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Shanghai Jin Jiang Capital Company Limited*

上海錦江資本股份有限公司

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

(Stock Code: 02006)

ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2021 (RMB'000)	Six months ended 30 June 2020 (RMB'000)	Increase/ decrease (%)
Revenue	7,580,502	5,921,948	28.0%
Operating profit	507,516	135,219	275.3%
Profit/(loss) attributable to shareholders of the Company	15,055	(238,456)	106.3%
Earnings/(loss) per share (expressed in RMB cents)	0.27	(4.28)	106.3%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,202,850	1,648,014	33.7%

RESULTS SUMMARY

The Board hereby announces the unaudited consolidated interim results of the Group. The interim results have been reviewed by the Audit and Risk Control Committee. While the hotel, food and restaurants, passenger transportation vehicles and logistics and travel agency businesses of the Group have been materially affected due to the ongoing impact of the COVID-19 epidemic in China and overseas and the external environment, the domestic hotel, food and restaurants, passenger transportation businesses reported notable recovery as compared to the first half of 2020 following more rigorous epidemic prevention and control in the PRC and the roll-out of vaccination. For the six months ended 30 June 2021, revenue of the Group amounted to approximately RMB7,580,502,000, representing an increase of approximately 28.0% as compared to the same period of last year. Operating profit of the Group was approximately RMB507,516,000, representing an increase of approximately 275.3% as compared to the same period of last year. EBITDA amounted to approximately RMB2,202,850,000, representing an increase of approximately 33.7% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB15,055,000, representing an increase of approximately RMB253,511,000 as compared to the loss attributable to shareholders of the Company of approximately RMB238,456,000 of the same period of last year. Earnings per share were approximately RMB0.27 cents, increasing by approximately RMB4.55 cents as compared to the loss per share of approximately RMB4.28 cents of the same period of last year.

**SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN
ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS
("HKFRS")**

UNAUDITED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
Revenue	4(a)	7,580,502	5,921,948
Cost of sales	5	<u>(5,908,391)</u>	<u>(5,434,429)</u>
Gross profit		1,672,111	487,519
Other income and gain	6	525,800	1,008,440
Selling and marketing expenses	5	(514,011)	(459,614)
Administrative expenses	5	(1,135,692)	(822,531)
Net impairment losses on financial assets		(1,752)	—
Other expenses and losses		<u>(38,940)</u>	<u>(78,595)</u>
Operating profit		507,516	135,219
Finance costs — net		(394,358)	(460,674)
Share of results of joint ventures and associates accounted for using the equity method		<u>91,574</u>	<u>23,960</u>
Profit/(loss) before income tax		204,732	(301,495)
Income tax (expense)/credit	7	<u>(25,777)</u>	<u>126,866</u>
Profit/(loss) for the period		<u>178,955</u>	<u>(174,629)</u>
Attributable to:			
Shareholders of the Company		15,055	(238,456)
Non-controlling interests		<u>163,900</u>	<u>63,827</u>
		<u>178,955</u>	<u>(174,629)</u>
Earnings/(loss) per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)			
— basic and diluted	8	<u>0.27</u>	<u>(4.28)</u>

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit/(loss) for the period	178,955	(174,629)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Cash flow hedges	—	639
Currency translation differences	(7,038)	(19,119)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of equity investments at fair value through other comprehensive income — gross	15,247	(127,258)
Changes in fair value of equity investments at fair value through other comprehensive income — tax	(3,812)	31,815
Remeasurements of post-employment benefit obligations	3,718	—
Total other comprehensive income/(loss) for the period	8,115	(113,923)
Total comprehensive income/(loss) for the period	187,070	(288,552)
Attributable to:		
Shareholders of the Company	23,239	(285,322)
Non-controlling interests	163,831	(3,230)
	187,070	(288,552)

UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2021

		As at 30 June 2021	As at 31 December 2020
	<i>Note</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		9,726,358	10,238,556
Right-of-use assets		10,841,945	11,614,589
Investment properties		416,608	433,059
Intangible assets		18,316,952	18,681,963
Investments accounted for using the equity method		2,122,932	2,159,242
Financial assets at fair value through other comprehensive income		1,647,332	1,642,529
Financial assets at fair value through profit or loss		593,980	598,980
Deferred income tax assets		586,735	611,499
Trade receivables, prepayments and other receivables	10	652,616	736,045
		<u>44,905,458</u>	<u>46,716,462</u>
Current assets			
Financial assets at fair value through profit or loss		761,619	560,742
Inventories		241,645	281,217
Trade receivables, prepayments and other receivables	10	4,629,566	3,823,655
Restricted cash		542,609	582,418
Bank deposits with maturities over 3 months		531,340	801,000
Cash and cash equivalents		13,535,880	8,112,300
		<u>20,242,659</u>	<u>14,161,332</u>
Assets classified as held for sale		<u>300,720</u>	<u>835,375</u>
		<u>20,543,379</u>	<u>14,996,707</u>
Total assets		<u><u>65,448,837</u></u>	<u><u>61,713,169</u></u>

