosure and (if applicable) independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the announcements published by the Company on 30 September 2020 and 9 March 2021, respectively.

REPORT OF THE DIRECTORS

Details of the Operating Property Loan Agreement are set out as follows:

Date:	30 September 2020
Parties:	(i) Beijing Kunlun Hotel (as the borrower); and (ii) Finance Company (as the lender)
Principal amount of the loan:	RMB550,000,000
Term of the loan:	The term of the loan is ten years from 30 September 2020 to 29 September 2030. Beijing Kunlun Hotel may withdraw the loan in one or multiple drawdowns during the period from 30 September 2020 to 29 September 2030.
Interest rate of the loan:	The interest rate of the loan is floating interest rate, which is determined by the Loan Prime Rate (LPR) announced by National Interbank Funding Center minusing or plusing certain rate spread and floats by an agreed period. The interest rate shall be adjusted once in every period of twelve months and interests shall be computed by such period. The rate spread shall be minusing 50 bp (1 bp = 0.01%). The rate spread shall remain unchanged during the term of the loan. The LPR applicable to the first period shall be the 5-year LPR prevailing on the date immediately before the drawdown date of the loan. Thereafter, the LPR applicable to each period shall be adjusted according to the LPR prevailing on the date immediately before the date in the first month of the period corresponding to the drawdown date. If there is no corresponding date to the drawdown date in the month of adjustment, the last date of such month shall be deemed as the corresponding date.
Computation of loan interests:	Interests shall be accruable daily from the date of actual drawdown and settled monthly on the 20th day of each month. Interest = agreed interest rate x drawdown amount x number of days for which the loan is in use. The number of days in use shall be the number of days from the drawdown date (including such date) to the maturity date (excluding such date). If the maturity date falls on a non-business day, the period shall be extended and the days so extended shall be included in the number of days for which the loan is in use, and interests shall be accruable as stipulated under the Operating Property Loan Agreement.
Security:	Beijing Kunlun Hotel shall mortgage its self-owned operating hotel properties to Finance Company as security in respect of the principal, interest, compound interest, penalty interest, liquidated damages, damages, exchange rate loss (losses incidental to changes in exchange rate), expenses for the realization of mortgage (including but not limited to litigation costs, attorney's fees and valuation fees).
Repayment:	Beijing Kunlun Hotel shall repay the principal of RMB1 million on 21 June and 21 December respectively each year after the loan is granted and repay all the outstanding amount of the principal on the maturity date of the loan. Beijing Kunlun Hotel shall settle the interests as scheduled.

REPORT OF THE DIRECTORS

The balance under the Operating Property Loan Agreement for the year ended 31 December 2020 and the total contract loan amount for the year ended 31 December 2020, are set out below:

Item	Balance of contract loans (RMB million) For the year ended 2020	Total contract loan amount (RMB million) For the year ended 2020
Operating property loans provided by Finance Company to Beijing Kunlun Hotel under the Operating Property Loan Agreement	**497.3**	**550.0**

The independent non-executive Directors, Mr. Ji Gang, Dr. Rui Mingjie and Mr. Shen Liqiang have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

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

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

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

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

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

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

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

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

REPORT OF THE DIRECTORS

Other Material Connected Transactions

Disposal of subsidiaries

On 8 January 2020, Jin Jiang Hotel Investment, a wholly-owned subsidiary of Jin Jiang Hotels (a subsidiary of the Company) entered into the Shanghai Asset and Equity Transaction Contract ("Xi'an Asset and Equity Transaction Contract") and the Shanghai Asset and Equity Transaction Contract ("Zhengzhou Asset and Equity Transaction Contract") with Shanghai Guanglv, pursuant to which, Jin Jiang Hotel Investment agreed to dispose and Shanghai Guanglv agreed to acquire Xi'an Company and Zhengzhou Company with respective cash consideration of RMB75,193,051.99 and RMB60,168,475.98. Upon completion of the transactions, Xi'an Company and Zhengzhou Company will cease to be the subsidiaries of Jin Jiang Hotels and the Company. The relevant transactions under the Xi'an Asset and Equity Transaction Contract and the Zhengzhou Asset and Equity Transaction Contract can realize the gain from appreciation of value in assets, while it is also in line with the investment and development strategy of light asset of Jin Jiang Hotels. The Company intends to utilize net proceeds received from the transactions under the Xi'an Asset and Equity Transaction Contract and the Zhengzhou Asset and Equity Transaction Contract as the Group's general working capital.

Shanghai Guanglv is held as to 99% by the Collective Asset Management Scheme, which is in turn held as to 46.67% by Jin Jiang International Investment, a wholly-owned subsidiary of the controlling shareholder of the Company, Jin Jiang International Group. As such, Shanghai Guanglv constitutes an associate of Jin Jiang International Group and a connected person of the Company. Accordingly, the transactions contemplated under the Xi'an Asset and Equity Transaction Contract and the Zhengzhou Asset and Equity Transaction Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Xi'an Asset and Equity Transaction Contract and the Zhengzhou Asset and Equity Transaction Contract shall be aggregated. As the highest applicable percentage ratio of the transactions contemplated under the Xi'an Asset and Equity Transaction Contract and the Zhengzhou Asset and Equity Transaction Contract when aggregated exceeds 0.1% but is lower than 5%, the transactions contemplated under the Xi'an Asset and Equity Transaction Contract and the Zhengzhou Asset and Equity Transaction Contract as aggregated shall comply with the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 8 January 2020.

Vehicle Rental Contract between Jin Jiang Automobile, subsidiary of Jin Jiang Online, and Jin Jiang International Group

On 26 March 2020, Jin Jiang Automobile, a subsidiary of Jin Jiang Online (which is a subsidiary of the Company) entered into the Vehicle Rental Contract with Jin Jiang International Group, pursuant to which Jin Jiang International Group agreed to purchase vehicle leasing services from Jin Jiang Automobile during the period from 21 January 2020 to 31 March 2020 for the vehicle services organised by the government for prevention of the COVID-19 epidemic. The Vehicle Rental Contract is conducive to the stable and healthy business development of the Group and its subsidiary.

Jin Jiang International Group is the controlling shareholder of the Company. Therefore, the transaction contemplated under the Vehicle Rental Contract constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the transaction contemplated under the Vehicle Rental Contract exceeds 0.1% but is lower than 5%, the transaction contemplated under the Vehicle Rental Contract shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 26 March 2020.

REPORT OF THE DIRECTORS

Buyout Agreement of Guest Rooms and Related Services between Jin Jiang Hotels and Jin Jiang International Group

On 27 March 2020, Jin Jiang Hotels, a subsidiary of the Company, entered into the Buyout Agreement of Guest Rooms and Related Services with Jin Jiang International Group, pursuant to which Jin Jiang International Group agreed to purchase the guest rooms and related services that were expropriated by local governments for prevention of the COVID-19 epidemic in the hotels which are wholly-owned or controlled by Jin Jiang Hotels and its subsidiaries. The Buyout Agreement of Guest Rooms and Related Services is conducive to the stable and healthy business development of the Group and its subsidiaries.

Jin Jiang International Group is the controlling shareholder of the Company. Therefore, the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services exceeds 0.1% but is lower than 5%, the transaction contemplated under the Buyout Agreement of Guest Rooms and Related Services shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 27 March 2020.

Disposal of 70% equity interest in Da Hua Company

On 31 March 2020, Jin Jiang Hotels (a subsidiary of the Company) entered into the Equity Transfer Agreement with Jin Jiang International Investment, pursuant to which, Jin Jiang Hotels agreed to dispose and Jin Jiang International Investment agreed to acquire 70% equity interest in Da Hua Company at cash consideration of RMB171,441,616.06. Upon completion of the transaction, Da Hua Company will cease to be a subsidiary of Jin Jiang Hotels and the Company. The relevant transaction under the Equity Transfer Agreement can realize the gain from appreciation of value in assets, while it is also in line with the investment and development strategy of light asset of Jin Jiang Hotels. The Company intends to utilize net proceeds received from the transaction under the Equity Transfer Agreement as the Group's general working capital.

Jin Jiang International Investment is a wholly-owned subsidiary of the controlling shareholder of the Company, Jin Jiang International Group. As such, Jin Jiang International Investment constitutes a connected person of the Company. Accordingly, the transaction contemplated under the Equity Transfer Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Equity Transfer Agreement and the transactions in relation to the disposal of Xi'an Company and Zhengzhou Company conducted previously shall be aggregated. For details of the disposal of Xi'an Company and Zhengzhou Company, please refer to the announcement of the Company dated 8 January 2020. As the highest applicable percentage ratio of the transaction contemplated under the Equity Transfer Agreement and the transactions in relation to the disposal of Xi'an Company and Zhengzhou Company when aggregated exceeds 0.1% but is lower than 5%, the transaction contemplated under the Equity Transfer Agreement after aggregation shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 31 March 2020.

REPORT OF THE DIRECTORS

Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services between Plaza Great Wall and Jin Jiang International Group

On 7 May 2020, Plaza Great Wall, a wholly-owned subsidiary of the Company, entered into the Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services with Jin Jiang International Group, pursuant to which Jin Jiang International Group agreed to purchase the guest rooms and related services from Plaza Great Wall that were expropriated by the government for prevention of the COVID-19 epidemic. On the same date, Wuhan Jin Jiang International Hotel Co., Ltd. ("Wuhan Jin Jiang"), a wholly-owned subsidiary of the Company, entered into the Buyout Agreement of Wuhan Jin Jiang Guest Rooms and Related Services with Jin Jiang International Group, pursuant to which Jin Jiang International Group agreed to purchase the guest rooms and related services from Wuhan Jin Jiang that were expropriated by the government for prevention of the COVID-19 epidemic. The Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services and the Buyout Agreement of Wuhan Jin Jiang Guest Rooms and Related Services is conducive to the stable and healthy business development of the Company and its subsidiaries.

Jin Jiang International Group is the controlling shareholder of the Company. Therefore, the transactions contemplated under the Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services and the Buyout Agreement of Wuhan Jin Jiang Guest Rooms and Related Services constituted connected transactions of the Company under Chapter 14A of the Listing Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services and the Buyout Agreement of Wuhan Jin Jiang Guest Rooms and Related Services shall be aggregated. Meanwhile, those two transactions shall be aggregated with the transactions conducted previously under the Buyout Agreement of Guest Rooms and Related Services. Details of the Buyout Agreement of Guest Rooms and Related Services conducted previously are set forth in the announcement of the Company dated 27 March 2020. As the highest applicable percentage ratio of the transactions contemplated under the Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services and the Buyout Agreement of Wuhan Jin Jiang Guest Rooms and Related Services exceeds 0.1% but is lower than 5% after aggregation, the transactions contemplated under the Buyout Agreement of Plaza Great Wall Guest Rooms and Related Services and the Buyout Agreement of Wuhan Jin Jiang Guest Rooms and Related Services (after aggregation) shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 7 May 2020.

Acquisition of Gaoxiao Taxi

On 1 June 2020, Jin Jiang Automobile, a subsidiary of Jin Jiang Online, which is a subsidiary of the Company, entered into the Shanghai Asset and Equity Transaction Contract for the assignment of 100% equity interest in Gaoxiao Taxi ("Asset and Equity Transaction Contract") with Jin Jiang International Group, pursuant to which Jin Jiang International Group agreed to dispose and Jin Jiang Automobile agreed to acquire 100% equity interests in Gaoxiao Taxi for a cash consideration of RMB25,838,170.79. Following the completion of the transaction, Gaoxiao Taxi will become a subsidiary of the Company. The Asset and Equity Transaction Contract and the acquisition of Gaoxiao Taxi from Jin Jiang International Group is conducive to expanding the size of the taxi operation of Jin Jiang Online and facilitating coordinated arrangement of vehicle operations to achieve cluster effect and at the same time avoid competition with Jin Jiang International Group in same business.

Jin Jiang International Group is the controlling shareholder of the Company. Therefore, the transaction contemplated under the Asset and Equity Transaction Contract constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the transaction contemplated under the Asset and Equity Transaction Contract exceeds 0.1% but is lower than 5%, the transaction contemplated under the Asset and Equity Transaction Contract shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 1 June 2020.

REPORT OF THE DIRECTORS

Capital increase of Finance Company

On 24 June 2020, the Company, Jin Jiang International Group, Jin Jiang Hotel and Finance Company entered into the Capital Increase Agreement, pursuant to which the registered capital of Finance Company was proposed to increase from RMB500 million to RMB1 billion, and the Company and Jin Jiang International Group agreed to contribute RMB656,910,000 and RMB154,090,000, respectively, to Finance Company to subscribe for its increased registered capital of RMB500 million on the basis of the owners' interests of Finance Company of RMB811,000,000 as at the valuation benchmark date. The surplus part of RMB311,000,000 in aggregate will be recorded in the capital reserve of Finance Company. The Capital Increase of Finance Company by the Company and Jin Jiang International Group on non-proportional basis pursuant to the Capital Increase Agreement is beneficial to the coordination of the assets, capital and funds of the Company, the support of the business development of Finance Company and enhancement of its capital, as well as the compliance with the requirements of the China Banking and Insurance Regulatory Commission on the optimisation of the shareholding structure of Finance Company.

Jin Jiang International Group is the controlling shareholder of the Company. Finance Company is an indirect wholly-owned subsidiary of the Company. The Company directly holds 90% of the issued share capital of Finance Company, and Jin Jiang Hotel, a wholly-owned subsidiary of the Company, holds 10% of the issued share capital of Finance Company. Upon completion of the capital increase, the Company, Jin Jiang International Group and Jin Jiang Hotel will hold 85.5%, 9.5% and 5% of the issued share capital of Finance Company, respectively. Upon completion of the Capital Increase, Finance Company will remain a subsidiary of the Company and its results will continue to be consolidated into the financial statements of the Group. Upon completion of the capital increase, the shareholding in Finance Company by the Company will decrease from 100% to 90.5%. Therefore, the transaction contemplated under the Capital Increase Agreement constituted a deemed disposal under the Rule 14.29 of the Listing Rules. Jin Jiang International Group is the controlling shareholder of the Company. As such, the transaction contemplated under the Capital Increase Agreement constituted a connected transaction of the Company under the Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the transaction contemplated under the Capital Increase Agreement exceeds 0.1% but is lower than 5%, the transaction contemplated under the Capital Increase Agreement shall comply with the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under the Chapter 14A of the Listing Rules. For details, please refer to the announcement published by the Company on 24 June 2020.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management as at 31 December 2020 are set out on pages 20 to 23 in this annual report.

REPORT OF THE DIRECTORS

INTERESTS IN SHARES OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS

As at 31 December 2020, none of the Directors, chief executives of the Company or Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

INTERESTS IN SHARES OR UNDERLYING SHARES OR DEBENTURES OF ASSOCIATED CORPORATIONS

As at 31 December 2020, Director Mr. Yu Minliang held the following number of shares in Jin Jiang Hotels:

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

Save as disclosed above, as at 31 December 2020, none of the Directors, chief executives of the Company or Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executives of the Company or Supervisors is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

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

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

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

As at 31 December 2020, so far as the Directors are aware, the following persons (other than a Director, chief executive of the Company or Supervisor) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the Company's register pursuant to section 336 of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital of the Company
Jin Jiang International Group	Domestic shares	4,174,500,000 (Long position)	Beneficial owner	100%	75%
Pacific Asset Management Co., Ltd.	H shares	264,700,000 (Long position)	Others Note	19.02%	4.76%
Kwok Hoi Hing (郭海慶)	H shares	99,514,000 (Long position)	Beneficial owner	7.15%	1.79%
Citigroup Inc.	H shares	69,801,390 (Long position)	Interest of controlled corporation/approved lending agent	5.01%	1.25%
		128,000 (Short position)		0.00%	0.00%
		69,673,390 (Shares available for lending)		5.00%	1.25%

Note: Pacific Asset Management Co., Ltd. invested the shares as manager and on behalf of China Pacific Life Insurance Ltd.

Save as disclosed above and so far as the Directors are aware, as at 31 December 2020, no other person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the Company's register pursuant to section 336 of the SFO.

REPORT OF THE DIRECTORS

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

As at 31 December 2020, so far as the Directors are aware, each of the following parties, not being (1) a Director, chief executive of the Company or Supervisor or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

	Name of subsidiary	Name of shareholder	Percentage of shareholding
1	上海錦花旅館有限公司 (Shanghai Jinhua Hotel Co., Ltd.)	上海花木經濟發展總公司 (Shanghai Huamu Economic Development Company Limited)	20%
2	揚州錦揚旅館有限公司 (Yangzhou Jinyang Hotel Co., Ltd.)	揚州市雙橋鄉農工商總公司 (Yangzhou Shuangqiao Agriculture Industry Commerce General Company)	25%
3	上海錦海旅館有限公司 (Shanghai Jinhai Hotel Co., Ltd)	上海閔行區商業建設有限公司 (Minhang District Business Construction Co., Ltd.)	30%
4	蘇州新區錦獅旅館有限公司 (Suzhou New Area Jinshi Hotel Co., Ltd.)	蘇州高新區獅山資產經營公司 (Suzhou High-Tech Development Zone Shishan Assets Business Company)	40%
5	上海海侖賓館有限公司 (Sofitel Hyland Shanghai Co., Ltd)	上海國際集團資產管理有限公司 (SIG Asset Management Co., Ltd.)	33.33%
6	上海建國賓館有限公司 (Shanghai Jian Guo Hotel Co., Ltd)	上海國際集團資產管理有限公司 (SIG Asset Management Co., Ltd.)	35%
7	北京錦江北方物業管理有限公司 (Beijing Jin Jiang Northern Property Management Company Limited)	北京市崑崙經貿公司 (Beijing Kunlun Economic and Trade Company)	20%
8	澳大利亞新亞大包快餐(連鎖)有限公司 (New Asia Chains of Snack (Australia) PTY. Ltd.)	英華進出口有限公司 (Ying Hua Import & Export Pty Limited)	45%
9	上海錦江同樂餐飲管理有限公司 (Shanghai Jinjiang Tongle Food & Beverage Management Co., Ltd.)	同樂(中國)控股私人有限公司 (Tongle (China) Private Co., Ltd.)	49%
10	上海豫錦酒店管理有限公司 (Shanghai YuJin Hotel Management Company Limited)	上海豫園(集團)有限公司 (Shanghai Yuyuan (Group) Co., Ltd.)	40%
11	上海浦東友誼汽車服務有限公司 (Shanghai Pudong Friendship Automobile Service Co., Ltd.)	上海廣茂投資有限責任公司 (Shanghai Guangmao Investment Co., Ltd.)	12.17%
12	上海中油錦友油品經營有限公司 (Shanghai Zhongyou Jinyou Oil Products Management Co., Ltd.)	中油上海銷售有限公司 (Zhong You Shanghai Sales Co., Ltd.)	19%
	上海中油錦友油品經營有限公司 (Shanghai Zhongyou Jinyou Oil Products Management Co., Ltd.)	上海興恒拍賣有限公司 (Shanghai Xingheng Auction Company Limited)	5%
13	上海嘉定錦江汽車服務有限公司 (Shanghai Jiading Jin Jiang Automobile Services Co., Ltd.)	上海振申汽車服務公司 (Shanghai Zhenshen Automobile Service Company)	30%

REPORT OF THE DIRECTORS

	Name of subsidiary	Name of shareholder	Percentage of shareholding
14	上海錦江豐田汽車銷售服務有限公司 (Shanghai Jinjiang Toyota Motor Sales Service Co., Ltd.)	上海永達汽車集團有限公司 (Shanghai Yongda Automobile Group Co., Ltd.)	20%
15	上海花樣年華廣告有限公司 (Shanghai Huayangnianhua Advertising Co., Ltd.)	周力平 (Liping Zhou)	20%
16	上海錦茂汽車銷售服務有限公司 (Shanghai Jinmao Automotive Sales Service Co., Ltd.)	上海榮茂工貿有限公司 (Shanghai Rongmao Industry & Trade Co., Ltd.)	49.02%
	上海錦茂汽車銷售服務有限公司 (Shanghai Jinmao Automotive Sales Service Co., Ltd.)	上海市駕駛員培訓學校 (Shanghai Vehicle Drivers Training School)	0.98%
17	上海錦海捷亞物流管理有限公司 (Shanghai Jinhai Jieya Logistics Management Co., Ltd.)	錦江國際集團(香港)有限公司 (Jin Jiang International Group (HK) Co., Ltd.)	21.75%
	上海錦海捷亞物流管理有限公司 (Shanghai Jinhai Jieya Logistics Management Co., Ltd.)	香港旋光有限公司 (TURNLIGHT LIMITED)	13.25%
18	上海錦江國際綠色假期旅遊有限公司 (Shanghai Jin Jiang International Group Green Holiday Travel Co., Ltd.)	上海廊下集體資產有限公司 (Shanghai Langxia Assets Management Co., Ltd.)	30%
19	靜安麵包房控股有限公司 (Jing An Bakery Holding Company Limited)	中國麵包投資有限公司 (China Bread Investment Limited)	30%
	靜安麵包房控股有限公司 (Jing An Bakery Holding Company Limited)	中國烘焙集團有限公司 (China Baking Group Co., Ltd.)	10%
20	瀋陽錦富酒店投資管理有限公司 (Shenyang Jin Fu Hotel Investment and Management Company Limited)	瀋陽副食品集團公司 (Shenyang Foodstuff Group Company)	45%
21	廬山錦江國際旅館投資有限公司 (Lushan Mountain Jin Jiang International Group Hotel Investment Co., Ltd.)	廬山旅遊發展股份有限公司 (Lushan Tourism Development Co., Ltd.)	40%
22	維也納酒店有限公司 (Vienna Hotels Group Co., Ltd.)	黃德滿 (Huang Deman)	12.95%
	維也納酒店有限公司 (Vienna Hotels Group Co., Ltd.)	深圳市維也納之星管理有限公司 (Shenzhen Vienna Star Hotels Management Co., Ltd.)	7.05%
23	深圳市百歲村餐飲連鎖有限公司 (Shenzhen Baisuicun Restaurants Chain Co., Ltd.)	黃德滿 (Huang Deman)	20%
24	Keystone Lodging Holdings Limited	瑞信國際有限公司 (Fortune News International Limited)	3.49825%
25	Keystone Lodging Holdings Limited	Ever Felicitous Limited	0.4661%

Save as disclosed above and so far as the Directors are aware, as at 31 December 2020, no other party, not being (1) a Director, chief executive or Supervisor or (2) a member of the Group, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

Other than those transactions disclosed in the section headed "CONNECTED TRANSACTIONS" above, as of 31 December 2020 and at any time during the Reporting Period, there is or was no transaction, arrangement and contract of significance (as defined in Appendix 16 of the Listing Rules) subsisting in which any of the Directors or the Supervisors is or was, whether directly or indirectly, materially interested in.

As of 31 December 2020 and at any time during the Reporting Period, there is or was no transaction, arrangement and contract of significance in relation to the Company's business subsisting to which the Company, its subsidiaries, its holding company or a subsidiary of its holding company is or was a party and in which any of the Directors or the Supervisors has or had, or at any time during that period, in any way, whether directly or indirectly, a material interest.

As of 31 December 2020 and at any time during the Reporting Period, none of the Directors or the Supervisors is or was in any way, directly or indirectly, materially interested in any transaction, arrangement and contract of significance in relation to the Company's business entered into or proposed to be entered into with the Company.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term expiring upon the conclusion of the annual general meeting of the Company to be held in 2022. Commencement dates of the terms of each independent non-executive Director are as follows:

Name	Title	Commencement Date
Mr. Ji Gang	Independent non-executive Director	20 November 2006 (re-appointed on 16 October 2012, 25 September 2015 and 28 June 2019)
Dr. Rui Mingjie	Independent non-executive Director	20 November 2006 (re-appointed on 16 October 2012, 25 September 2015 and 28 June 2019)
Mr. Shen Liqiang	Independent non-executive Director	28 June 2019

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

EMOLUMENT POLICY OF THE GROUP

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

The compensation of the Directors, Supervisors, the five highest paid individuals and senior management and information regarding pension scheme have been stated in Note 27, Note 38(d) and Note 39 to the consolidated financial statements. The Group has adopted the PRC government's social security system that comprises retirement fund, housing fund and medical insurance. For the retirement funds, the employer contribution ratio and employee contribution ratio in Shanghai are currently 20% and 8% respectively.

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

REPORT OF THE DIRECTORS

EXECUTIVE DIRECTORS, INDEPENDENT NON-EXECUTIVE DIRECTORS AND SUPERVISORS

As of 31 December 2020 and up to the date of this annual report, the executive Directors are Mr. Yu Minliang (chairman), Ms. Guo Lijuan (vice chairman), Mr. Chen Liming (vice chairman), Mr. Ma Mingju, Ms. Zhou Wei and Mr. Sun Yu; and the independent non-executive Directors are Mr. Ji Gang, Dr. Rui Mingjie and Mr. Shen Liqiang.

As of 31 December 2020, the Supervisors were Mr. Wang Guoxing (chairman of the Supervisory Committee), Mr. Zhao Feng and Mr. Kuang Ke. Mr. Zhao Feng was elected Staff Supervisor of the fifth session of the Supervisory Committee through democratic election among the Company's staff in accordance with the Articles of Association on 29 July 2020. Mr. Chen Yinghao has ceased to be Staff Supervisor with effect from 29 July 2020 due to change of work arrangements.

Biographical details of the Directors and the Supervisors are set out on pages 20 to 22 in this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of 31 December 2020, none of the Directors were interested in businesses that were deemed to be competing or possibly competing, whether directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and as at 31 December 2020, the Company had taken out liability insurance for its Directors and Supervisors to provide appropriate protection for the Directors and Supervisors.

PENSION SCHEMES

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

NOMINATION COMMITTEE

The Board has established a nomination committee (the "Nomination Committee"), which comprises the chairman and the executive Director Mr. Yu Minliang (chairman) and two independent non-executive Directors, Dr. Rui Mingjie and Mr. Ji Gang. The major duties of the Nomination Committee include: (1) reviewing the structure, number of members and diversity of the Board at least annually, and making suggestions on any proposed changes of the Board in accordance with the corporate strategies of the Company; (2) identifying candidates with appropriate qualifications to act as Directors, and selecting and nominating such candidates to act as Directors or making recommendations to the Board in this regard; (3) evaluating the independence of independent non-executive Directors; and (4) making suggestions to the Board on the appointment or re-appointment of Directors and the succession plan of Directors.

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

REPORT OF THE DIRECTORS

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

AUDIT AND RISK CONTROL COMMITTEE

The Company has established an Audit and Risk Control Committee, the principal duty of which is to review the financial controls, risk management and internal control systems of the Company. The Audit and Risk Control Committee comprises three independent non-executive Directors, namely Mr. Shen Liqiang (chairman), Mr. Ji Gang and Dr. Rui Mingjie.

The annual results have been reviewed by the Audit and Risk Control Committee. The committee has reviewed the accounting principles and practices adopted by the Company and conducted a discussion on matters in relation to the audit, risk management, internal controls and financial reporting, including the review of the consolidated financial statements for the year ended 31 December 2020 prepared under HKFRSs, together with the management.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has established a remuneration and appraisal committee (the "Remuneration and Appraisal Committee"), the principal duty of which is to make recommendations to the Board in respect of the remuneration policy and structure formulated by the Company for the Directors and the senior management. The Remuneration and Appraisal Committee comprises the independent non-executive Director Mr. Ji Gang (chairman), executive Director Ms. Guo Lijuan and independent non-executive Director Mr. Shen Liqiang.

STRATEGIC INVESTMENT COMMITTEE

The Company has established a strategic investment committee (the "Strategic Investment Committee"), the principal duty of which is to provide recommendations, furnish deliberations, procure implementation and carry out other supervisory responsibilities in respect of the Company's proposed strategic investments. The Strategic Investment Committee comprises executive Directors Mr. Chen Liming (chairman) and Mr. Ma Mingju and independent non-executive Director Dr. Rui Mingjie.

PUBLIC FLOAT

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

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreement for the year ended 31 December 2020.

NON-EXECUTIVE DIRECTOR

For the year ended 31 December 2020, the Company did not have any non-executive Director.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from all independent non-executive Directors, namely Mr. Ji Gang, Dr. Rui Mingjie and Mr. Shen Liqiang, the confirmation letters for the year ended 31 December 2020 confirming their independence pursuant to Rule 3.13 of the Listing Rules. Based on their confirmations, the Company considers that all independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

INTERNATIONAL AUDITOR

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

By order of the Board
Yu Minliang
Chairman

31 March 2021

REPORT OF THE SUPERVISORY COMMITTEE

Dear shareholders,

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

The Supervisory Committee convened two meetings in 2020. On 31 March 2020, the Supervisory Committee received relevant reports on the financial conditions of the Group in 2019, and considered and approved the resolution relating to the 2019 Supervisory Committee report. On 31 August 2020, the Supervisory Committee received relevant reports on the financial conditions of the Group during the first half of 2020.

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

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

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

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

31 March 2021

CORPORATE GOVERNANCE REPORT

The Board has reviewed the "Company Operation and Corporate Governance Guidelines" of the Company and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company was in compliance with the relevant code provisions set out in Appendix 14 to the Listing Rules for the financial year ended 31 December 2020.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

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

THE BOARD

The fifth session of the Board currently consists of six executive Directors and three independent non-executive Directors (at least one independent non-executive Director possesses appropriate professional qualifications or possesses accounting or related financial management expertise). Biographical details of the Directors are set out on pages 20 to 21 in this annual report.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Board held 18 meetings. The attendance record of each respective Director at the Board meetings held in 2020 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Yu Minliang *(Chairman)*	18/18
Ms. Guo Lijuan *(Vice Chairman)*	18/18
Mr. Chen Liming *(Vice Chairman)*	18/18
Mr. Ma Mingju	18/18
Ms. Zhou Wei	18/18
Mr. Sun Yu	18/18
Mr. Ji Gang*	18/18
Dr. Rui Mingjie*	18/18
Mr. Shen Liqiang*	18/18

* Independent non-executive Director

CONTINUOUS TRAINING AND DEVELOPMENT FOR DIRECTORS

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

The company secretary of the Company reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, and the legal advisers of the Company prepare and provide the Directors with detailed interpretations and analysis on the revised contents for them to understand the latest developments in a timely and accurate manner and to perform their duties in accordance with relevant laws and regulatory requirements. All Directors (namely, Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Ma Mingju, Ms. Zhou Wei, Mr. Sun Yu, Mr. Ji Gang, Dr. Rui Mingjie and Mr. Shen Liqiang) have participated in relevant trainings, and were provided with the above information for further development and update on their knowledge and skills, which in turn ensures that they could make adequate and suitable contributions to the Board.

NOMINATION OF DIRECTORS AND TERM OF OFFICE

The Nomination Committee has been set up under the Board on 28 March 2012. A shareholder holding 3% or more of the total number of shares of the Company with voting rights may nominate Director candidate(s) to the general meeting by the way of written proposal. A written notice stating their intention to nominate a candidate for directorship and the nominee's consent to be nominated shall be delivered to the Company after the dispatch of the notice of general meeting at which the election of Directors will be held and not less than seven days before the general meeting, and the notice period shall not be less than seven days. The criteria for nomination shall be based mainly on the academic qualifications, relevant experience and other biographical details of the candidates. The independence of the candidates and their potential contributions to the Board as a whole will also be considered.

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

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF THE BOARD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

SUPERVISORY COMMITTEE

As at the end of 2020, the Supervisory Committee comprised three members. The background and biographical details of the Supervisors are set out in the section headed "Directors, Supervisors and Senior Management". Supervisors acted diligently to effectively supervise on the lawfulness and compliance of the Company's financial matters and the performance of duties by the Directors and senior management.

BOARD COMMITTEES

(1) Audit and Risk Control Committee

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

CORPORATE GOVERNANCE REPORT

The members of the Audit and Risk Control Committee are elected and appointed by the Board. The Audit and Risk Control Committee comprises three independent non-executive Directors, namely Mr. Shen Liqiang, Mr. Ji Gang and Dr. Rui Mingje, and one of them is an independent non-executive Director who possesses appropriate accounting or related financial management expertise as required under Rule 3.10 (2) of the Listing Rules. Mr. Shen Liqiang is the chairman of the Audit and Risk Control Committee. The secretary of the Audit and Risk Control Committee is Dr. Ai Gengyun.

In 2020, the Audit and Risk Control Committee held three meetings in total. The attendance record of each respective member at the meetings of the Audit and Risk Control Committee held in 2020 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Shen Liqiang *(Chairman)*	3/3
Mr. Ji Gang	3/3
Dr. Rui Mingjie	3/3

The first meeting of the Audit and Risk Control Committee for 2020 was held on 15 January 2020, at which major operation results, review on internal audit, and audit plans in 2019 and the key tasks for internal audit in 2020 were reviewed and discussed. The second meeting of the Audit and Risk Control Committee for 2020 was held on 24 March 2020, at which the audit for 2019 and the consolidated financial statements for 2019 were reviewed and discussed. The third meeting of the Audit and Risk Control Committee for 2020 was held on 25 August 2020, at which the financial position of the Company for the first half of 2020 and concerns and advice relating to the major items in the interim period of 2020 were reviewed and discussed.

(2) Remuneration and Appraisal Committee

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

In 2020, the Remuneration and Appraisal Committee held one meeting in total. The attendance record of each respective member at the meeting of the Remuneration and Appraisal Committee held in 2020 is set out in the following table:

Directors	Attendance/number of meetings held or eligible to join
Mr. Ji Gang *(Chairman)*	1/1
Ms. Guo Lijuan	1/1
Mr. Shen Liqiang	1/1

The meeting of the Remuneration and Appraisal Committee for 2020 was held on 31 March 2020, at which the resolution on the remuneration for the senior management of the Company for 2019 was reviewed and passed, the disclosures in the annual report on salaries of the Directors, Supervisors and senior management were reviewed, and the summary report for the performance of duties by the Remuneration and Appraisal committee was reviewed.

CORPORATE GOVERNANCE REPORT

(3) Nomination Committee

The Nomination Committee comprises the Chairman and the executive Director, Mr. Yu Minliang, and two independent non-executive Directors, Dr. Rui Mingjue and Mr. Ji Gang. Mr. Yu Minliang is the chairman of the Nomination Committee. The major duties of the Nomination Committee include: (1) review the structure, number of members and diversity of the Board at least annually, and make suggestions on any proposed changes of the Board in accordance with the corporate strategies of the Company; (2) identify candidates with appropriate qualifications to act as Directors, and select and nominate such candidates to act as Directors or make recommendations to the Board in this regard; (3) evaluate the independence of independent non-executive Directors; and (4) make suggestions to the Board on the appointment or reappointment of Directors and the succession plan of Directors. Please refer to the terms of reference of the Nomination Committee published on the website of the Stock Exchange for details of the nomination policy of Directors.

In 2020, the Nomination Committee did not hold any meetings.

(4) Strategic Investment Committee

The strategic investment committee is a committee established under the Board. Its main duties are to provide advice and arguments for strategic investments proposed to be made by the Company, and to oversee the execution and performance of other supervisory duties. The current Strategic Investment Committee comprises three members, including two executive Directors, Mr. Chen Liming and Mr. Ma Mingju, and one independent non-executive Director, Dr. Rui Mingjie. The chairman of the Strategic Investment Committee is Mr. Chen Liming.

In 2020, the Strategic Investment Committee did not hold any meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of the Chairman and the chief executive officer of an issuer should be separate and should not be performed by the same person. Currently, the Chairman is Mr. Yu Minliang, who is an executive Director and is responsible for formulating overall corporate strategies and major decision-making. The chief executive officer is Mr. Ma Mingju, who is an executive Director and is responsible for overseeing the daily operation and operation management of the Company as well as coordinating the implementation of Board resolutions.

The Company is not aware of any financial, business or family relationships or significant relevant relationships between the Board members and the Chairman on one hand and the chief executive officer on the other hand.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code regarding Directors' and Supervisors' securities transactions. Every Director and Supervisor at the time of appointment was given a copy of the Model Code. The Company confirms, having made specific enquiries with all Directors and Supervisors, that for the year ended 31 December 2020, each of its Directors and Supervisors has complied with the requirements relating to Directors' and Supervisors' securities transactions as set out in the Model Code.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITORS

The independence of the Company's external auditors is confirmed. The external auditors will retire on the date of convening the following annual general meeting and will offer themselves for re-election at such meeting. During the Reporting Period, two external auditors were appointed, namely PricewaterhouseCoopers in Hong Kong for consolidated financial statements of the Group prepared in accordance with HKFRS and PricewaterhouseCoopers Zhong Tian LLP in the PRC for financial statements of the Group and the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises. An aggregate remuneration of RMB4,956,426 for the provision of audit services on the consolidated financial statements during the Reporting Period was paid to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES

The Directors have acknowledged their responsibilities for the preparation of the consolidated financial statements for the year ended 31 December 2020, and confirm that such statements give a true and fair view of the state of affairs of the Group as at 31 December 2020 and of the profit and cash flows for the Reporting Period. In preparing these consolidated financial statements, the Directors have selected and adopted suitable accounting policies and made accounting estimates that are reasonable under the circumstances; and have prepared the consolidated financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group at any time.