		As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		5,566,000	5,566,000
Reserves		7,493,842	3,927,209
		<u>13,059,842</u>	9,493,209
Non-controlling interests		11,261,742	<u>10,359,933</u>
Total equity		<u>24,321,584</u>	<u>19,853,142</u>
LIABILITIES			
Non-current liabilities			
Borrowings		10,612,234	14,936,856
Lease liabilities		8,663,825	9,472,036
Deferred income tax liabilities		1,938,994	2,020,610
Trade and other payables and accruals	11	1,191,890	1,201,847
Contract liabilities		116,249	120,334
		<u>22,523,192</u>	<u>27,751,683</u>
Current liabilities			
Borrowings		7,186,078	2,540,844
Lease liabilities		1,568,920	1,593,539
Income tax payable		246,259	460,600
Dividend payable to shareholders of the Company	9	56,773	—
Trade and other payables and accruals	11	8,537,548	8,358,057
Contract liabilities		1,008,483	1,155,304
		<u>18,604,061</u>	<u>14,108,344</u>
Total liabilities		<u>41,127,253</u>	<u>41,860,027</u>
Total equity and liabilities		<u>65,448,837</u>	<u>61,713,169</u>

NOTES TO THE SELECTED UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was established on 16 June 1995 and its holding company is 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 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 Jin Jiang Online and Jin Jiang Travel.

The Company’s shares have been listed on the Main Board of the Stock Exchange 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, the PRC.

The Group 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 unaudited condensed consolidated interim financial statements were approved for issue by the Board on 31 August 2021.

Key event

The private placing of shares by Jin Jiang Hotels

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. Jin Jiang Hotels conducted a private placing of 112,107,623 A shares at an issue price of RMB44.60 with a nominal value of RMB1.00 per share with the cash consideration of RMB4,978,545,000 (netting off transaction cost). This private placing has been completed on 19 March 2021.

The Company's interest in Jin Jiang Hotels as a percentage of Jin Jiang Hotels's total issued share capital reduced from 50.32% to 45.05% after the completion of the private placing. Although the Company holds less than half of the equity interests in Jin Jiang Hotels and therefore has less than half of its voting rights, the Directors conclude that the Company has de facto control over Jin Jiang Hotels 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 Hotels nominated by the Company in its operational and financial policy setting and decision making.

The Group recognised RMB886,216,000 as an increase in non-controlling interest and the difference of RMB4,092,329,000 between the carrying amount of the 5.27% equity interests and the consideration was recognised in other reserves.

2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements except for the adoption of new and amended standards as set out below.

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

(a) New and amended standards adopted by the Group:

A number of new standards, amendments and interpretation to existing standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

	Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 1 January 2021

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
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		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1 and HKAS 28	Presentation of financial statements, accounting policies, changes in accounting estimates and errors	1 January 2023

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4 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; and
- (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 period.

(a) Segment revenue

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Full Service Hotels	686,040	456,966
— Accommodation revenue	281,456	174,822
— Food and beverage sales	219,536	111,226
— Rendering of ancillary services	33,524	32,885
— Rental revenue	85,562	65,352
— Sales of hotel supplies	1,832	2,195
— Hotel management	64,130	70,486
Select Service Hotels — managed and operated in Mainland China	4,353,446	3,050,713
— Accommodation revenue	1,792,072	1,329,316
— Food and beverage sales	121,677	68,095
— Rendering of ancillary services	143,428	44,785
— Rental revenue	46,475	45,582
— Sales of hotel supplies	290,055	284,475
— Hotel management and franchise	1,766,105	1,174,840
— Revenue under customer loyalty programme	193,634	103,620
Select Service Hotels — managed and operated overseas	834,233	910,358
— Accommodation revenue	488,847	513,676
— Catering and sales of products	131,833	174,240
— Hotel management and franchise	204,551	216,922
— Others	9,002	5,520
Food and Restaurants	177,519	145,642
Passenger Transportation Vehicles and Logistics	1,325,408	1,148,164
— Vehicle operating	437,823	404,902
— Trading of automobile	738,296	579,761
— Refrigerated logistics	130,075	90,300
— Others	19,214	73,201
Travel Agency	137,911	148,639
— Travel agency	117,567	129,736
— Others	20,344	18,903
Other Operations	65,945	61,466
	<u>7,580,502</u>	<u>5,921,948</u>

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 six months ended 30 June 2021 and the six months ended 30 June 2020.

(b) Other segment information

The segment results for the six months ended 30 June 2021 are as follows:

	Select Service Hotels — managed and operated in		Select Service Hotels — managed and operated overseas	Food and Restaurants	Passenger Transportation		Other Operations	The Group
	Full Service Hotels RMB'000	Mainland China RMB'000			Vehicles and Logistics RMB'000	Travel Agency RMB'000		
External revenue <i>(note 4(a))</i>	686,040	4,353,446	834,233	177,519	1,325,408	137,911	65,945	7,580,502
Inter-segment revenue	891	42,385	9,593	4,608	3,678	2,337	64,804	128,296
Total gross segment revenue	686,931	4,395,831	843,826	182,127	1,329,086	140,248	130,749	7,708,798
Revenue from contracts with customers:								
— Recognised at a point of time	221,368	411,732	131,833	168,271	665,030	1,063	—	1,599,297
— Recognised over time	379,110	3,895,239	702,400	9,248	641,606	125,400	65,945	5,818,948
	600,478	4,306,971	834,233	177,519	1,306,636	126,463	65,945	7,418,245
Revenue from other sources:								
— Rental revenue	85,562	46,475	—	—	18,772	11,448	—	162,257
(Loss)/profit for the period	(31,677)	411,809	(355,526)	170,040	60,940	12,001	(88,632)	178,955
Other income and gain <i>(note 6)</i>	16,533	89,895	211,275	99,528	30,706	39,151	38,712	525,800
Including: interest income from bank deposits <i>(note 6)</i>	1,357	16,317	340	40	9,133	1,225	30,903	59,315
Depreciation of property, plant and equipment <i>(note 5)</i>	(84,923)	(349,481)	(290,326)	(3,766)	(94,655)	(1,314)	(3,564)	(828,029)
Depreciation of right-of-use assets <i>(note 5)</i>	(35,455)	(523,180)	(113,459)	(5,094)	(4,596)	(82)	(3,296)	(685,162)
Depreciation of investment properties <i>(note 5)</i>	(3,590)	(9,144)	—	—	(1,084)	(2,633)	—	(16,451)
Amortisation of intangible assets <i>(note 5)</i>	(8,508)	(24,233)	(38,650)	(51)	(1,904)	(522)	(250)	(74,118)
Finance costs — net	(83,600)	(151,138)	(104,037)	(1,860)	(6,472)	(7)	(47,244)	(394,358)
Share of results of joint ventures and associates accounted for using the equity method	(42,006)	(2,105)	1,447	80,975	53,863	88	(688)	91,574
Income tax credit/(expense) <i>(note 7)</i>	135,276	(222,316)	90,723	(1,271)	(11,526)	(809)	(15,854)	(25,777)
Additions to non-current assets (other than financial instruments and deferred tax assets)	55,739	170,707	331,383	420	170,995	2,097	4,736	736,077

The segment results for the six months ended 30 June 2020 are as follows:

	Select Service Hotels — managed and operated in		Select Service Hotels — managed and operated overseas	Food and Restaurants	Passenger Transportation		Other Operations	The Group
	Full Service Hotels RMB'000	Mainland China RMB'000			Vehicles and Logistics RMB'000	Travel Agency RMB'000		
External revenue (note 4(a))	456,966	3,050,713	910,358	145,642	1,148,164	148,639	61,466	5,921,948
Inter-segment revenue	2,282	4,054	—	4,577	140	18	34,691	45,762
Total gross segment revenue	<u>459,248</u>	<u>3,054,767</u>	<u>910,358</u>	<u>150,219</u>	<u>1,148,304</u>	<u>148,657</u>	<u>96,157</u>	<u>5,967,710</u>
Revenue from contracts with customers:								
— Recognised at a point of time	113,421	352,570	174,240	145,004	546,914	499	—	1,332,648
— Recognised over time	278,193	2,652,561	736,118	638	538,390	138,284	61,466	4,405,650
	<u>391,614</u>	<u>3,005,131</u>	<u>910,358</u>	<u>145,642</u>	<u>1,085,304</u>	<u>138,783</u>	<u>61,466</u>	<u>5,738,298</u>
Revenue from other sources:								
— Rental revenue	65,352	45,582	—	—	62,860	9,856	—	183,650
(Loss)/profit for the period	<u>(304,048)</u>	<u>309,578</u>	<u>(306,697)</u>	<u>135,374</u>	<u>60,554</u>	<u>24,603</u>	<u>(93,993)</u>	<u>(174,629)</u>
Other income and gain (note 6)	21,303	712,308	37,791	100,243	58,066	43,400	35,329	1,008,440
Including: interest income from bank deposits (note 6)	5,534	8,211	676	79	7,708	1,252	359	23,819
Depreciation of property, plant and equipment (note 5)	(86,807)	(379,876)	(149,343)	(1,805)	(108,321)	(1,675)	(1,112)	(728,939)
Impairment loss of property, plant and equipment (note 5)	—	(1,742)	—	—	—	—	—	(1,742)
Depreciation of right-of-use assets (note 5)	(28,936)	(495,887)	(124,882)	(6,400)	(4,133)	(1,373)	(2,904)	(664,515)
Depreciation of investment properties (note 5)	(2,488)	(9,550)	—	—	(1,066)	(2,634)	—	(15,738)
Amortisation of intangible assets (note 5)	(1,777)	(64,222)	(12,974)	(65)	(31)	(256)	(318)	(79,643)
Finance costs — net	(84,974)	(179,896)	(93,983)	(1,100)	(873)	(160)	(99,688)	(460,674)
Share of results of joint ventures and associates accounted for using the equity method	(48,444)	(2,821)	(8,446)	46,664	43,302	94	(6,389)	23,960
Income tax credit/(expense) (note 7)	43,630	(56,065)	154,326	(3,855)	(11,473)	(727)	1,030	126,866
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>39,569</u>	<u>227,307</u>	<u>132,217</u>	<u>26,908</u>	<u>63,517</u>	<u>1,005</u>	<u>1,154</u>	<u>491,677</u>

The segment assets and liabilities as at 30 June 2021 are as follows:

	Select Service Hotels — managed and operated in		Select Service Hotels — managed and operated	Food and Restaurants	Passenger Transportation		Other Operations	The Group
	Full Service Hotels RMB'000	Mainland China RMB'000			Vehicles and Logistics RMB'000	Travel Agency RMB'000		
Segment assets	5,749,458	25,129,830	15,517,163	583,324	3,768,758	1,073,923	11,503,449	63,325,905
Investments accounted for using the equity method	873,922	86,905	47,640	209,161	836,791	3,320	65,193	2,122,932
Total assets	<u>6,623,380</u>	<u>25,216,735</u>	<u>15,564,803</u>	<u>792,485</u>	<u>4,605,549</u>	<u>1,077,243</u>	<u>11,568,642</u>	<u>65,448,837</u>
Segment liabilities	<u>2,049,492</u>	<u>11,763,035</u>	<u>15,242,185</u>	<u>177,144</u>	<u>1,021,004</u>	<u>290,762</u>	<u>10,583,631</u>	<u>41,127,253</u>

The segment assets and liabilities at 31 December 2020 are as follows:

	Select Service Hotels — managed and operated in		Select Service Hotels — managed and operated	Food and Restaurants	Passenger Transportation		Other Operations	The Group
	Full Service Hotels RMB'000	Mainland China RMB'000			Vehicles and Logistics RMB'000	Travel Agency 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	<u>6,900,400</u>	<u>26,060,213</u>	<u>16,024,368</u>	<u>842,083</u>	<u>4,648,591</u>	<u>962,431</u>	<u>6,275,083</u>	<u>61,713,169</u>
Segment liabilities	<u>2,390,799</u>	<u>12,770,056</u>	<u>15,406,637</u>	<u>282,776</u>	<u>1,152,391</u>	<u>279,932</u>	<u>9,577,436</u>	<u>41,860,027</u>

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 unaudited condensed consolidated interim income statement.

Other income and gain in the segment of “Select Service Hotels — managed and operated in Mainland China” for the six months ended 30 June 2020 included a gain on disposal of equity interest in subsidiaries of RMB318,316,000.

5 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expense	2,891,331	2,592,845
Changes in inventories	1,237,719	1,033,719
Depreciation of property, plant and equipment	828,029	728,939
Depreciation of right-of-use assets	685,162	664,515
Utility cost and consumables	409,801	331,906
Advertising costs	154,925	121,330
Operating leases and property services	130,769	99,425
Commissions paid to agencies	126,880	106,740
Property tax, value-added tax (“VAT”) based on a simplified method and other tax surcharges	102,275	103,964
Amortisation of intangible assets	74,118	79,643
Telecommunication expenses	58,515	35,222
Consulting fee	46,017	30,519
Transportation expenses	38,198	33,812
Depreciation of investment properties	16,451	15,738
Auditors’ remuneration	16,311	17,407
Entertainment expenses	3,227	2,906
Impairment loss of property, plant and equipment	—	1,742
COVID-19-related rent concessions	—	(67,071)
Others	738,366	783,273
	<u>7,558,094</u>	<u>6,716,574</u>

6 OTHER INCOME AND GAIN

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants income (a)	270,581	390,200
Dividend income	135,706	175,087
— Unlisted Equity Investments	97,290	96,860
— Listed Equity Investments	38,416	78,227
Interest income from bank deposits	59,315	23,819
Gain on disposal of property, plant and equipment	20,973	4,903
Realised fair value gain on financial assets at fair value through profit or loss	4,056	5,552
Unrealised fair value gain on financial assets at fair value through profit or loss	2,041	—
Gain on disposal of equity interest in subsidiaries	—	318,316
Others	33,128	90,563
	<u>525,800</u>	<u>1,008,440</u>

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

7 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Mainland China current corporate income tax (“CIT”)	65,545	188,690
Overseas current corporate income tax	12,280	6,913
Deferred tax:		
Mainland China deferred income tax	57,207	(163,733)
Overseas deferred income tax	(109,255)	(158,736)
	<u>25,777</u>	<u>(126,866)</u>

Other than the subsidiaries registered in Tibet with preferential income tax rate of 15% (the six months ended 30 June 2020: 15%), provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the six months ended 30 June 2021 (the six months ended 30 June 2020: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax has been provided at the rate of taxation prevailing in which the Group operates on the estimated assessable profits for the period.

GDL mainly operates in France and subject to income tax at 26.5% for the six months ended 30 June 2021 (the six months ended 30 June 2020: 32.02%).

8 EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
Profit/(loss) attributable to shareholders of the Company (RMB'000)	15,055	(238,456)
Weighted average number of ordinary shares in issue (thousands)	<u>5,566,000</u>	<u>5,566,000</u>
Basic earnings/(loss) per share (RMB cents)	<u>0.27</u>	<u>(4.28)</u>

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

9 DIVIDENDS

The final dividend for the year 2020 of RMB1.02 cents (2019 final dividend: RMB6.2 cents) per share, totalling RMB56,773,000 (2019 final dividend: RMB345,092,000) will be paid subsequently in the second half of 2021. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020 interim dividend: nil).