PricewaterhouseCoopers, the international auditor of the Company, have set out their responsibilities in the independent auditor's report as set out on pages 105 to 111.

INVESTOR RELATIONS

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

The annual general meeting is a formal occasion for direct communications between the Directors and shareholders. All shareholders will receive a notice convening the annual general meeting at least 20 days prior to the meeting is held, which sets out the date, venue and agenda of the meeting.

GENERAL MEETINGS

The Company convened its annual general meeting on 19 June 2020, at which six ordinary resolutions and two special resolutions were considered and approved, and its first extraordinary general meeting on 13 November 2020, at which one ordinary resolution was considered and approved.

CORPORATE GOVERNANCE REPORT

Details of the attendance of the Directors in the general meeting in 2020 are as follows:

Directors	Attendance/number of meetings held or eligible to join
Mr. Yu Minliang *(Chairman)*	2/2
Ms. Guo Lijuan *(Vice Chairman)*	2/2
Mr. Chen Liming *(Vice Chairman)*	2/2
Mr. Ma Mingju	2/2
Ms. Zhou Wei	2/2
Mr. Sun Yu	2/2
Mr. Ji Gang	1/2
Dr. Rui Mingjie	0/2
Mr. Shen Liqiang	1/2

DIVIDEND POLICY

The Board has adopted the dividend policy (the “Dividend Policy”) which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Dividend Policy will be reviewed on a regular basis.

COMMUNICATION WITH SHAREHOLDERS

Shareholders’ Rights

The Board is committed to maintaining communication with its shareholders and discloses significant development of the Company to its shareholders and investors when appropriate. The annual general meeting of the Company provides a good opportunity for communication between shareholders and the Board. A written notice, which specifies the matters to be considered in the meeting and the date and venue of the meeting, should be sent to all shareholders whose names appear on the share register of the Company 20 days prior to convening and annual general meeting or 15 days prior to convening an extraordinary general meeting.

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

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

CORPORATE GOVERNANCE REPORT

Where the Board fails to issue notice of convening a meeting within 30 days upon receipt of the above written requisition(s), shareholder(s) individually or collectively holding more than ten percent (including ten percent) of the outstanding shares of the Company carrying voting rights is/are entitled to request by written requisition(s) the Supervisory Committee to convene the extraordinary general meeting or class shareholders' meeting. The Supervisory Committee may convene the meeting on its own accord within four months upon the Board having received such request. In case the Supervisory Committee does not convene and hold the meeting(s), shareholder(s) individually or collectively holding more than ten percent of the shares of the Company for 90 consecutive days may convene the meeting(s) on his/her/their own accord. The convening procedures shall as much as possible be equivalent to those of general meetings convened by the Board.

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

Enquires of and Communication with Shareholders

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

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

Amendments to the Articles of Association

During the Reporting Period, the Company amended the Articles of Association. Such amendments have been approved at the 2019 annual general meeting of the Company. For details of the amendments to the Articles of Association, please refer to the announcement of the Company dated 27 April 2020 and the circular of the Company dated 28 April 2020.

RISK MANAGEMENT AND INTERNAL CONTROLS AND AUDIT

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

CORPORATE GOVERNANCE REPORT

Based on a risk-directed approach, the internal audit department of the Company coordinates each of the departments and subsidiaries in the ongoing testing and self-evaluation for risk management and internal controls on an annual basis. A periodical inspection was conducted on the design of internal controls and effectiveness of its implementation for subsidiaries each year for a period of three years. Yearly check-ups were performed on each of the major areas of risk of the Company including internal and external investments, borrowings and financing, internal and external guarantees, securities, pledges and material transactions and asset purchases, connected transactions, equity transfers, disposal of assets, remunerations, inside information, information disclosures for listed companies and structure of governance, and follow-up reviews were performed after identifying major issues during the check-ups and timely remedial actions were adopted. The internal audit department reports on the abovementioned works to the Audit and Risk Control Committee twice a year.

The Audit and Risk Control Committee under the Board is responsible for considering the risk management and internal control systems of the Company and the implementation of the abovementioned works by the internal audit department, and discussing the risk management and internal control systems of the Company with the management on such matters as, among others, the adequacy of the resources available to, and the qualification and experience of the staff for, the accounting, internal audit and financial reporting functions of the Company, and the sufficiency of the training sessions and the relevant budget for the staff. Reviews are conducted annually to ensure that the effective risk management and internal control systems are established for the Company and its subsidiaries. However, such systems aim to manage rather than eliminate the risks of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

To further strengthen and meet the need for excellent performance, the Company carried on with the establishment of its excellent performance management system in 2020, formulating relevant work plans in respect of six aspects: strategic control, system of indicators, brand marketing, operation and management, platform building and human resources. A task force headed by Mr. Ma Mingju, the chief executive officer of the Company, was established. Risk management and internal controls are highlighted in the strategic control in the six aspects pinpointed for excellent performance management systems. The task force embarked on the establishment of the risk management and control systems in the second half of 2016. The current conditions of the risk control works performed by the Company were studied, and pilot companies for risk assessment were selected. A work plan and schedule for establishing risk control system was proposed, and the process of risk identification had begun. In particular, the implementation also included the optimization of the established protocols, summarization of common issues in the internal control for the previous three years, review on internal controls on GDL, and on-site study of risk-related issues and internal control systems of Plateno Group and Vienna Hotels. From 2019 onward, the Company will continue to make advancements on the various works relating to risk control including the performance of identification, assessment and coping of risks for the pilot companies, engaging in specialized training in risk control, strengthening the establishment of risk control teams, raising the awareness of risk control for all employees and bringing forth a new culture of risk control.

All Directors considered that the operation of current risk management and internal control systems effective.

JOINT COMPANY SECRETARIES

Ms. So Lai Shan became the joint company secretary of the Company with effect from 31 August 2018. Her primary corporate contact person at the Company is Ms. Zhang Jue, another joint company secretary and the Board secretary of the Company.

In compliance with Rule 3.29 of the Listing Rules, the joint company secretaries of the Company have undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2020.

CORPORATE GOVERNANCE REPORT

MAJOR DUTIES OF INTERNAL AUDIT

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

- to conduct audit on the economic responsibilities of department heads of members of the Group during their appointment period and separate audit for those who have been transferred, resigned, dismissed or retired;
- to conduct audit on income, expenses and related business activities;
- to conduct audit on construction projects as well as upgrade and renovation projects for fixed assets of over a designated amount;
- to conduct audit on the implementation of investment management, fund management, properties management and internal control;
- to coordinate each of the departments and subsidiaries in the ongoing testing and self-evaluation for internal control on an annual basis;
- to conduct annual review on major compliance issues of the Company;
- to implement internal control and formulate and optimize risk management and internal control policies and standards according to management requirements;
- to conduct analysis and independent assessment on the effectiveness of the risk management and internal control systems of the Company;
- to be responsible for the development of full-time and part-time internal audit workforce, and organize relevant assignments in the Company's system; and
- to accomplish other audit assignments from senior management team, the Board and the Supervisory Committee.

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

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

In accordance with the arrangements disclosed in the Prospectus, the independent non-executive Directors held five meetings in 2020 to consider whether or not to exercise the relevant rights granted to the Company by Jin Jiang International Group over the relevant excluded hotel businesses and new union business under the Deed of Non-Competition and whether to take up any business opportunity which was referred to the Company by Jin Jiang International Group or any of its subsidiaries (other than the Group).

CORPORATE GOVERNANCE REPORT

After considering the relevant proposals presented by the Company, the independent non-executive Directors present at the meetings have decided not to exercise the relevant rights granted to the Company by Jin Jiang International Group over the relevant excluded hotel businesses and new union business under the Deed of Non-Competition for the reasons set out below:

Shanghai Eastern Jin Jiang Hotel Company Limited ("Eastern Jin Jiang"): Pursuant to the written notice of Jin Jiang International Group, Eastern Jin Jiang has been converted into a limited liability company and has obtained the business license of a limited liability company. The proportion of capital injected by each of the shareholders of Eastern Jin Jiang after it became a limited liability company was confirmed. As at the date of this annual report, Jin Jiang International Group has transferred its 90% equity interests in Eastern Jin Jiang to its wholly-owned subsidiary, Jin Jiang International Investment. For the purpose of achieving efficient management in a streamlined approach, the business segments have been separated. In November 2018, Eastern Jin Jiang was divided into two limited liability companies, namely Eastern Jin Jiang and Shanghai Jinyang Enterprise Management Company Limited ("Shanghai Jinyang"), by injecting assets of east building to Shanghai Jinyang from Eastern Jin Jiang. Jin Jiang International Investment currently holds 90% equity interests in Eastern Jin Jiang and Shanghai Jinyang. Jin Jiang International Investment is in a position to transfer its interests in Eastern Jin Jiang and Shanghai Jinyang to the Company. It is up to the Company's decision whether to exercise its right to purchase Jin Jiang International Investment's 90% direct and indirect equity interests in Eastern Jin Jiang and Shanghai Jinyang.

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

Eastern Jin Jiang has in total 850 rooms. The revenue and net assets of Eastern Jin Jiang as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2020 amounted to approximately RMB123,084,000 and RMB312,428,000, respectively.

Pacific Shanghai Hotel Company Limited ("Pacific Shanghai"): As at the date of this annual report, Jin Jiang International Investment holds 70% equity interests in Pacific Shanghai. In accordance with the relevant arrangements disclosed in the Prospectus, an internationally recognized independent valuer will be jointly appointed by the Company and Jin Jiang International Group to issue a valuation report that would determine the consideration for the purchase of the 70% equity interests in Pacific Shanghai. In accordance with the relevant PRC laws, Jin Jiang International Investment will appoint another valuer qualified under the PRC laws to issue a second valuation report. Upon issuance of the two valuation reports, the independent non-executive Directors shall convene a meeting to make a final decision on whether to exercise its right to purchase Jin Jiang International Investment's 70% equity interests in Pacific Shanghai after considering all factors. The Company will issue a separate announcement in respect of the independent non-executive Directors' decision on whether to exercise the relevant right.

Pacific Shanghai has in total 587 rooms. The revenue and net assets of Pacific Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2020 amounted to approximately RMB50,147,000 and RMB425,919,000 respectively.

Garden Hotel Shanghai: As at the date of this annual report, Jin Jiang International Investment holds 100% equity interests in Garden Hotel. In accordance with the relevant arrangements disclosed in the Prospectus, an internationally recognized independent valuer will be jointly appointed by the Company and Jin Jiang International Group to issue a valuation report that would determine the consideration for the purchase of the 100% equity interests in Garden Hotel. In accordance with the relevant PRC laws, Jin Jiang International Investment will appoint another valuer qualified under the PRC laws to issue a second valuation report. Upon issuance of the two valuation reports, the independent non-executive Directors shall convene a meeting to make a final decision on whether to exercise its right to purchase Jin Jiang International Investment's 100% equity interests in Garden Hotel after considering all factors. The Company will issue a separate announcement in respect of the independent non-executive Directors' decision on whether to exercise the relevant right.

CORPORATE GOVERNANCE REPORT

Garden Hotel Shanghai has in total 471 rooms. The revenue and net assets of Garden Hotel Shanghai as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2020 amounted to approximately RMB99,216,000 and RMB122,580,000 respectively.

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

Jiaozhou Road Inn each has in total 82 rooms. The revenue and net assets of Jiaozhou Road Inn as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2020 amounted to approximately RMB6,300,000 and RMB0 respectively.

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

New Union has in total 260 rooms. The revenue and net assets of New Union as set out in its management account prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended and as at 31 December 2020 amounted to approximately RMB143,936,000 and RMB89,641,000 respectively.

During the Reporting Period, the business opportunity reviewed by independent non-executive Directors include:

(1) Jin Jiang International Group sought confirmation from the Company whether the business opportunity of acquisition of 70% equity interests in Pacific Shanghai and swap for 50% equity interest in Yangtze Hotel would be taken up by the Company.

Upon thorough studies and consideration by independent non-executive Directors on the documents presented by the Company, the independent non-executive Directors were of the view that the above business opportunities would not provide sustainable profitability to the Group for now, would be inconsistent with the Group's prevailing development strategies and would otherwise be not in the best interests of the shareholders of the Company as a whole. Accordingly, the independent non-executive Directors have decided not to take up such business opportunity for now.

Apart from the above business opportunity, Jin Jiang International Group and its subsidiaries (other than the Group) have not referred any other business opportunity to the Company for owning, investing, participating, developing, operating or engaging business opportunities, whether directly or indirectly, competing with the restricted businesses. Accordingly, the independent non-executive Directors have not made any other decision on whether to take up relevant business opportunities.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group hereby publishes the Environmental, Social and Governance Report (the "ESG Report") of year 2020, to demonstrate the Group's sustainable development concepts and practices to all stakeholders. This ESG Report provides information on the environmental, social and governance (hereinafter referred to as "ESG") performance of the Group in 2020. This ESG Report should be read in conjunction with the annual report, in particular the Corporate Governance Report therein, as well as the section of "Corporate Governance" on the Company's website.

This ESG Report complies with the requirements of the "Environment, Social and Governance Reporting Guide" (the "ESG Guide") set out in Appendix 27 to the Listing Rules of Hong Kong Exchanges and Clearing Limited ("HKEx"). This ESG Report incorporates the Group's headquarters and members of its affiliated hotels, including full-service hotels and selected-service hotels. There is no significant scope adjustment from the ESG Report included in the 2019 Annual Report published on 28 April 2020. This report is the 5th ESG Report issued by the Group since 2016.

This ESG Report is in strict compliance with the disclosure requirement of the ESG Guide, and inapplicable disclosure rules have been explained. This ESG Report is prepared in accordance with the following reporting principles:

- **"Materiality" principle:** the Group identifies material ESG issues through stakeholder engagement and materiality assessment which has been disclosed in this ESG Report;

- **"Quantitative" principle:** the Report has quantitatively reported on the Group's key performance indicators in Environmental and Social Subject Area. The quantitative data in this ESG Report has been accompanied by narratives, explaining its purpose and impacts, and giving comparative data;

- **"Balance" principle:** this ESG Report provides an unbiased picture of the Group's environmental and social performance;

- **"Consistency" principle:** the statistical method for the disclosure of key performance indicators in Environmental Subject Area used in this ESG Report is consistent with that of 2019; the compilation method of key performance indicators in Social Subject Area has been confirmed, and will be consistent in subsequent years.

1. ESG MANAGEMENT

The Group attaches great importance to corporate social responsibility management. While developing its business, the Group actively undertakes environmental and social responsibilities and pursues the balanced development of economic, environmental and social benefits. The Group closely focuses on the strategic goals of "intensive domestic business development, global deployment, multinational operations", and the hotel's development plan of "Innovation, Reform, and Upgrade". It is continuing to strengthen the construction of market-oriented, professional, and international talent teams, to improve its environmental, social and governance system, and to effectively enhance its brand image, social responsibility and core competitiveness, so as to unswervingly promote the global development of "Jin Jiang" national brand and achieve high-quality development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We established a three-level ESG governance structure, which consists of the Board, the senior management and the ESG working group, to clarify their corresponding ESG management functions, in order to achieve top-down supervision of ESG matters and ensure the smooth development of the Group's ESG work.

✓ The Board assumes full responsibility for the Group's ESG strategy and reporting. In charge of assessing and determining the ESG risk exposure and corresponding opportunities, the Board also ensures that the Group establishes appropriate and effective ESG risk management and internal control systems, formulates ESG management policy, strategy, priority and targets, as well as reviews regularly the performance of the Group in relation to ESG-related targets and approves the disclosure of information in ESG reports.

✓ It is the responsibility of the senior management to assess and determine the Group's ESG risk exposure, report to the board of directors on ESG related risks and opportunities, and ensure the effective operation of risk management and internal control systems.

✓ The ESG working group is composed of the major departments of the Group. It is responsible for implementing the ESG management policies approved by the Board and the senior management, carrying out ESG management and reporting, and reporting the progress of ESG management and reporting to the senior management of the Group.

1.1. Stakeholder Communication

The Group strongly believes that the effective engagement and continuous support of stakeholders plays a pivotal role in its long-term development. Therefore, the Group has been actively communicating with the core stakeholders, building diversified and smooth communication channels, and encouraging them to monitor the implementation of the Group's ESG management strategy and express their opinions and advice on sustainable performance and future development strategy. The Group's stakeholders come from different categories and levels, including government and administrations, shareholders and investors, customers, employees, partners, society, media and the public.

Stakeholders	Expectations and Requirements	Communication mechanism
Government and administration	• Obey laws and regulations • Pay taxes according to law • Support local development • Supporting the fight against the COVID-19 pandemic	• Daily management • Meetings and communication • Supervision and inspection
Shareholders and investor	• Sustainable development and benefits to shareholders • Information disclosure and investor relationship • Corporate governance and risk control • Anti-pandemic and stable development	• Shareholders' meeting • Information disclosure • Investment relationship activities
Customer	• Quality service to guarantee safety and health • Focus on needs and protect privacy • Compliance promotion	• Customer satisfaction survey • Customer hotline
Employee	• Wages and welfare • Good working environment and development platform • Fair promotion and development opportunities • Proper pandemic prevention and control measures	• Salary system • Employee care • Democratic management • Employee training
Partner	• Keep promises and compete fairly • Fair, open and just procurement • Win-win cooperation and mutual development	• Business meeting and communication • Unified procurement platform
Society	• Promote urban development • Promote public awareness • Promote community harmony	• Charity • Promote employment • Contribute to the community • Respect the old and cherish the young
Media and the public	• Transparent information	• Strengthen communication with media • Timely and accurate disclosure of information

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

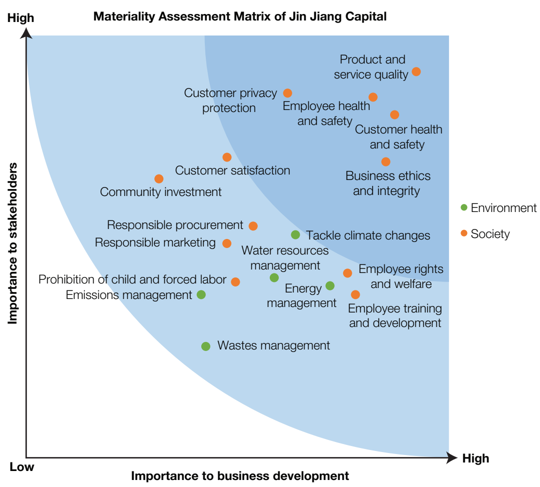
1.2. Materiality Assessment

Through seeking feedback from internal stakeholders, conducting external consultation with third-party professional organisation, and taking account of relevant standards for social responsibilities, the Group has identified and updated key ESG issues during the preparation of this ESG Report. The process is presented as follows:

1.2.1. Identify ESG Issues

Comprehensively considering the Group's industry, operating characteristics and strategic direction, we selected 17 ESG issues based on the ESG strategic objectives of the Group and the ESG Guide issued by the Stock Exchange.

ESG aspects set out in ESG Guide		ESG-related Issues Identified by the Group	
A. Environmental	A1 Emissions	1	Emissions management
		2	Wastes management
	A2 Use of Resources	3	Energy management
		4	Water resources management
	A3 Environment and Natural Resources		/
	A4 Climate Change	5	Tackle climate change
B. Social	B1 Employment	6	Employee rights and welfare
	B2 Health and Safety	7	Employee health and safety
	B3 Development and Training	8	Employee training and development
	B4 Labour Standards	9	Prohibition of child and forced labor
	B5 Supply Chain Management	10	Responsible procurement
	B6 Product Responsibility	11	Product and service quality
		12	Customer privacy protection
		13	Responsible marketing
		14	Customer satisfaction
		15	Customer health and safety
	B7 Anti-corruption	16	Business ethics and integrity
	B8 Community Investment	17	Community investment



1.2.2. Perform Assessment

The Group evaluated the ESG issues from two perspectives namely "importance to the business of the Company" and "importance to stakeholders". Per the discussion of the management, integrating the stakeholders' expectations as well as business operations in the Reporting Period, the Group prioritized the materiality of each ESG issues, and formulated materiality assessment matrix.

1.2.3. Internal Confirmation

The results of materiality assessment were reviewed and confirmed by senior management of the Group and ESG working group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. PRODUCT AND SERVICE QUALITY

Product quality and service levels are deemed essential by the Group because quality products and service are indispensable factors in remaining the market position of the Group in the highly competitive market. Upholding the service culture of “Harmony and Courtesy”, the Group attaches great importance to strengthening service awareness, improving service standards, continuously improving service levels, improving service details, and serving customers enthusiastically.

Closely focusing on the strategic goals of “intensive domestic business development, global deployment and multinational operations”, the Group attaches great importance to better allocating hotel assets and resources, enhancing operational efficiency, and accelerating industrial upgrading by deepening reform and placing greater focus on the development of principal businesses. The Group implemented a “horse racing mechanism” for the hotel management companies for each brand in respect of its frontline operations, and a “one centre, three-platform” (namely, Jin Jiang Hotel Global Innovation Centre, Jin Jiang Global Shared Procurement Platform, Jin Jiang Global Shared Financial Platform and WeHotel Global Shared Hotel Platform) structure for its back office operations was jointly constructed. Besides, the Group has also made emphatic efforts in brand restatement, quality upgrades and efficiency enhancement by expediting in-depth integration of resources and construction of shared platforms.

- Jin Jiang Hotel Global Innovation Centre (“GIC”) is committed to creating a sustainable and profitable hotel business operation mode with creative ideas. We promote the R&D, deepening and implementation of the innovative hotel business mode by tracking and observing market trends, in an effort to incubate and develop hotel brands through innovation.

- Jin Jiang Global Shared Procurement Platform (“GPP”), as the only official procurement platform, provides the one platform support for implementing brand standards. By constructing capabilities of procurement and supply chain, and creating an ecosystem of materials and service providers, GPP provides investors with whole-chain procurement and supply chain services, from front-end investment, design, preparation to operation, dedicating to become a world’s leading procurement and supply platform.

- Relying on the Jin Jiang International Group strategic plan of “one centre, three-platform” and its intelligent information system (IIS), Jin Jiang Global Shared Financial Platform (FSSC) continues to improve the powerful hotel operation and its financial data asset management, so to empower the whole life cycle of hotels from construction, opening preparation to formal operation, and provide one-stop configurable, hierarchical and lean financial services for hotels.

- Supported by technical innovation, the WeHotel Global Shared Hotel Platform provides hotels with a convenient and effective management system, helping hotels improve their operational efficiency and service quality. By establishing a membership management system, the platform provides 160 million Jin Jiang members with one-stop product services, covering food, accommodation, transportation, travel, shopping and entertainment, which enables us to empower the hotel-centred travel service industry chain and create a global shared tourism industry platform.

In terms of the number of guest rooms in operation, the Group together with the guest rooms in operation of Radisson Hotel Group of Jin Jiang International Group ranked the 2nd in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in August 2020. In addition, according to “Travellers’ Choice 2020” published by Tripadvisor, a global leading travel platform, Shanghai Peace Hotel was awarded the “Travellers’ Choice Best of the Best”, becoming one of the 25 Chinese hotels getting listed, which demonstrated our excellent quality, service and value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strictly abide by laws and regulations related to intellectual property rights, including but not limited to the "Trademark Law of the People's Republic of China" (《中華人民共和國商標法》), to protect the safety of intangible assets and maintain their value.

2.1. Design by Heart

The Group's full-service hotels provide guests with its uniquely homelike, luxurious and comfortable environment and high-quality services. With all kinds of warm rooms with different styles, its personalized room renovation and facilities offer customers a warm feeling of living in their own home.

As a brand of Louvre hotel in France, Campanile positioned itself as a mid-tier hotel with French guest rooms, public areas and catering design. It also incorporates the local cultural style which echoed with the brand positioning so that guests can have a satisfactory accommodation environment, keep on their business, have enjoyable chats with friends, and experience the romantic French afternoon tea. All of these are conducive to an immersive experience at Campanile.

Jin Jiang GDL Asia Hotels advocates the brand concept of "Life Aesthetician and My Life Style" and devotes itself to creating an accommodation environment and aesthetic sentiments which differ from other brands, catering to the primitive satisfaction of guests in every single Jin Jiang GDL Asia Hotel, which incorporates sharing, respecting, and perfection.

As the No. 1 brand of mid-tier business chain hotel in China, Vienna Hotel adheres to the core value of "Deep Sleep and Great Health" and devotes itself to providing customers with healthy and comfortable highly value-added products and splendid sleep experience. It has established "Comfortable and Elegant, Top Food, Luxury Quality, Safety and Environmental Friendly, Music and Art, Sound Sleep" as its six brand values.

Xana Hotelle is the first mid-tier chain hotel in China which has a women room area. It creatively applies the fashion consumer goods industry's way of branding. The hotel serves as a carrier that combines fashion and luxury with cross-border products and services to enhance the sense of consumer values. Employing the light luxury design style at a low cost, Xana Hotelle succeeded in making the first choice for those people who would pursue a high-quality lifestyle.

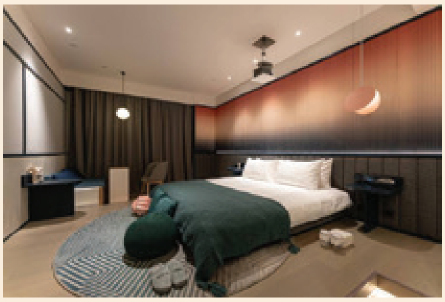
As a hotel brand in selected service, MAGNOTEL aims to be an artistic life leader and a fashion life fanatic in the hotel industry. The brand has become a trendy in the hotel industry with the brand concept of "Better service, better you" and the characteristics of "Smart Space, One Hotel with top-one quality in one City, and Accommodation + X". The brand transforms the hotel accommodation scene into a multifunctional space which combines culture, arts, socialising, healthy dining and life aesthetics, fully catering to the current consumer demand for a refined and personalised life.

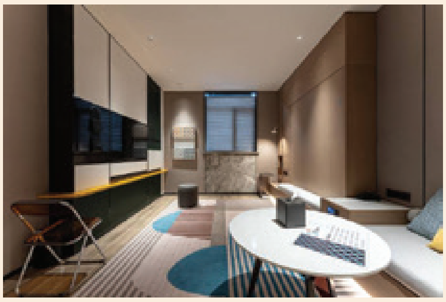
During the Reporting Period, GIC arranged work in strict compliance with the Group's strategies, actively developing and promoting the efficient implementation of innovative hotel brands. By targeting potential customers accurately and taking the five innovative themes of "health, environmentally friendly, intelligence, sharing and culture" as the core, the Group has combined design themes with innovation and profits generation organically to create a sustainable and profitable hotel business operation mode.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introducing Immersive Offline Model Rooms to Lead A New Business Trend

GIC has established an immersive offline experience centre for hotel products in Jin Jiang Brand Innovation Industrial Park, which integrates office work, R&D, real-life modelling and experience exchange. By exactly restoring 17 hotel brand model rooms, the centre comprehensively displays the core experience and characteristics of each brand, which provides a five-dimensional experience space for the Group and even the industry. The scheme of model rooms is transplantable, which can not only retain the brand's iconic experience, upgrade C-end customers' experience, but can also integrate the innovative experience module into the daily operation and management of the hotel, so as to reduce costs, increase efficiency and improve returns on investment for B-end investors.





2.2. Considerate Services

The Group strictly abides by relevant laws and regulations such as the "Law of the People's Republic of China on Protection of Consumer Rights and Interests" (《中華人民共和國消費者權益保護法》). It pays great attention to facilitating detail-oriented services and improving service standards. The Group's hotels adhere to the principle of "always smiling, doing our best". By strictly controlling, organizing investigation, sharing more excellent service practices and paying attention to guests' feedback, the operation management and quality of service of the Group's subsidiaries has seen a continuous improvement.

In order to provide customers with standard and high quality services, the hotels of the Group have established a guest room training system based on their service standards, where a training team made up of guest room trainers and regional guest room training specialists continuously carries out special trainings and tests about guest room cleaning procedures, guest room cleaning tools and guest room service procedures to continuously improve the quality of room service and maintain brand's reputation. Meanwhile, the Group has established different quality inspection standards in line with different brand positioning, regulated clear inspection rules for lobby, front desk, dining room, kitchen and other areas, and required each store to form a checklist and score sheet on a regular basis. In addition, the Group has set up various indicators for brand quality assessment, including customer satisfaction, secret investigation, brand standard inspection, complaint rate, etc. Based on the assessment results, the Group grants rewards, gives punishments, constantly strengthens quality management and increases the brand's popularity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's hotels have set up the "Guest Satisfaction Workflow Policy" (《賓客滿意度工作流程制度》) to strengthen the management of routine monitoring and regular measurement of guest satisfaction. The Group timely collects guest's feedback on the online platform, contacts upset guests, understands the issue and takes corrective measures. Hotels conducted several unannounced visits each year, followed up complaints handling and feedback monthly and carried out sampling inspection on food safety cycle and tableware. The Group analyzed customer satisfaction, and consolidated yearly analysis for a finalized summary, working collectively to strengthen the Group's advantages and get rid of its disadvantages, and improving the service quality.

In response to customer complaints, the Group established "Guest Complaint Handling Procedures" (《客人投訴處理流程》) for all hotels, to clarify the responsible departments and handling procedures for guest complaints, and handle the complaints in a timely and effective manner. The Group assigned specific persons-in-charge to conduct complaint handling, complaint supervision and tracking of hotel management issues. At the same time, fulltime staffs are assigned to take charge of callback after handling complaints to complete the complaint handling process, enabling an end-to-end control. In dealing with after-sales service, following the principle of "taking laws and regulations as the criterion, consumption facts as the basis and customer demand as the centre", a series of complete complaint management procedures, such as "acceptance-handling-transmission-feedback-follow-up and callback", have been established. Besides, each hotel sets up a customer service department and a complaint handling process to handle complaints, maintain guest relations, and increase guest loyalty, which serves to constantly enhance the Group's core competitiveness.

In order to strengthen guest privacy protection, hotels of the Group have established Guest Information Confidentiality Policy (《客人信息保密制度》), which specifies user information collection scope and usage rules, user information disclosure regulations, users' rights and information protection measures for user privacy. The Group designates persons-in-charge for customer information management an advanced and efficient confidentiality information management system to formulate a strict information authority system. Meanwhile, the Group strengthened the training of employees, increased their awareness of confidentiality and fully protected the information safety of our guest.

2.3. Security

In strict compliance with safety-related laws and regulations such as the "Work Safety Law of the People's Republic of China" (《中華人民共和國安全生產法》), the "Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases" (《中國人民共和國傳染病防治法》), the "Food Hygiene Law of the People's Republic of China" (《中華人民共和國食品衛生法》), the "Fire Prevention Law of the People's Republic of China" (《中華人民共和國消防法》), the "Measures for the Administration of Public Safety in the Hotel Industry" (《旅館業治安管理辦法》) and the "Regulations on Safety Supervision of Special Equipment" (《特種設備安全監察條例》), the Group followed the Policy on the "Management of Internal Security and Fire Safety Management" (《關於內部治安和消防安全管理工作的規定》), the "Policy on the Management of Production, Labor Protection and Special Equipment Safety" (《關於安全生產、勞動保護和特種設備管理的規定》), and the "Policy on the Management of Public Health and Food Safety" (《關於公共衛生和食品衛生管理工作的規定》), etc. to regulate and improve internal security and fire safety management, standardize and manage hotels' special equipment, strengthen the management of food safety. In addition, each brand formulates various emergency plans and perform regular drills according to brand actual situation so as to ensure the health and safety of guests and staff.

The Group has set up a vigorous work safety leading group, organised work safety management panels on the basis of actual situations, and allotted full-time or part-time work safety management specialists to look into daily safety production management work. In 2020, the Group signed the annual "Safety Production Responsibility Letter" (《安全生產責任書》) at each level, forming a safety production responsibility system horizontally and vertically.

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The Group has continuously improved the safety emergency management mechanism, completed the preparation and review of the emergency plan for safety production accidents and safety risk control, strengthened the reserve of emergency relief materials and the emergency team construction, and enhanced the emergency drill. The Group organises targeted emergency training and drills every six months, sets up a voluntary fire brigade with emergency equipment; according to localised management, the Group strengthens the contact with emergency rescue teams at all levels of local governments, coordinates and improves the linkage mechanism with surrounding units, enhances the regional emergency rescue capability, and effectively improves the level of emergency management in response to emergencies.

The Group organises various forms of investigation activities for potential safety hazard, and carries out various types of safety supervision and inspection. It conducts rectification of safety hazards in a timely manner and closely follows up the rectification, strengthens the control of safety production processes, and eliminates various safety hazards in a timely manner so as to build a solid foundation for preventing the occurrence of safety accidents. In 2020, the Group issued a timely notice of safety protection and safety inspection, and comprehensively organized and carried out a major inspection of work safety and special rectification work. In the Reporting Period, no safety incident occurred in the Group, and the annual safety production goal has been achieved, which effectively guarantees the harmony, stability and operation of the hotel sector. At the same time, the Group urged the construction parties to strengthen their safety and quality management of the construction sites, and to ensure that the on-site fire, electricity and fire protection facilities are in good conditions. The Group organised safety inspections in the construction areas to ensure work safety.

Besides, the Group extensively carried out safety education and training, held safety evacuation drills, improved safety precaution awareness and emergency response capabilities of all employees, and guaranteed the Group's safe development and social stability. Various work safety activities are conducted in depth and at different levels, forming an atmosphere of "Safety is looked up to as the standard by everyone while working anytime and anywhere".

Fire Drill in Quarantine Centre

To further improve the emergency response ability and ensure the safe operation of the quarantine centre, Shanghai Hotel formulated a fire evacuation plan and other relevant plans for the quarantine hotel in accordance with the Group's safety production work arrangements and organised a fire emergency drill in September 2020.

This drill enhanced the hotel's comprehensive abilities in command, quick reaction, emergency response and cooperative engagement when dealing with emergencies in the quarantine centre amid the COVID-19 epidemic, and also strengthened the quarantine centre's safety management, providing practical guarantee for the safe operation of the hotels and quarantine centres.

The Group strictly abides by the "Food Safety Law of the People's Republic of China" (《中華人民共和國食品安全法》), establishes and improves a public hygiene and food safety management system and a long-term mechanism for food safety and epidemic prevention, and adopts a food safety responsibility system. The Group has also taken a practical action of allotting full-time or part-time public hygiene and food safety management specialists to look into daily public health and food hygiene management work. In the routine work, each entity within the Group organises panels, on both regular and irregular basis, to inspect and evaluate its public health and food hygiene, and conducts annual evaluation at year end.

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The Group strictly abides by the Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases (《中國人民共和國傳染病防治法》), and stringently implements relevant regulations for the pandemic prevention and control. During the COVID-19 epidemic, in accordance with relevant pandemic prevention requirements, all hotels of the Group stored sufficient prevention and disinfection products, strictly implemented the disinfection and pandemic prevention policies in the public areas and guest rooms, and adopted several pandemic prevention measures for all employees and visitors, such as temperature testing and entry-exit registration. Some hotels also provided contactless services for guests via various intelligent devices to effectively avoid cross infection. In addition, in response to the "returning tide" during the COVID-19 epidemic, many hotel brands of the Group introduced "secure quarantine rooms" to help enterprises resume work safely.

More Security with "Security QR Code" and "Disinfection & Protection Kit"

Since the outbreak of the COVID-19 epidemic, we have seen a growing demand from consumers for guest rooms disinfection and sanitation. Apart from cleaning and disinfecting guest rooms strictly, Jin Jiang Inn has also introduced the Security QR Code in the guest room, by scanning which, guests can check the cleaning and disinfecting record, learn about the time and person for the cleaning and disinfection of the room. Besides, Jin Jiang Inn also offers disinfection products in guest rooms to make guests feel at ease and enhance their accommodation experience.