10 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade receivables	1,498,193	1,451,073
Less: provision for impairment of trade receivables	<u>(247,198)</u>	<u>(252,626)</u>
Trade receivables — net	<u>1,250,995</u>	<u>1,198,447</u>
Other receivables		
— Loans to related parties by Finance Company	969,150	870,200
— Lease receivable	518,816	545,870
— Other amounts due from related parties	456,448	230,722
— Deposits	321,153	348,054
— Government grants receivables	255,016	255,016
— Dividend receivables	193,591	21,737
— Loans to related parties by the Group other than Finance Company	134,625	135,825
— Accrued rental revenue	32,983	40,877
— Interest receivables	19,145	5,757
— Receivable related to disposal of operating vehicles	18,410	25,756
— Others	74,036	38,249
Less: provision for impairment of other receivables	<u>(86,591)</u>	<u>(87,981)</u>
	<u>2,906,782</u>	<u>2,430,082</u>
Prepayments		
— Prepayments to suppliers	714,988	542,596
— VAT recoverable, other prepaid tax and recoverable tax	<u>409,417</u>	<u>388,575</u>
	<u>1,124,405</u>	<u>931,171</u>
Prepayments and other receivables — net	<u>4,031,187</u>	<u>3,361,253</u>
	<u>5,282,182</u>	<u>4,559,700</u>
Less: non-current portion of trade receivables, prepayments and other receivables	<u>(652,616)</u>	<u>(736,045)</u>
Current portion of trade receivables, prepayments and other receivables	<u>4,629,566</u>	<u>3,823,655</u>

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Less than 6 months	1,134,578	1,181,956
6 months to 1 year	131,433	55,883
Over 1 year	232,182	213,234
	<u>1,498,193</u>	<u>1,451,073</u>

The carrying amount of the financial assets of trade receivables and other receivables approximates their fair value.

11 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade payables	662,350	930,761
Deposits from related parties in Finance Company	3,659,364	3,033,522
Employee benefits payables	2,068,245	2,127,197
Receipts on behalf of the franchisees	718,099	718,197
Deposits from lessees and constructors	526,233	499,942
Other tax payables	387,538	337,936
Payables for purchases of property, plant and equipment and intangible assets	301,620	385,542
Accrued expenses	282,727	247,969
Other amounts due to related parties	269,174	197,472
Dividend payable to non-controlling interests	209,793	263,055
Defined benefit plan of GDL	93,234	99,640
Deferred government grants	81,326	83,503
Notes payable	68,600	116,350
Provisions for other liabilities and charges	53,260	48,348
Payables related to the disposal of Shanghai Galaxy Hotel Co., Ltd.	36,962	36,962
Financial liabilities due to put options granted to holders of non-controlling interests	36,626	33,116
Interest payable	33,602	43,129
Deferred payment of acquisition of subsidiaries	12,813	13,911
Others	227,872	343,352
	<u>9,729,438</u>	<u>9,559,904</u>
Less: non-current portion of trade and other payables and accruals	<u>(1,191,890)</u>	<u>(1,201,847)</u>
Current portion of trade and other payables and accruals	<u>8,537,548</u>	<u>8,358,057</u>

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Less than 3 months	552,944	820,580
3 months to 1 year	78,140	76,316
Over 1 year	31,266	33,865
	<u>662,350</u>	<u>930,761</u>

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

12 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted yet not incurred is as follows:

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Acquisition of property, plant and equipment	<u>97,028</u>	<u>54,900</u>

(b) Operating lease commitments

The Group leases out space in hotels under non-cancellable operating lease agreements.

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.

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Not later than 1 year	124,072	130,083
Later than 1 year and not later than 5 years	323,054	340,161
Later than 5 years	108,042	141,016
	<u>555,168</u>	<u>611,260</u>

(c) Loan commitments

As at 30 June 2021, loan commitments of RMB66,750,000 (31 December 2020: RMB88,644,000) represent undrawn loan facilities offered by Finance Company and granted to related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first half of 2021, the Group made consistent advances in quality and efficiency enhancement as well as innovative transformation in its businesses subject to the implementation of anti-epidemic measures in adherence to the general working principle of progress in stability, as it actively addressed the challenge of uncertainties in the global COVID-19 epidemic situation and the external environment. The Group was engaged in active market development with an emphasis on delicacy management underpinned by consistent efforts to optimise its cost structure, control operational risks and enhance safety management, while actively supporting anti-epidemic initiatives in genuine fulfilment of its corporate social responsibility.

For the Reporting Period, the Group recorded revenue of approximately RMB7,580,502,000, representing an increase of approximately 28.0% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB507,516,000, representing an increase of approximately 275.3% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB15,055,000, representing an increase of approximately RMB253,511,000 as compared to the loss attributable to shareholders of the Company of approximately RMB238,456,000 of the same period of last year.

As at the end of the Reporting Period, the Group owned or managed 9,907 hotels in operation throughout the world, with a Total Number of Rooms of approximately 980,000 in 63 countries, amongst which approximately 8,645 hotels in operation with approximately 880,000 rooms were owned or managed by the Group in the PRC. Moreover, 5,216 hotels with approximately 520,000 rooms of the Group were under construction over the world. In terms of the number of hotel guest rooms in operation, the Group together with the guest rooms in operation of Radisson Hotel Group under Jin Jiang International Group ranked 2nd in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in August 2021.

During the Reporting Period, Mr. Yu Minliang ceased to be an executive Director, chairman of the Board and chairman of the nomination committee of the Board owing to age reasons. Mr. Zhao Qi was appointed as an executive Director, the chairman of the Board and the member and chairman of the nomination committee of the Board.

During the Reporting Period, custodian registration with China Securities Depository and Clearing Corporation Limited, Shanghai Branch in respect of the new shares issued under the non-public issuance of Jin Jiang Hotels, a subsidiary of the Company, was completed on 19 March 2021. Net proceeds from the non-public issuance of 112,107,623 ordinary shares (A shares) at an issue price of RMB44.60 per share was approximately RMB4,978,545,000 after deduction of related issue expenses (excluding tax). The aforesaid proceeds have been received in full.

During the Reporting Period, in tandem with the Company's strategic development planning and the direction of industry consolidation, Jin Jiang Online, a subsidiary of the Company, was renamed from "Shanghai Jin Jiang International Industrial Investment Company Limited" to "Shanghai Jin Jiang Online Network Service Company Limited". Through the advancement of corporate transformation and upgrade, it will accelerate the online development of its business and forge a one-stop platform for daily-living services in online and offline integration through connection and coordination of the advantageous resources of the Group's related business chains on the back of intelligentisation, digitalisation and online technologies.

During the Reporting Period, Jin Jiang Hotels, a subsidiary of the Company, entered into the equity transfer agreement with Fortune News International Limited (ultimately wholly-owned by Mr. Zheng Nanyan) and Mr. Zheng Nanyan, pursuant to which Jin Jiang Hotels shall acquire 3.49825% equity interest in Keystone held by Fortune News International Limited for a cash consideration of approximately RMB351,216,000. Following the completion of the transaction, the percentage of Jin Jiang Hotels's shareholdings in Keystone increased from 96.50175% to 100%.

Operational Statistics of Hotels

	January to June 2021	January to June 2020
Average Occupancy Rate		
Full Service Hotels		
— 5-star Luxury Hotels	48%	22%
— 4-star Luxury Hotels	58%	29%
Select Service Hotels in the PRC	66%	47%
— Middle-end hotels	69%	52%
— Budget hotels	60%	40%
Select Service Hotels outside the PRC	37%	35%
— Middle-end hotels	34%	37%
— Budget hotels	38%	34%
ADR (RMB/room)		
Full Service Hotels		
— 5-star Luxury Hotels	718	963
— 4-star Luxury Hotels	394	404
Select Service Hotels in the PRC	211	187
— Middle-end hotels	245	222
— Budget hotels	151	137
Select Service Hotels outside the PRC (EUR/room)	50	55
— Middle-end hotels (EUR/room)	58	65
— Budget hotels (EUR/room)	48	51
RevPAR (RMB/room)		
Full Service Hotels		
— 5-star Luxury Hotels	346	212
— 4-star Luxury Hotels	227	118
Select Service Hotels in the PRC	139	87
— Middle-end hotels	170	116
— Budget hotels	91	55
Select Service Hotels outside the PRC (EUR/room)	19	19
— Middle-end hotels (EUR/room)	20	24
— Budget hotels (EUR/room)	18	17

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, Golden Tulip Shanghai Rainbow, Shanghai Hotel, Shanghai Jing An 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 (康铂)”, “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”.

Full Service Hotels

The business of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, Full Service Hotels contributed approximately RMB686,040,000 to the Group’s revenue, increasing by approximately 50.1% as compared to the same period of last year and accounting for approximately 9.1% of the Group’s turnover, as the demand for hotel accommodation was still subject to substantial impact owing to restrictions for domestic and overseas business and tourist travels under the continuous impact of the COVID-19 epidemic, although there was notable recovery as compared to the same period of 2020.

As at the end of the Reporting Period, the Group owned or managed 82 Full Service Hotels which were in operation across the world, offering approximately 25,000 guest rooms, among which 63 hotels with approximately 18,000 guest rooms were owned by third parties but managed by the Group.

During the Reporting Period, the Full Service Hotels under the Company continued to enhance 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”, “time-share holiday rooms”, “assuring dining” and “assuring lunch boxes”. Through activities such as holiday promotion, special-theme marketing and the “5.5 Shopping Festival”, there was an increase in hotel revenue.

Select Service Hotels

The business of Select Service Hotels represents another principal business of the Group, mainly covering Select Service Hotels operated in China and overseas.

During the Reporting Period, continuous growth in the business scale of Select Service Hotels contributed approximately RMB5,187,679,000 to the revenue of the Group, representing an increase of approximately 31.0% as compared to the same period of last year and accounting for approximately 68.4% of the Group's turnover.

As at the end of the Reporting Period, there were 9,825 Select Service Hotels in operation offering 959,158 guest rooms in total. Analysed by the nature of the hotel properties, there were 915 self-managed hotels (accounting for approximately 9.31%) offering 103,471 guest rooms (accounting for approximately 10.79%) and 8,910 franchised hotels (accounting for approximately 90.69%) offering 855,687 guest rooms (accounting for approximately 89.21%). Analysed by the class of hotel brands, there were 4,868 middle-end hotels (accounting for approximately 49.55%) offering 556,558 guest rooms (accounting for approximately 58.03%) and 4,957 budget hotels (accounting for approximately 50.45%) offering 402,600 guest rooms (accounting for approximately 41.97%).

During the first half of 2021, there was a net increase of 419 Select Service Hotels. Analysed by the nature of the hotel properties, there was a reduction of 19 self-managed hotels and an increase of 438 franchised hotels. Analysed by the class of hotel brands, there was an increase of 446 middle-end hotels and a reduction of 27 budget hotels.