"Security QR Code" in Jin Jiang Inn's Guest Rooms

Disinfection & Protection Kit for Consumers in Jin Jiang Inn's Guest Rooms

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3. SUPPLY CHAIN MANAGEMENT

To keep pace with the Group's internationalisation process, the Group established the Global Hotel Management Committee, a unified procurement decision-making committee and a unified procurement executive committee to integrate the offline advantages of the Group and introduce the Internet thinking. The Group also employed Internet of Things technology and big data analysis to establish the only official procurement platform GPP, so as provide quality products and services for its global hotels, and create a full-circle supply ecosystem in hotel industry covering customers, franchisees and suppliers to benefit all parties. GPP, as the only official procurement platform, provides the only platform support for implementing brand standards. By constructing capabilities of procurement and supply chain, and creating an ecosystem of materials and service providers, GPP provides investors with whole-chain procurement and supply chain services, from front-end investment, design, preparation to operation, dedicating to become a world's leading procurement and supply platform.

Based on the concept of "connection, empowerment, ecology and sharing", GPP creates an intelligent supply chain platform system, which runs through the entire life cycle of hotels to collaborate suppliers and clients in an effective manner and connect the front and back ends. In other words, GPP enables end-to-end business services in the supply chain, provides digital services such as order management, payment management, logistics management and intelligent customer service to empower suppliers, hotel brands and stores, and improve customer experience in multiple dimensions. Besides, it constantly strives to build an ecosystem surrounding supply chain finance, insurance, finance and value-added services of third-party platforms throughout the hotel business. By establishing an advanced supplier management and evaluation system, the platform strictly selects domestic and foreign suppliers, covering nearly a thousand categories from preparation to operation, and from materials to services. Adhering to the service commitment of "high price and good quality, efficient services, and openness and transparency", and upholding the mission of "making procurement simple", the Group is devoted to establishing a world's leading service platform of hotel supply chain and becoming a global leading one-stop service solution provider for hotel procurement. During the Reporting Period, the Group engaged 692 domestic suppliers via GPP.

In order to effectively serve hotel brands management companies in procurement and supply chain management, and meet the needs of GPP's business development, the Group has set up a series of purchasing management policies, such as Bidding and Procurement Management Policy (《採購管理制度》), Supplier Evaluation Policy (《供應商評估制度》), Management Measures for Termination of Cooperation/Exit of Suppliers (《供應商終止合作／退出管理辦法》) and Supplier Blacklist Management Policy (《供應商黑名單管理制度》). Such policies cover every step from supplier sourcing and certification, bidding and purchasing to supplier management, and standardise the procurement process, organisational form, implementation process, etc. To ensure the quality of products and services provided by suppliers, the Group has established strict policies for supplier development and evaluation, and communicates with suppliers actively, aiming to build a sustainable supply chain system together. The Group requires all suppliers to abide by local laws and regulations on labour, environmental protection, safety and other relevant items, and accept the review of the Group. In terms of supplier access, the Group comprehensively considers potential suppliers' site management certification, technology, environmental protection and social responsibilities. According to the Supplier Quality Audit List (《供應商質量審核清單》), the Group takes suppliers' environmental and social performance into consideration in supplier evaluation, which includes labour management, employee health and safety, labour rights and interests, raw materials production and environment management. The suppliers with better environmental and social performance are selected while those causing negative impacts on the environment or society are eliminated. By doing so, the Group intends to encourage all suppliers to take actions to improve their environmental and social performance. In addition, the Group irregularly conducts site review of suppliers to assess suppliers' environmental and social management performance, and follows up their improvement measures.

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4. PARTY INTEGRITY

The Party Committee of the Group highly values the education in Party conduct and Party discipline. It urges CPC party members, especially leading cadres, to act in accordance with the Party's principles and policies through various organisational and conduct policies as well as measures of "supervising the Party's own conduct and exercising strict Party discipline". The Group also learns about party members' thoughts and existing problems in Party conduct and Party discipline in a timely manner, develops educational plans, purchases educational materials, and carries out targeted education activities. Besides, the Group keeps a close watch on important occasions to prevent the rebound of the four trends of formalism, bureaucratism, hedonism and extravagance. In order to enhance party members and cadres' awareness of honesty and self-discipline, the Group strictly observes the Central Party leadership's eight-point decision on improving work conduct before each festival, striving to create a festive atmosphere with integrity.

During the Reporting Period, the Group's Commission for Discipline Inspection thoroughly studied and acted on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strictly implemented the responsibility system to improve Party conduct and build a clean government, and addressed the four trends of formalism, bureaucratism, hedonism, and extravagance, which achieved actual effects in improving Party conduct, building a clean government, and fighting against corruption.

- **Reinforcing learning of clean governance to build strong ideological defence to refuse corruption and promote integrity.** The Group organised learning sessions to study documents and materials, such as the Norms Regarding Anti-corruption for Chinese Communist Party Member and Cadres (《中國共產黨黨員領導幹部廉潔從政若干準則》) and the Rules for Supervision and Discipline Execution of Jin Jiang International Holding Company Limited (Trial) (《錦江國際(集團)有限公司監督執紀工作實施細則》(試行)); carried out occupational studies on discipline inspection, laws and regulations, and financial audit knowledge; constructed a publicity system at the company level and the Group level, and utilised multiple ways to promote integrity education; organised a variety of meetings, such as Party Committee meetings, central group learning meetings, Party branch meetings, democratic life meetings, thematic meetings and seminars, to deliver the requirements for improving Party conduct and building a clean government, and enhance employees' discipline consciousness.

- **Strengthening development of work practices to consolidate prevention and control mechanism for clean governance risk.** The Group developed the responsibility list to refine the power and responsibility and increase accountability; conducted special rectification work in accordance with the idea of "no forbidden zone, full coverage and zero tolerance"; maintained in-depth communication with the Company's affiliated enterprises and strengthened political supervision. In early 2020, the Company entered into the Comprehensive Management Responsibility Statement (《綜合管理目標責任書》) with Party secretaries of affiliated enterprises, which covered the work of Party construction, anti-corruption, petition stabilisation and safety. The Group also set up a special inspection working group to guide, supervise and inspect the special self-inspection work of affiliated enterprises. Besides, we always insist on inner-party supervision to drive supervision outside the Party.

- **Improving business processing to enhance supervision and discipline enforcement.** The Group organised special conferences for members of the Commission for Discipline Inspection on an irregular basis, so as to draw lessons from the past, and standardise completion process and rectification measures to achieve long-term effects.

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The Party organisations at all levels of the Group thoroughly studied and acted on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Abiding by the strategic plans of the Central Committee and the Shanghai Municipal Committee on strengthening Party self-discipline and in accordance with the requirements of Shanghai SASAC Party Committee, the Group stays true to its original business philosophy, takes on its mission, manipulates the overall situation and coordinates relationship between all parties, so as to strengthen the "Four Consciousnesses", establish the "Four Self-confidence", and adhere to the "Two Upholding". We stand unswervingly to make all-out efforts to enforce strict Party discipline in an effort to ensure the implementation of the decisions and arrangements of the Central Committee and the Shanghai Municipal Committee, providing guarantee for the pandemic prevention and control as well as the realisation of the Group's reform and development goals.

"Four Histories" Thematic Education Activity

The Group has arranged various supervision and education activities to improve Party conduct and build a clean government. In 2020, the Group organised and carried out the "Four Histories" thematic education activity, taking the study of "Four Histories" as the extension of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind". To be specific, we studied the history of the Party, the history of the new China, the history of reform and opening up, and the history of socialism, and compared Jin Jiang's 85-year history with the development of the world, to cultivate deeper emotion to the Party, the country and the enterprise by learning histories, and take history as a mirror to further enhance the sense of responsibility, mission and self-confidence.

In July 2020, Jin Jiang International Group held a cadre meeting — "Four Histories" thematic Party lecture.

The Group strictly complies with the "Company Law of the People's Republic of China" (《中華人民共和國公司法》), the "Anti-Unfair Competition Law of the People's Republic of China" (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations. The Group creates an honest and clean working atmosphere through closely following policies such as the "Anti-Fraud Investigation Policy" (《反舞弊調查制度》), the "Whistleblower Protection Policy" (《舉報人保護制度》) and the "Reporting and Complaining Policy" (《舉報投訴制度》), and set reporting channels for breaches of work ethics and frauds including the hotline, email and mail box.

During the Reporting Period, there was no corruption prosecution occurred in the Group.

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5. CARING FOR EMPLOYEES

As a service enterprise, the Group values its employees. They are the key bridge linking the Group and its customers and represent the image and spirit of Jin Jiang, which are extremely important to the Group's development. Therefore, the Group attaches great importance to the selection, cultivation, development and retaining of suitable talents, and is committed to providing employees with a harmonious working environment and good development opportunities so that they can develop their strengths.

5.1. Employee Rights and Welfare

5.1.1. Legal Employment

In strict compliance with the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》), the "Labor Contract Law of the People's Republic of China" (《中華人民共和國勞動合同法》) and other applicable laws and regulations, the Group formulated procedures including the "Policy and Procedure for Employment" (《人員的招聘和錄用政策程序》) and the "Policy and Procedure for Labor Contracts" (《勞動合同政策程序》), which allow no bias against gender, territory, nationality or belief, and take into considerations candidates' academic background, language ability, interpersonal communication ability, technical competence, work experience and moral qualities, etc. with particular attention on professional experience, capability, performance and potential.

During the COVID-19 epidemic period, the Group formulated the "Guiding Opinions on Relevant Personnel Operations During the Prevention and Control of COVID-19 Pandemic", which stipulates that employees who are determined to be unable to work normally due to the COVID-19 epidemic will adopt the" Treat as Attendance" rule during the period when they are unable to return to work, and pay wages normally to effectively protect the rights and interests of employees.

The Group checks identifications of each candidate to avoid child labour in the process of employment. In case of employing children by mistake as identified during later works, we will immediately terminate their labour contracts and take follow-up actions according to relevant laws and regulations to safeguard their legitimate rights and interests. During the Reporting Period, there was no child labour or forced labour in the Group.

5.1.2. Working Hours and Holidays

The Group formulated a series of policies and procedures such as the "Annual Leaves" (《年休假》) and the "Statutory Holidays" (《法定節假日》) to safeguard leave entitlements of its staff. Staffs of the Group are granted statutory holidays, paid annual leave, marriage leave, maternity leave, nursing leave, family planning leave, compassionate leave, home leave, etc.

In strict compliance with the "Labor Law of the People's Republic of China" (《中華人民共和國勞動法》), the Group tolerates no forced labor. The Group adopts the standard working hour system and comprehensive working hour system based on the nature of work. Where extending working hours and overtime work are needed due to operation and management needs, employees concerned should apply to responsible supervisors and obtain approval. Employees working overtime shall be given compensations or compensatory rests in a timely manner.

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5.1.3. Remuneration and Promotion

Staff remuneration comprises basic salary, social security's contributions and merit pay according to the performance of the Group. To motivate staff and encourage work passion, the Group maintains staff rights and interests, further organizes the distribution relationship, distributes incomes in favour of junior staff and staff who make great contributions, and strengthens incentive and restraint mechanism, so that personal incomes will accrue based on individual performance as well as enterprise revenues as a result of the growth of the Group. Benefits provided by the Group to the staff include public pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund. Staffs of some subsidiaries also enjoy benefits such as complementary provident fund, enterprise annual bonus and commercial health insurance.

The Group provides promotion policies and manages staff career paths through internal promotion, job rotation, changes of positions, etc. With horizontal and vertical promotion channels in place, it makes career development plans and collects feedbacks on execution status and results regularly so as to effectively help staff achieve potential, encourage their passion for work to the fullest, and increase solidarity and loyalty, thus facilitating co-development of the Company and staff.

5.1.4. Employee Care

The Group attaches importance to communication with employees, obtains comments from employees through annual employee satisfaction survey, listens to employees from five perspectives including job duty, work reward, working environment, corporate culture and work group, and develops improvement plans accordingly.

During the Reporting Period, the Group attached importance to employees' demands and strived to enhance employees' sense of wellbeing.

Firstly, we strived to create a "Model Site with Five Bests", namely the Best Dorm, the Best Bathroom, the Best Changing Room, the Best Canteen and the Best Shed, as a vital channel to create warm and sweet working and living environment for our employees.

Secondly, the Group granted high temperature subsidies in 2020. Amid the high temperature, the Group's and the trade union's leaders together with regional leaders visited our hotels and expressed their concerns to front-line employees.

Thirdly, The Group's trade union provided assistance to the needy. In addition to the assistance at the Group level, the regional and the Group's trade union also played an active role in caring for the needy.

5.2. Employee Training and Development

The Group attaches great importance to the training and development of staff and has set up a specific training organization where responsible persons were specified. The Group has formulated a set of "Policies and Procedures" (《政策與程序》) for hotel training including curriculum preparation, training programs, training for trainers and training policies. In addition, the training audit practices were established in human resource audit, enabling an inspection of the hotel training system and its effectiveness and targeted integration of the resources of Jin Jiang International Hotel Management Co., Ltd. The training on hotel management and target of management get strengthened by the Group's effort in the hotel's public management courses and job-specific training.

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The Group has established the "Orientation Policy Process" (《入職培訓政策程序》) to ensure all new employees would obtain a planned and in-depth comprehension training of "Jin Jiang" corporate culture, the Group's nature, mission, development prospect and organizational structure, rules and regulations, fire safety training to clarify their roles and responsibilities after they join the Group. It also helps new employees to get familiar with the environment as soon as possible, get along with team members and keep with the team spirit. The Group prepares targeted training courses for employees of different ranks and further enriches staff training activities in various manners such as internal training, external training and online training. During the Reporting Period, the Group focused on building the learning platform — "Jin Jiang Hotel University", providing a range of online and offline courses for employees to push out the horizon of their knowledge, expertise and leadership.

Jin Jiang Hotel University Learning Platform

Online Learning Platform

Our online learning platform, Jin Jiang Hotel University, in virtue of advantages of e-learning, forms an information system for learning development and talent cultivation, so as to create a learning atmosphere throughout the organisation and empower our businesses. The key project — "Enjoy Learning Courses" on the platform covers 906 diversified courses, providing a multi-dimensional learning space for employees so that they can swim in the ocean of knowledge whenever and wherever possible and embrace a brighter future.

Offline Training Programmes

Jin Jiang Hotel University also provides employees with diversified offline trainings, such as "Training Class for All-brand General Managers", "Empowerment for Performance Fulfilment", and "Orientation Training for University Students" to facilitate our employees' growth. During the Reporting Period, the Group held 72 offline training programmes, benefiting 3,282 employees.

First Training Class for All-brand General Managers of Jin Jiang Hotel University

Staff with phenomenal performance, business skills, management abilities and potential will be transferred to more critical positions or fill an opening referred by their superiors. Where there are job vacancies, staff of respective departments and companies will be given priority, showing Group's effort to provide opportunities of career development and to motivate its employees.

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5.3. Employee Health and Safety

The Group highly values employees' health and safety, and strictly complies with relevant national laws and regulations, including the "Work Safety Law of the People's Republic of China" (《中華人民共和國安全生產法》), the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" (《中華人民共和國職業病防治法》), etc., in an attempt to make efforts to provide employees with a safe and healthy workplace. We protect the health and safety of our employees through safety education, safety benefits and occupational health measures. We arrange annual medical examinations for our employees to closely monitor their health status. We also invite experts and doctors to explain employees' medical reports comprehensively, so as to help them have a more comprehensive understanding of their health conditions.

Since the outbreak of COVID-19 epidemic, the Group has been attaching great importance to the health and safety of our employees, and formulated a range of pandemic prevention measures taking into account the life safety and physical health of our employees:

1) Strictly implementing the State Council's and local government's regulations on the Spring Festival holiday and work resumption time, under which, no unit is allowed to conduct early work resumption without approval while guaranteeing legitimate rights and interests of employees;

2) Enhancing monitoring and protection of employee movements, arranging no business trips and encouraging online working and meetings. Employees must be observed in quarantine before returning to work until no abnormalities are identified;

3) Implementing daily disinfection in hotels, and actively arranging pandemic prevention supplies such as masks, protective clothing, and disinfectants for front-line employees. Meanwhile, a team was organised to provide psychological counselling for employees in Hubei to protect their physical and mental health.

Over the past three years, there were no work-related fatalities in the Group. During the Reporting Period, the lost working days of the Group due to our employees' work-related injuries reached 2,918 days.

6. GREEN DEVELOPMENT

Resource saving and environmental protection are related to the people's vital interests and the future of next generations and the nation. The Group, as a company with strong sense of responsibility, is responsible for the society and takes active measures to reduce energy consumption, reduce pollution emissions and promote sustainable development.

We promise to preferentially procure energy-saving and green equipment and continuously optimise our energy and water use efficiency, contributing to the national targets of "carbon peak" and "carbon neutrality".

6.1. Green Construction and Rebuild

The Group focuses on the hotel's environmental impact in the building and renovating process, requiring hotels to take active energy-saving measures in building and renovating projects to reduce environmental impacts during construction and following operations.

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The Group requires each hotel to implement energy conservation design based on climatic conditions of project location and according to local standards for energy conservation design. For example, on the premise of meeting the required area ratio of window to floor and planning requirements, the area of outside windows of new projects shall be minimised to meet energy-saving requirement; outer walls, roofs, floors, outside doors and windows of buildings shall adopt insulation and energy-saving materials to meet national standards regarding environmental protection, firefighting, etc.; each hotel shall employ energy-saving and environmentally-friendly equipment, such as solar energy and air source heat bump as heat source and make full use of afterheat and waste heat.

6.2. Emission Reduction

The Group strictly abides by the "Environmental Protection Law of the People's Republic of China" (《中華人民共和國環境保護法》), the "Law of the People's Republic of China on the Prevention and Control of Solid Wastes Pollution to the Environment" (《中華人民共和國固體廢物污染環境防治法》) and other relevant environmental laws and regulations. The Group has formulated and implemented the "Environmental Protection Management Policy" (《環保管理規定》) to strengthen the management of environmental factors such as noise, waste gas, greenhouse gas and sewage.

- **Noise:** Generated by all fans, equipment rooms, water towers, boilers and other equipment. The Group adopts silencing method, sound insulation method, sound absorption method and other sophisticated methods, uses low-noise equipment to ensure that noise emissions meet the "Noise Emission standard for community noise (GB 22337-2008)" (《社會生活環境噪聲排放標準》(GB 22337-2008));

- **Waste gas:** Mainly generated in combustion processes inside boilers, as well as kitchen exhaust and car exhaust emissions. For boilers, actions have been taken to enhance combustion, rendering the fuel combustible and material all burnt out. The fly ash generated by burning should be treated with a variety of dust removal methods (such as cyclones, tubes, wet dust, etc.) to conform to the "Emission standard of air pollutants for boiler (GB 13271-2014)" (《鍋爐大氣污染物排放標準》(GB 13271-2014)).

- **Greenhouse gases:** The Group's greenhouse gas emissions are mainly derived from the energy indirect emissions from the purchased electricity (Scope 2) and direct emissions from the burning of fossil fuels in boilers and kitchens (Scope 1). Therefore, the Group actively adopts energy-saving measures, uses energy-saving technology, and reduces energy consumption to cut greenhouse gas emissions.

- **Sewage:** Mainly comprised of the domestic sewage discharged by enterprises. According to the national standards, some hotels discharge sewage directly after treatment, while some discharge the sewage to the municipal pipe network after treatment with wastewater treatment equipment. The hotel organizes related personnel to carry out cleaning and inspection on rain and sewage pipeline regularly, and kitchen drainage system is equipped with oil-water separator and grease trap.

- **Oil Fume:** Oil fume treatment equipment has been installed to ensure the discharge complies with the standards, and remote monitors have been installed at the discharge outlets enabling real-time monitoring to ensure it meets the requirements as stipulated in the "Emission standard of cooking fume (GB 18483-2001)" (《飲食業油煙排放標準》(GB 18483-2001));

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- **Waste:** The waste generated by the Group includes a small amount of hazardous waste and non-hazardous waste. Non-hazardous waste includes kitchen waste and guest room garbage. All waste must be collected to the designated place or area and not in open air, to prevent the waste flowing into the rainwater pipe with rain. The Group recycles recyclable waste paper, plastic and glass, and transfers other waste to municipal sanitation office.

Enhancing Delicate Services and Curbing Food Waste

In 2020, the Group issued a notice on "Curbing Food Waste and Cultivating Frugal Habits", requiring the subordinate hotels to strengthen delicate and scientific management, guide reasonable consumption, and reduce food waste. The Group's hotels took active actions to include the work of curbing food waste and advocating civilised dining in daily operations, and integrated the concept into the whole process from food procurement, processing, services, to management.

1) **Conducting vigorous publicity to create an atmosphere of frugality.** All hotels promoted "Clean Plate Campaign" and "No Leftovers" through LED panels, display signs and WeChat Official Accounts etc.

2) **Creating green catering with the low-carbon concept.** The chef team was further improved to prevent waste in the raw material procurement and food preparation.

3) **Developing new products to innovate consumption models.** All hotels designed their menus in a scientific and reasonable manner, launched single or double meals as well as half- or regular-portioned dishes and introduced a half-price ordering policy.

4) **Rolling out various incentives.** All hotels provided incentives for no food waste such as discounted coupons for dining, reward points, parking discounts and other innovative incentives.

5) **Focusing on employees' awareness education.** We actively promoted "Frugal Dining, No Waste" among employees to cultivate their awareness.

6.3. Resources Conservation

The Group adheres to the "Energy Conservation Law of People's Republic of China" (《中華人民共和國節約能源法》) and other relevant laws and regulations. In order to strengthen the management of affiliated companies and save energy, the Group set up energy management positions for each enterprise, and is responsible for supervising and inspecting the energy utilization status of the enterprise, and formulating a targeted energy-saving plan. The Group set up and issued annual energy consumption plans, energy-saving indicators and assessment requirements, to help enterprises establish and further improve the energy-saving goal responsibility system where leaders at all levels are assigned corresponding tasks. The Group also took effective measures to ensure the completion of energy-saving goal. The energy-saving practices of each enterprise will be evaluated regularly, and get praised or criticized based on evaluation results. Energy-saving education and training should be actively carried out for each energy-consuming enterprise to enhance their energy-saving consciousness and through "Energy Conservation Management Policy" (《節約能源管理規定》) and other systems to ensure the implementation of various energy-saving matters.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's main energy consumption goes to electricity, natural gas, gas and diesel. The Group incorporates in the Full Service Hotels in Shanghai into the "Shanghai Hotel Energy Saving Platform", to record the use of energy and water, and benchmark the historical data to the peer firms' performance. The Group annually carries out energy-saving renovation projects according to the needs of the hotel. In recent years, through replacing oil boilers with gas counterparts, adopting LED lighting, geo-heat pump, air-hearing technology, waste heat recovery and other energy-saving projects, the Group successfully reduced its energy consumption and lowered the energy cost.

The Group attaches importance to the conservation and utilization of resources, and improves water efficiency in various ways. Water balance tests have been conducted, and a 3-level meter system has been installed to avoid leakage in pipelines and abnormal water using activities. In addition, water saving cards were placed in the room. Bedsheets and bath towels will be replaced or cleaning on the request of the guests. Selected-service hotels adjust the water level control valves in tanks to reduce the flush.

6.4. Tackle Climate Changes

The Group's routine risk assessment applied to its supply chain systems has counted in the business continuity risks, and incorporated physical risks caused by climate changes. Through analysis of possible climate changes risks on various business sectors, the Group will be able to formulate effective countermeasures to ensure stable service quality under emergencies. Meanwhile, the Group is aware that climate changes may exert a negative impact on the pricing and quality of raw materials. In order to enhance our businesses' adaptability and resilience to climate changes, the Group has established a list of diversified suppliers, in effective response to the risk of supply chain disruption arising from regional extreme weather.

7. SOCIAL BENEFITS

Social welfare is a cause that helps the poor, increases cohesion and brings positive energy. The Group strives to integrate its own development with serving and contributing to the society, so as to actively create a harmonious external environment and secure harmonious development between the enterprise and the society.

7.1. Supporting the Fight Against the COVID-19 Epidemic

In response to the COVID-19 epidemic, the Group's parent company, Jin Jiang International Group, takes the lead in organising a pandemic prevention leading group headed by the Group's major party and government leaders. Meanwhile, 16 enlarged meetings of the Party Committee were held, to control the direction, manage the overall situation and ensure the implementation, comprehensively fulfilling pandemic prevention and economic development.

1) Providing Hotel Rooms

The Group bravely assumes its social responsibilities as a state-owned enterprise, providing 140,000 guest rooms in 818 hotels to support the pandemic prevention in Wuhan, Shanghai and elsewhere in China. In accordance with the national requirements for state-owned enterprises, the Group solidly obeys the command and unconditionally supports the nationwide pandemic prevention. We immediately coordinate domestic hotel resources to provide designated quarantine places for domestic residents and overseas visitors, as well as free accommodation for workers who were sticking to the front line in the fight against the pandemic. In addition, we organise hotel employees to stick to the front line to guarantee our services in place while strictly implementing pandemic prevention measures. During the pandemic, the Group had 818 hotels requisitioned nationwide, including 176 in Hubei (109 in Wuhan), 29 in Shanghai, and 613 in other regions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2) Caring for Medical Workers

The Group implements the requirements of caring for front-line medical workers, and elaborately provides logistics service assurance for 1,649 Shanghai medical team members aiding in Hubei Province. After the outbreak of COVID-19, the Group established the Jin Jiang Hubei front-line working group and immediately designated Wuhan Jin Jiang International Hotel as the command base of Shanghai medical teams aiding in Hubei Province. Rooms were arranged for the medical team members, and accommodation, catering, and conferences and other service assurance were carried out in place. Meanwhile, the Group delivered special dishes developed by executive chefs specialised in state banquet from five-star hotels and other materials to the residence of medical teams for nutrition supplement, immunity enhancement, and work in soundness. After the medical teams returned to Shanghai, the Group organised 9 hotels in Shanghai to provide 1,710 rooms, and elaborately developed various nutritious meals, successfully ensuring services for the medical teams.

3) Supporting Work Resumption

In order to implement the tasks of “ensuring stability on six key fronts” and “maintaining security in six key areas”, Jin Jiang International Group actively raised funds of RMB3.5 billion and launched the “five financial measures” to help small and medium-sized hotels with liquidity difficulties among 7,500 hotels in China to maintain market stability and employment in the hotel industry. In addition, we exempted rents from enterprises by more than RMB70 million to support the stable and sound development of small and medium-sized enterprises.

The “Five Financial Measures” includes: i) support loans for liquidity to help hotels address their “survival” needs; ii) support loans for supplies procurement to help hotels “rebuild” after the COVID-19 epidemic; iii) postpone 6-month repayment period for existing hotel loans; iv) reduction and exemption of ongoing franchise fees and management fees for in-service hotels of Jin Jiang GDL Asia Hotel under the Group; and v) implement “double low-cost funds” support for new franchised hotels.

In recognition of the Group’s outstanding contributions to the fight against the pandemic, on 8 September 2020, the Party Committee of Jin Jiang International Group was awarded the title of “National Advanced Group in Fighting against COVID-19” in the meeting to commend role models in China’s Fight against the COVID-19 epidemic.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.2. Targeted Poverty Alleviation

The Group has signed the "Agreement of Mutual Support and Co-constructing between Shanghai Urban and Rural Party Organisations" (《上海市城鄉黨組織結對幫扶(共建)協議書》) with the Party branch of Shantang Village in Langxia Town, Jinshan District, with the help of urban and rural areas and by using the platform for Party building. Various interactive activities have been held to facilitate supporting work. The two sides have held joint construction and experience exchange activities regarding Party construction areas, Party branch construction, Party member activities, etc., to enhance the quality of the Party's supporting work. The Group's Party Committee and the general Party branch in the village continue work exchange and interaction in respect of co-promotion, co-constructing, co-cultivation and cocreation, to facilitate mutual support and co-constructing between urban and rural areas.

In 2020, the Group organised visits to a total of 15 low-income families in Shantang Village, giving out a total of about RMB30,000 financial assistance. In addition, the Group offered accident insurance for a total of about 889 old people over age 60 in Shantang Village, and a total of RMB17,780 was paid to cover the insurance premium.

7.3. Love and Care

Caring for the elders and children and helping the poor have always been the focus of the Group's public welfare activities. The Group requires all its hotels to provide vacant rooms for disaster-stricken people and disaster relief personnel for free during major natural disasters or accidents, and actively participate in disaster relief activities. Each hotel within the Group actively carries out all kinds of charity activities and volunteer activities. The Group actively organises or participates in public welfare activities, promotes healthy lifestyles, and promotes public activities and public spirit through social media and other channels to build a corporate image which assumes social responsibility.

In recent years, the Group has worked with a number of charity partners to conduct helpful explorations in caring for autistic children and helping poor students through charity run, charity sale, charity membership program, and volunteer condolence, so as to promote the development of public welfare.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8. APPENDIX: TABLE OF KEY PERFORMANCE INDICATORS

1) The key performance indicators in Environmental Subject Area during the Reporting Period cover the hotels held and managed by the Group that are in sound operation in 2020, including 16 Full Service Hotels, 246 Jin Jiang Inn Hotels, 32 Jin Jiang GDL Asia Hotels and 6 Campanile Hotels. The quantified key performance indicators in Environmental Subject Area are shown in the following table:

A1. Emissions	2020	2019	2018
Wastewater discharge (tonnes)	**4,356,585.00**	5,520,859.27	5,838,514.49
Total greenhouse gas emissions (Scopes 1 and 2) (tCO_2e)	**153,967.55**	172,557.98	182,074.13
Direct greenhouse gas emissions (Scope 1) (tCO_2e)	**31,275.61**	44,427.10	39,851.55
Energy indirect greenhouse gas emissions (Scope 2) (tCO_2e)	**122,691.94**	128,130.88	142,222.57
Intensity of greenhouse gas emissions (tCO_2e per room)	**3.40**	3.98	3.98

Notes:

1. Based on the nature of the Group's business operation, the greenhouse gas emissions of the Group mainly comprise direct greenhouse gas emissions arising from the use of fossil fuels (Scope 1) and energy indirect greenhouse gas emissions from purchase of electricity (Scope 2). Due to the influence of the COVID-19 epidemic, the hotel occupancy rate has decreased, resulting in lower energy consumption density and water consumption density per unit room.

2. Greenhouse gases include carbon dioxide (CO_2). Greenhouse gas emissions are presented as carbon dioxide equivalent (CO_2e) and accounted for according to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators issued by the National Development and Reform Commission ("NDRC").

3. As the main fuel of Group is natural gas clean energy, the emissions data of exhaust gas is minimum and immaterial to the Group's operation and KPI A1.1 (emission amount of waste gas) have not been disclosed in this ESG Report.

4. The Group's hazardous wastes include a small amount of waste oil, waste lamp tubes, waste electronic parts and components, waste cells, etc. Through implementing waste classification, the Group's hazardous wastes recycled by the manufacturers or was disposed of by qualified disposal parties. As hazardous wastes are emitted in small amount and immaterial to the Group's operation, the Group does not disclose KPI A1.3 (total hazardous waste produced) in this ESG Report.

5. The Group has not established a sound non-hazardous waste data collection process, and thus does not disclose KPI A1.4 (total non-hazardous waste produced) in this ESG Report in order to ensure the accuracy of data. The Group intends to establish a systematic data collection channel to collect and analyse data about general waste emissions and disclose this KPI.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2. Use of Resources	2020	2019	2018
Energy consumption in total (MWh)	**334,231.51**	406,398.48	403,262.88
Direct energy consumption in total (MWh)	**156,608.47**	220,441.00	197,411.55
Indirect energy consumption in total (MWh)	**177,623.04**	185,957.48	205,851.33
Intensity of energy consumption (MWh per room)	**7.37**	8.83	8.82
Water consumption (tonnes)	**4,840,650.00**	6,134,288.08	6,487,238.32
Intensity of water consumption (tonnes per room)	**106.81**	133.23	141.92

Notes:

1. Total energy consumption is calculated based on the consumptions of electricity and oil and the default parameter values related to fossil fuel as shown in Attached Table 1 to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators (《公共建築運營企業溫室氣體排放核算方法與報告指南》) issued by the NDRC. Due to the influence of the COVID-19 epidemic, the hotel occupancy rate has decreased, resulting in lower energy consumption density and water consumption density per unit room.

2. As no packaging materials were used during the Group's operational activities, KPI A2.5 (total packaging material used for finished products) is not applicable to the Group.