During the period from January to February 2021, recovery of the operations of Company's domestic Select Service Hotel chains was subject to the slight impact of local COVID-19 epidemic outbreaks in China and preventive policies such as the ban of homecoming travel during the Chinese New Year. Since March 2021, with the effective prevention and control of the epidemic in the PRC, the domestic hotel market had continued to pick up, as the Company's domestic Select Service Hotel chains reported higher average RevPAR for April and May 2021 as compared to the same period of 2019. From mid- to late May to June, hotel operations in certain domestic regions were affected by local COVID-19 epidemic outbreaks. The average RevPAR for June 2021 was equivalent to 92% of that for the same period of 2019.

In early 2021, major European nations reintroduced anti-epidemic measures and restrictions. Since the second quarter of 2021, major European nations had been strengthening the implementation of vaccination, resulting in some measure of control over the COVID-19 epidemic. Consequently, major nations were relaxing or even withdrawing rigid anti-epidemic measures by the end of June 2021, and there was a certain extent of recovery in the market. Since July 2021, however, anti-epidemic measures in Europe have been tightened again. Therefore, overall market recovery and business conditions are still subject to uncertainty. GDL continued to adopt proactive

and prudent measures to address volatility in the market. In terms of finance, the Group lowered liquidity risks and finance costs through debt structure optimisation and debt restructuring, while actively applying for a range of government subsidies such as government-backed low-interest loans, staff wage subsidies and social insurance fee reduction or waiver. Meanwhile, further cost control and reduction in expenses were procured to lower operating expenses. In terms of strategic operation, projects in rebranding, product upgrade and conceptual innovation were commenced to prepare for accelerated development in the post-COVID-19 epidemic period.

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 RMB177,519,000 for the Group, which represented an increase of approximately 21.9% as compared to the same period of last year and accounted for approximately 2.3% 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 leveraging on 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 RMB1,325,408,000, representing an increase of approximately 15.4% as compared to same period of last year and accounting for approximately 17.5% of the Group's turnover.

During the Reporting Period, various segments under Jin Jiang Automobile reported steady advances in business development in an effort to overcome the impact of the COVID-19 epidemic and other adverse factors. Through measures to enhance and improve the mechanism for the management of the taxi operation and driving teams, the stability of the drivers' team was assured and the problem of idle taxis was alleviated. Jin Jiang Auto Service undertook 12 assignments for important conferences and exhibitions, serving close to 7,800 passengers in 173 vehicle turnouts. A mega customer centre was jointly established by the automobile trade and automobile maintenance companies to further explore the mega customer procurement market, while a marketing centre was also set up to organise marketing activities in greater varieties. During the Reporting Period, new car sales amount to 4,039 units, representing a year-on-year growth of 20.24%. The automobile maintenance business handled 42,200 vehicle repairs, representing a year-on-year growth of 16.47%.

During the Reporting Period, the cold-chain logistics business continued to streamline and adjust its customer mix and made intensive efforts to seek business with existing customers, in a bid to increase operating revenue. The customer mix was optimised by soliciting premium customers, as a global fast-food brand was successfully signed up as customer. Disinfection and sterilisation services were provided to customers, as the Group seized the business opportunity presented by the need to disinfect and sterilise import goods and handle nuclei acid test samples.

During the Reporting Period, JHJ Transportation seized the market opportunity arising from the tight supply of shipment space during the COVID-19 epidemic to actively develop its marine transport business and reported record-high indicators across the board. In the air freight business, JHJ Transportation continued to focus on anti-epidemic supplies and vaccine-related businesses, completing more than 500 export shipments of vaccines and oxygen concentrators to various global destinations.

During the Reporting Period, Jin Jiang GPP achieved further economies of scale, cost reduction and efficiency enhancement in procurement with enhanced effort in innovation of the Group's procurement management system and coordination in procurement, leveraging the advantages afforded by the Group's physical resources.

Travel Agency

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB137,911,000, decreasing by approximately 7.2% as compared to the same period of last year and accounting for approximately 1.8% of the Group's turnover.

During the Reporting Period, Jin Jiang Travel seized the opportunity to advance innovative transformation of its commercial model, mechanisms and regimes given the "dynamic zero-case" domestic epidemic situation, aggravating epidemic conditions in foreign countries and the pending resumption of outbound and inbound tourism business. To actively address the changing trend in the tourism market, Jin Jiang Travel fully leveraged the advantageous resources of the Group's related businesses to facilitate integrated online and offline development, as it adjusted and optimised its organisational structure with the establishment of five principal business centres, namely, the online tourism centre, business development centre, travel tour centre, MICE centre and research and academia centre, in a further elucidation of its strategic positioning and development goals.

During the Reporting Period, Jin Jiang Travel endeavoured to seize opportunities in market development by integrating its online and offline businesses and playing to the strengths afforded by the well-established cooperation channels in the cultural tourism markets across more than 30 provinces in the PRC. Full leverage on the Group's information system platform, sizeable membership and direct marketing and distribution channels, vigorous efforts were made to develop the online domestic tourism business with the design of customised and personalised tourism products catered to the needs of online users.

During the Reporting Period, Jin Jiang Travel further enhanced its effort in the development of the B-end market. The MICE centre was engaged in active development of new customers, businesses and markets, as it investigated business opportunities in connection with public relations activities and online meetings. The research and academia centre undertook the organisation of tournament activities under the Shanghai Citizens Art Festival 2021 hosted by Shanghai Municipal Administration of Culture and Tourism, while incorporating business visits, trade union activities, Party development activities and rehab resort into the scope of its principal businesses.