3. As no other environmental and natural resources are involved in the Group's operational activities, Aspect A3 (Environmental and Natural Resources) and KPI A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) under Aspect A3 are not applicable to the Group and thus are not disclosed in this ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2) The key performance indicators in Social Subject Area during the Reporting Period cover the Group's headquarters, and the hotels held and managed by the Group that are in sound operation in 2020, including 16 Full Service Hotels, 246 Jin Jiang Inn Hotels, 32 Jin Jiang GDL Asia Hotels and 6 Campanile Hotels. The quantified key performance indicators in Social Subject Area are shown in the following table:

B1. Employment	Total number of employees in 2020 (persons)
By gender	
Male	5,760
Female	6,504
By age	
Aged below 35	2,276
Aged 35 to 50	6,726
Aged above 50	3,262
By type of employment	
Full-time	12,131
Part-time	133
By geographical region	
Number of employees in mainland China	12,248
Number of employees overseas	16

B3. Development and training	Percentage of employees trained in 2020 (%)	Average training hours in 2020 (hours)
By gender		
Male	49.8%	60.7
Female	50.2%	56.3
By employee category		
Senior management	2.9%	90.5
Middle management	15.7%	66.8
Junior staff	81.4%	55.7

The Group mainly provides hotel and catering, and does not involve any product production activities. Key performance indicator B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons and B6.4 Description of quality assurance process and recall procedures are not applicable to the Group.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Shanghai Jin Jiang Capital Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 112 to 264, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill and brandnames in relation to the acquired hotel related business
- Disposal of 22.68% equity interest in Sofitel Hyland Shanghai Co., Limited ("Sofitel Hyland")

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill and brandnames in relation to the acquired hotel related business	
Refer to note 2.10 "Intangible assets", 2.11 "Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets" in Summary of Significant Accounting Policies, note 4(a)(i) "Estimated impairment of goodwill" and 4(a)(ii) "Useful lives and estimated impairment of intangible assets —brandnames" in Critical Accounting Estimates and Judgements and note 9 "Intangible assets" to the consolidated financial statements.	We obtained an understanding of the management's internal control and assessment process of the impairment assessment of goodwill and brandnames in relation to the acquired hotel related business, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias in determining the valuations.
As at 31 December 2020, goodwill and brandnames in relation to the acquired hotel related business, the major business of the Group, amounted to Rmb 11,528 million and Rmb 6,214 million, respectively.	We assessed the competence, capabilities and objectivity of the external valuation experts who assisted management in determining the value-in-use calculations of these CGUs.
In assessing the recoverable amounts of the Group's cash generating units ("CGUs") that include these goodwill and brandnames, management engaged external valuation experts to assist in determining the value-in-use calculations of these CGUs, being the present value of the future cash flows expected to be derived from these CGUs. Such calculations involved developing assumptions and estimates about the future results of the relevant businesses, including:	We compared the current year actual results with the prior year forecast to consider, with hindsight, whether key assumptions included in that forecast had been subject to management bias and to assess the effectiveness of management's estimate process. We assessed management's future cash flow forecasts and calculation of value-in-use of each CGU. Our procedures included:
• revenue per available room; • number of self-owned and franchised hotels and rooms; and • discount rates.	• assessing the appropriateness of the valuation methodology adopted by reference to market practices; • assessing the reasonableness of probabilities used to weigh the various scenarios of estimating the value-in-use amount of the GDL CGU and the reasonableness of market recovery progress under COVID-19 pandemic for different scenarios;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Due to the uncertainty of COVID-19 in overseas market, management used probability-weighting different scenarios of forecast to estimate the value-in-use amount of the CGU named Select Service Hotels — managed and operated by Groupe du Louvre(the "GDL"). We focused our audit effort on this area because of the significance of the related balances, the high degree of uncertainties associated with estimating the future operating performance of these CGUs, including the impact of the COVID-19 pandemic, and the complexity and subjectivity of management estimates involved in determining the valuations, including the appropriateness of the significant assumptions adopted.	• assessing and challenging the key assumptions, including the projected revenue per available room and number of self-owned and franchised hotels and rooms, by comparing with the historical operating results and future operating plans of the relevant businesses, taking into consideration of economic and industry forecasts; • assessing the discount rates by reference to external data, including the risk factor of comparable companies and market risk premium; • assessing and challenging the appropriateness of other key input data by comparing with the approved budgets, historical data or future business plans; and • testing the mathematical accuracy of the discounted cash flows calculations. We assessed management's sensitivity analysis to evaluate the assumptions to which the outcomes of the discounted cash flows are more sensitive and the degree to which and likelihood that these assumptions may move to trigger an impairment. We assessed the adequacy of the disclosures related to the impairment assessment of goodwill and brandnames in relation to the acquired hotel related business in the context of HKFRSs. We found that management's judgements in connection with the impairment assessment of goodwill and brandnames in relation to the acquired hotel related business were supported by the evidence we gathered.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Disposal of 22.68% equity interest in Sofitel Hyland	
Refer to note 24 "Other income and gain" and note 33(b) (i) "Disposal of 22.68% equity interest in Sofitel Hyland" to the consolidated financial statements. In July 2020 the Company entered into a cooperation framework agreement ("Cooperation Framework Agreement") with a third party, pursuant to which the Company intended to dispose of its entire 66.67% equity interest in Sofitel Hyland, a then subsidiary, and in return acquire certain equity interests in other hotels. Based on the equity transfer contracts entered into in October 2020, the Group disposed of 22.68% equity interest in Sofitel Hyland at a consideration of Rmb421 million (the "Transaction") in November 2020. A total gain of Rmb1,167 million was recognized from this disposal based on the said consideration and the fair value remeasurement of the retained equity interest of 43.99%, as the Group lost control over this former subsidiary and started to account for it as investment in an associate after the completion of the Transaction on 30 November 2020. Management engaged external valuation experts to assist in determining the fair value of equity interest in Sofitel Hyland. Such valuation included the estimation about the fair value of the operating property and the use of key inputs, including the replacement cost and depreciation rate of the property. We focused on this area because of: • the significance of impact of the recognised gain on the consolidated income statement for the year ended 31 December 2020;	We assessed management's determination of fair value of the equity interest in Sofitel Hyland. Our procedures included: • understanding and evaluating the management's internal control and assessment process of determining the fair value of the equity interest of Sofitel Hyland; • assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias in determining the valuations; • assessing the competence, capabilities and objectivity of the external valuation experts engaged by management; • assessing the appropriateness of the valuation methodology adopted by reference to market practices; • assessing the key inputs used in calculating the replacement cost and depreciation rate of the property by reference to external data and the generally accepted economic lives of the relevant property; • assessing the fair value of land use right by checking comparable transactions; • testing the mathematical accuracy of the calculations; • establishing our owner expectation and range of the fair value of the relevant property, by reference to recent comparable transactions in the similar markets. We further assessed management's determination of whether this Transaction should be accounted for separately from any subsequent disposal transactions of equity interest in Sofitel Hyland. Our procedures included: • understanding the background and business substance of the Transaction by interviewing the representatives of both the Company and the counterparty;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
• the complexity and subjectivity of estimations and judgements involved in determining the fair value of the equity interest of Sofitel Hyland; • the judgement involved in determining whether this Transaction should be accounted for separately from any subsequent disposal transactions of equity interest in Sofitel Hyland as contemplated by the Cooperation Framework Agreement.	• examining the supporting documents including the Cooperation Framework Agreement, contract for disposal of 22.68% equity interest in Sofitel Hyland, disposal transaction certificate and other government authorities' approval documents to verify whether the Transaction was irreversible, based on fair market value and its completion was not dependent on the completion of any other transactions according to the contracts. We recomputed the gain recognized from the disposal of 22.68% equity interest in Sofitel Hyland, including that portion arising from the fair value remeasurement of the retained 43.99% interest. Based on the audit procedures performed, we noted that the recognised gain from disposal of the 22.68% equity interest in Sofitel Hyland was supported by the evidence we gathered.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Company's 2020 Annual Report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the 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 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

RESPONSIBILITIES OF DIRECTORS AND AUDIT AND RISK CONTROL COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The Audit and Risk Control Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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. We report our opinion 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 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 consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Group'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 Group'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 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 Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Control 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 and Risk Control 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Control Committee, we determine those matters that were of most significance in the audit of the 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 Dou Wang, Angel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2021

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Note	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000 (Restated) (Note 37)
ASSETS			
Non-current assets			
Property, plant and equipment	6	10,238,556	11,082,208
Right-of-use assets	7	11,614,589	11,786,218
Investment properties	8	433,059	464,574
Intangible assets	9	18,681,963	18,514,081
Investments accounted for using the equity method	11	2,159,242	1,813,068
Financial assets at fair value through other comprehensive income	13	1,642,529	1,829,891
Financial assets at fair value through profit or loss	17	598,980	1,357,326
Deferred income tax assets	14	611,499	415,851
Trade receivables, prepayments and other receivables	16	736,045	758,786
Bank deposits with maturities over 12 months	18	—	31,000
		46,716,462	48,053,003
Current assets			
Financial assets at fair value through profit or loss	17	560,742	713,546
Inventories	15	281,217	318,910
Trade receivables, prepayments and other receivables	16	3,823,655	3,608,013
Restricted cash	18	582,418	528,426
Bank deposits with maturities over 3 months	18	801,000	255,346
Cash and cash equivalents	19	8,112,300	9,962,332
		14,161,332	15,386,573
Assets classified as held for sale	20	835,375	—
		14,996,707	15,386,573
Total assets		61,713,169	63,439,576

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2020

	Note	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000 (Restated) (Note 37)
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	21	**5,566,000**	5,566,000
Reserves	21	**3,927,209**	3,663,238
		9,493,209	9,229,238
Non-controlling interests		**10,359,933**	10,405,950
Total equity		**19,853,142**	19,635,188
LIABILITIES			
Non-current liabilities			
Borrowings	23	**14,936,856**	14,523,858
Lease liabilities	7(a)	**9,472,036**	9,996,397
Deferred income tax liabilities	14	**2,020,610**	2,038,927
Trade and other payables and accruals	22	**1,201,847**	2,354,089
Contract liabilities	5(c)	**120,334**	201,348
		27,751,683	29,114,619
Current liabilities			
Borrowings	23	**2,540,844**	2,761,652
Lease liabilities	7(a)	**1,593,539**	1,633,990
Derivative financial instruments		**—**	940
Income tax payable		**460,600**	354,123
Trade and other payables and accruals	22	**8,358,057**	8,703,151
Contract liabilities	5(c)	**1,155,304**	1,235,913
		14,108,344	14,689,769
Total liabilities		**41,860,027**	43,804,388
Total equity and liabilities		**61,713,169**	63,439,576

The notes on pages 120 to 264 are an integral part of these consolidated financial statements.

The consolidated financial statements on page 112 to 264 were approved by the Board of Directors on 31 March 2021 and were signed on its behalf by:

Yu Minliang
Chairman and Executive Director

Ma Mingju
Chief Executive Officer and Executive Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000 (Restated) (Note 37)
Revenue	5(a)	**14,201,062**	20,977,074
Cost of sales	26	**(11,459,012)**	(14,904,687)
Gross profit		**2,742,050**	6,072,387
Other income and gain	24	**2,875,028**	779,108
Selling and marketing expenses	26	**(1,063,598)**	(1,360,815)
Administrative expenses	26	**(2,581,246)**	(2,455,660)
Net impairment losses on financial assets	16	**(66,437)**	(5,011)
Other expenses and losses	25	**(225,016)**	(116,628)
Operating profit		**1,680,781**	2,913,381
Finance costs — net	28	**(924,349)**	(965,276)
Share of results of joint ventures and associates accounted for using the equity method	29	**132,232**	276,626
Profit before income tax		**888,664**	2,224,731
Income tax expense	30	**(401,967)**	(583,025)
Profit for the year		**486,697**	1,641,706
Attributable to:			
Shareholders of the Company		**298,463**	675,731
Non-controlling interests		**188,234**	965,975
		486,697	1,641,706
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share) — basic and diluted	31	**5.36**	12.14

The notes on pages 120 to 264 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000 (Restated) (Note 37)
Profit for the year		486,697	1,641,706
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Cash flow hedges		680	1,187
Currency translation differences		(75,760)	16,523
Item that will not be reclassified to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income — gross	13	(186,076)	158,522
Changes in fair value of equity investments at fair value through other comprehensive income — tax	30	39,481	(39,551)
Remeasurements of post-employment benefit obligations		(3,816)	(7,026)
Total other comprehensive (loss)/income for the year		(225,491)	129,655
Total comprehensive income for the year		261,206	1,771,361
Attributable to:			
Shareholders of the Company		167,572	731,051
Non-controlling interests		93,634	1,040,310
		261,206	1,771,361

The notes on pages 120 to 264 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019 as previously presented	5,566,000	(57,573)	3,522,989	9,031,416	10,128,528	19,159,944
Common control combination (note 37)	—	2,321	—	2,321	3,901	6,222
Balance at 1 January 2019 (Restated)	5,566,000	(55,252)	3,522,989	9,033,737	10,132,429	19,166,166
Comprehensive income:						
Profit for the year	—	—	675,731	675,731	965,975	1,641,706
Other comprehensive income:						
Cash flow hedges	—	597	—	597	590	1,187
Currency translation differences	—	12,534	—	12,534	3,989	16,523
Changes in fair value of equity investments at fair value through other comprehensive income — gross (note 13)	—	61,368	—	61,368	97,154	158,522
Changes in fair value of equity investments at fair value through other comprehensive income — tax (note 30)	—	(15,466)	—	(15,466)	(24,085)	(39,551)
Remeasurements of post-employment benefit obligations	—	(3,713)	—	(3,713)	(3,313)	(7,026)
Total other comprehensive income	—	55,320	—	55,320	74,335	129,655
Total comprehensive income	—	55,320	675,731	731,051	1,040,310	1,771,361
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity:						
Profit appropriation	—	37,126	(37,126)	—	—	—
Dividends of the Company (note 32)	—	—	(445,280)	(445,280)	—	(445,280)
Total contributions by and distributions to owners of the Company recognised directly in equity	—	37,126	(482,406)	(445,280)	—	(445,280)
Dividends of subsidiaries to non-controlling interests	—	—	—	—	(535,843)	(535,843)
Acquisition of equity interests in subsidiaries from non-controlling interests	—	(90,270)	—	(90,270)	(260,946)	(351,216)
Non-controlling interests arising from set-up of a subsidiary	—	—	—	—	30,000	30,000
Total transactions with owners	—	(53,144)	(482,406)	(535,550)	(766,789)	(1,302,339)
Balance at 31 December 2019 (Restated)	5,566,000	(53,076)	3,716,314	9,229,238	10,405,950	19,635,188

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2020

	Attributable to shareholders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020 (Restated)	5,566,000	(53,076)	3,716,314	9,229,238	10,405,950	19,635,188
Comprehensive income:						
Profit for the year	–	–	298,463	298,463	188,234	486,697
Other comprehensive income:						
Cash flow hedges	–	342	–	342	338	680
Currency translation differences	–	(60,230)	–	(60,230)	(15,530)	(75,760)
Changes in fair value of equity investments at fair value through other comprehensive income — gross (note 13)	–	(87,428)	–	(87,428)	(98,648)	(186,076)
Changes in fair value of equity investments at fair value through other comprehensive income — tax (note 30)	–	18,323	–	18,323	21,158	39,481
Remeasurements of post-employment benefit obligations	–	(1,898)	–	(1,898)	(1,918)	(3,816)
Total other comprehensive loss	–	(130,891)	–	(130,891)	(94,600)	(225,491)
Total comprehensive income	–	(130,891)	298,463	167,572	93,634	261,206
Transactions with owners:						
Contributions by and distributions to owners of the Company recognised directly in equity:						
Profit appropriation	–	28,794	(28,794)	–	–	–
Dividends of the Company (note 32)	–	–	(345,092)	(345,092)	–	(345,092)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	28,794	(373,886)	(345,092)	–	(345,092)
Dividends of subsidiaries to non-controlling interests	–	–	–	–	(660,681)	(660,681)
Acquisition of equity interests in subsidiaries from non-controlling interests (note 36(a))	–	(115,788)	–	(115,788)	101,953	(13,835)
Disposal of subsidiaries (note 33(b))	–	–	–	–	(29,898)	(29,898)
Capital contribution from non-controlling interests (note 36(b)(c))	–	565,619	–	565,619	462,997	1,028,616
Effect of business combination under common control	–	(8,340)	–	(8,340)	(14,022)	(22,362)
Total transactions with owners	–	470,285	(373,886)	96,399	(139,651)	(43,252)
Balance at 31 December 2020	5,566,000	286,318	3,640,891	9,493,209	10,359,933	19,853,142

The notes on pages 120 to 264 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000 (Restated)
Cash flows from operating activities:			
Cash generated from operations	33(a)	2,289,259	5,157,823
Net (decrease)/increase in deposits from customers(*)		(1,233,177)	285,617
Net decrease in loans to customers(*)		47,600	212,100
Interests paid		(895,001)	(982,203)
Income tax paid		(485,101)	(710,488)
Net cash (used in)/generated from operating activities		(276,420)	3,962,849
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment	33(a)	160,941	272,928
Proceeds from disposal of intangible assets		61	58
Proceeds from disposal of subsidiaries	33(b)	236,176	—
Proceeds from disposal of interests in associates		21,768	—
Proceeds from disposal of financial assets at fair value through profit or loss	17	1,609,170	916,585
Purchase of property, plant and equipment		(890,476)	(1,259,881)
Purchase of intangible assets		(158,537)	(153,405)
Purchase of financial assets at fair value through other comprehensive income comprehensive income	13	—	(273,844)
Purchase of financial assets at fair value through profit or loss	17	(672,756)	(668,974)
Cashflow out for increase in investment in a joint venture		(574)	—
Fund management fee paid		(57,226)	—
Payment of bank deposits with maturities over 3 months		(770,000)	(286,346)
Receipt from bank deposits with maturities over 3 months		255,346	243,669
Interests received		56,260	83,905
Dividends received		469,903	462,402
Loans granted to related parties		(119,325)	(33,700)
Loans repayments from related parties		17,200	34,400
Net cash generated from/(used in) investing activities		157,931	(662,203)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000 (Restated)
Cash flows from financing activities:			
Capital contribution from non-controlling interests	36(b)(c)	1,028,616	30,000
Proceeds from borrowings	33(d)	10,327,060	3,310,969
Repayments of borrowings	33(d)	(10,375,075)	(5,675,466)
Principal elements of lease payments	33(d)	(1,793,289)	(1,229,645)
Dividends paid to non-controlling interests		(492,249)	(463,678)
Dividends paid to shareholders of the Company	32	(345,092)	(445,280)
Acquisition of equity interests from non-controlling interests		(31,160)	(318,606)
Consideration of common control combination	37	(22,362)	—
Net cash used in financing activities		(1,703,551)	(4,791,706)
Decrease in cash and cash equivalents		(1,822,040)	(1,491,060)
Cash and cash equivalents at beginning of the year		9,962,332	11,445,782
Effects of exchange rate changes on cash an cash equivalents		(27,992)	7,610
Cash and cash equivalents at end of year	19	8,112,300	9,962,332

* The deposits and loans activities of Jin Jiang International Finance Company Limited ("Finance Company"), a subsidiary of the Company and a non-bank finance company, are included in the cash flows from operating activities.

The notes on pages 120 to 264 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 GENERAL INFORMATION

Shanghai Jin Jiang Capital Company Limited (the "Company") was established on 16 June 1995 and its holding company is Jin Jiang International Holdings Company Limited ("Jin Jiang International Group"), which is a wholly state-owned company directly under the administration and control of the State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government ("Shanghai SASAC").

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

On 16 February 2011, 1,001,000,000 ordinary shares of RMB1 per share were issued and allotted to Jin Jiang International Group as part of the consideration to acquire Shanghai Jin Jiang Online Network Service Co., Ltd. ("Jin Jiang Online", formerly known as "Shanghai Jin Jiang International Industrial Investment Co., Ltd.") and Shanghai Jin Jiang International Travel Co., Ltd. ("Jin Jiang Travel").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 2006. The share capital of the Company is RMB5,566,000,000.

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

The Company and its subsidiaries are principally engaged in investment and operation of hotels and related businesses (the "Hotel Related Business"), investment and operation of passenger transportation vehicles, logistics and related businesses (the "Passenger Transportation Vehicles and Logistics Business") and investment and operation of travel agency and related businesses (the "Travel Agency Business").

These consolidated financial statements were approved for issue by the board (the "Board") of directors (the "Directors") of the Company on 31 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, except that certain financial assets and liabilities are measured at fair value.

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

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The Group also elected to early adopt Covid-19-Related Rent Concessions — amendments to HKFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to HKFRS 16 set out above. See note 2.2 for the impact of the Amendment to HKFRS 16 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policies and disclosures (Continued)

(b) New standards and amendments to standards not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for the annual reporting period commencing from 1 January 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018 -2020	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The Group has early adopted Amendment to HKFRS 16 — Covid-19-Related Rent Concessions from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b. any reduction in lease payments affects only payments due on or before 30 June 2021; and

c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying Covid-19-related rent concessions. Rent concessions totalling RMB79,338,000 have been accounted for as negative variable lease payments and recognised in cost of sales in the consolidated income statement for the year ended 31 December 2020 (note 26), with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (Continued)

2.3.2 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (note 2.11). See note 2.11 for the impairment of investments in subsidiaries, joint ventures, associates and non-financial assets.

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

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

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

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

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses (note 2.11). The results of associates are accounted for by the Company on the basis of dividend received or receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (Continued)

2.3.3 Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures.

Joint ventures are all entities over which the Group has joint control but not solo control. Interests in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss (note 2.11). See note 2.11 for the impairment of investments in subsidiaries, joint ventures, associates and non-financial assets.

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

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

In the Company's balance sheet, the investments in joint ventures are stated at cost less provision for impairment losses (note 2.11). The results of joint ventures are accounted for by the Company on the basis of dividend received or receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (Continued)

2.3.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

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

2.4 Consolidation

2.4.1 Business combination

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Consolidation (Continued)

2.4.1 Business combination (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (note 2.11).

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

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Consolidation (Continued)

2.4.2 Common control combinations

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

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

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

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

2.4.3 Disposal of subsidiaries

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

2.5 Separate financial statements

In the Company's balance sheet, investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment (note 2.11). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Segment reporting

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

2.7 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation (Continued)

(iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

2.8 Property, plant and equipment

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

Freehold land is not depreciated. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 to 60 years
Renovations and leasehold improvements	3 to 10 years but not exceeding the lease period
Plant and machinery	3 to 20 years
Operating vehicles	4 to 10 years
Motor vehicles	3 to 10 years
Furniture, fittings and equipment	3 to 15 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

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

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

2.9 Investment properties

Investment properties comprise right-of-use assets and buildings, held for long-term rental yields or for capital appreciation or both and not occupied by the Group, and is measured initially at its cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties, which are stated at historical costs less accumulated depreciation and accumulated impairment losses, if any. Depreciation of buildings is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives from 20 to 60 years.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries which is not under common control, joint ventures and associates and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures and associates is included in investments in joint ventures and associates and is tested for impairment as part of the overall impairment test of the investments in joint ventures and associates.

For the purpose of impairment testing, goodwill acquired in a business combination not under common control is allocated to each of the units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

(ii) Computer software, patents and other rights

Costs associated with maintaining computer software, patents and other rights are recognised as an expense as incurred. Acquired computer software licences, patents and other rights are capitalised on the basis of costs incurred to acquire and bring to use the specific software, patents and other rights. These costs are amortised over their estimated useful lives (2 to 15 years).

(iii) Brandnames

Separately acquired brandnames are shown at historical cost. Brandnames acquired in a business combination not under common control are recognised at fair value at the acquisition date. Brandnames that have an indefinite useful life, and are carried at cost less any subsequent accumulated impairment losses.

(iv) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination not under common control are recognised at fair value at the acquisition date. Trademarks are amortised over 10 years.

(v) Licenses of operating vehicles

Authorised licenses of operating vehicles are capitalised on the basis of cost incurred, which will not be expired and need no renewal, and are carried at cost less any subsequent accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (Continued)

(vi) Memberships

Memberships represent the fair value of membership programs arising from the acquisition of subsidiaries not under common control which is amortised over the remaining period of validity 20 years.

2.11 Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

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

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

2.12 Non-current assets held for sale

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

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets

2.13.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.13.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

2.13.3 Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- Financial assets at fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- Financial assets at FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments and other financial assets (Continued)

2.13.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 16 for further details.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.15 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the hedging, the Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

(i) Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Derivative financial instruments and hedging activities (Continued)

(i) Cash flow hedge that qualify for hedge accounting (Continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Inventories

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

2.18 Trade receivables, prepayments and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 16 for further information about the Group's trade receivables, prepayments and other receivables, and note 3(a)(ii) for a description of the Group's impairment policies.

2.19 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.20 Share capital

Ordinary shares are classified as equity.

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

2.21 Trade and other payables and accruals

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

2.23 Borrowing costs

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

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

All other borrowing costs are expensed in the period in which they are incurred.

The corresponding cash flows of borrowing costs are presented as relating to operating activities in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Current and deferred income tax

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

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

(iii) Offsetting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employee benefits

(i) Pension obligations

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

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

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

(ii) Housing benefits

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

(iii) Defined benefit plans

Groupe du Louvre ("GDL", a wholly-owned subsidiary incorporated in France) has a defined benefit plan. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employee benefits (Continued)

(iii) Defined benefit plans (Continued)

Past-service costs are recognised immediately in income statements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(iv) Termination and early retirement benefits

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

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

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

(vi) Other post-employment obligations

Some companies in the Group provide post-retirement benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Provisions and contingent liabilities

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

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

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

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

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

2.27 Government grants

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition

The Group is principally engaged in the operation of the Hotel Related Business, the Passenger Transportation Vehicles and Logistics Business and the Travel Agency Business.

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point of time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use of the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point of time when the customer obtains the control of an asset. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

An entity is a principal if it controls the promised good or service before transferring it to the customer. And an entity is an agent if its role is to arrange for another entity to provide goods or service.

The Group does not expect to have any contract containing financing components. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The policy for revenue recognition of the Group and whether an entity is a principle or an agency by segment are as follows:

Hotel Related Business

Hotel Related Business includes full service hotels and select service hotels operation, hotel management and franchise and sale of hotel supplies.

Revenue from full service hotels and select service hotels operation mainly comprises of accommodation, food and beverage and ancillary services. Except for the revenue from food and beverage sales which is recognised at a point of time when the services is rendered to the customers, the revenue from other hotel operation services is recognised over time in the accounting period in which the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition (Continued)

Hotel Related Business (Continued)

Revenue from hotel management and franchise mainly comprises of initial entrance fee, service fee and on-going management fee. When a management and franchise contract is signed, the Group sometimes invoices an non-refundable initial entrance fees to hotel owners. These payments do not transfer any additional service to the customer, which is distinct from the promise to render services under the management and franchise contract. Therefore, the entrance fee is recognised over straight-line basis over the contract term. Revenue arising from other hotel management and franchise service is recognised over time in the accounting period in which the services are rendered because all of the benefits are received and consumed simultaneously by the customer as the Group performs. The Group bills the hotel service fee or management fee for each month of service provided to its customer and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.

Revenue from sales of hotel supplies is recognised at a point of time when the control of the goods has transferred to the customers, being when the goods are delivered to the customers, there is no unfulfilled obligation that could affect the customers' acceptance of the goods. And the customer has obtained the physical possession or the legal title of the goods and the Group has present right to payment and the collection of the consideration is probable.

The Group considers it is a principal in providing its services or goods in the Hotel Related Business, so the revenue from the Hotel Related Business is recognised on a gross basis.

Passenger Transportation Vehicles and Logistics Business

Passenger Transportation Vehicles and Logistics Business includes vehicle operating, trading of automobiles and refrigerated logistics.

The revenue from vehicle operating and refrigerated logistics is recognised over time in the accounting period in which the services are rendered. The Group bills the related service fee for each month of service provided to its customer and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed. The revenue from trading of automobiles is recognised at a point of time when the control of the goods has transferred to the customers, being when the goods are delivered to the customers, there is no unfulfilled obligation that could affect the customers' acceptance of the goods.

The Group considers it is a principal in providing its services or goods in the Passenger Transportation Vehicles and Logistics Business, so the revenue from the Passenger Transportation Vehicles and Logistics Business is recognised on a gross basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition (Continued)

Travel Agency Business

The revenue from Travel Agency Business is recognised over time in the accounting period in which the control of the services are transferred to the customer because the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs. The Group considers that it is a principal in providing its services, except for certain service in the Travel Agency Business to the extent that it does not control the products or the services before being transferred to the customers.

Customer loyalty Programme

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

Interest income generated by Finance Company

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

2.29 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Interest income

Other than Finance Company, interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of "other income and gain".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

For the purpose of consolidated statement of cash flows, the interest income received arising from Finance Company's deposits and loans activities are presented as relating to operating activities, while the interest income received arising from other bank deposits is presented as relating to investing activities.

2.31 Dividend income

Dividends are received from financial assets measured at FVPL and FVOCI. Dividends are recognised as other income in consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.32 Lease

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Lease (Continued)

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Lease (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease. In the case of a sub-lease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

The Group recognises interest income over the lease term, based on a pattern reflecting a constant periodic rate of return. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

2.33 Dividend distribution

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

(i) Market risk

(1) Foreign exchange risk

For the Group's operation in Mainland China, most of the transactions, assets and liabilities are denominated in RMB and United States Dollars ("US$"). For the Group's operation in Europe, most of the transactions, assets and liabilities are denominated in Euro ("EUR"). The Group sometimes are required to settle payments for its purchases of equipment from overseas suppliers and certain expenses, and for its foreign investments in other foreign currencies. Other foreign currencies are also received from overseas customers. The Group's trade receivables, prepayments and other receivables, restricted cash, bank deposits, cash and cash equivalents, trade and other payables and accruals and borrowings as at 31 December 2020 and 2019 included assets and liabilities, denominated in either US$, EUR or other foreign currencies other than EUR and US$ ("other foreign currencies"), which are disclosed in notes 16, 18, 19, 22 and 23.

As at 31 December 2020, if RMB strengthens/weakens by 5% (31 December 2019: 5%) (i.e. RMB/US$6.5249, from 6.5249 to 6.8511/from 6.5249 to 6.1987) against US$ with all other variables held constant, post-tax profit for the operation in Mainland China for the year would have changed mainly as a result of foreign exchange gains/losses on translation of US$ denominated trade receivables, prepayments and other receivables, restrict cash, bank deposits, cash and cash equivalent, trade and other payables and accruals and borrowings. Details of the changes are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
The Group's operations in Mainland China:		
(Decrease)/increase in profit for the year		
— Strengthened	**(4,883)**	(6,932)
— Weakened	**4,883**	6,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(1) Foreign exchange risk (Continued)

As at 31 December 2020 if EUR strengthens/weakens by 5% (31 December 2019: 5%) (i.e. EUR/US$1.2299, from 1.2299 to 1.2914/from 1.2299 to 1.1864) against other foreign currencies with all other variables held constant, post-tax profit for the Group operated in Europe for the year would have changed mainly as a result of foreign exchange gain/loss on translation of other foreign currencies denominated trade receivables, prepayments and other receivables, cash and cash equivalent, trade and other payables and accruals and borrowings. Details of the changes are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
The Group's operations in Europe:		
Increase/(decrease) in profit for the year		
— Strengthened	**2,465**	(3,726)
— Weakened	**(2,465)**	3,726

The aggregate net foreign exchange (losses)/gains recognised in profit or loss were:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net foreign exchange loss included in other expenses and losses (note 25)	**(39,770)**	—
Net foreign exchange gain included in other income and gain (note 24)	**—**	108
Exchange (loss)/gain in finance costs (note 28)	**(10,475)**	1,255
Total net foreign exchange (loss)/gain recognised in profit before income tax for the year	**(50,245)**	1,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(2) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities other than its bank deposits and borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Bank deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's bank deposits and borrowings have been disclosed in notes 18, 19 and 23.

As at 31 December 2020, if interest rates on bank deposits and borrowings are 10% (31 December 2019: 10%) (i.e. 5%, from 5% to 5.5%/from 5% to 4.5%) higher/lower with all other variables held constant, the post-tax profit for the year would have changed mainly as a result of higher/lower interest expenses. Details of the changes are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Decrease)/increase in profit for the year		
— Increase in interest rates	**(13,267)**	(14,278)
— Decrease in interest rates	**13,267**	14,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(3) Price risk

The Group is exposed to major equity securities price risk because of its holding of listed equity investments which are classified on the consolidated balance sheet as FVOCI (note 13) or FVPL (note 17). The Group has not hedged its price risk arising from investments in equity securities.

As at 31 December 2020, if the quoted market price of the listed equity investments measured as FVOCI increases/decreases 10% (31 December 2019: 10%) with all other variables held constant, the equity would have changed mainly as a result of fair value gain/(loss) on FVOCI. Details of the changes are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Increase/(decrease) in other comprehensive income		
— Increase in quoted market price	**119,402**	133,155
— Decrease in quoted market price	**(119,402)**	(133,155)

As at 31 December 2020, if the quoted market price of the listed equity investments measured as FVPL increases/decreases 10% with all other variables held constant, the profit or loss would have changed mainly as a result of fair value gain/(loss) on FVPL. Details of the changes are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Increase/(decrease) in profit or loss		
— Increase in quoted market price	**24,924**	85,789
— Decrease in quoted market price	**(24,924)**	(85,789)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk

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

(a) Risk management

As at 31 December 2020, these bank deposits and cash at bank were deposited in reputable financial institutions which are considered with low credit risk. The table below shows bank deposits and cash at bank balances by counterparties:

	At 31 December	
	2020 RMB'000	2019 RMB'000 (Restated)
Counterparties		
— People's Bank of China	**484,626**	417,472
— Big 4 domestic banks*	**5,719,831**	6,196,004
— Other domestic commercial banks	**3,010,343**	3,609,704
— Foreign-owned banks	**273,733**	544,939
	9,488,533	10,768,119

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(b) Impairment of financial assets

The Group has trade receivables for provision of services or sales of goods subject to the expected credit loss model on adoption of HKFRS 9.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due.

The expected loss rates are based on the payment profiles of sales over a period of 3 years before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables. The Group has identified the economic conditions of the customers and the performance of the customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowances as at 31 December 2020 and 31 December 2019 were determined as follows for trade receivables:

31 December 2020	**Within 6 months**	**6 months to 12 months**	**Over 1 year**	**Total**
Expected loss rate	**3.97%**	**10.31%**	**93.76%**	**17.41%**
Gross carrying amount — trade receivables (RMB'000)	**1,181,956**	**55,883**	**213,234**	**1,451,073**
Loss allowance (RMB'000)	**(46,938)**	**(5,762)**	**(199,926)**	**(252,626)**

31 December 2019	Within 6 months	6 months to 12 months	Over 1 year	Total
Expected loss rate	2.34%	14.53%	95.71%	13.51%
Gross carrying amount — trade receivables (RMB'000)	1,298,238	84,018	175,226	1,557,482
Loss allowance (RMB'000)	(30,416)	(12,208)	(167,716)	(210,340)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Trade receivables (Continued)

On that basis, the loss allowances as at 31 December 2020 and 31 December 2019 were determined as follows for trade receivables: (Continued)

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Impairment losses on trade receivables are presented as "net impairment losses on financial assets" within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. As at 31 December 2020 and 2019, there was no increase in credit risk since initial recognition, and the impairment is measured as 12-month expected credit losses.

	At 31 December	
	2020 RMB'000	2019 RMB'000 (Restated)
Gross carrying amount — other receivables	**2,518,063**	2,157,064
Loss allowance	**(87,981)**	(66,116)
Expected loss rate	**3.49%**	3.07%

Net impairment losses on financial assets recognised in profit or loss

For the year ended 31 December 2020, net impairment losses of RMB66,437,000 were recognised in "net impairment losses on financial assets" in the consolidated income statement in relation to impaired financial assets (2019: RMB5,011,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

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

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments amounted to RMB304,114,000 (31 December 2019: RMB452,269,000) (note 17).

(d) Financial guarantees

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

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Credit risk exposure relating to off-balance sheet items		
— Financial guarantees	**–**	3,000

As at 31 December 2019, all financial guarantee contracts are granted to the related parties. Management has established limits on the financial guarantee contracts to be granted and expects that no material liabilities will arise from the financial guarantee contracts (31 December 2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

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

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

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

	Within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000
At 31 December 2020				
Borrowings	**2,540,844**	**9,499,747**	**5,437,109**	**—**
Lease liabilities	**2,325,553**	**1,885,274**	**4,036,017**	**6,272,832**
Contractual interest payable	**313,608**	**168,991**	**67,498**	**—**
Trade and other payables and accruals (excluding non-financial liabilities)	**6,646,041**	**217,239**	**—**	**—**
At 31 December 2019 (Restated)				
Borrowings	2,761,652	1,717,780	12,806,078	—
Lease liabilities	2,272,615	1,886,933	4,130,787	5,946,748
Contractual interest payable	347,578	254,861	91,605	—
Trade and other payables and accruals (excluding non-financial liabilities)	6,838,128	1,691,015	—	—
Financial guarantees (off-balance sheet items) (note 34)	3,000	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

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

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

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

The gearing ratios at 31 December 2020 and 2019 were as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Total borrowings (note 23)	**17,477,700**	17,285,510
Total lease liabilities (note 7)	**11,065,575**	11,630,387
	28,543,275	28,915,897
Total assets	**61,713,169**	63,439,576
Gearing ratio	**46.25%**	45.58%

(c) Fair value estimation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2020				
Financial assets at fair value through other comprehensive income				
— Equity securities (note 13)	1,592,029	—	50,500	1,642,529
Financial assets at fair value through profit or loss				
— Equity securities (note 17)	332,318	—	523,290	855,608
— Debt securities (note 17)	—	304,114	—	304,114
Total assets	1,924,347	304,114	573,790	2,802,251
Total liabilities	—	—	—	—
At 31 December 2019				
Financial assets at fair value through other comprehensive income				
— Equity securities (note 13)	1,775,399	—	54,492	1,829,891
Financial assets at fair value through profit or loss				
— Equity securities (note 17)	1,143,860	—	474,743	1,618,603
— Debt securities (note 17)	—	452,269	—	452,269
Total assets	2,919,259	452,269	529,235	3,900,763
Derivative financial instruments				
— Interest rate swaps	—	(940)	—	(940)
Total liabilities	—	(940)	—	(940)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

Fair value measurements using quoted prices (Level 1)

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

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

Valuation techniques used to derive fair value (Level 2)

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

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

Specific valuation techniques used to value financial instruments include:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

Fair value measurements using significant unobservable inputs (Level 3)

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

Valuation inputs

Description	Fair Value at 31 December		Unobservable inputs	Range of inputs	
	2020 RMB'000	2019 RMB'000		2020	2019
Unlisted equity securities at FVOCI	50,500	54,492	Earning growth rate	0.0%	0.0%-2.0%
			Discount rate	7.9%-11.2%	7.9%-11.0%
Unlisted equity securities at FVPL	467,800	414,100	Earning growth rate	0.0%-2.9%	0.0%-2.9%
			Discount rate	10.9%-11.2%	10.7%-10.9%
Unlisted equity securities at FVPL	55,490	60,643	Discount of lack of marketability	26.0%	26.0%

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

For the year ended 31 December 2020, there were no significant transfers of financial assets among level 1, level 2 and level 3 fair value hierarchy classifications.

The fair value of financial assets at FVOCI and financial assets at FVPL traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair values estimation of non-current borrowings are disclosed in note 23.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical accounting estimates and assumptions

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

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to goodwill has been allocated.

The recoverable amount of the CGUs of the Group are determined based on value-in-use calculations which involve developing management assumptions and estimates about future results of the relevant business. Due to the uncertainty of COVID-19 in overseas market, management uses different probability-weighted scenarios to estimate the value-in-use of the CGU named Select Service Hotels — managed and operated by GDL. Determining the probability-weights used in the calculation requires management's estimation on the possibility of different scenarios. Detailed information of the basis of recoverable amounts, major underlying assumptions and different scenarios of the forecast are listed in note 9.

Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGUs to fall below its carrying amount as at 31 December 2020.

(ii) Useful lives and estimated impairment of intangible assets — brandnames

The intangible assets of GDL, Keystone Lodging Holdings Limited ("Keystone") and its subsidiaries ("Plateno Group") and Vienna Hotels Group Co., Ltd. ("Vienna Hotels") include brandnames. Various studies including market, competitive and environmental trends and brandnames extension opportunities have been performed by the management of the Group, which support that the brandnames have no foreseeable limit to the period over which the branded products are expected to generate net cash flows. Therefore the management of Group believes that the brandnames will be in use and can bring in expected inflows of economic benefits in the foreseeable future, such that the useful lives of the brandnames are indefinite. The brandnames are subject to test of impairment losses annually and whenever there is an indicator that they may have been impaired.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Useful lives and estimated impairment of intangible assets — brandnames (Continued)

For the purposes of impairment testing, the brandnames have been allocated to CGUs of respective operating businesses related to the brandnames that are expected to generate future economic benefits. The recoverable amount of the CGUs of the Group are determined based on value-in-use calculations. Detailed information of the basis of recoverable amounts and major underlying assumptions are listed in note 9. As at 31 December 2020, management determined that the CGUs containing brandnames have not suffered any impairment. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGUs to fall below its carrying amount.

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

The intangible assets of Jin Jiang Online mainly represented the license of operating vehicles which will not expire and thus does not have a definite useful life. The management of the Group believes that the license will be in use and can bring in expected inflows of economic benefits in the foreseeable future. The license is subject to test of impairment losses annually and whenever there is an indicator that it may have been impaired.

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

For the purposes of impairment testing, license of operating vehicles has been allocated to the CGU of vehicle operating business that is expected to generate future economic benefits. The recoverable amount of the CGU of the Group is determined based on value-in-use calculation. Detailed information of the basis of recoverable amount and major underlying assumptions are listed in note 9. As at 31 December 2020, management determined that the CGU containing license of operating vehicles has not suffered material impairment. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(iv) Deferred income tax assets and liabilities

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

The Group's management determines the deferred income tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. Management revises the assumptions and profit projections by the balance sheet date. If the profit projections of the Group had been 10% greater/less with all other variables held constant, profit for the year would have been RMB13,346,000 higher/lower.

(v) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. If the useful lives for property, plant and equipment had been 10% longer/shorter with all other variables held constant, profit for the year would have been RMB97,632,000 higher or RMB119,328,000 lower.

(vi) Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets

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

(vii) Early retirement welfare, termination benefits, post-employment benefits and other long-term employee benefits

The Group involved an independent qualified actuarial firm to determine the obligations and expenses of early retirement welfare, termination benefits, post-employment benefits and other long-term employee benefits of the Group. The above obligations are determined on an actuarial basis using a number of assumptions. These assumptions included the discount rate, the benefit increase rate and other factors. Management of the Group assesses these assumptions are reasonable, and the changes in practical experience and assumptions will affect the obligations and expenses of early retirement welfare, termination benefits, post-employment benefits and other long-term employee benefits. Details of key assumptions and inputs used are listed in note 22(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(viii) Impairment of trade receivables

The loss allowances for trade receivables are based on assumptions about risks of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing marketing conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in note 3(a)(ii).

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

(i) Fair value of financial assets as FVPL and FVOCI

The fair value of financial assets as FVPL and FVOCI that are not traded in an active market can be determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on existing market conditions at each balance sheet date.

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

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

(iii) Disposal of 22.68% equity interest in Sofitel Hyland Shanghai Co., Limited ("Sofitel Hyland") (the "Transaction")

As disclosed in note 33(b)(i), the Group accounted for a disposal of 22.68% equity interest in Sofitel Hyland on 30 November 2020. The management determinated the Transaction was to be accounted for separately from any other disposal transactions of equity interests in Sofitel Hyland subsequent to 31 December 2020 by considering: i) whether the consideration of the Transaction was determined based on the fair market value, and ii) whether the Transaction was irreversible and its completion was not dependent on the completion of any other transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION

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

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

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

(2) Select Service Hotels — managed and operated in Mainland China: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, primarily in the PRC and under the brandnames of Jin Jiang GDL Asia Co., Ltd.("Jin Jiang GDL Asia"), Plateno Group, or Vienna Hotels;

(3) Select Service Hotels — managed and operated overseas: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, mostly in Europe and under the brandnames of GDL;

(4) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments, not including the food and beverage operation in Full Service Hotels and Select Service Hotels;

(5) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;

(6) Travel Agency: provision of travel agency and related services;

(7) Other Operations: intra-group financial services, training and education, and corporate function.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Full Service Hotels	**1,175,982**	2,046,027
— Accommodation revenue	**479,338**	1,003,917
— Food and beverage sales	**362,279**	591,894
— Rendering of ancillary services	**60,623**	74,778
— Rental revenue	**156,249**	198,810
— Sales of hotel supplies	**5,511**	6,018
— Hotel management	**111,982**	170,610
Select Service Hotels — managed and operated in Mainland China	**7,832,937**	10,695,006
— Accommodation revenue	**3,334,613**	5,027,980
— Food and beverage sales	**228,662**	287,857
— Rendering of ancillary services	**174,161**	247,225
— Rental revenue	**87,132**	94,516
— Sales of hotel supplies	**530,183**	1,025,030
— Hotel management and franchise	**3,205,763**	3,667,329
— Revenue under customer loyalty programme	**272,423**	345,069
Select Service Hotels — managed and operated overseas	**1,837,058**	4,103,589
— Accommodation revenue	**1,088,851**	2,454,342
— Catering and sale of products	**317,004**	860,044
— Hotel management and franchise	**417,074**	784,396
— Others	**14,129**	4,807
Food and Restaurants	**341,809**	343,602
Passenger Transportation Vehicles and Logistics	**2,577,789**	2,543,051
— Vehicle operating	**839,858**	1,052,564
— Trading of automobile	**1,472,438**	1,306,092
— Refrigerated logistics	**234,894**	175,564
— Others	**30,599**	8,831
Travel Agency	**302,214**	1,122,766
— Travel agency	**263,774**	1,079,400
— Others	**38,440**	43,366
Other Operations	**133,273**	123,033
	14,201,062	20,977,074

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(b) Other segment information

The segment results for the year ended 31 December 2020 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels – managed and operated in Mainland China RMB'000	Select Service Hotels – managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External sales (note 5(a))	1,175,982	7,832,937	1,837,058	341,809	2,577,789	302,214	133,273	14,201,062
Inter-segment sales	2,054	50,224	13,630	15,393	4,047	566	84,807	170,721
Total gross segment sales	1,178,036	7,883,161	1,850,688	357,202	2,581,836	302,780	218,080	14,371,783
Revenue from contracts with customers:								
– Recognised at a point of time	367,790	758,845	317,004	316,167	1,370,592	1,338	–	3,131,736
– Recognised over time	651,943	6,986,960	1,520,054	25,642	1,177,283	280,205	133,273	10,775,360
	1,019,733	7,745,805	1,837,058	341,809	2,547,875	281,543	133,273	13,907,096
Revenue from other sources:								
– Rental revenue	156,249	87,132	–	–	29,914	20,671	–	293,966
Profit/(loss) for the year	283,546	774,727	(892,168)	251,782	261,091	7,204	(199,485)	486,697
Other income and gain (note 24)	1,259,032	821,534	73,420	153,314	448,817	48,340	70,571	2,875,028
Including: interest income from bank deposits (note 24)	9,455	17,313	1,430	44	17,468	4,326	1,046	51,082
Depreciation of property, plant and equipment (note 6)	(185,807)	(749,399)	(314,645)	(7,801)	(211,263)	(3,221)	(4,005)	(1,476,141)
Impairment of property, plant and equipment (note 6)	–	–	(70,463)	–	(621)	–	–	(71,084)
Depreciation and amortisation of right-of-use assets (note 7)	(72,705)	(1,022,597)	(234,805)	(4,576)	(8,303)	(2,746)	(4,189)	(1,349,921)
Depreciation of investment properties (note 8)	(5,794)	(18,287)	–	–	(2,168)	(5,266)	–	(31,515)
Amortisation of intangible assets (note 9)	(5,729)	(98,506)	(37,627)	(101)	–	(742)	(446)	(143,151)
Impairment of intangible assets (note 9)	–	–	–	–	(12,107)	–	–	(12,107)
Reversal of/(provision) for impairment of trade receivables, prepayments and other receivables (note 16)	1,525	(1,393)	(44,457)	–	(141)	59	(22,030)	(66,437)
Finance costs – net (note 28)	(185,742)	(361,303)	(211,689)	(1,082)	(4,460)	(3,932)	(156,141)	(924,349)
Share of results of joint ventures and associates accounted for using the equity method (note 29)	(64,982)	(7,470)	(5,184)	120,597	98,743	177	(9,649)	132,232
Income tax expense (note 30)	(251,294)	(287,264)	250,673	(3,751)	(97,513)	(2,305)	(10,513)	(401,967)
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,320,741	970,676	916,228	30,847	224,537	3,429	5,443	3,471,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(b) Other segment information (Continued)

The restated segment results for the year ended 31 December 2019 are as follows:

	Full Service Hotels	Select Service Hotels — managed and operated in Mainland China	Select Service Hotels — managed and operated overseas	Food and Restaurants	Passenger Transportation Vehicles and Logistics	Travel Agency	Other Operations	The Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External sales (note 5(a))	2,046,027	10,695,006	4,103,589	343,602	2,543,051	1,122,766	123,033	20,977,074
Inter-segment sales	12,687	8,187	6,289	18,175	4,018	3,758	82,133	135,247
Total gross segment sales	2,058,714	10,703,193	4,109,878	361,777	2,547,069	1,126,524	205,166	21,112,321
Revenue from contracts with customers:								
— Recognised at a point of time	597,912	1,312,887	860,044	314,842	1,306,092	—	—	4,391,777
— Recognised over time	1,249,305	9,287,603	3,243,545	28,760	1,203,235	1,098,368	123,033	16,233,849
	1,847,217	10,600,490	4,103,589	343,602	2,509,327	1,098,368	123,033	20,625,626
Revenue from other sources:								
— Rental revenue	198,810	94,516	—	—	33,724	24,398	—	351,448
(Loss)/profit for the year	(61,022)	1,051,903	196,548	235,702	313,932	72,958	(168,315)	1,641,706
Other income and gain (note 24)	50,440	312,371	20,308	107,116	135,530	58,143	95,200	779,108
Including: interest income from bank deposits (note 24)	21,312	37,488	3,389	60	16,382	5,135	1,684	85,450
Depreciation of property, plant and equipment (note 6)	(206,444)	(801,856)	(308,045)	(5,726)	(222,413)	(3,687)	(2,083)	(1,550,254)
Impairment of property, plant and equipment (note 6)	—	(30,998)	—	—	—	—	—	(30,998)
Depreciation and amortisation of right-of-use assets (note 7)	(69,269)	(1,037,626)	(224,227)	(5,671)	(8,275)	(2,746)	(8,341)	(1,356,155)
Depreciation of investment properties (note 8)	(5,792)	(17,744)	—	—	(2,168)	(5,266)	—	(30,970)
Amortisation of intangible assets (note 9)	(3,428)	(128,282)	(9,093)	(101)	—	(286)	—	(141,190)
Impairment of intangible assets (note 9)	—	(320)	—	—	—	—	—	(320)
Reversal of inventories write-down (note 15)	—	3	—	—	—	—	—	3
Reversal of/(provision) for impairment of trade receivables, prepayments and other receivables (note 16)	10,982	(15,994)	4,542	—	(4,324)	(217)	—	(5,011)
Finance costs — net (note 28)	(176,042)	(405,245)	(188,514)	(270)	(4,701)	(5,616)	(184,888)	(965,276)
Share of results of joint ventures and associates accounted for using the equity method (note 29)	(20,540)	(5,234)	10,625	138,556	157,847	(389)	(4,239)	276,626
Income tax expense (note 30)	(25,356)	(300,683)	(168,572)	(1,490)	(53,280)	(8,870)	(24,774)	(583,025)
Additions to non-current assets (other than financial instruments and deferred tax assets)	185,128	866,711	508,752	1,303	144,671	4,548	16,332	1,727,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(b) Other segment information (Continued)

The segment assets and liabilities as at 31 December 2020 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	5,985,308	25,970,789	15,976,341	596,802	3,857,041	959,199	6,208,447	59,553,927
Investments accounted for using the equity method	915,092	89,424	48,027	245,281	791,550	3,232	66,636	2,159,242
Total assets	6,900,400	26,060,213	16,024,368	842,083	4,648,591	962,431	6,275,083	61,713,169
Segment liabilities	2,390,799	12,770,056	15,406,637	282,776	1,152,391	279,932	9,577,436	41,860,027

The restated segment assets and liabilities as at 31 December 2019 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	4,832,382	27,643,780	15,852,855	521,015	3,964,868	1,215,217	7,596,391	61,626,508
Investments accounted for using the equity method	577,603	24,294	65,213	262,870	805,131	3,055	74,902	1,813,068
Total assets	5,409,985	27,668,074	15,918,068	783,885	4,769,999	1,218,272	7,671,293	63,439,576
Segment liabilities	2,738,435	13,801,883	14,258,891	243,149	1,011,641	445,767	11,304,622	43,804,388

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(b) Other segment information (Continued)

Other income and gain in the segment of "Full Service Hotels — managed and operated in Mainland China" for the year ended 31 December 2020 included a gain on disposal of a subsidiary amounted to RMB1,166,880,000 (note 33(b)(i)) (2019: nil). Other income and gain in the segment of "Select Service Hotels — managed and operated in Mainland China" for the year ended 31 December 2020 included a gain on disposal of subsidiaries amounted to RMB318,316,000 (note 33(b)(ii)) (2019: nil).

Revenue generated by regions, based on the locations of the business is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Mainland China	**12,351,246**	16,734,204
Overseas	**1,849,816**	4,242,870
Total	**14,201,062**	20,977,074

The total of non-current assets other than financial instruments and deferred income tax assets located in different regions is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
The total of non-current assets other than financial instruments and deferred income tax assets		
— Mainland China	**31,488,053**	31,849,683
— Overseas	**11,687,195**	11,857,105
	43,175,248	43,706,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(c) Liabilities related to contracts with customers

(i) The Group has recognised the following liabilities related to contracts with customers:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities — Hotel Related Business	**1,138,571**	1,225,032
Contract liabilities — Passenger Transportation Vehicles and Logistics Business	**80,527**	86,940
Contract liabilities — Travel Agency Business	**56,540**	125,289
Total contract liabilities	**1,275,638**	1,437,261

(ii) The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
Contract liabilities — Hotel Related Business	**1,123,561**	1,355,688
Contract liabilities — Passenger Transportation Vehicles and Logistics Business	**86,940**	75,951
Contract liabilities — Travel Agency Business	**125,289**	165,190
	1,335,790	1,596,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 SEGMENT INFORMATION (CONTINUED)

(c) Liabilities related to contracts with customers (Continued)

(iii) Unsatisfied long-term entrance fee contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term entrance fee contracts:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term entrance fee contracts that are partially or fully unsatisfied as at 31 December	**56,357**	62,379

The contract liabilities are related to the entrance fee which shall be recognised on a straight-line basis over 15 to 20 year.

The Group has applied the practical expedient in HKFRS 15 not to disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period for all amounts where the Group has a right to consideration in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. Besides this, all other contracts are for periods of one year or less or are billed based on time incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Plant and machinery RMB'000	Operating vehicles RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost									
At 1 January 2019 (Restated)	1,177,698	7,937,367	7,162,055	2,269,186	1,548,383	66,014	1,156,072	537,173	21,853,948
Additions	5,407	52,998	78,770	93,150	4,469	4,639	4,949	862,199	1,106,581
Transfers from construction-in-progress	–	84,506	555,990	106,835	130,294	3,160	11,585	(892,370)	–
Disposals	(593)	(35,030)	(163,807)	(193,548)	(206,017)	(7,628)	(21,523)	–	(628,146)
Currency translation differences	(4,936)	(18,590)	333	2,946	–	–	–	(737)	(20,984)
At 31 December 2019 (Restated)	1,177,576	8,021,251	7,633,341	2,278,569	1,477,129	66,185	1,151,083	506,265	22,311,399
Additions	3,118	44,259	16,805	82,178	4,989	877	4,592	687,623	844,441
Transfer from construction-in-progress	–	103,366	297,480	73,841	192,103	6,324	19,327	(692,441)	–
Transfer to assets held for sale (note 20)	–	(10,516)	(9,538)	(1,974)	–	(415)	(916)	–	(23,359)
Disposals	(567)	(36,856)	(40,430)	(133,225)	(311,160)	(23,286)	(18,096)	–	(563,620)
Disposal of subsidiaries (note 33(b))	–	(239,383)	(112,595)	(91,530)	–	(2,714)	(6,890)	–	(453,112)
Currency translation differences	18,122	83,318	1,246	18,245	–	–	–	3,952	124,883
At 31 December 2020	**1,198,249**	**7,965,439**	**7,786,309**	**2,226,104**	**1,363,061**	**46,971**	**1,149,100**	**505,399**	**22,240,632**
Accumulated depreciation									
At 1 January 2019 (Restated)	(11,595)	(2,638,174)	(4,124,514)	(1,384,601)	(873,603)	(55,235)	(853,932)	–	(9,941,654)
Depreciation charge for the year (note 26)	(2,454)	(350,157)	(701,020)	(269,775)	(195,873)	(6,997)	(23,978)	–	(1,550,254)
Disposals	–	25,824	45,950	182,919	182,456	5,096	20,255	–	462,500
Currency translation differences	(999)	(2,934)	(911)	(3,829)	–	–	–	–	(8,673)
At 31 December 2019 (Restated)	(15,048)	(2,965,441)	(4,780,495)	(1,475,286)	(887,020)	(57,136)	(857,655)	–	(11,038,081)
Depreciation charge for the year (note 26)	(1,588)	(352,478)	(669,461)	(237,830)	(184,968)	(5,749)	(24,067)	–	(1,476,141)
Transfer to assets held for sale (note 20)	–	6,951	3,487	1,562	–	340	799	–	13,139
Disposals	466	27,246	25,929	111,001	257,445	18,534	16,917	–	457,538
Disposal of subsidiaries (note 33(b))	–	166,525	111,124	81,475	–	2,561	7,731	–	369,416
Currency translation differences	9,061	(63,320)	3,886	(16,233)	–	–	–	–	(66,606)
At 31 December 2020	**(7,109)**	**(3,180,517)**	**(5,305,530)**	**(1,535,311)**	**(814,543)**	**(41,450)**	**(856,275)**	**–**	**(11,740,735)**
Impairment									
At 1 January 2019	(23)	(1,866)	(148,849)	(1,363)	–	–	(63)	(7,948)	(160,112)
Charge for the year (note 26)	–	–	(30,998)	–	–	–	–	–	(30,998)
At 31 December 2019	(23)	(1,866)	(179,847)	(1,363)	–	–	(63)	(7,948)	(191,110)
Charge for the year (note 26)	–	(70,463)	–	(621)	–	–	–	–	(71,084)
Transfer to assets held for sale (note 20)	–	1,286	–	6	–	–	7	–	1,299
Disposals	–	580	–	106	–	–	3	–	689
Currency translation differences	–	(1,135)	–	–	–	–	–	–	(1,135)
At 31 December 2020	**(23)**	**(71,598)**	**(179,847)**	**(1,872)**	**–**	**–**	**(53)**	**(7,948)**	**(261,341)**
Net book amount									
At 31 December 2020	**1,191,117**	**4,713,324**	**2,300,932**	**688,921**	**548,518**	**5,521**	**292,772**	**497,451**	**10,238,556**
At 31 December 2019 (Restated)	1,162,505	5,053,944	2,672,999	801,920	590,109	9,049	293,365	498,317	11,082,208

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank borrowings of Polish Zloty ("PLN") 30,952,000, equivalent to RMB54,226,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), were secured by the pledge of certain property, plant and equipment of certain subsidiaries of GDL located in Poland with net book amounts totalling RMB202,133,000 (31 December 2019: RMB173,653,000) (note 23).

Depreciation and impairment have been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Cost of sales	**1,477,653**	1,524,519
Selling and marketing expenses	**18,751**	11,916
Administrative expenses	**50,821**	44,817
	1,547,225	1,581,252

The net book amount (note 33) of the property, plant and equipment disposed is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost	**563,620**	628,146
Less: accumulated depreciation	**(457,538)**	(462,500)
impairment	**(689)**	–
	105,393	165,646

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

No borrowing costs arising on the financing for the construction of property, plant and equipment were capitalised during the year ended 31 December 2020 (2019: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

7 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised on the consolidated balance sheet

The recognised right-of-use assets relate to the following types of assets:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Freehold land and land use rights	3,123,883	3,217,925
Buildings	8,225,796	8,259,914
Equipment and others	264,910	308,379
Total right-of-use assets	11,614,589	11,786,218
Lease liabilities — current	1,593,539	1,633,990
Lease liabilities — non-current	9,472,036	9,996,397
Total lease liabilities	11,065,575	11,630,387

Movements in right-of-use assets are analysed as follows:

	RMB'000
Right-of-use assets recognised as at 1 January 2019	12,651,804
Additions	466,115
Depreciation and amortisation (note 26)	(1,356,155)
Exchange differences	24,454
Net book amount as at 31 December 2019	11,786,218
Additions	1,157,613
Depreciation and amortisation (note 26)	(1,349,921)
Transfer to assets held for sale (note 20)	(9,806)
Disposal of 22.68% equity interest in Sofitel Hyland (note 33(b)(i))	(11,360)
Disposal of equity interest in 3 select service hotels (note 33(b)(ii))	(25,081)
Disposals	(4,424)
Exchange differences	71,350
Net book amount as at 31 December 2020	11,614,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

7 LEASES (CONTINUED)

(b) Amounts recognised in the statement of profit or loss

The consolidated income statement shows the following amounts relating to leases:

	For the Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Depreciation and amortisation of right-of-use assets (note 26)		
Freehold land and Land use rights	**123,415**	142,542
Buildings	**1,166,755**	1,151,040
Equipment and others	**59,751**	62,573
	1,349,921	1,356,155
Finance costs — net (note 28)	**444,461**	467,245
Expense relating to short-term leases and low value leases	**10,484**	41,938
Expense relating to variable lease payments not included in lease liabilities	**63,793**	84,582
COVID-19 rent concessions (note 26)	**(79,338)**	—

For the year ended 31 December 2020, the total cash outflow for leases was RMB2,232,689,000 (2019: RMB1,823,410,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various freehold land, buildings, offices, equipment and others. Rental contracts are typically entered into for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, and leased assets may not be used as security for borrowing purposes.

(d) Extension and termination options

Extension and termination options are included in a number of property leases mainly in GDL. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of these extension and termination options are exercisable only by the Group and not by the respective lessors.

(e) Variable lease payments

Some property leases contain variable payment terms that are linked to revenue generated from a hotel. For individual hotels, up to 100% of lease payments are on the basis of variable payment terms. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established hotels. Variable lease payments that depend on selected hotel operation index are recognised in the consolidated income statement in the year in which the conditions that trigger those payments occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

8 INVESTMENT PROPERTIES

	Right-of-use assets and buildings RMB'000
Cost	
At 1 January 2019	923,024
Transferred to right-of-use assets	(2,442)
At 31 December 2019 and 2020	**920,582**
Accumulated depreciation	
At 1 January 2019	(425,038)
Charge for the year (note 26)	(30,970)
At 31 December 2019	(456,008)
Charge for the year (note 26)	(31,515)
At 31 December 2020	**(487,523)**
Net book amount	
At 31 December 2020	**433,059**
At 31 December 2019	464,574

Depreciation has been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of sales	**31,515**	30,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

8 INVESTMENT PROPERTIES (CONTINUED)

Amounts recognised in consolidated income statement for investment properties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Rental revenue	**158,372**	183,238
Direct operating expenses from properties that generated rental revenue	**(48,923)**	(58,087)
	109,449	125,151

The right-of-use assets — land use right and buildings erected thereon, which are held to earn rentals, could not be separated for valuation purpose under income approach. The fair value of the properties as at 31 December 2020, which includes the building and with the carrying amount of RMB412,402,000 (31 December 2019: RMB443,064,000) and the related right-of-use assets — land use right with the carrying amount of RMB20,657,000 (31 December 2019: RMB21,510,000), was approximately RMB1,723,741,000 (31 December 2019: RMB1,706,503,000).

Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

For minimum future lease rentals under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements, please refer to note 35(b).

9 INTANGIBLE ASSETS

	Goodwill RMB'000	Brandnames RMB'000	Trademarks RMB'000	Computer software, patents and other rights RMB'000	Licences of operating vehicles RMB'000	Memberships RMB'000	Total RMB'000
Cost							
At 1 January 2019	11,505,722	6,147,151	1,010	884,106	249,448	335,600	19,123,037
Additions	–	–	–	153,405	–	–	153,405
Adjustments resulting from acquisition in prior year (b)	(25,574)	24,377	–	–	–	–	(1,197)
Disposals	–	–	–	(190)	–	–	(190)
Currency translation differences	(20,755)	(8,694)	–	(397)	–	–	(29,846)
At 31 December 2019	11,459,393	6,162,834	1,010	1,036,924	249,448	335,600	19,245,209
Additions	–	–	–	158,537	–	–	158,537
Disposals	–	–	–	(2,928)	–	–	(2,928)
Disposal of subsidiaries (note 33(b))	(11,003)	–	–	(259)	–	–	(11,262)
Currency translation differences	123,341	51,593	–	177	–	–	175,111
At 31 December 2020	**11,571,731**	**6,214,427**	**1,010**	**1,192,451**	**249,448**	**335,600**	**19,564,667**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

	Goodwill RMB'000	Brandnames RMB'000	Trademarks RMB'000	Computer software, patents and other rights RMB'000	Licences of operating vehicles RMB'000	Memberships RMB'000	Total RMB'000
Accumulated amortisation							
At 1 January 2019	–	–	(81)	(500,226)	–	(46,135)	(546,442)
Charge for the year (note 26)	–	–	(800)	(123,610)	–	(16,780)	(141,190)
Disposals	–	–	–	132	–	–	132
Currency translation differences	–	–	–	605	–	–	605
At 31 December 2019	–	–	(881)	(623,099)	–	(62,915)	(686,895)
Charge for the year (note 26)	–	–	–	(130,449)	–	(12,702)	(143,151)
Disposals	–	–	–	2,867	–	–	2,867
Disposal of subsidiaries (note 33(b))	–	–	–	254	–	–	254
Currency translation differences	–	–	–	561	–	–	561
At 31 December 2020	**–**	**–**	**(881)**	**(749,866)**	**–**	**(75,617)**	**(826,364)**
Impairment							
At 1 January 2019	(43,913)	–	–	–	–	–	(43,913)
Charge for the year (note 26)	–	–	–	(320)	–	–	(320)
At 31 December 2019	(43,913)	–	–	(320)	–	–	(44,233)
Charge for the year (note 26)	–	–	–	–	(12,107)	–	(12,107)
At 31 December 2020	**(43,913)**	**–**	**–**	**(320)**	**(12,107)**	**–**	**(56,340)**
Net book amount							
At 31 December 2020	**11,527,818**	**6,214,427**	**129**	**442,265**	**237,341**	**259,983**	**18,681,963**
At 31 December 2019	11,415,480	6,162,834	129	413,505	249,448	272,685	18,514,081

(a) Goodwill and brandnames have indefinite useful life and are carried at cost less any subsequent accumulated impairment losses.

(b) For the year ended 31 December 2019, adjustments were made to the fair value of brandnames and therefore the resultant goodwill in relation to the acquisitions of LA HOTELS and Tempting Places in 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

Amortisation and impairment has been charged to the consolidated income statement as follows (note 26):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of sales	**143,151**	141,190
Administrative expenses	**12,107**	320
	155,258	141,510

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Select Service Hotels — managed and operated by GDL (a)	**5,015,889**	4,892,547
Select Service Hotels — managed and operated by Plateno Group (b)	**5,766,875**	5,766,875
Select Service Hotels — managed and operated by Vienna Hotels (b)	**668,817**	668,817
Select Service Hotels — managed and operated by Jin Jiang GDL Asia (b)	**58,864**	58,864
Full service hotels (b)	**17,373**	28,377
	11,527,818	11,415,480

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (Continued)

(a) Due to the uncertainty of COVID-19 in overseas market, management used different probability-weighted scenarios to forecast the estimate value-in-use amount of the CGU of Select Service Hotels — managed and operated by GDL. The recoverable amount was determined based on the valuation results from an independent qualified appraisal firm, MKG Hospitality. The probability-weights for scenario A and scenario B were estimated to be 60% and 40%, respectively.

The key assumptions used for the value-in-use calculations in 2020 are as follows:

Select Service Hotels — managed and operated by GDL	Scenario A	Scenario B
Growth rate for revenue	Note (i)	Note (ii)
Discount rate for owned hotels	8.4%	8.4%
Discount rate for management and franchised contracts	13.4%–15.8%	13.4%–15.8%

(i) Scenario A: The revenue of 2021 is estimated to be 85% of the revenue of the year 2019 (i.e., pre-COVID-19). Revenue is estimated to be fully recovered by the end of 2022. The compound annual growth rate will be 7.4% from 2021 to 2025. The growth rate after 2025 is estimated to be market general inflation rate.

(ii) Scenario B: The revenue of 2021 and 2022 are estimated to be 74% and 89% of the revenue of the year 2019 respectively. The revenue is estimated to be fully recovered by the end of 2023. The compound annual growth rate will be 8.4% from 2021 to 2025. The growth rate after 2025 is estimated to be market general inflation rate.

The key assumptions used for the value-in-use calculations in 2019 are as follows:

	Select Service Hotels — managed and operated by GDL
Growth rate for revenue	2.7%–4.9%
Discount rate for owned hotels	7.0%
Discount rate for management and franchised contracts	13.0%–14.8%

As at 31 December 2020 and 31 December 2019, in view of the value-in-use calculations of this CGU is larger than the net book amounts of the assets in the CGU, no goodwill impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (Continued)

(b) The recoverable amounts of CGUs Select Service Hotels — managed and operated by Plateno Group and Select Service Hotels — managed and operated by Vienna Hotels were determined based on the valuation results from an independent qualified appraisal firm, Shanghai Orient Appraisal Co., Ltd..

The key assumptions used for the value-in-use calculations in 2020 are as follows:

	Full Service Hotels	Select Service Hotels — managed and operated by Jin Jiang GDL Asia	Select Service Hotels — managed and operated by Plateno Group	Select Service Hotels — managed and operated by Vienna Hotels
Gross margin	38.5%	21.5%	33.3%	28.4%
Growth rate for room revenue	2.0%	2.0%	Note (i)	Note (ii)
Discount rate	10.0%	10.0%	11.4%	11.2%

(i) The room revenue of CGU Select Service Hotels — managed and operated by Plateno Group in 2021 is estimated to be recovered to 94% of the room revenue of the year 2019, and then will have a compound annual growth rate of 11.3% from the year of 2021 to 2025.

(ii) The room revenue of CGU Select Service Hotels — managed and operated by Vienna Hotels in 2021 is estimated to be recovered to 95% of the room revenue of the year 2019, and then will have compound annual growth rate of 5.3% from the year of 2021 to 2025.

As at 31 December 2020, the value-in-use calculations of these CGUs are larger than the net book amounts of the assets in the CGUs, and no goodwill impairment loss was considered necessary.

The key assumptions used for the value-in-use calculations in 2019 are as follows:

	Full Service Hotels	Select Service Hotels — managed and operated by Jin Jiang GDL Asia	Select Service Hotels — managed and operated by Plateno Group	Select Service Hotels — managed and operated by Vienna Hotels
Gross margin	38.5%	21.5%	30.2%	25.1%
Growth rate for room revenue	2.0%	0.0%	7.1%	6.6%
Discount rate	10.0%	10.0%	10.8%	10.8%

As at 31 December 2019, the value-in-use calculations of these CGUs are larger than the net book amounts of the assets in the CGUs, and no goodwill impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for licenses of operating vehicles

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

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

	Year ended 31 December	
	2020	2019
Gross margin	**19.6%**	20.7%
Growth rate for revenue	**0.0%**	0.0%
Discount rate	**5.6%**	5.6%

In 2020, the licenses of operating vehicles owned by Shanghai Yaohua Taxi Company Limited ("Yaohua Taxi") in the segment of "Passenger Transportation Vehicles and Logistics" had an impairment amounted to RMB12,107,000. Yaohua Taxi was no longer in operation from 2020, and was not expected to recover in the foreseeable future. All the vehicles owned by Yaohua were disposed to an independent third party in 2020 and the management made a full impairment provision on related licenses of operating vehicles.

As at 31 December 2020, apart from the impairment for licenses of operating vehicles owned by Yaohua Taxi, no other impairment loss is considered necessary in 2020.

Impairment tests for brandnames

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Select Service Hotels — managed and operated by GDL (a)	**2,490,627**	2,439,134
Select Service Hotels — managed and operated by Plateno Group (b)	**2,965,700**	2,965,600
Select Service Hotels — managed and operated by Vienna Hotels (b)	**758,100**	758,100
	6,214,427	6,162,834

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for brandnames (Continued)

(a) The brandnames impairment test for GDL is based on recoverable amounts which are determined from the discounted future income flows attributable to each of the brandnames, including Première Classe, Campanile, Kyriad series, Golden Tulip series and Sarovar.

The recoverable amounts of the brandnames in the CGU Select Service Hotels — managed and operated by GDL was determined based on the valuation results from an independent qualified appraisal firm, MKG Hospitality.

The key assumptions used for value-in-use calculations as at 31 December 2020 are as follows:

	Première Classe	**Campanile**	**Kyriad series**	**Golden Tulip series**	**Sarovar**
Royalty rate	**3.0%–3.7%**	**2.8%–3.4%**	**1.8%–2.2%**	**0.4%–0.5%**	**2.0%**
Growth rate for revenue	**3.6%**	**7.8%**	**8.5%**	**9.5%**	**4.5%**
Discount rate	**15.8%**	**13.4%**	**14.3%**	**14.0%**	**11.5%**

The key assumptions used for value-in-use calculations as at 31 December 2019 are as follows:

	Première Classe	Campanile	Kyriad series	Golden Tulip series	Sarovar
Royalty rate	3.0%–3.7%	2.8%–3.4%	1.8%–2.2%	0.4%–0.5%	2.0%
Growth rate for revenue	1.9%	6.0%	9.3%	8.2%	3.5%
Discount rate	14.8%	11.8%	13.3%	13.0%	11.9%

As at 31 December 2020 and 31 December 2019, in view of the value-in-use calculations of these CGUs, no impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

9 INTANGIBLE ASSETS (CONTINUED)

Impairment tests for brandnames (Continued)

(b) The brandnames impairment test for Plateno Group and Vienna Hotels is based on recoverable amounts which are determined from the discounted future income flows attributable to its brandnames.

The recoverable amounts of the brandnames in the CGUs Select Service Hotels — managed and operated by Plateno Group and Select Service Hotels — managed and operated by Vienna Hotels were determined based on the valuation results from an independent qualified appraisal firm Shanghai Orient Appraisal Co., Ltd..

The key assumptions used for value-in-use calculations as at 31 December 2020 are as follows:

	Plateno Group	**Vienna Hotels**
Royalty rate	**0.7%–1.6%**	**1.2%**
Growth rate for revenue	**Note (i)**	**Note (ii)**
Discount rate	**12.5%–12.8%**	**19.1%**

(i) The room revenue of CGU Select Service Hotels — managed and operated by Plateno Group in 2021 is estimated to be recovered to 94% of the room revenue of the year 2019, and then will have a compound annual growth rate of 11.3% from the year of 2021 to 2025.

(ii) The room revenue of CGU Select Service Hotels — managed and operated by Vienna Hotels in 2021 is estimated to be recovered to 95% of the room revenue of the year 2019, and then will have compound annual growth rate of 5.3% from the year of 2021 to 2025.

The key assumptions used for value-in-use calculations as at 31 December 2019 are as follows:

	Plateno Group	Vienna Hotels
Royalty rate	0.7%–1.6%	1.3%
Growth rate for revenue	9.0%	7.0%
Discount rate	12.2%–12.5%	18.4%

As at 31 December 2020 and 31 December 2019, in view of the value-in-use calculations of these CGUs, no impairment loss was considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

10 SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 41.

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised balance sheet

	Jin Jiang Hotels At 31 December		Jin Jiang Travel At 31 December		Jin Jiang Online At 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000 (Restated)
Non-current assets	**37,819,346**	39,295,650	**762,133**	883,252	**3,303,018**	3,241,529
Current assets	**9,418,188**	8,496,018	**267,922**	430,195	**2,092,228**	1,688,226
Total assets	**47,237,534**	47,791,668	**1,030,055**	1,313,447	**5,395,246**	4,929,755
Non-current liabilities	**(25,968,503)**	(26,309,498)	**(77,312)**	(90,613)	**(589,791)**	(337,149)
Current liabilities	**(8,588,019)**	(8,186,988)	**(203,377)**	(347,406)	**(871,278)**	(674,099)
Total liabilities	**(34,556,522)**	(34,496,486)	**(280,689)**	(438,019)	**(1,461,069)**	(1,011,248)
Net assets	**12,681,012**	13,295,182	**749,366**	875,428	**3,934,177**	3,918,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

10 SUBSIDIARIES (CONTINUED)

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

Summarised statement of comprehensive income

	Jin Jiang Hotels Year ended 31 December		Jin Jiang Travel Year ended 31 December		Jin Jiang Online Year ended 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000 (Restated)
Revenue	**9,897,556**	15,106,062	**303,104**	1,126,524	**2,661,982**	2,547,138
Profit before income tax expense	**287,038**	1,741,037	**4,449**	74,468	**363,687**	365,506
Income tax expense	**(57,194)**	(475,235)	**(2,305)**	(8,870)	**(97,513)**	(54,307)
Profit for the year	**229,844**	1,265,802	**2,144**	65,598	**266,174**	311,199
Other comprehensive (loss)/income	**(34,291)**	4,060	**(96,214)**	(22,838)	**(47,364)**	137,635
Total comprehensive income/(loss)	**195,553**	1,269,862	**(94,070)**	42,760	**218,810**	448,834
Total comprehensive income/(loss) allocated to non-controlling interests	**97,150**	630,867	**(46,837)**	21,290	**132,905**	272,610
Dividends paid to non-controlling interests	**518,235**	375,345	**15,972**	15,840	**126,474**	133,735

Summarised cash flows

	Jin Jiang Hotels Year ended 31 December		Jin Jiang Travel Year ended 31 December		Jin Jiang Online Year ended 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000 (Restated)
Net cash generated from/(used in) operating activities	**1,482,805**	4,068,744	**(44,804)**	(70,435)	**318,769**	250,453
Net cash generated from/(used in) investing activities	**939,256**	(885,925)	**32,784**	36,431	**53,552**	131,067
Net cash used in financing activities	**(1,551,397)**	(4,626,184)	**(39,357)**	(41,613)	**(230,377)**	(63,824)
Exchange gains/(losses) on cash and cash equivalents	**4,296**	2,055	**(334)**	312	**–**	–
Net increase/(decrease) in cash and cash equivalents	**874,960**	(1,441,310)	**(51,711)**	(75,305)	**141,944**	317,696

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	At 31 December	
	2020 RMB'000	2019 RMB'000
Investments in joint ventures (a)	1,254,490	915,224
Investments in associates (b)	904,752	897,844
	2,159,242	1,813,068

(a) Investments in joint ventures

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	915,224	943,069
Additions	421,618	—
Share of results (note 29)	(52,813)	28,196
— Profit before income tax	(51,545)	47,018
— Income tax expense	(1,268)	(18,822)
Declaration of dividends	(29,381)	(56,178)
Currency translation differences	(158)	137
At end of the year	1,254,490	915,224

Particulars of the Group's principal joint ventures are set out in note 41.

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

Commitments and contingent liabilities in respect of joint ventures

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

	At 31 December	
	2020 RMB'000	2019 RMB'000
Proportionate interests in joint ventures' capital and lease commitments	11,026	15,831

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Investments in joint ventures (Continued)

Summarised financial information for joint ventures

All joint ventures of the Group as at 31 December 2020 are not significant to the Group. A summary of the financial information of the Group's joint ventures, attributable to the shares of the Group and in aggregate, is as follows:

Summarised statement of comprehensive income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Loss)/profit for the year	**(52,813)**	28,196
Other comprehensive (loss)/income	**(158)**	137
Total comprehensive (loss)/income	**(52,971)**	28,333

Reconciliation of summarised financial information

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening net assets	**915,224**	943,069
Additions	**421,618**	—
(Loss)/profit for the year (note 29)	**(52,813)**	28,196
Declaration of dividends	**(29,381)**	(56,178)
Currency translation differences	**(158)**	137
Closing net assets	**1,254,490**	915,224
Carrying value	**1,254,490**	915,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investments in associates

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**897,844**	897,160
Additions	**—**	2,675
Additions for the retained interest in the entities remeasured to their fair values after losing control (note 33(b))	**889,692**	—
Share of results (note 29)	**185,045**	248,430
— Profit before income tax	**252,835**	326,104
— Income tax expense	**(67,790)**	(77,674)
Declaration of dividends	**(247,257)**	(250,291)
Transfer to assets held for sale (note 20)	**(816,648)**	—
Disposals	**(3,165)**	—
Impairment losses (note 25)	**—**	(1,645)
Currency translation differences	**(759)**	1,515
At end of the year	**904,752**	897,844

Particulars of the Group's principal associates are set of in note 41.

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

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

Summarised financial information for associates

All associates of the Group as at 31 December 2020 are not significant to the Group. A summary of the financial information of the Group's associates attributable to the shares of the Group and in aggregate is as follows:

Summarised statement of comprehensive income

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**185,045**	248,430
Other comprehensive (loss)/income	**(759)**	1,515
Total comprehensive income	**184,286**	249,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investments in associates (Continued)

Reconciliation of summarised financial information

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening net assets	**897,844**	897,160
Additions	**—**	2,675
Additions for the retained interest in the entities remeasured to their fair values after losing control (note 33(b))	**889,692**	—
Share of results (note 29)	**185,045**	248,430
Declaration of dividends	**(247,257)**	(250,291)
Transfer to assets held for sale (note 20)	**(816,648)**	—
Disposals	**(3,165)**	—
Impairment losses (note 25)	**—**	(1,645)
Currency translation differences	**(759)**	1,515
Closing net assets	**904,752**	897,844
Carrying value	**904,752**	897,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables at amortised costs RMB'000	Financial assets at fair value through the profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Total RMB'000
31 December 2020				
Financial assets at fair value through other comprehensive income (note 13)	–	–	1,642,529	1,642,529
Trade receivables, prepayments and other receivables excluding non-financial assets	3,628,529	–	–	3,628,529
Financial assets at fair value through profit or loss (note 17)	–	1,159,722	–	1,159,722
Restricted cash and bank deposits (note 18)	1,383,418	–	–	1,383,418
Cash and cash equivalents (note 19)	8,112,300	–	–	8,112,300
	13,124,247	1,159,722	1,642,529	15,926,498

	Financial liabilities at amortised cost RMB'000	Total RMB'000
31 December 2020		
Borrowings (note 23)	17,477,700	17,477,700
Lease liabilities (note 7)	11,065,575	11,065,575
Trade and other payables and accruals excluding non-financial liabilities	6,863,280	6,863,280
	35,406,555	35,406,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables at amortised costs RMB'000	Financial assets at fair value through the profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Total RMB'000
31 December 2019 (Restated)				
Financial assets at fair value through other comprehensive income (note 13)	—	—	1,829,891	1,829,891
Trade receivables, prepayments and other receivables excluding non-financial assets	3,438,090	—	—	3,438,090
Financial assets at fair value through profit or loss (note 17)	—	2,070,872	—	2,070,872
Restricted cash and bank deposits (note 18)	814,772	—	—	814,772
Cash and cash equivalents (note 19)	9,962,332	—	—	9,962,332
	14,215,194	2,070,872	1,829,891	18,115,957

	Financial liabilities at amortised cost RMB'000	Derivatives used for hedging RMB'000	Total RMB'000
31 December 2019 (Restated)			
Borrowings (note 23)	17,285,510	—	17,285,510
Lease liabilities (note 7)	11,630,387	—	11,630,387
Derivative financial instruments	—	940	940
Trade and other payables and accruals excluding non-financial liabilities	8,439,557	—	8,439,557
	37,355,454	940	37,356,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**1,829,891**	1,398,011
Additions	**—**	273,844
Fair value changes (recorded under other comprehensive income)	**(186,076)**	158,522
Currency translation differences	**(1,286)**	(486)
At end of the year	**1,642,529**	1,829,891

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at FVOCI are equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Listed securities, at fair value		
— Equity securities, listed in Mainland China	**1,592,029**	1,775,399
Unlisted securities, at fair value		
— Equity securities	**50,500**	54,492
	1,642,529	1,829,891
Market value of listed equity investments	**1,592,029**	1,775,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(iii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following (losses)/gains were recognised in profit or loss and other comprehensive income.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
(Losses)/gains recognised in other comprehensive income		
— Related to equity investments	**(186,076)**	158,522
Dividends from equity investments held at FVOCI recognised in profit or loss		
— Related to investments held at each balance sheet date	**62,960**	55,954

14 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred income tax assets		
— Deferred income tax assets to be recovered after more than 12 months	**537,769**	331,509
— Deferred income tax assets to be recovered within 12 months	**73,730**	84,342
	611,499	415,851
Deferred income tax liabilities		
— Deferred income tax liabilities to be settled after more than 12 months	**(1,967,272)**	(1,972,515)
— Deferred income tax liabilities to be settled within 12 months	**(53,338)**	(66,412)
	(2,020,610)	(2,038,927)
	(1,409,111)	(1,623,076)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

14 DEFERRED INCOME TAX (CONTINUED)

The movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
At beginning of the year	**(1,623,076)**	(1,711,764)
Credited to consolidated income statement (note 30)	**176,941**	112,299
Credited/(charged) to other comprehensive income (note 30)	**39,930**	(36,946)
Currency translation differences	**(2,906)**	13,335
At end of the year	**(1,409,111)**	(1,623,076)

The movement in deferred income tax assets and liabilities during the year ended 31 December 2020, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets RMB'000	Accelerated accounting depreciation RMB'000	Tax losses RMB'000	Provisions RMB'000	Asset basis differences (i) RMB'000	Fair value changes on financial instruments RMB'000	Other temporary differences (ii) RMB'000	Total RMB'000
At 1 January 2019	52,506	5,165	601,163	134,149	80,688	9,528	388,543	1,271,742
Credited/(charged) to consolidated income statement	605	(142)	64,199	14,241	–	(2,647)	28,439	104,695
Currency translation differences	–	–	2,027	(200)	–	–	3,112	4,939
At 31 December 2019	53,111	5,023	667,389	148,190	80,688	6,881	420,094	1,381,376
Credited/(charged) to consolidated income statement	9,435	175	193,111	21,840	–	12,699	(19,069)	218,191
Currency translation differences	–	(413)	(14,897)	(665)	–	–	(2,356)	(18,331)
At 31 December 2020	**62,546**	**4,785**	**845,603**	**169,365**	**80,688**	**19,580**	**398,669**	**1,581,236**

(i) The amounts as at 31 December 2020 and 31 December 2019 represent the land appreciation tax in connection with reorganisation with Jin Jiang Hotels, which can be deducted against future appreciation when the related land use right and properties are sold out of the Group. However, these appreciations of the related land use right and properties were eliminated in the consolidated balance sheet under intercompany transactions, which resulted in a deferred income tax asset.

(ii) The amount mainly includes the deferred income tax effect for leases and deferred revenue under customer loyalty program.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

14 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities:

	Accelerated tax depreciation RMB'000	Fair value changes on financial instruments RMB'000	Fair value adjustments on other assets RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2019	(72,153)	(339,081)	(2,521,812)	(50,460)	(2,983,506)
Credited/(charged) to consolidated income statement	3,930	(44,835)	63,245	(14,736)	7,604
(Charged)/credited to other comprehensive income	—	(39,551)	—	2,605	(36,946)
Currency translation differences	114	—	8,009	273	8,396
At 31 December 2019	(68,109)	(423,467)	(2,450,558)	(62,318)	(3,004,452)
Credited/(charged) to consolidated income statement	6,494	44,359	(67,391)	(24,712)	(41,250)
Credited to other comprehensive income	—	39,481	—	449	39,930
Currency translation differences	905	(5)	12,376	2,149	15,425
At 31 December 2020	**(60,710)**	**(339,632)**	**(2,505,573)**	**(84,432)**	**(2,990,347)**

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets for tax losses of RMB2,242,301,000 (2019: RMB1,972,414,000), as the Directors believe it is more likely than not that such tax losses would not be realised before their expiry. The expiry of related unrecognised tax losses is analysed as follows:

	At 31 December	
	2020 RMB'000	2019 RMB'000 (Restated)
Within 1 year	**278,270**	245,764
Between 1 and 2 years	**412,456**	280,018
Between 2 and 3 years	**350,325**	429,131
Between 3 and 4 years	**503,486**	435,503
Between 4 and 8 years (i)	**664,645**	521,388
Over 8 year (ii)	**33,119**	60,610
	2,242,301	1,972,414

(i) According to public notice jointly issued by the Ministry of Finance of China and State Administration of Taxation of China regarding Tax Policies to Prevent and Control the Outbreak of COVID-19, some entities of the Group affected by the COVID-19 pandemic are allowed to carry forward the loss incurred within 2020 in the subsequent 8 years, instead of the standard 5 years.

(ii) The amount represents the unrecognised tax loss of GDL, whose tax losses have no expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 INVENTORIES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Raw materials	**80,685**	105,577
Finished goods and merchandise	**171,908**	190,255
Consumables and supplies	**28,624**	23,078
	281,217	318,910

As at 31 December 2020, bank borrowings of RMB52,496,000 (note 23) were pledged by certain inventories with the carrying amount of RMB53,000,000, and notes payables (note 22) were pledged by certain inventories with the carrying amount of RMB30,000,000.

As at 31 December 2019, bank borrowings of RMB37,908,000 (note 23) were pledged by certain inventories with the carrying amount of RMB46,500,000, and notes payables (note 22) were pledged by certain inventories with the carrying amount of RMB40,000,000.

The cost of inventories recognised as expense and included in cost of sales amounted to RMB2,813,828,000 (2019: RMB4,202,341,000) (note 26).

The Group reversed inventory write-down of RMB3,000 for the year ended 31 December 2019 (2020:nil) (note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

16 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000 (Restated)
Trade receivables	**1,451,073**	1,557,482
Less: provision for impairment of trade receivables	**(252,626)**	(210,340)
Trade receivables — net	**1,198,447**	1,347,142
Other receivables		
— Loans to related parties by Finance Company (note 38(b))	**870,200**	917,800
— Lease receivable	**545,870**	579,030
— Deposits	**348,054**	323,809
— Receivables related to the compensation for the requisition of properties (note 20)	**255,016**	—
— Other amounts due from related parties (note 38(b))	**230,722**	178,702
— Loans to related parties by the Group other than Finance Company (note 38(b))	**135,825**	33,700
— Accrued rental revenue	**40,877**	45,156
— Receivable related to disposal of operating vehicles	**25,756**	—
— Interest receivables	**5,757**	10,935
— Others	**59,986**	67,932
Less: provision for impairment of other receivables	**(87,981)**	(66,116)
	2,430,082	2,090,948
Prepayments		
— Prepayments to suppliers	**542,596**	601,895
— Value-added tax ("VAT") recoverable	**199,911**	138,085
— Other prepaid and recoverable tax	**188,664**	188,729
	931,171	928,709
Prepayments and other receivables — net	**3,361,253**	3,019,657
	4,559,700	4,366,799
Less: non-current portion of trade receivables, prepayments and other receivables	**(736,045)**	(758,786)
	3,823,655	3,608,013
Non-current portion of trade receivables, prepayments and other receivables:		
— Lease receivable	**514,368**	549,574
— Prepayments and deposits	**180,801**	164,056
— Accrued rental revenue	**40,876**	45,156
	736,045	758,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

16 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

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

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The majority of the Group's sales in Hotel Related Business, Passenger Transportation Vehicle and Logistics Business and Travel Agency Business are retail sales, with immediate cash settlement and no credit terms are granted. For certain corporate or travel agency customers, the sales are made generally with credit terms ranging from 30 to 180 days. Ageing analysis of trade receivables based on invoice date at respective balance sheet dates is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Less than 6 months	**1,181,956**	1,298,238
6 months to 1 year	**55,883**	84,018
Over 1 year	**213,234**	175,226
	1,451,073	1,557,482

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3(a)(ii) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables, prepayments and other receivables the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 3(a)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

16 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade receivables, prepayments and other receivables are denominated in the following currencies:

	At 31 December	
	2020 RMB'000	2019 RMB'000 (Restated)
RMB	3,775,452	3,272,726
EUR	675,973	898,087
US$	8,990	44,697
PLN	30,693	35,285
Other foreign currencies	68,592	116,004
	4,559,700	4,366,799

Movements on the provision for impairment of trade receivables, prepayments and other receivables are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At beginning of the year	(276,456)	(260,746)
Additions resulting from acquisition through business combination	(288)	—
Provision for impairment of trade receivables, prepayments and other receivables	(66,437)	(5,011)
Receivables written off as uncollectible	1,341	819
Currency translation differences	1,233	(11,518)
At end of the year	(340,607)	(276,456)

The creation and usage of provision for impaired receivables have been included in "net impairment losses on financial assets" in the consolidated income statement.

The maximum exposure of the Group to credit risk at the balance sheet date was the carrying value of trade receivables, prepayments and other receivables as mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**2,070,872**	1,975,197
Additions	**672,756**	668,974
Fair value changes transferred to profit or loss	**25,264**	212,458
Disposals	**(1,609,170)**	(785,757)
At end of the year	**1,159,722**	2,070,872

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(i) Classification of financial assets at fair value through profit or loss (Continued)

Financial assets mandatorily measured at FVPL include the following:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Listed securities, at fair value		
— Equity securities	**–**	800,593
Unlisted securities, at fair value		
— Equity securities	**523,290**	474,743
— Debt securities	**75,690**	81,990
	598,980	1,357,326
Current assets		
Listed securities, at fair value		
— Equity securities	**332,318**	343,267
Unlisted securities, at fair value		
— Debt securities	**228,424**	370,279
	560,742	713,546
Market value of listed equity investments	**332,318**	1,143,860

(ii) Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fair value gains on equity investments at FVPL recognised in profit or loss	**68,607**	196,616
Fair value losses on equity investments at FVPL recognised in profit or loss	**(60,071)**	—
Fair value gains on debt instruments at FVPL recognised in profit or loss	**16,728**	15,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

18 RESTRICTED CASH AND BANK DEPOSITS

(a) Restricted cash

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Mandatory reserve deposit (i)	**484,626**	417,472
Other restricted cash (ii)	**97,792**	110,954
	582,418	528,426
Restricted cash denominated in		
— RMB	**580,786**	528,126
— US$	**1,220**	300
— Other foreign currencies	**412**	—
	582,418	528,426

(i) As at 31 December 2020, mandatory reserve deposit of Finance Company, a subsidiary and a non-bank finance company, was placed with the People's Bank of China, the central bank of the Mainland China. The weighted average effective interest rate on the mandatory reserve deposit was 1.62% (31 December 2019: 1.62%) per annum.

(ii) As at 31 December 2020, other restricted cash included:

(1) Deposit pledged for bank acceptance drafts of RMB90,066,000 (31 December 2019: RMB94,795,000) with effective annual interest rate of 0.35% (31 December 2019: 0.35%);

(2) Restricted cash deposits for issuance of letters of guarantee of RMB5,000,000 (31 December 2019: RMB6,811,000) with effective annual interest rate of 0.35% (31 December 2019: 0.35%);

(3) Deposits for litigation of RMB2,306,000 (31 December 2019: RMB4,948,000) with effective annual interest rate of 2.20% (31 December 2019: 0.35%);

(4) Guarantee fund for providing travel agency services of RMB420,000 (31 December 2019: RMB4,400,000) as required by National Tourism Administration of the People's Republic of China with effective annual interest rate of 1.50% (31 December 2019: 1.50%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

18 RESTRICTED CASH AND BANK DEPOSITS (CONTINUED)

(b) Bank deposits with maturities over 3 months

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Bank deposits with maturities ranging from 3 months to 12 months	**801,000**	255,346
Bank deposits with maturities over 12 months	**—**	31,000
	801,000	286,346
Denominated in:		
— RMB	**801,000**	261,484
— US$	**—**	24,862
	801,000	286,346

19 CASH AND CASH EQUIVALENTS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Cash at bank and in hand	**7,010,636**	8,468,154
Bank deposits with maturities within 3 months	**1,101,664**	1,494,178
	8,112,300	9,962,332
Cash and cash equivalents denominated in		
— RMB	**6,818,739**	7,177,697
— EUR	**343,048**	1,720,101
— US$	**827,435**	873,533
— Other foreign currencies	**123,078**	191,001
	8,112,300	9,962,332

As at 31 December 2020, the weighted average effective interest rate on bank deposits with maturities within 3 months was 1.44% (31 December 2019: 2.37%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

20 ASSETS CLASSIFIED AS HELD FOR SALE

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Assets classified as held for sale — Investment in an associate (note 33(b)(i))	**816,648**	—
Assets classified as held for sale — Property, plant and equipment (i)	**8,921**	—
Assets classified as held for sale — Right-of-use assets (i)	**9,806**	—
	835,375	—

(i) On 24 December 2020, Shanghai Shanghai Food Co., Ltd. ("Shanghai Company"), a majority-owned subsidiary of Jin Jiang Online (a 39.26%-owned subsidiary of the Company), entered into an Agreement on Compensation for the Requisition of Properties situated on State-owned Land in Shanghai ("Property Requisition and Compensation Agreement") with the Bureau of Housing Security and Management of Shanghai Huangpu District ("Huangpu Housing Management Bureau") and Shanghai Huangpu District No. 3 Property Requisition Services Co., Ltd. ("Huangpu No. 3 Property Requisition Company", the implementation unit for property requisition), pursuant to which Huangpu Housing Management Bureau shall confiscate the property situated at No. 1218 Waima Road owned by Shanghai Company, which is comprised of a number of buildings, and shall compensate Shanghai Company in the aggregate amount of RMB1,141,897,000. In December of 2020, Shanghai Company transferred a few of these buildings to Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company, with the carrying amounts of property, plant and equipment and right-of-use assets amounted to RMB4,025,000 (note 6) and RMB4,424,000 (note 7), respectively, and received total cash proceeds of RMB100,000,000. The total consideration allocated to these transferred properties was RMB355,016,000, and the disposal gain amounted to RMB346,567,000 (note 24) was recognised during the year accordingly. As at 31 December 2020, Shanghai Company also recorded the consideration receivable amounted to RMB255,016,000 in other receivables (note 16).

Pursuant to the Property Requisition and Compensation Agreement, the remaining properties shall be transferred to Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company in 2021. As a result, the carrying amount of the remaining property, plant and equipment and right-of-use assets amounted to RMB8,921,000 (note 6) and RMB9,806,000 (note 7), respectively, were classified as held for sale as at 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

21 SHARE CAPITAL AND RESERVES

(a) Share capital

	Share capital	
	Number of shares '000	Amount RMB'000
At 1 January 2019, 31 December 2019 and 2020	5,566,000	5,566,000

(b) Reserves

	Other Reserves								
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Financial assets at FVOCI (iv) RMB'000	Currency translation differences RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2019, as previously presented	1,577,465	783,311	(2,880,680)	439,357	26,045	(3,071)	(57,573)	3,522,989	3,465,416
Common control combination (note 37)	—	—	2,321	—	—	—	2,321	—	2,321
At 1 January 2019 (Restated)	1,577,465	783,311	(2,878,359)	439,357	26,045	(3,071)	(55,252)	3,522,989	3,467,737
Profit for the year	—	—	—	—	—	—	—	675,731	675,731
Cash flow hedges	—	—	—	—	—	597	597	—	597
Currency translation differences	—	—	—	—	12,534	—	12,534	—	12,534
Changes in fair value of equity investments at fair value through other comprehensive income — gross	—	—	—	61,368	—	—	61,368	—	61,368
Changes in fair value of equity investments at fair value through other comprehensive income — tax	—	—	—	(15,466)	—	—	(15,466)	—	(15,466)
Remeasurements of post-employment benefit obligations	—	—	—	—	—	(3,713)	(3,713)	—	(3,713)
Profit appropriation	—	37,126	—	—	—	—	37,126	(37,126)	—
Dividends declared (note 32)	—	—	—	—	—	—	—	(445,280)	(445,280)
Acquisition of equity interests in subsidiaries from non-controlling equity holders	(90,270)	—	—	—	—	—	(90,270)	—	(90,270)
At 31 December 2019 (Restated)	1,487,195	820,437	(2,878,359)	485,259	38,579	(6,187)	(53,076)	3,716,314	3,663,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves (Continued)

	Other Reserves								
	Capital surplus (i) RMB'000	Statutory and discretionary surplus reserve (ii) RMB'000	Merger reserve (iii) RMB'000	Financial assets at FVOCI (iv) RMB'000	Currency translation differences RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2020 (Restated)	1,487,195	820,437	(2,878,359)	485,259	38,579	(6,187)	(53,076)	3,716,314	3,663,238
Profit for the year	–	–	–	–	–	–	–	298,463	298,463
Cash flow hedges	–	–	–	–	–	342	342	–	342
Currency translation differences	–	–	–	–	(60,230)	–	(60,230)	–	(60,230)
Changes in fair value of equity investments at fair value through other comprehensive income – gross	–	–	–	(87,428)	–	–	(87,428)	–	(87,428)
Changes in fair value of equity investments at fair value through other comprehensive income – tax	–	–	–	18,323	–	–	18,323	–	18,323
Remeasurements of post-employment benefit obligations	–	–	–	–	–	(1,898)	(1,898)	–	(1,898)
Profit appropriation	–	28,794	–	–	–	–	28,794	(28,794)	–
Dividends declared (note 32)	–	–	–	–	–	–	–	(345,092)	(345,092)
Acquisition of equity interests in subsidiaries from non-controlling equity holders (note 36(a))	(115,788)	–	–	–	–	–	(115,788)	–	(115,788)
Capital contribution from non-controlling interests (note 36(b)(c))	565,619	–	–	–	–	–	565,619	–	565,619
Effect of business combination under common control combination	–	–	(8,340)	–	–	–	(8,340)	–	(8,340)
At 31 December 2020	1,937,026	849,231	(2,886,699)	416,154	(21,651)	(7,743)	286,318	3,640,891	3,927,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

21 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves (Continued)

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

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

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

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

(iv) Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 2.13. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

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22 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Trade payables	**930,761**	1,209,747
Deposits from related parties in Finance Company (note 38(b))	**3,033,522**	4,266,699
Employee benefit payables (i)	**2,127,197**	2,010,898
Advances on behalf of the franchises	**718,197**	730,281
Deposits from lessees and constructors	**499,942**	479,681
Payables for purchases of property, plant and equipment, and intangible assets	**385,542**	428,168
Other tax payable	**337,936**	433,891
Dividend payable to non-controlling interests	**263,055**	94,623
Accrued expenses	**247,969**	279,409
Other amounts due to related parties (note 38(b))	**197,472**	150,609
Notes payables (ii)	**116,350**	120,735
Defined benefit plan of GDL (iii)	**99,640**	89,587
Deferred government grants	**83,503**	31,118
Provisions for other liabilities and charges (iv)	**48,348**	52,189
Interest payable	**43,129**	21,692
Payables related to the disposal of Shanghai Galaxy Hotel Company Limited ("Galaxy Hotel")	**36,962**	36,962
Financial liabilities due to put options granted to holders of non-controlling interests	**33,116**	95,521
Deferred payment of acquisition of subsidiaries	**13,911**	13,938
Payables for acquisition of the non-controlling interests of Keystone	**4,450**	35,610
Others	**338,902**	475,882
	9,559,904	11,057,240
Less: non-current portion of trade and other payables and accruals	**(1,201,847)**	(2,354,089)
Current portion of trade and other payables and accruals	**8,358,057**	8,703,151
Non-current portion of trade and other payables and accruals:		
Employee benefits payables	**853,181**	579,930
Deposits from related parties in Finance Company	**181,000**	1,562,500
Deferred government grants	**83,079**	30,955
Provisions for other liabilities and charges (iv)	**48,348**	52,189
Deposits from lessees and constructors	**17,150**	17,150
Deferred payment of acquisition of a subsidiary	**13,911**	13,938
Financial liabilities due to put options granted to holders of non-controlling interests	**–**	95,521
Others	**5,178**	1,906
	1,201,847	2,354,089

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22 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

(i) The balance as at 31 December 2020 included the employee benefits payables of RMB790,228,000 (31 December 2019: RMB528,763,000) incurred for early retirement plan, termination benefits, post-employment benefits and employee benefits for the redundant employees during hotel renovations.

The table below outlines the Group's termination benefits, early retirement welfare and long-term employee benefits for the redundant employees during hotel renovations that are included in the consolidated balance sheet and consolidated income statement.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Consolidated balance sheet obligations for:		
Early retirement welfare, termination benefits and post-employment benefits (a)	**532,348**	480,843
Employee benefits for the redundant employees during hotel renovations (b)	**173,310**	47,920
Termination benefits and post-employment benefits for the employees of Shanghai Company (c)	**84,570**	—
	790,228	528,763
Less: current portion	**(88,647)**	(105,860)
Non-current portion	**701,581**	422,903

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Consolidated income statement charge included employee benefit expenses for:		
Employee benefit expenses for early retirement welfare and redundant employee during hotel renovation	**314,619**	18,372

(a) Early retirement welfare, termination benefits and post-employment benefit plan

In 2014, the Group announced a series of detailed non-cancellable formal plan (the "Early Retirement Plan") to early retire certain redundant employees. In 2015, the Group disposed of 50% equity interests in Galaxy Hotel, and some employees of Galaxy Hotel were also brought into the Early Retirement Plan. Under the Early Retirement Plan, the Group is obliged to make monthly payment of wages, salaries and social welfare to these early retired employees from the date of early retirement to the regulated retirement date. In 2018, Jin Jiang Online and Jin Jiang Travel announced a series of detailed non-cancellable formal plan ("2018 Early Retirement Plan, Termination Plan and Post-employment Benefit Plan") to the related employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

22 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

(i) (Continued)

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

Since 2014, certain hotels under the Group have stopped or will stop operations in order to implement renovation of the whole hotel properties for certain periods. The Group announced a series of detailed formal plan (the "Redundant Employee Plan for Hotel Renovation") and the Group is obliged to make monthly payment of wages, salaries and social welfare to these redundant employees during the renovation period. The Redundant Employee Plan for Hotel Renovation is non-cancellable.

(c) Termination benefits and post-employment benefits for the employees of Shanghai Company

As disclosed in note 20, due to the confiscation of properties of Shanghai Company, the Group announced a detailed non-cancellable formal plan ("Shanghai Company Employee Plan") on the termination benefits and post-employment benefits for the employees of Shanghai Company.

The movement in the obligations for Early Retirement Plan, Termination Plan and Post-employment Benefit Plan and Redundant Employee Plan for Hotel Renovation over the year is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**528,763**	601,667
Employee benefit expenses recognised in consolidated income statement (note 27)	**314,619**	18,372
Benefit payments during the year	**(53,154)**	(91,276)
At end of the year	**790,228**	528,763

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Perrin Consulting Company Limited (member of the Society of Actuaries and the China Association of Actuaries).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

22 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

(i) (Continued)

The significant actuarial assumptions were as follows:

	At 31 December	
	2020	2019
Discount rate	**2.50%–3.75%**	2.25%–3.75%
Mortality rate	**Chinese residents ordinary life span**	Chinese residents ordinary life span
Benefit increase rate	**5%–10%**	5%–10%

The sensitivity of the employee benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption	Increase in obligations balance RMB'000	Decrease in obligations balance RMB'000
Discount rate	0.25%	19,930	19,010
Benefit increase rate	0.25%	18,280	17,530

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions, the calculation method is the same as that used in the calculation of liability recognised in the consolidated financial statements (i.e. present value of the employee benefit obligations calculated with the projected unit credit method at each balance sheet date).

Expected maturity analysis of undiscounted employee benefits of Early Retirement Plan, 2018 Early Retirement Plan, Termination Plan and Post-employment Benefit Plan and Redundant Employee Plan for Hotel Renovation:

	At 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year	**91,802**	106,488
Between 1 year and 2 years	**91,506**	71,749
Between 2 years and 5 years	**201,434**	153,587
Over 5 years	**816,890**	499,402
	1,201,632	831,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

22 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

(i) (Continued)

The retirement termination payment plans pursuant to collective bargaining agreements and/or company-wide agreements provide for the payment of an amount on retirement based on length of service and salary.

(ii) As at 31 December 2020, notes payables were pledged by certain inventories with the carrying amount of RMB30,000,000 (note 15) and secured by the bank deposits with carrying amount of RMB90,066,000 (note 18) (as at 31 December 2019:notes payables were pledged by certain inventories with the carrying amount of RMB40,000,000 and secured by the bank deposits with carrying amount of RMB94,795,000).

(iii) The defined benefit plan is determined by GDL on the basis of the geographical location, industry, and salary agreement, length of service and salary levels of employees.

	Present value of obligation Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Beginning balance	**89,587**	73,865
Current service cost (note 27)	**7,348**	8,256
Interest cost	**623**	824
Remeasurement gain	**2,508**	9,374
Benefits payments	**(2,326)**	(2,812)
Currency translation differences	**1,900**	80
Ending balance	**99,640**	89,587

The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2020 by a qualified actuarial firm. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	At 31 December	
	2020	2019
Discount rates	**0.40%**	0.75%
Long-term rate of inflation	**1.50%**	1.75%
Welfare increase rate	**2.50%–4.00%**	2.50%–4.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

22 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

(iii) (Continued)

As at 31 December 2020, the sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption	Increase in obligations balance RMB'000	Decrease in obligations balance RMB'000
Discount rate	0.50%	7,189	6,489
Long-term rate of inflation	0.50%	187	175
Welfare increase rate	0.50%	4,770	4,342

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

(iv) The movement in the provisions for other liabilities and charges over the year is as follows:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Beginning balance	**52,189**	77,197
Additions/(reversals)	**9,509**	(854)
Payment	**(14,405)**	(22,906)
Currency translation differences	**1,055**	(1,248)
Ending balance	**48,348**	52,189

As at 31 December 2020, the balance mainly represented a provision for certain legal claims and disputes brought against GDL and Keystone by third parties. The provision charge is recognised in profit or loss. The balance at 31 December 2020 is not expected to be utilised in 2021. After considering appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided for as at 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

22 TRADE AND OTHER PAYABLES AND ACCRUALS (CONTINUED)

(v) Ageing analysis of trade payables based on invoice date at respective balance sheet dates are as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Less than 3 months	**820,580**	1,088,556
3 months to 1 year	**76,316**	80,359
Over 1 year	**33,865**	40,832
	930,761	1,209,747

(vi) The carrying amount of the financial liabilities of trade and other payables and accruals approximates their fair value. The carrying amounts of the Group's trade and other payables and accruals are denominated in the following currencies:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
RMB	**7,611,410**	8,950,641
EUR	**1,758,517**	1,871,705
PLN	**96,193**	51,964
US$	**27,984**	46,581
Great Britain Pound ("GBP")	**25,111**	29,903
Other foreign currencies	**40,689**	106,446
	9,559,904	11,057,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

23 BORROWINGS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**7,344,276**	9,946,372
Bank borrowings — unsecured	**5,130,094**	1,309,839
Borrowings from related parties (note 38(b))	**3,206,250**	4,412,250
	15,680,620	15,668,461
Less: current portion of long-term secured bank borrowings	**(724,205)**	(1,021,879)
current portion of long-term unsecured bank borrowings	**(19,559)**	(18,224)
current portion of long-term borrowings from related parties (note 38(b))	**—**	(104,500)
	14,936,856	14,523,858
Borrowings included in current liabilities:		
Bank borrowings — secured	**52,496**	37,908
Bank borrowings — unsecured	**1,694,584**	1,508,141
Borrowings from related parties (note 38(b))	**50,000**	71,000
Current portion of long-term secured bank borrowings	**724,205**	1,021,879
Current portion of long-term unsecured bank borrowings	**19,559**	18,224
Current portion of long-term borrowings from related parties (note 38(b))	**—**	104,500
	2,540,844	2,761,652

As at 31 December 2020, the secured bank borrowings included:

(a) Bank borrowings of EUR602,000,000, equivalent to RMB4,831,050,000 (31 December 2019: EUR746,000,000, equivalent to RMB5,830,363,000), which were guaranteed by Jin Jiang International Group;

(b) Bank borrowings of RMB2,459,000,000 (31 December 2019: RMB4,059,000,000), which were pledged by the equity interests in a subsidiary of the Group;

(c) Bank borrowings of PLN30,952,000, equivalent to RMB54,226,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), which were pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland; and

(d) Bank borrowings of RMB52,496,000 (31 December 2019: RMB37,908,000), which were pledged by the inventories of a subsidiary of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

23 BORROWINGS (CONTINUED)

(i) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earlier date are as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Within 6 months	**9,306,117**	9,666,173
Between 6 and 12 months	**13,658**	230,131
Between 1 and 5 years	**8,157,925**	7,389,206
	17,477,700	17,285,510

(ii) The maturity of the borrowings included in non-current liabilities is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Between 1 and 2 years	**9,499,747**	1,717,780
Between 2 and 5 years	**5,437,109**	12,806,078
	14,936,856	14,523,858

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

	At 31 December	
	2020	2019
Borrowings denominated in RMB	**3.3248%**	3.7419%
Borrowings denominated in EUR	**1.1928%**	1.2468%
Borrowings denominated in other foreign currencies	**4.5553%**	4.2255%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

23 BORROWINGS (CONTINUED)

(iv) The carrying amounts and fair values of non-current bank borrowings are as follows:

	Carrying amounts RMB'000	Fair values RMB'000
At 31 December 2020		
— Bank borrowings	14,936,856	14,639,657
At 31 December 2019		
— Bank borrowings	14,523,858	14,190,565

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates.

The carrying amounts of current borrowings approximate their fair values.

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

	At 31 December	
	2020 RMB'000	2019 RMB'000
RMB	**6,831,995**	7,419,688
EUR	**10,542,608**	9,748,403
PLN	**96,316**	116,513
Other foreign currencies	**6,781**	906
	17,477,700	17,285,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

24 OTHER INCOME AND GAIN

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Gain on disposal of subsidiaries (note 33(b))	1,485,196	—
Government grants income (i)	537,197	131,925
Gain on disposal of property, plant and equipment and right-of-use assets (ii)	376,823	112,773
Dividend income	178,499	157,232
— Unlisted equity investments	99,439	87,723
— Listed equity investments	79,060	69,509
Unrealised fair value gain on financial assets at FVPL	55,987	183,679
Interest income from bank deposits	51,082	85,450
Realised fair value gain on financial assets at FVPL	29,348	28,779
Gain on disposal of investment in associates	21,324	—
Foreign exchange gain — net	—	108
Others	139,572	79,162
	2,875,028	779,108

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

(ii) The gain on disposal of property, plant and equipment and right-of-use assets for the year ended 31 December 2020 mainly included the gain on disposal of the property, plant and equipment and right-of-use assets of Shanghai Company in the segment of in "Passenger Transportation Vehicles and Logistics" amounted to RMB346,567,000 (note 20) (2019: the gain on disposal of the property, plant and equipment of 5 hotels in the segment of in "Select Service Hotels — managed and operated in Mainland China" amounted to RMB64,910,000).

25 OTHER EXPENSES AND LOSSES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Unrealised fair value losses on financial assets at FVPL	60,071	—
Bank charges	46,034	60,045
Loss on disposal of property, plant and equipment	40,503	5,491
Foreign exchange loss — net	39,770	—
Termination loss	2,354	7,982
Impairment of investments in associates	—	1,645
Pending litigations	—	530
Others	36,284	40,935
	225,016	116,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

26 EXPENSES BY NATURE

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Employee benefit expense (note 27)	**5,663,587**	6,725,718
Changes in inventories (note 15)	**2,813,828**	4,202,341
Depreciation of property, plant and equipment (note 6)	**1,476,141**	1,550,254
Depreciation and amortisation of right-of-use assets (note 7)	**1,349,921**	1,356,155
Utility cost and consumables	**592,645**	931,139
Repairs and maintenance	**457,155**	641,955
Advertising costs	**336,085**	412,346
Consulting fee	**317,412**	333,965
Commissions paid to agencies	**300,129**	562,925
Operating leases and property services	**209,541**	246,507
Property tax, VAT through a simplified method and other tax surcharges	**192,672**	252,845
Laundry costs	**144,979**	238,287
Amortisation of intangible assets (note 9)	**143,151**	141,190
Transportation expenses	**80,728**	167,875
Impairment loss of property, plant and equipment (note 6)	**71,084**	30,998
Telecommunication expenses	**62,686**	87,442
Auditors' remuneration	**32,679**	31,535
— Audit service	**30,711**	29,578
— Non-audit service	**1,968**	1,957
Depreciation of investment property (note 8)	**31,515**	30,970
Impairment loss of intangible assets (note 9)	**12,107**	320
Reversal of inventories written-down (note 15)	**—**	(3)
COVID-19-related rent concessions (note 2.2)	**(79,338)**	—
Others	**895,149**	776,398
	15,103,856	18,721,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

27 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employee benefit expenses for in-service employees	**5,341,620**	6,699,090
— Wages and salaries	**3,848,523**	4,826,551
— Retirement and housing benefits (a)	**962,131**	1,206,638
— Welfare and other expenses	**530,966**	665,901
Employee benefit expenses for Early Retirement Plan, 2018 Early Retirement Plan, Termination Plan and Post-employment Benefit Plan, Redundant Employee Plan for Hotel Renovation, and Shanghai Company Employee Plan (note 22)	**314,619**	18,372
Defined benefit plan of GDL (note 22)	**7,348**	8,256
	5,663,587	6,725,718
Number of employee	**50,233**	55,926

(a) Retirement benefit and housing benefits schemes

The employees of the Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is obliged to make monthly defined contributions to these plans based on percentages of the employees' monthly salaries and wages, subject to a certain ceiling. The employees of the Group companies in Mainland China are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds.

The Group had no further obligation for post-retirement benefits or housing funds beyond the payments above.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the years 2020 and 2019 do not include any directors of the Company. The emoluments payable to these individuals during the years ended 31 December 2020 and 2019 are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Discretionary bonuses	**7,832**	12,845
Salary and allowances	**6,304**	10,195
Retirement scheme contributions	**27**	112
	14,163	23,152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

27 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2020 Number	2019 Number
RMB2,104,100(equivalent to HK$2,500,000) to RMB2,524,920 (equivalent to HK$3,000,000)	**1**	1
RMB2,524,920 (equivalent to HK$3,000,000) to RMB2,945,740 (equivalent to HK$3,500,000)	**1**	1
RMB2,945,740 (equivalent to HK$3,500,000) to RMB3,156,150 (equivalent to HK$3,750,000)	**2**	—
RMB3,156,150 (equivalent to HK$3,750,000) to RMB4,839,430 (equivalent to HK$5,750,000)	**1**	2
RMB6,733,120 (equivalent to HK$8,000,000) to RMB10,099,680 (equivalent to HK$12,000,000)	**—**	1
	5	5

(c) During the year 2020, no directors, supervisors, senior management or the five highest paid individuals of the Group waived any emoluments and no other emoluments were paid by the Group to any of the directors, supervisors, senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

28 FINANCE COSTS — NET

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Finance cost:		
Interest expenses	**913,874**	966,531
— Bank borrowings	**406,264**	436,925
— Lease liabilities	**444,461**	467,245
— Borrowings from related parties	**63,149**	62,361
Net foreign exchange loss/(gain) on borrowings	**10,475**	(1,255)
Finance costs — net	**924,349**	965,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

29 SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Share of results of joint ventures (note 11)	**(52,813)**	28,196
Share of results of associates (note 11)	**185,045**	248,430
	132,232	276,626

30 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current tax:		
Mainland China current corporate income tax ("CIT")	**562,536**	585,105
Overseas current corporate income tax	**16,372**	110,219
Deferred tax:		
Mainland China deferred income tax (note 14)	**66,247**	(90,871)
Overseas deferred income tax (note 14)	**(243,188)**	(21,428)
	401,967	583,025

Other than the subsidiaries registered in Tibet with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of the group companies operating in Mainland China for the year ended 31 December 2020 (2019: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiaries registered in Hong Kong are subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2020 (2019: 16.5%). For the year ended 31 December 2020, the Group's subsidiaries incorporated in Hong Kong did not have assessable profit and therefore have not provided for any Hong Kong profits tax.

GDL Group mainly operates in France and is subject to income tax at 28.92% (2019: 34.43%) for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

30 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% (2019: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000 (Restated)
Profit before income tax	**888,664**	2,224,731
Tax calculated at a tax rate of 25% (2019: 25%)	**222,166**	556,183
Effect of different taxation rates	**(17,630)**	(4,157)
Income not subject to tax	**(44,707)**	(49,463)
Expenses not deductible for tax purposes	**15,678**	20,114
Tax losses and tax credit for which no deferred income tax assets were recognised	**245,522**	124,796
Utilisation of tax losses and tax credit for which deferred income tax assets were not recognised previously	**(17,761)**	(15,511)
Effect of exclusion of share of profit tax of joint ventures and associates	**(33,401)**	(71,166)
Effect of delay in the realisation of tax losses and temporary differences due to COVID-19 when lower income tax rates will be enacted (i)	**47,655**	—
Others	**(15,555)**	22,229
	401,967	583,025

(i) According to the French Fiscal Law promulgated in 2018, the effective income tax rate for GDL decreased to 28.92% in 2020 and will gradually decrease to 25.83% in 2022. In 2020, management of the Group assessed the impact on the deferred tax assets and liabilities that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted and concluded that the tax losses to be utilised will be later than the previous assessment, which led to the increase of deferred income tax expense amounted to RMB47,655,000 for the year ended 31 December 2020.

The tax (charge)/credit relating to other comprehensive income is as follow:

		2020			2019	
	Before tax RMB'000	**Tax credit/ (charge) RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax (charge)/ credit RMB'000	After tax RMB'000
Fair value changes on financial assets at FVOCI	**(186,076)**	**39,481**	**(146,595)**	158,522	(39,551)	118,971
Remeasurements on the net defined benefit liabilities or assets	**(4,541)**	**725**	**(3,816)**	(10,253)	3,227	(7,026)
Cash flow hedges net of tax	**956**	**(276)**	**680**	1,809	(622)	1,187
Currency translation differences	**(75,760)**	**—**	**(75,760)**	16,523	—	16,523
Other comprehensive (loss)/ income	**(265,421)**	**39,930**	**(225,491)**	166,601	(36,946)	129,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

31 EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Profit attributable to shareholders of the Company	**298,463**	675,731
Weighted average number of ordinary shares in issue (thousands)	**5,566,000**	5,566,000
Basic earnings per share (RMB cents)	**5.36**	12.14

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

32 DIVIDENDS

A final dividend in respect of the year ended 31 December 2019 of RMB6.2 cents per share, totalling RMB345,092,000 (final dividend in respect of the year ended 31 December 2018: RMB8.0 cents per share, totalling RMB445,280,000) was paid in second half of 2020.

On 31 March 2021, the Directors recommended the payment of a final dividend of RMB1.02 cents per share, totalling RMB56,773,200 in respect of the year ended 31 December 2020. Such dividend is to be approved by the shareholders at the annual general meeting. The consolidated financial statements do not reflect this dividend payable.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Proposed final dividend of RMB1.02 cents (2019: RMB6.20 cents) per share	**56,773**	345,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

		Year ended 31 December	
	Note	**2020 RMB'000**	2019 RMB'000 (Restated)
Profit before income tax		**888,664**	2,224,731
Adjustments for:			
— depreciation of property, plant and equipment	26	**1,476,141**	1,550,254
— depreciation of investment properties	26	**31,515**	30,970
— depreciation and amortisation of right-of-use assets	26	**1,349,921**	1,356,155
— amortisation of intangible assets	26	**143,151**	141,190
— Impairment loss of property, plant and equipment	26	**71,084**	30,998
— Impairment loss of intangible assets	26	**12,107**	320
— gain on disposal of property, plant and equipment and right-of-use assets	24	**(376,823)**	(112,773)
— loss on disposal of property, plant and equipment	25	**40,503**	5,491
— net gain on disposal of investment in associates	24	**(21,324)**	—
— gain on disposal of subsidiaries	24	**(1,485,196)**	—
— unrealised fair value loss/(gain) on financial assets at FVPL	24,25	**4,084**	(183,679)
— realised fair value gain on financial assets at FVPL	24	**(29,348)**	(28,779)
— provision for impairment of trade receivables, prepayments and other receivables	16	**66,437**	5,011
— reversal of inventories write-down	26	**—**	(3)
— impairment of investments in associates	25	**—**	1,645
— interest income from bank deposits	24	**(51,082)**	(85,450)
— interest expenses	28	**913,874**	966,531
— net foreign exchange loss/(gain) on borrowings	28	**10,475**	(1,255)
— share of results of joint ventures and associates accounted for using the equity method	29	**(132,232)**	(276,626)
— dividend income	24	**(178,499)**	(157,232)
Changes in working capital:			
— restricted cash		**(53,992)**	76,050
— inventories		**37,070**	(10,180)
— trade receivables, prepayments and other receivables		**26,167**	55,012
— trade and other payables and accruals		**(453,438)**	(430,558)
Cash generated from operations		**2,289,259**	5,157,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of profit before income tax to cash generated from operations: (Continued)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Net book amount (note 6)	**105,393**	165,646
Gain on disposal of property, plant and equipment (note 24)	**376,823**	112,773
Loss on disposal of property, plant and equipment (note 25)	**(40,503)**	(5,491)
Receivables related to the compensation for the requisition of properties (note 16)	**(255,016)**	–
Receivables related to disposal of operating vehicles (note 16)	**(25,756)**	–
Proceeds from disposal of property, plant and equipment	**160,941**	272,928

(b) Disposal of subsidiaries

(i) Disposal of 22.68% equity interest in Sofitel Hyland

On 31 July 2020, Shanghai International Group Co., Ltd. and its subsidiary Shanghai International Group Asset Management Co., Ltd. (collectively, "Shanghai International") together with the Company entered into a cooperation framework agreement ("Cooperation Framework Agreement") in relation to equity restructuring transactions (the "Transactions"). Pursuant to the Cooperation Framework Agreement, the Company intended to dispose of its entire equity interest (i.e., 66.67%) in Sofitel Hyland, and to acquire part of the equity interests in Beijing Kunlun Hotel Co., Ltd. ("Kunlun Hotel") and Shanghai Jian Guo Hotel Co., Ltd. ("Jian Guo Hotel") held by Shanghai International.

Following the Cooperation Framework Agreement, the Company entered into equity transaction contracts with Shanghai International in October 2020 to dispose of 22.68% equity interest in Sofitel Hyland at a consideration of RMB421,041,000, and to acquire 12.50% equity interest in Kunlun Hotel from Shanghai International at a consideration of RMB421,044,000. These considerations were determined based on the appraisal value of Sofitel Hyland and Kunlun Hotel provided by an independent and qualified valuer. The equity transfer transaction was completed on 30 November 2020 and the considerations were settled in cash on a net basis. The Company only held 43.99% equity interest and lost control over Sofitel Hotel after completion of the transaction. The transaction is irreversible, based on the fair market values of the assets and its completion was not dependent on the completion of any other transactions according to the contracts.

Upon completion of above transaction, the Group lost control of Sofitel Hyland. The retained investment in Sofitel Hyland held by the Company was accounted as investment in an associate and was remeasured based on the fair value of Sofitel Hyland.

The 12.50% equity interest in Kunlun Hotel acquired was recorded as an additional investment in a joint venture (note 41(iv)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries (Continued)

(i) Disposal of 22.68% equity interest in Sofitel Hyland (Continued)

The total gain resulted from the above transaction:

	RMB'000
Consideration for 22.68% equity interest in Sofitel Hyland	421,041
Add: the retained equity interest (43.99%) remeasured to its fair value after losing control (note 29)	816,648
Less: share of net assets disposed (66.67%)	(70,809)
Gain from the transaction (note 24)	1,166,880

The assets and liabilities of Sofitel Hyland at the date of disposal were:

	30 November 2020 RMB'000
Property, plant and equipment (note 6)	18,134
Right-of-use assets (note 7)	11,360
Goodwill (note 9)	11,003
Investments accounted for using the equity method	2,721
Inventories	366
Trade receivables, prepayments and other receivables	34,995
Cash and cash equivalents	66,448
Trade and other payables and accruals	(42,691)
Contract liabilities	(1,629)
Total net assets	100,707
Less: share of non-controlling interest (33.33%)	(29,898)
Share of net assets disposed (66.67%)	70,809

	RMB'000
Cash proceeds paid	(3)
Cash and cash equivalents disposed of in Sofitel Hyland	(66,448)
Cash outflow on disposal of equity interest in Sofitel Hyland	(66,451)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries (Continued)

(i) Disposal of 22.68% equity interest in Sofitel Hyland (Continued)

As at 31 December 2020, the retained equity interest in Sofitel Hyland held by the Company was reclassified to assets held for sale according to the Cooperation Framework Agreement as the Company planned to dispose all retained equity interest in Sofitel Hyland in 2021.

Subsequently in January 2021, the Company entered into another equity transaction contract with Shanghai International to dispose of 28.8% equity interest in Sofitel Hyland at a consideration of RMB534,655,000, and to acquire the remaining 35% equity interest in Jian Guo Hotel, a subsidiary of the Group, at a consideration of RMB534,570,000. The considerations were determined based on the appraisal values of Sofitel Hyland and Jian Guo Hotel provided by an independent and qualified valuer. The equity transaction was completed on 28 January 2021 and the considerations were settled in cash on a net basis. Thereafter Jian Guo Hotel became a wholly-owed subsidiary of the Company.

(ii) Disposal of equity interests in 3 select service hotels

On 8 January 2020, Shanghai Jin Jiang International Hotel Investment Company Limited ("Hotel Investment Company"), a wholly-owned subsidiary of Shanghai Jin Jiang International Hotels Company Limited ("Jin Jiang Hotels", a 50.32%-owned subsidiary of the Company) entered into certain asset and equity transaction contracts with Shanghai Guanglv Enterprise Management Company Limited ("Shanghai Guanglv", an associate of Jin Jiang International Group), pursuant to which Hotel Investment Company agreed to dispose of 100% equity interest in Xi'an Jin Jiang Inn Company Limited ("Xi'an Jin Jiang Inn") and 100% equity interest in Zhengzhou Jin Jiang Inn Company Limited ("Zhengzhou Jin Jiang Inn") to Shanghai Guanglv at cash considerations of RMB75,193,000 and RMB60,168,000, respectively. These transactions were completed on 14 January 2020.

On 31 March 2020, Jin Jiang Hotels entered into an equity transfer agreement with Shanghai Jin Jiang International Investment and Management Company Limited ("Jin Jiang International Investment", a wholly-owned subsidiary of Jin Jiang International Group), pursuant to which Jin Jiang Hotels agreed to dispose of 70% equity interest in Shanghai Jin Jiang Da Hua Hotel Company Limited ("Da Hua Company") to Jin Jiang International Investment at a cash consideration of RMB170,437,000. The above transaction was completed on 31 March 2020. In addition, upon completion of the transaction, the Group lost control of Da Hua Company. The retained investment in Da Hua Company of 30% equity interest held by the Group was accounted as investment in an associate and was remeasured based on the fair value of Da Hua Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries (Continued)

(ii) Disposal of equity interests in 3 select service hotels (Continued)

The total gain resulted from the above transactions:

	RMB'000
Total considerations	305,798
Add: the retained equity interest (30%) remeasured to its fair value of Da Hua Company after losing control	73,044
Less: share of net assets of Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn disposed (100%)	(68,456)
Less: share of net liabilities of Da Hua Company disposed (100%)	7,930
Gain from the disposal of equity interests in 3 select service hotels (notes 24)	318,316

The assets and liabilities of at the dates of disposals are as below:

	14 January 2020 RMB'000 Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn	31 March 2020 RMB'000 Da Hua Company
Cash and cash equivalents	699	2,472
Property, plant and equipment (note 6)	39,557	26,005
Right-of-use assets (note 7)	20,542	4,539
Intangible assets (note 9)	5	—
Inventories	163	94
Trade receivables, prepayments and other receivables	15,346	2,916
Lease liabilities	—	(340)
Income taxes payable	(1,165)	—
Trade and other payables and accruals	(6,613)	(43,465)
Contract liabilities	(78)	(151)
Share of net assets/(liabilities)	68,456	(7,930)

	RMB'000
Cash proceeds received	305,798
Cash and cash equivalents disposed in Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn	(699)
Cash and cash equivalents disposed in Da Hua Company	(2,472)
Cash inflow on disposal of 3 select service hotels	302,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Principal non-cash transactions

Expect for the transaction in note 33(b)(i), the principal non-cash transactions include:

(i) The purchases of property, plant and equipment, and intangible assets not been settled as at 31 December 2020 and 2019 were disclosed in note 22.

(ii) The additions of right-of-use assets were disclosed in note 7.

(d) Net debt reconciliation

	Borrowings RMB'000	Leases RMB'000	Total RMB'000
At 1 January 2019	19,846,248	12,402,776	32,249,024
Cash flows			
— Additions of right-of-use assets	—	466,115	466,115
— Inflow from financing activities	3,310,969	—	3,310,969
— Outflow from financing activities	(5,675,466)	(1,229,645)	(6,905,111)
Currency translation differences	(196,241)	(8,859)	(205,100)
At 31 December 2019	17,285,510	11,630,387	28,915,897
Cash flows			
— Additions of right-of-use assets	—	1,157,613	1,157,613
— Inflow from financing activities	10,327,060	—	10,327,060
— Outflow from financing activities	(10,375,075)	(1,793,289)	(12,168,364)
Currency translation differences	240,205	70,864	311,069
At 31 December 2020	17,477,700	11,065,575	28,543,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

34 FINANCIAL GUARANTEE CONTRACTS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Not later than 1 year	**–**	3,000

The Group provides guarantees for bank borrowings of joint ventures and associates of the Group. Under the terms of the financial guarantee contracts, the Group will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

The financial guarantee contracts have not been recognised in the consolidated financial statements as the Group considered that the possibility of failure of the guaranteed entities to make payments when the bank borrowings due is remote and the fair value of the guarantees contract was insignificant.

35 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Acquisition of property, plant and equipment	**54,900**	78,882

(b) Operating lease commitments

The Group leases out space in hotels under non-cancellable operating lease agreements. The rental revenue recognised in the consolidated income statement for the year ended 31 December 2020 are disclosed in notes 5(a).

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

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For the year ended 31 December 2020

35 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (Continued)

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

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Not later than 1 year	**130,083**	174,240
Later than 1 year and not later than 5 years	**340,161**	417,849
Later than 5 years	**141,016**	191,785
	611,260	783,874

(c) Loan commitments

As at 31 December 2020, loan commitments of RMB88,644,000 (31 December 2019: RMB177,000,000) represent undrawn loan facilities offered by Finance Company and granted to related parties (note 38(c)).

36 TRANSACTION WITH NON-CONTROLLING INTERESTS

(a) Acquisition of non-controlling interests in subsidiaries

In March and June of 2020, the Company acquired 100% equity interest in Tianjin Hedong District Jin Jiang Inn Investment Co., Ltd., 100% equity interest in Ningbo Jinbo Inn Co., Ltd., 70% equity interest in Shanghai Dishuihu Jin Jiang Inn Co., Ltd., 70% equity interest in Tianjin Hujin Investment Management Co., Ltd., 70% equity interest in Shenyang Songhuajiang Jin Jiang Inn Co., Ltd., 70% equity interest in Changchun Jinlv Investment Management Co., Ltd., 51% equity interest in Tianjin Jin Jiang Inn Co., Ltd. and 51% equity interest in Zhenjiang Jinkou Jin Jiang Inn Co., Ltd. ("Eight Hotels") from Jin Jiang Hotels. The total cash consideration for the acquisitions of the Eight Hotels were RMB331,713,000.

Before these transactions, Eight Hotels were wholly-owned subsidiaries of Jin Jiang Hotels, a 50.32%-owned subsidiary of the Company. After the acquisitions of non-controlling interest in Eight Hotels, they become directly controlled by the Company.

	RMB'000
Increase in non-controlling interest of Eight Hotels in Jin Jiang Hotels	164,795
Carrying amount of non-controlling interest of Eight Hotels acquired by the Company	(62,842)
Net increase in non-controlling interest in Eight Hotels held by the Company (i)	101,953

(i) The Group recognised net increase in non-controlling interest in Eight Hotels held by the Company amounted to RMB101,953,000 to other reserves. In addition, the total current corporate income tax expense related to these transactions amounted to RMB34,447,000 which was recognised in other reserves amounted to RMB13,835,000 and in income tax expense amounted to RMB20,612,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

36 TRANSACTION WITH NON-CONTROLLING INTERESTS (CONTINUED)

(b) Capital injection to Shanghai Yangtze Hotel Company Limited ("Yangtze Hotel")

On 23 November 2020, the Company and Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd. ("Hongqiao United") entered into the agreement of capital injection to Yangtze Hotel, pursuant to which the Company and Hongqiao United agreed to contribute RMB435,474,000 and RMB874,526,000, respectively, to Yangtze Hotel. Before the capital injection, the Company and Hongqiao United held 66.67% and 33.33% equity interest in Yangtze Hotel, respectively, and the Company had control over Yangtze Hotel. Upon completion of the capital injection, the Company and Hongqiao United each hold 50% equity interests of Yangtze Hotel.

Although the Company holds 50% equity interests in Yangtze Hotel after the capital injection, it is concluded that the Company has control over Yangtze Hotel and accounts for it as a subsidiary, considering that the Company can control the board. As a result, the capital injection was deemed as a disposal of 16.67% equity interest in Yangtze Hotel to the non-controlling interest without change of control by the Group.

The carrying amount and the consideration of the disposal of equity interest in Yangtze Hotel were RMB315,315,000 and RMB874,526,000, respectively. Accordingly, the Group recognised RMB315,315,000 as an increase in non-controlling interest and the difference of RMB559,211,000 between the carrying amount and the consideration was recognised in other reserves.

(c) Capital injection to Finance Company

On 24 June 2020, the Company and its wholly owned subsidiary Jin Jiang Hotel Company Limited, Jin Jiang International Group and Finance Company entered into the agreement of capital injection to Finance Company, pursuant to which the Company and Jin Jiang International Group agreed to contribute RMB656,910,000 and RMB154,090,000, respectively, to Finance Company. Before the capital injection, the Group held 100% equity interests of Finance Company, and had control over it. Upon completion of the capital injection, the Group and Jin Jiang International Group will hold 90.5% and 9.5% equity interest in Finance Company, respectively and the Group still has control over Finance Company. As a result, the capital injection was deemed as a disposal of 9.5% equity interest in Finance Company to the non-controlling interest without change of control by the Group.

The carrying amount and the consideration of the disposal of equity interest in Finance Company were RMB147,682,000 and RMB154,090,000, respectively. Accordingly, the Group recognised RMB147,682,000 as an increase in non-controlling interest and the difference of RMB6,408,000 between the carrying amount and the consideration was recognised in other reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

37 BUSINESS COMBINATION UNDER COMMON CONTROL

Acquisition of 100% equity interests in Shanghai Gaoxiao Taxi Company Limited ("Gaoxiao Taxi") (the "Acquisition")

On 1 June 2020, Shanghai Jin Jiang Automobile Services Co., Ltd. ("Jin Jiang Automobile"), a 95%-owned subsidiary of Jin Jiang Online, entered into the Asset and Equity Transaction Contract with Jin Jiang International Group, pursuant to which Jin Jiang International Group agreed to dispose and Jin Jiang Automobile agreed to acquire 100% equity interest in Gaoxiao Taxi for a cash consideration of RMB22,362,000. The transaction was completed on 10 October 2020.

Before the Acquisition, Gaoxiao Taxi was a wholly owned subsidiary of Jin Jiang International Group. Upon the completion of the Acquisition, Gaoxiao Taxi became a wholly subsidiary of Jin Jiang Automobile, and a non-wholly owned subsidiary of the Company.

The Company and Gaoxiao Taxi are under common control of Jin Jiang International Group both before and after above transaction. Therefore it was regarded as a common control combination and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the HKICPA. Comparative figures as at 31 December 2019 and for the year ended 31 December 2019 were also represented on the same basis.

Reconciliation of the results of operations for the year ended 31 December 2019 and the financial position as at 31 December 2019 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

			As at 31 December 2019	**As at 31 December 2020**
	The Group (as previously reported) RMB'000	Gaoxiao Taxi RMB'000	The Group (restated) RMB'000	**The Group RMB'000**
Financial position				
Current assets	15,381,940	4,633	15,386,573	**14,996,707**
Total assets	63,431,652	7,924	63,439,576	**61,713,169**
Current liabilities	14,687,443	2,326	14,689,769	**14,108,344**
Total liabilities	43,802,062	2,326	43,804,388	**41,860,027**
Equity attributable to the equity holders of the Company	9,227,150	2,088	9,229,238	**9,493,209**
Non-controlling interests	10,402,440	3,510	10,405,950	**10,359,933**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

37 BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Acquisition of 100% equity interests in Shanghai Gaoxiao Taxi Company Limited ("Gaoxiao Taxi") (the "Acquisition") (Continued)

			For the year ended 31 December 2019	**For the year ended 31 December 2020**
	The Group (as previously reported) RMB'000	Gaoxiao Taxi RMB'000	The Group (restated) RMB'000	**The Group RMB'000**
Results of operations				
Revenue	20,971,742	5,332	20,977,074	**14,201,062**
Operating profit	2,914,005	(624)	2,913,381	**1,680,781**
Profit for the year	1,642,330	(624)	1,641,706	**486,697**
Profit attributable to the equity holders of the Company	675,964	(233)	675,731	**298,463**
Profit attributable to the non-controlling interests	966,366	(391)	965,975	**188,234**
Basic earnings per share (RMB)	12.14	—	12.14	**5.36**
Diluted earnings per share (RMB)	12.14	—	12.14	**5.36**

38 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is controlled by Jin Jiang International Group (incorporated in Mainland China), which owns 75% of the Company's share. The remaining 25% of the shares are widely held. The ultimate parent and controlling party of the Group is Jin Jiang International Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions

Except from the transactions disclosed in note 33(b)(ii) and note 36, the Group also had the following significant related party transactions during the year ended 31 December 2020:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Transactions with Jin Jiang International Group		
— Deposits received	**18,656**	1,043
— Borrowing received	**700,000**	—
— Provision of hotel services (i)	**316,841**	38
— Provision of vehicle operating services (i)	**51,764**	12,816
— Provision of food and beverage service	**9,133**	48
— Interest income received	**7,978**	6,041
— Provision of other services	**1,338**	—
— Provision of exhibition support services	**—**	10,141
	1,105,710	30,127
— Repayment of lending	**(100,000)**	(250,000)
— Interest expenses paid	**25,384**	2,324
— Rental expenses paid	**11,048**	11,942
— Purchase of goods	**157**	127
— Receipt of food and beverage service	**—**	170
	(63,411)	(235,437)
Transactions with subsidiaries, associates and joint ventures of Jin Jiang International Group		
— Borrowing repaid	**(1,947,000)**	—
— Deposits (repaid)/received	**(1,305,867)**	262,401
— Provision of vehicle operating services	**34,001**	40,968
— Provision of membership package	**21,117**	16,088
— Provision of hotel revenue settlement services	**18,376**	27,096
— Provision of hotel services	**17,006**	33,862
— Provision of tourism services	**16,108**	5,725
— Provision of other services	**3,181**	1,006
— Rental income received	**2,986**	2,524
— Provision of food and beverage service	**2,314**	—
— Interest income received	**622**	—
— Sales of hotel supplies	**598**	1,894
— Sales of fixed assets	**—**	14,902
— Hotel franchise fees	**—**	100
	(3,136,558)	406,566

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (Continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Transactions with subsidiaries, associates and joint ventures of Jin Jiang International Group (Continued)		
— Provision of lending	**29,700**	—
— Interest expenses paid	**83,866**	109,401
— Rental expenses paid	**42,942**	43,318
— Purchase of membership package	**19,505**	15,361
— Purchase of food and beverage	**16,407**	832
— Purchase of electronic commerce services	**11,565**	20,078
— Receipt of tourism services	**6,267**	27,455
— Receipt of other services	**530**	1,212
— Purchase of goods	**266**	—
	211,048	217,657
Transactions with joint ventures of the Group		
— Deposits (repaid)/received	**(10,686)**	44,120
— Borrowing received	**20,000**	—
— Interest income received	**20,801**	18,017
— Sales of vehicles and related parts	**6,363**	—
— Rental income received	**1,176**	—
— Provision of other services	**589**	47
— Provision of vehicle operating services	**473**	—
— Sales of hotel supplies	**209**	13,281
	38,925	75,465
— Provision of lending	**121,250**	38,000
— Interest expenses paid	**9,012**	8,642
— Purchase of goods	**499**	510
— Receipt of other services	**67**	45
	130,828	47,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (Continued)

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Transactions with associates of the Group		
— Deposits received	64,719	3,153
— Interest income received	2,684	2,650
— Management fees received	1,091	2,315
— Provision of vehicle operating services	104	49
— Sales of vehicles and related parts	26	—
— Provision of other services	16	—
— Rental income received	—	1,363
— Sales of hotel supplies	—	26
	68,640	9,556
— Provision/(repayment) of lending	3,575	(100)
— Interest expenses paid	33	1
— Receipt of travelling services	12	57
— Purchase of vehicles and related parts	—	192
— Rental expense paid	—	21
	3,620	171

(i) In order to undertake the corporate social responsibility and support the anti-epidemic operations, Jin Jiang International Group entered into various agreements to purchase hotel accommodation, car rental and relevant services with Shanghai New Asia Plaza Great Wall Hotel Company Limited, Wuhan Jin Jiang International Hotel Company Limited, Jin Jiang Hotels and Shanghai Jin Jiang Automobile Services Co., Ltd. respectively. The revenue of hotel accommodation and relevant services amounted to RMB316,837,000 and the revenue of car rental and relevant services amounted to RMB50,869,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Loan to related parties by Finance Company (note 16)		
— Jin Jiang International Group (i)	**300,000**	400,000
— Subsidiaries, joint ventures and associates of Jin Jiang International Group (ii)	**18,000**	—
— Joint ventures of the Group (iii)	**497,250**	463,000
— Associates of the Group (iv)	**54,950**	54,800
	870,200	917,800
Loan to related parties by the Group other than Finance Company (note 16)		
— Subsidiaries, joint ventures and associates of Jin Jiang International Group (v)	**11,700**	—
— Joint ventures of the Group (vi)	**119,500**	32,500
— Associates of the Group (vii)	**4,625**	1,200
	135,825	33,700
Other amounts due from related parties (note 16)		
— Jin Jiang International Group	**590**	820
— Subsidiaries, joint ventures and associates of Jin Jiang International Group	**136,741**	115,645
— Joint ventures of the Group	**54,674**	48,936
— Associates of the Group	**38,717**	13,301
	230,722	178,702

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38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties (Continued)

	At 31 December	
	2020 RMB'000	2019 RMB'000
Deposits from related parties in Finance Company (note 22)		
— Jin Jiang International Group (viii)	(50,900)	(32,244)
— Subsidiaries, joint ventures and associates of Jin Jiang International Group (ix)	(2,651,602)	(3,957,469)
— Joint ventures of the Group (x)	(257,184)	(267,870)
— Associates of the Group (xi)	(73,836)	(9,116)
	(3,033,522)	(4,266,699)
Other amounts due to related parties (note 22)		
— Jin Jiang International Group	(15,935)	(10,518)
— Subsidiaries, joint ventures and associates of Jin Jiang International Group	(79,025)	(38,238)
— Joint ventures of the Group	(69,323)	(67,899)
— Associates of the Group	(33,189)	(33,954)
	(197,472)	(150,609)
Borrowings from related parties (note 23)		
— Jin Jiang International Group (xii)	(700,000)	—
— Subsidiaries of Jin Jiang International Group (xiii)	(2,536,250)	(4,483,250)
— Joint ventures of the Group (xiv)	(20,000)	—
	(3,256,250)	(4,483,250)

(i) The balance includes unsecured loans to Jin Jiang International Group of RMB300,000,000 as 31 December 2020 (31 December 2019: RMB400,000,000) with effective interest rate of 3.15% (31 December 2019: 3.92%) per annum.

(ii) The balance includes unsecured loans to a subsidiary of Jin Jiang International Group of RMB18,000,000 as at 31 December 2020 (31 December 2019: RMB: nil) with effective interest rate of 3.60% per annum.

(iii) The balance includes secured loans to a joint venture of the Group of RMB497,250,000 as at 31 December 2020 (31 December 2019: RMB460,000,000) with effective interest rate of 4.22% (31 December 2019: 4.20%) per annum which were guaranteed by its properties. An unsecured loan to a joint venture of the Group of RMB3,000,000 as at 31 December 2019 with effective interest rate of 3.92% per annum was repaid in 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/due to related parties (Continued)

(iv) The balance includes secured loans to an associate of the Group of RMB54,950,000 as at 31 December 2020 (31 December 2019: RMB54,800,000) with effective interest rate of 4.45% (31 December 2019: 4.75%) per annum which were guaranteed by its properties.

(v) The balance includes unsecured loans to a subsidiary of Jin Jiang International Group of RMB11,700,000 as at 31 December 2020 (31 December 2019: RMB nil) with effective interest rate of 1.15% per annum.

(vi) The balance includes unsecured loans to joint ventures of RMB119,500,000 as at 31 December 2020 (31 December 2019: RMB32,500,000) with effective interest rate of 3.97% (31 December 2019: 4.29%) per annum.

(vii) The balance includes unsecured loans to associates of the Group of RMB4,625,200 as at 31 December 2020 (31 December 2019: RMB1,200,000) with effective interest rate of 2.57% (31 December 2019: 4.35%) per annum.

(viii) The balance includes deposits from Jin Jiang International Group of RMB50,900,000 as at 31 December 2020 (31 December 2019: RMB32,244,000) with effective interest rate of 0.39% (31 December 2019: 0.39%) per annum.

(ix) The balance includes deposits from subsidiaries, joint ventures and associates of Jin Jiang International Group of RMB2,651,602,000 as at 31 December 2020 (31 December 2019: RMB3,957,469,000) with effective interest rate of 0.76% (31 December 2019: 1.15%) per annum.

(x) The balance includes deposits from joint ventures of the Group of RMB257,184,000 as at 31 December 2020 (31 December 2019: RMB267,870,000) with effective interest rate of 2.81% (31 December 2019: 3.17%) per annum.

(xi) The balance includes deposits from associates of the Group of RMB73,836,000 as at 31 December 2020 (31 December 2019: RMB9,116,000) with effective interest rate of 2.29% (31 December 2019: 1.40%) per annum.

(xii) The balance includes an unsecured borrowing from Jin Jiang International Group of RMB700,000,000 as at 31 December 2020 (31 December 2019: RMB nil) with effective interest rate of 2.68% per annum.

(xiii) The balance includes unsecured borrowings from subsidiaries of Jin Jiang International Group of RMB530,000,000 as at 31 December 2020 (31 December 2019: RMB575,500,000) with effective interest rate of 3.48% (31 December 2019: 3.50%) per annum, and a subsidiary of Jin Jiang International Group of EUR250,000,000, equivalent to RMB2,006,250,000 as at 31 December 2020 (31 December 2019: EUR500,000,000, equivalent to RMB3,907,750,000) with effective interest rate of 1.05% (31 December 2019: 1.17%).

(xiv) The balance includes unsecured borrowings from a joint ventures of the Group of RMB20,000,000 as at 31 December 2020 (31 December 2019: RMB nil) with effective interest rate of 4.35% per annum.

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

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For the year ended 31 December 2020

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loan commitments and financial guarantees

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Loan commitments (note 35)		
— Jin Jiang International Group	**–**	100,000
— Subsidiaries, joint ventures and associates of Jin Jiang International Group	**6,894**	–
— Joint ventures of the Group	**81,750**	77,000
	88,644	177,000
Financial guarantees provided to related parties (note 34)		
— Joint ventures of the Group	**–**	3,000

(d) Key management compensation

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salary and other allowances	**1,849**	1,680
Discretionary bonus	**446**	621
Retirement scheme contributions	**560**	615
	2,855	2,916

The emoluments fell within following bands:

	Year ended 31 December	
	2020	2019
	Number	Number
RMB420,820 (equivalent to HK$500,000) to RMB841,640 (equivalent to HK$1,000,000)	**6**	6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Balances and transactions with stated-owned enterprises in China other than Jin Jiang International Group and its subsidiaries, joint ventures and associates ("Other State-owned Enterprises")

As at 31 December 2020, majority of the Group's bank balances and borrowings are with state-owned banks. The Group also has transactions with Other State-owned Enterprises in China including but not limited to sales of products, purchases of raw material, utilities and services. The Directors of the Company are of the opinion that these transactions are conducted in the ordinary business of the Group.

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and supervisors' emoluments

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Directors and supervisors		
— Basic salaries, housing allowances, other allowances	**427**	1,457
— Contributions to retirement plans	**57**	188
	484	1,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

39 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and supervisors' emoluments (Continued)

The emoluments of every director and supervisor for the year ended 31 December 2020, on a named basis, are set out as below:

(i) For the year ended 31 December 2020:

Name	Directors'/ Supervisors' fee RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note (7)) RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors							
Mr. Yu Minliang	–	–	–	–	–	–	–
Ms. Guo Lijuan	–	–	–	–	–	–	–
Mr. Chen Liming	–	–	–	–	–	–	–
Mr. Ma Mingju (note (1))	–	–	–	–	–	–	–
Ms. Zhou Wei (note (2))	–	–	–	–	–	–	–
Mr. Sun Yu (note (2))	–	–	–	–	–	–	–
Mr. Zhang Qian (note (3))	–	–	–	–	–	–	–
Mr. Ji Gang	–	–	–	–	–	–	–
Dr. Rui Mingjie	120	–	–	–	–	–	120
Mr. Shen Liqiang (note (2))	120	–	–	–	–	–	120
Dr. Tu Qiyu (note (3))	–	–	–	–	–	–	–
Dr. Xu Jianxin (note (3))	–	–	–	–	–	–	–
Mr. Xie Hongbing (note (3))	–	–	–	–	–	–	–
Dr. He Jianmin (note (3))	–	–	–	–	–	–	–
	240	–	–	–	–	–	240
Supervisors							
Mr. Wang Guoxing	–	–	–	–	–	–	–
Mr. Chen Yinghao (note (6))	–	–	–	–	–	–	–
Mr. Zhao Feng (note (7))	–	140	–	20	27	57	244
Mr. Kuang Ke (note (4))	–	–	–	–	–	–	–
Mr. He Yichi (note (5))	–	–	–	–	–	–	–
Mr. Zhou Qiquan (note (5))	–	–	–	–	–	–	–
Ms. Zhou Yi (note (5))	–	–	–	–	–	–	–
	–	140	–	20	27	57	244
	240	140	–	20	27	57	484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

39 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and supervisors' emoluments (Continued)

(ii) For the year ended 31 December 2019:

Name	Directors'/ Supervisors' fee RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note (7)) RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors							
Mr. Yu Minliang	–	–	–	–	–	–	–
Ms. Guo Lijuan	–	–	–	–	–	–	–
Mr. Chen Liming	–	–	–	–	–	–	–
Mr. Ma Mingju (note (1))	–	–	–	–	–	–	–
Ms. Zhou Wei (note (2))	–	–	–	–	–	–	–
Mr. Sun Yu (note (2))	–	–	–	–	–	–	–
Mr. Zhang Qian (note (3))	–	–	–	–	–	–	–
Mr. Ji Gang	–	–	–	–	–	–	–
Dr. Rui Mingjie	120	–	–	–	–	–	120
Mr. Shen Liqiang (note (2))	60	–	–	–	–	–	60
Dr. Tu Qiyu (note (3))	–	–	–	–	–	–	–
Dr. Xu Jianxin (note (3))	60	–	–	–	–	–	60
Mr. Xie Hongbing (note (3))	60	–	–	–	–	–	60
Dr. He Jianmin (note (3))	60	–	–	–	–	–	60
	360	–	–	–	–	–	360
Supervisors							
Mr. Wang Guoxing	–	–	–	–	–	–	–
Mr. Chen Yinghao	–	264	104	34	59	123	584
Mr. Kuang Ke (note (4))	–	–	–	–	–	–	–
Mr. He Yichi (note (5))	–	254	321	16	9	65	665
Mr. Zhou Qiquan (note (5))	18	–	–	–	–	–	18
Ms. Zhou Yi (note (5))	18	–	–	–	–	–	18
	36	518	425	50	68	188	1,285
	396	518	425	50	68	188	1,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

39 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and supervisors' emoluments (Continued)

Notes:

(1) The Supervisor resigned on 16 November 2018, and has been nominated as an executive director of the Company on 30 January 2019.

(2) The Directors were appointed on 28 June 2019.

(3) The Directors retired upon expiration of the term of office of the fourth session of the Board on 28 June 2019.

(4) The Supervisor was appointed on 28 June 2019.

(5) The Supervisors were retired upon expiration of the term of office of the fourth session of the Supervisory Committee on 28 June 2019.

(6) The Supervisor resigned on 29 July 2020.

(7) The Supervisor was appointed on 29 July 2020.

(8) Other benefits include medical and life insurance premium.

(9) The Company does not have a chief executive who is not a director of the Company (2019: same).

(10) For the years ended 31 December 2020 and 2019, no directors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	At 31 December	
	2020	2019
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**462,313**	463,723
Right-of-use assets	**162,867**	172,015
Investment properties	**85,319**	90,210
Intangible assets	**305**	354
Investments in subsidiaries	**13,008,729**	12,324,454
Investments in joint venture and associates	**1,376,669**	963,330
Financial assets at fair value through other comprehensive income	**15,600**	15,600
Financial assets at fair value through profit or loss	**15,700**	15,700
Trade receivables, prepayments and other receivables	**572,370**	32,111
	15,699,872	14,077,497
Current assets		
Financial assets at fair value through profit or loss	**10**	—
Inventories	**1,442**	2,443
Trade receivables, prepayments and other receivables	**596,227**	715,953
Cash and cash equivalents	**233,391**	238,999
	831,070	957,395
Assets classified as held for sale	**264,493**	—
	1,095,563	957,395
Total assets	**16,795,435**	15,034,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	At 31 December	
	2020	2019
	RMB'000	RMB'000
EQUITY		
Capital and reserves attributable to shareholders of the Company		
Share capital	**5,566,000**	5,566,000
Reserves (note (a))	**4,757,290**	4,747,231
Total equity	**10,323,290**	10,313,231
LIABILITIES		
Non-current liabilities		
Borrowings	**3,338,900**	2,219,600
Deferred income tax liabilities	**541,083**	535,566
Lease liabilities	**45,279**	51,421
	3,925,262	2,806,587
Current liabilities		
Borrowings	**2,180,000**	1,530,000
Trade and other payables and accruals	**354,466**	372,615
Contract liabilities	**6,275**	7,102
Lease liabilities	**6,142**	5,357
	2,546,883	1,915,074
Total liabilities	**6,472,145**	4,721,661
Total equity and liabilities	**16,795,435**	15,034,892

The balance sheet of the Company was approved by the Board of Directors on 31 March 2021 and was signed on its behalf by:

Yu Minliang
Chairman and Executive Director

Ma Mingju
Executive President and Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a) Reserve movement of the Company

	Other reserves					
	Capital surplus RMB'000	Statutory surplus reserve RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2019	1,554,645	537,102	943	2,092,690	2,703,934	4,796,624
Profit for the year	—	—	—	—	395,887	395,887
Profit appropriation	—	37,126	—	37,126	(37,126)	—
Dividends declared (note 32)	—	—	—	—	(445,280)	(445,280)
Balance at 31 December 2019	1,554,645	574,228	943	2,129,816	2,617,415	4,747,231
Profit for the year	—	—	—	—	355,151	355,151
Profit appropriation	—	28,794	—	28,794	(28,794)	—
Dividends declared (note 32)	—	—	—	—	(345,092)	(345,092)
Balance at 31 December 2020	1,554,645	603,022	943	2,158,610	2,598,680	4,757,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2020, the Company had direct and indirect interests in the following principal subsidiaries, joint ventures and associates:

Company name	Country and date of incorporation	Issued/registered and paid in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Type of legal entity
		'000	2020	2019	2020	2019		
(a) Subsidiaries								
Jin Jiang Hotel Company Limited 上海錦江飯店有限公司	Mainland China, 30 May 1982	RMB206,920	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Park Hotel Company Limited 上海錦江國際飯店有限公司	Mainland China, 21 December 1979	RMB91,583	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Cypress Hotel Company Limited 上海龍柏飯店有限公司	Mainland China, 28 January 1984	RMB84,182	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Pacific Hotel Company Limited 上海錦江金門大酒店有限公司	Mainland China, 21 December 1979	RMB40,649	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Marvel Hotel 上海商悅青年會大酒店有限公司	Mainland China, 23 October 1984	RMB40,000	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Rainbow Hotel Company Limited 上海虹橋賓館有限公司	Mainland China, 9 February 1988	RMB21,951	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hua Ting Guest House Company Limited 上海南華亭酒店有限公司	Mainland China, 15 July 2002	RMB26,099	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Hotel Company Limited 上海市上海賓館有限公司	Mainland China, 23 August 1991	RMB88,000	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jing An Hotel Company Limited 上海靜安賓館有限公司	Mainland China, 31 December 2010	RMB46,886	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Jinsha Hotel Company Limited 上海金沙江大酒店有限公司	Mainland China, 22 January 2003	RMB68,000	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Magnolia Hotel Company Limited 上海白玉蘭賓館有限公司	Mainland China, 25 March 1998	RMB59,166	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Plaza Great Wall Hotel Company Limited 上海新亞廣場長城酒店有限公司	Mainland China, 26 April 1994	RMB120,000	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Peace Hotel Company Limited 上海和平飯店有限公司	Mainland China, 11 November 1998	RMB345,460	100.0%	100.0%	–	–	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Type of legal entity
		'000	2020	2019	2020	2019		
(a) Subsidiaries (Continued)								
Shanghai Linqing Hotel Company Limited 上海臨青賓館有限公司	Mainland China, 18 November 1999	RMB16,600	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Kunming Jin Jiang Hotel Company Limited 昆明錦江大酒店有限公司	Mainland China, 7 December 1985	US$8,000	100.0%	100.0%	–	–	Hotel ownership and operations, Kunming, Mainland China	Limited liability company
Finance Company 錦江國際集團財務有限責任公司 (note 36(c))	Mainland China, 16 October 1997	RMB1,000,000	90.5%	100.0%	9.5%	–	Provision of intra-group treasury and financing services, Shanghai, Mainland China	Limited liability company
Jin Jiang Inn Company Limited 錦江之星旅館有限公司	Mainland China, 17 May 1996	RMB179,712	100.0%	100.0%	–	–	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotel Investment Company Limited 上海錦江國際旅館投資有限公司	Mainland China, 20 December 2004	RMB1,225,000	100.0%	100.0%	–	–	Budget hotel ownership, operations and franchising, Shanghai, Mainland China	Limited liability company
Wuhan Jin Jiang International Hotel Company Limited 武漢錦江國際大酒店有限公司	Mainland China, 22 November 2004	RMB220,000	100.0%	100.0%	–	–	Hotel ownership and operations, Wuhan, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Company Limited 上海錦江國際酒店股份有限公司	Mainland China, 9 June 1993	RMB957,936	50.3%	50.3%	49.7%	49.7%	Hotel and restaurant ownership and operations, Shanghai, Mainland China	Joint stock limited company
Shanghai New Asia Food Company Limited 上海新亞食品有限公司	Mainland China, 1 November 1996	RMB11,415	100.0%	100.0%	–	–	Food manufacturing, Shanghai, Mainland China	Limited liability company
Jin Jiang International Hotel Management Company Limited 錦江國際酒店管理有限公司	Mainland China, 1 December 1992	RMB200,000	100.0%	100.0%	–	–	Star-rated hotel management, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Catering Investment Company Limited 上海錦江國際餐飲投資管理有限公司	Mainland China, 1 December 1992	RMB149,930	100.0%	100.0%	–	–	Investment in and operation of restaurants, Shanghai, Mainland China	Limited liability company
Shanghai Jin Ya Hotel Company Limited 上海錦亞旅館有限公司	Mainland China, 1 December 1992	RMB18,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Type of legal entity
		'000	2020	2019	2020	2019		
(a) Subsidiaries (Continued)								
Tianjin Jin Jiang Inn Company Limited 天津錦江之星旅館有限公司	Mainland China, 1 July 2003	RMB40,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Qingdao Jin Jiang Inn Company Limited 青島錦江之星旅館有限公司	Mainland China, 21 March 2005	RMB20,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Qingdao, Mainland China	Limited liability company
Beijing Jin Jiang Inn Investment and Management Company Limited 北京錦江之星旅館投資管理有限公司	Mainland China, 22 July 2003	RMB28,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Beijing, Mainland China	Limited liability company
Shanghai Di Shui Hu Jin Jiang Inn Company Limited 上海滴水湖錦江之星旅館有限公司	Mainland China, 22 September 2005	RMB20,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Min Hotel Company Limited 上海錦閔旅館有限公司	Mainland China, 5 July 2005	RMB40,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai YuJin Hotel Management Company Limited 上海豫錦酒店管理有限公司	Mainland China, 30 October 2008	RMB20,000	60.0%	60.0%	40.0%	40.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Hedong District Jin Jiang Inn Company Limited 天津河東區錦江之星投資有限公司	Mainland China, 15 January 2008	RMB21,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company
Shenyang Songhua River Street Jin Jiang Inn Company Limited 瀋陽松花江街錦江之星旅館有限公司	Mainland China, 21 February 2008	RMB20,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shenyang, Mainland China	Limited liability company
Shanghai Jin Jiang International Hotels Group (HK) Company Limited 上海錦江國際酒店集團(香港)有限公司	Hong Kong, 14, February 2000	HKD70,736	100.0%	100.0%	–	–	Hotel reservation, Hong Kong	Limited liability company
Shanghai Jian Guo Hotel Company Limited 上海建國賓館有限公司	Mainland China, 30 October 1986	RMB80,000	65.0%	65.0%	35.0%	35.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Tianjin Hujin Investment and Management Company Limited 天津滬錦投資管理有限公司	Mainland China, 24 December 2008	RMB18,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Tianjin, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Type of legal entity
		'000	2020	2019	2020	2019		
(a) Subsidiaries (Continued)								
Ningbo Jinbo Hotel Company Limited 寧波錦波旅館有限公司	Mainland China, 19 July 1999	RMB5,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Ningbo, Mainland China	Limited liability company
Zhenjiang Jingkou Jin Jiang Inn Company Limited 鎮江京口錦江之星旅館有限公司	Mainland China, 10 May 2007	RMB10,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Zhenjiang, Mainland China	Limited liability company
West Capital International Hotel Company Limited 西安西京國際飯店有限公司	Mainland China, 17 May 2005	RMB80,000	100.0%	100.0%	–	–	Hotel ownership and operations, Xi'an, Mainland China	Limited liability company
Shanghai Jin Ya Catering Company Limited 上海錦亞餐飲有限公司	Mainland China, 12 December 1997	RMB68,670	100.0%	100.0%	–	–	Fast food operations, Shanghai, Mainland China	Limited liability company
Capital Gathering LLC 上海錦江酒店集團(美國)有限公司	USA 15 May 2009	US$39,600	100.0%	100.0%	–	–	Investment operations, Wilmington, USA	Limited liability company
ShanXi Jinguang Inn Company Limited 山西金廣快捷酒店管理有限公司	China Mainland, 15 August,2006	RMB68,333	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanxi, Mainland China	Limited liability company
Jing An Bakery Holding Co., Ltd 靜安麵包房控股有限公司	British Virgin islands Britain, 21 April 2009	HKD41,692	60.0%	60.0%	40.0%	40.0%	Investment operations, Hong Kong, China	Limited liability company
Shanghai Jin Jiang International Travel Co., Ltd 上海錦江國際旅遊股份有限公司	Mainland China, 24 September 1994	RMB132,556	50.2%	50.2%	49.8%	49.8%	Travel agency, Shanghai, Mainland China	Joint stock limited company
Shanghai Jin Jiang Online Network Service Co., Ltd. (i) 上海錦江在線網絡服務股份有限公司	Mainland China, 24 February 1993	RMB551,610	39.3%	39.3%	60.7%	60.7%	Passenger transportation vehicle and logistics, Shanghai, Mainland China	Joint stock limited company
Shanghai Jing An Bakery Company Limited 上海靜安麵包房有限公司	Mainland China, 1 January 1993	US$1,000	65.9%	65.9%	34.1%	34.1%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. 上海錦江國際低溫物流發展有限公司	Mainland China, 28 August 2006	RMB83,338	100.0%	100.0%	–	–	Provision of logistics management and relevant business services, Shanghai, Mainland China	Limited liability company
Shanghai Shanghai Food Co., Ltd. 上海尚海食品有限公司	Mainland China, 20 February 2010	RMB25,000	100.0%	100.0%	–	–	Trading of food, Shanghai, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Type of legal entity
		'000	2020	2019	2020	2019		
(a) Subsidiaries (Continued)								
Shanghai Jin Jiang Automobile Services Co., Ltd. 上海錦江汽車服務有限公司	Mainland China, 3 May 1993	RMB338,480	95.0%	95.0%	5.0%	5.0%	Provision of vehicle rental services, Shanghai, Mainland China	Limited liability company
Shanghai CITS International Travel Services Co., Ltd. 上海國旅國際旅行社有限公司	Mainland China, 29 December 1993	RMB20,000	100.0%	100.0%	–	–	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Tourism Co., Ltd. 上海錦江旅遊有限公司	Mainland China, 25 August 1993	RMB24,990	100.0%	100.0%	–	–	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Travel Agency Co., Ltd. 上海旅行社有限公司	Mainland China, 2 September 1992	RMB2,000	100.0%	100.0%	–	–	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Jin Can Association Co., Ltd. 上海錦璨會務有限公司	Mainland China, 1 November 2013	RMB10,000	100.0%	100.0%	–	–	Investment operation, Shanghai, Mainland China	Limited liability company
Shanghai Ji Gan Industrial Investment Co., Ltd. 上海佶苷實業投資有限公司	Mainland China, 26 November 2013	RMB1,000	100.0%	100.0%	–	–	Investment operation, Shanghai, Mainland China	Limited liability company
Shenzhen Overseas Chinese Town City Inn Co., Ltd. 深圳市都之華酒店管理有限公司	Mainland China, 23 April 1993	RMB131,400	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang JTB International Exhibition Co., Ltd. ("Jin Jiang JTB") (ii) 上海錦江國際JTB會展有限公司	Mainland China, 11 April 2005	US$1,000	50.0%	50.0%	50.0%	50.0%	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Yan Enterprise Investment Management Co., Ltd. 上海錦琰企業投資管理有限公司	Mainland China, 30 November 2012	RMB78,150	100.0%	100.0%	–	–	Investment operation, Shanghai, Mainland China	Limited liability company
GDL 盧浮集團	France, 27 July 2005	EUR262,037	100.0%	100.0%	–	–	Hotel and restaurant ownership and operations, France	Limited liability company
Keystone Lodging Holdings Limited 鉑濤集團	Mainland China, 17 July 2013	RMB73,434	96.5018%	96.5018%	3.4982%	3.4982%	Hotel ownership and operations, Guangzhou, Mainland China	Limited liability company
Vienna Hotels Group Co., Ltd 維也納酒店有限公司	Mainland China, 12 April 2014	RMB116,392	80.0%	80.0%	20.0%	20.0%	Hotel ownership and operations, Shenzhen, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities and place of operation	Type of legal entity
		'000	2020	2019	2020	2019		
(a) Subsidiaries (Continued)								
Shenzhen Bai Sui Cun Restaurant Chain Co., Ltd 深圳市百歲村餐飲連鎖有限公司	Mainland China, 6 March 2008	RMB1,000	80.0%	80.0%	20.0%	20.0%	Fast food operations, Shenzhen, Mainland China	Limited liability company
Shanghai Xintiantian Cold Logistics Co., Ltd 上海新天天低溫物流有限公司	Mainland China, 31 July 2003	RMB66,179	63.0%	63.0%	37.0%	37.0%	Provision of logistics management and relevant business services, Shanghai, Mainland China	Limited liability company
Shanghai Yangtze Hotel Limited 上海揚子江大酒店有限公司 (note 36(b))	Mainland China, 4 February 1985	RMB1,000,000	50.0%	66.7%	50.0%	33.3%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Auto Trading Service Company Ltd. ("Jin Jiang Auto Trading Service") (iii) 上海錦江汽車銷售服務有限公司 ("錦江汽車銷售服務")	Mainland China, 14 January 2004	RMB5,000	30.0%	30.0%	70.0%	70.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang GPP Supply Chain Co., Ltd. 上海錦江聯採供應鏈有限公司	Mainland China, 14 November 2019	RMB300,000	80.0%	80.0%	20.0%	20.0%	Supply chain management, storage and postal service, Shanghai, Mainland China	Limited liability company
Shanghai Gaoxiao Taxi Company Limited 上海高校出租汽車有限公司	Mainland China, 31 July 1992	RMB3,000	100.0%	100.0%	–	–	Transportation services, Shanghai, Mainland China	Limited liability company
Changchun Jinlv Investment and Management Company Limited 長春錦旅投資管理有限公司	Mainland China, 26 March 2009	RMB2,500	100.0%	100.0%	–	–	Budget hotel ownership and operations, Changchun, Mainland China	Limited liability company
Jin Jiang GDL Asia Company Limited 上海錦江盧浮亞洲酒店管理有限公司	Mainland China, 27 April 2013	RMB7,000	100.0%	100.0%	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Jinjiang Metropolo Hotel Management Company Limited 上海錦江都城酒店管理有限公司	Mainland China, 12 March 2020	RMB43,000	100.0%	–	–	–	Budget hotel ownership and operations, Shanghai, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	% of ownership interest 2020	% of ownership interest 2019	Principal activities and place of operation	Type of legal entity
(b) Joint ventures (iv)						
Shanghai Galaxy Hotel Company Limited 上海銀河賓館有限公司	Mainland China, 22 August 1990	RMB19,885	50.0%	50.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Beijing Kunlun Hotel Company Limited 北京崑崙飯店有限公司 (iv)	Mainland China, 24 May 1988	US$34,167	60.0%	47.5%	Hotel ownership and operations, Beijing, Mainland China	Limited liability company
Shanghai Jin Jiang Tomson Hotel Company Limited 上海錦江湯臣大酒店有限公司	Mainland China, 10 July 1993	US$24,340	50.0%	50.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Shanghai Thayer Jin Jiang Interactive Co., Ltd. 上海錦江德爾互動有限公司	Mainland China, 31 October 2005	US$3,000	50.0%	50.0%	Software development and related services, Shanghai, Mainland China	Limited liability company
Shanghai Tower Jin Jiang Hotel Asset Management Co., Ltd 上海中心大廈錦江酒店資產管理有限公司	Mainland China, 16 May 2011	RMB60,000	50.0%	50.0%	Hotel management, Shanghai, Mainland China	Limited liability company
JHJ International Transportation Co., Ltd. 錦海捷亞國際貨運有限公司	Mainland China, 6 December 1992	US$10,000	50.0%	50.0%	Transportation and logistics, Shanghai, Mainland China	Limited liability company
Shanghai Dazhong New Asia Co., Ltd. 上海大眾新亞出租汽車有限公司	Mainland China, 27 April 2000	RMB30,000	49.5%	49.5%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Jiayou Automobile Services Co., Ltd. 上海錦江佳友汽車服務有限公司	Mainland China, 08 September 1993	RMB24,700	50.0%	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Vehicle Driver Training Centre Co., Ltd 上海市機動車駕駛員培訓中心有限公司	Mainland China, 25 August 1989	RMB4,340	33.3%	33.3%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Zhendong Automobile Services Co., Ltd. 上海振東汽車服務有限公司	Mainland China, 25 June 1991	US$7,900	50.0%	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Jinmao Jin Jiang Automobile Services Co., Ltd. 上海金茂錦江汽車服務有限公司	Mainland China, 11 January 1996	RMB22,000	50.0%	50.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Wubei Parking Garage Co., Ltd 上海烏北停車庫有限公司	Mainland China, 20 July 2016	RMB3,000	50.0%	50.0%	Parking Service, Shanghai, Mainland China	Limited liability company
INCA Hotel Holdings Company LLC	Delaware, USA 2 May, 2016	USD28,238	50.0%	50.0%	Hotel Investment, USA	Limited liability company
Shanghai Jin Jiang Okura Garden Hotel Management Company Limited 上海錦江大倉花園飯店管理有限公司	Mainland China, 06 March 2020	RMB1,400	41.0%	–	Hotel management, Shanghai, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Company name	Country and date of incorporation	Issued/registered and paid in capital	% of ownership interest		Principal activities and place of operation	Type of legal entity
		'000	2020	2019		
(c) Associates (iv)						
Shanghai Kentucky Fried Chicken Company Limited 上海肯德基有限公司	Mainland China, 5 May 1989	US$27,010	42.0%	42.0%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai New Asia Fulihua Catering Company Limited 上海新亞富麗華餐飲股份有限公司	Mainland China, 25 June 1992	RMB35,000	42.0%	42.0%	Restaurant operations, Shanghai, Mainland China	Limited liability company
Shanghai Yoshinoya Company Limited 上海吉野家快餐有限公司	Mainland China, 3 June 2002	US$12,300	42.8%	42.8%	Fast food operations, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Da Hua Hotel Company Limited 上海錦江達華賓館有限公司	Mainland China, 18 February 1982	RMB31,704	30.0%	100.0%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Sofitel Hyland Shanghai Company Limited (note 33(b)(i)) 上海海侖賓館有限公司	Mainland China, 22 November 1985	RMB62,626	44.0%	66.7%	Hotel ownership and operations, Shanghai, Mainland China	Limited liability company
Jiangsu Jin Jiang Nanjing Hotel Company Limited 江蘇錦江南京飯店有限公司	Mainland China, 12 October 1982	RMB34,640	40.0%	40.0%	Hotel ownership and operations, Nanjing, Mainland China	Limited liability company
Jiangsu Nanjing Long Distance Passenger Transport Group Co., Ltd. 江蘇南京長途汽車客運集團有限公司	Mainland China, 4 June 1991	RMB110,000	23.0%	23.0%	Transportation services, Nanjing, Mainland China	Limited liability company
Shanghai Pudong International Airport Cargo Terminal Co., Ltd 上海浦東國際機場貨運站有限公司	Mainland China, 08 October 1999	RMB311,610	20.0%	20.0%	Transportation services, Shanghai, Mainland China	Limited liability company
Shanghai Yongda Fengdu Automobile Distribution and Services Co., Ltd. 上海永達風度汽車銷售服務有限公司	Mainland China, 21 January 2002	RMB15,000	40.0%	40.0%	Trading of automobile and related parts, Shanghai, Mainland China	Limited liability company
Shanghai Jin Jiang Passenger Transport Co., Ltd. 上海錦江客運有限公司	Mainland China, 24 February 2003	RMB10,000	30.0%	30.0%	Transportation services, Shanghai, Mainland China	Limited liability company
China Oriental International Travel & Transport Co., Ltd. 上海東方航空國際旅遊運輸有限公司	Mainland China, 16 August 1990	RMB8,000	49.0%	49.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Waihang International Travel Service Co., Ltd. 上海外航國際旅行社有限公司	Mainland China, 25 May 1993	RMB3,500	30.0%	30.0%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Oneday Travel Service Co., Ltd. 上海一日旅行社有限公司	Mainland China, 4 May 1999	RMB3,500	22.9%	22.9%	Travel agency, Shanghai, Mainland China	Limited liability company
Shanghai Juxing Real Estate Management Co., Ltd. 上海聚星物業管理有限公司	Mainland China, 10 January 2000	RMB1,000	24.7%	24.7%	Property management, Shanghai, Mainland China	Limited liability company
Shanghai Qi Cheng Network Technology Co., Ltd. 上海齊程網絡科技有限公司	Mainland China, 16 February 2017	RMB1,000,000	20.0%	20.0%	Network Technology and E-Commerce, Shanghai, Mainland China	Limited liability company

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41 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

(i) Although the Company holds less than half of the equity interests in Jin Jiang Online and therefore has less than half of its voting rights, the Director concludes that the Company has de facto control over Jin Jiang Online and accounts for it as a subsidiary after taking into consideration, among the things: (a) the dispersed shareholder structure excluding those interests directly and indirectly held by the Company; (b) the ability to demonstrate effective control during the shareholders' meetings and board meetings; and (c) the extent of involvement of directors of Jin Jiang Online nominated by the Company in its operational and financial policy setting and decision making.

(ii) Although Jin Jiang Travel holds 50% equity interests in Jin Jiang JTB, it is concluded that Jin Jiang Travel has control over Jin Jiang JTB and accounts for it as a subsidiary, after taking into consideration that a majority (2 out of 3) of the board of Jin Jiang JTB can be appointed by the Company, and Jin Jiang Travel is exposed to or has rights to variable returns from its involvement with Jin Jiang JTB and has the ability to affect those returns through its power over Jin Jiang JTB.

(iii) In accordance with the Concerted Action Agreement between Jin Jiang Online and Shanghai Jin Jiang Passenger Transport Company Ltd. ("Jin Jiang Passenger Transport"), another shareholder of Jin Jiang Auto Trading Service, Jin Jiang Passenger Transport will conduct consistent actions with Jin Jiang Online when exercising the shareholders' voting rights in Jin Jiang Auto Trading Service. After considering the Concerted Action Agreement, Jin Jiang Online is exposed to or has rights to variable returns from its involvement with Jin Jiang Auto Trading Service and has the ability to affect those returns through its power over Jin Jiang Auto Trading Service. As a result, although Jin Jiang Online holds 30% equity interests in Jin Jiang Auto Trading Service, it is concluded that Jin Jiang Online has control over Jin Jiang Auto Trading Service and accounts for it as a subsidiary.

(iv) As disclosed in note 33(b)(i), the Company additional acquired 12.50% equity interest in Kunlun Hotel. Thereafter the Group holds 60% equity interest in Kunlun Hotel and accounts for it as a joint venture, after taking into consideration that the Group is not able to appoint the majority members of the board of Kunlun Hotel and does not have control over Kunlun Hotel.

(v) All investments in joint ventures and associates are accounted for using equity method in the consolidated financial statements of the Group. All the principal joint ventures and associates provide products and services in connection with Hotel Related Businesses, Passenger Transportation Vehicle and Logistics Businesses or Travel Agency Businesses, and are the strategic partnerships of the Group.

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42 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) Refer to note 33(b)(i) for the subsequent transactions related to Sofitel Hyland and Jian Guo Hotel, which will not have material impact on the Company's consolidated income statement. The Company acquired 35% interest equity of Jian Guo Hotel, which is a transaction with non-controlling interest, and Jian Guo Hotel became a wholly-owned subsidiary of the Company in January 2021.

(ii) On 28 January 2021, Jin Jiang Hotels received the "Reply on Approval for the Non-public Issuance of Shares by Shanghai Jin Jiang International Hotels Company Limited" (Zheng Jian Xu Ke [2021] No. 208) from China Securities Regulatory Commission. The non-public issuance of not more than 150 million new shares by Jin Jiang Hotels has been approved. This non-public issuance has been completed on 19 March 2021. Total 112,107,623 shares have been issued to certain investors at a consideration of RMB44.60 per share.

The Company has resolved not to participate in the subscription for new A shares under the Jin Jiang Hotels. Following the completion of the new issuance, the equity interest of Jin Jiang Hotels held by the Company will reduce from 50.32% to 43.50% at most. However, it will not result in the Company's loss of control over Jin Jiang Hotels and will not result in the recognition of any gain or loss in the Company's consolidated income statement.

43 RESTATEMENT

As explained in note 37, the Acquisition is regarded as a common control combination and accounted for using the principles of merger accounting in accordance with Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the HKICPA. Since completion of the Acquisition, the financial statements of Gaoxiao Taxi have been included in the consolidated financial statements of the Group for the year ended 31 December 2020 as if the Acquisition had occurred from the date when Gaoxiao Taxi first came under the control of Jin Jiang International Group. Comparative figures as at 31 December 2019 and for the year then ended were also restated on the same basis. As the restatement is not due to a change of accounting policy or a correction of an error, no third consolidated balance sheet at the beginning of the earliest comparative period is presented.