FINANCIAL REVIEW

Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2020 is set out as follows:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	<i>RMB in million</i>	<i>% of turnover</i>	<i>RMB in million</i>	<i>% of turnover</i>
Full Service Hotels	686.0	9.1%	457.0	7.7%
Select Service Hotels — managed and operated in Mainland China	4,353.5	57.4%	3,050.7	51.5%
Select Service Hotels — managed and operated overseas	834.2	11.0%	910.4	15.4%
Food and Restaurants	177.5	2.3%	145.6	2.5%
Passenger Transportation Vehicles and Logistics	1,325.4	17.5%	1,148.2	19.4%
Travel Agency	137.9	1.8%	148.6	2.5%
Other Operations	66.0	0.9%	61.4	1.0%
Total	<u>7,580.5</u>	<u>100.0%</u>	<u>5,921.9</u>	<u>100.0%</u>

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 2020:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	<i>RMB in million</i>	<i>% of turnover</i>	<i>RMB in million</i>	<i>% of turnover</i>
Accommodation revenue	281.5	41.0%	174.8	38.3%
Food and beverage sales	219.5	32.0%	111.2	24.3%
Rendering of ancillary services	33.5	4.9%	32.9	7.2%
Rental revenue	85.6	12.5%	65.4	14.3%
Sales of hotel supplies	1.8	0.3%	2.2	0.5%
Hotel management revenue	64.1	9.3%	70.5	15.4%
Total	686.0	100.0%	457.0	100.0%

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 RMB281,456,000, increasing by approximately 61.0% or approximately RMB106,634,000 as compared to the same period of last year. The aforesaid change was mainly attributable to the substantial growth in the average Occupancy Rate of the Full Service Hotels over the same period of 2020 following the effective control of the COVID-19 epidemic in China.

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 RMB219,536,000, increasing by approximately 97.4% or approximately RMB108,310,000 from the same period of last year. The aforesaid change was mainly attributable to stronger efforts of the Full Service Hotels in online direct marketing to enhance food and beverage revenue by means of takeaways and Internet live streaming following the effective control of the COVID-19 epidemic in China.

Rendering of ancillary services

Revenue from rendering of 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 RMB33,524,000, increasing by approximately 1.9% or approximately RMB639,000 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 RMB85,562,000, increasing year-on-year by approximately 30.9% or approximately RMB20,210,000. The aforesaid change was mainly attributable to the combined effect of stronger effort of the Full Service Hotels to invite tenancy for unused premises for lease and optimise management processes and rental concessions offered to tenants by the Full Service Hotels during the epidemic in the same period of 2020.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB363,000 from the same period of last year. Such decrease was mainly attributable to gradual consolidation and transformation following the business model adjustment 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. Hotel management revenue amounted to approximately RMB64,130,000 for the Reporting Period, decreasing by approximately 9.0% or approximately RMB6,356,000 as compared to the same period of last year.

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 RMB4,353,446,000, representing an increase of approximately 42.7% or approximately RMB1,302,733,000 as compared to the same period of last year. This was mainly attributable to gradual improvement and recovery in the operations of Select Service Hotels in China following effective epidemic control in China.

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 RMB834,233,000, representing a decrease of approximately 8.4% or approximately RMB76,125,000 as compared to the same period of last year. This was attributable mainly to the fact that the outbreak of the COVID-19 epidemic had yet to occur in Europe during the first quarter of 2020 and the current situation of European nations relaxing the control measures by stages and regions, enabling overseas Select Service Hotels to resume operations gradually. However, resumption of operation of overseas hotels is subject to uncertainty given the volatile epidemic situation overseas.

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. For the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB177,519,000, increasing by approximately 21.9% or approximately RMB31,877,000 as compared to the same period of last year. The group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. remained stable, while there was gradual improvement and recovery in the operations of the food and restaurants segment following effective epidemic control in China.

Passenger Transportation Vehicles and Logistics

Revenue of passenger transportation vehicles and logistics for the Reporting Period amounted to approximately RMB1,325,408,000, representing an increase of approximately 15.4% or approximately RMB177,244,000 as compared to the same period of last year. This was mainly attributable to gradual improvement and recovery of the passenger transportation vehicles and logistics business following effective epidemic control in China.

Travel Agency

Revenue of travel agency for the Reporting Period amounted to approximately RMB137,911,000, decreasing by approximately 7.2% or approximately RMB10,728,000 as compared to the same period of last year. This was mainly attributable to the ongoing suspension of international tourism businesses due to the continuous impact of the worldwide COVID-19 epidemic. Although inter-provincial tours in China has gradually resumed, the localised COVID-19 epidemic outbreaks in the first half of 2021 have affected the domestic tourism business.

Other Operations

In addition, the Group is also engaged in other business, including mainly the provision of financial services through Finance Company. Revenue of other operations for the Reporting Period amounted to approximately RMB65,945,000, representing an increase of approximately 7.3% as compared to the same period of last year.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB5,908,391,000 (same period in 2020: approximately RMB5,434,429,000), representing an increase of approximately 8.7% or approximately RMB473,962,000 as compared to the same period of last year. This was mainly attributable to effective epidemic control in China and gradual improvement and recovery of the hotel business, passenger transportation vehicles and logistics business and travel agency business, resulting in the increase in cost of sales.

Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB1,672,111,000 for the Reporting Period, representing an increase of approximately RMB1,184,592,000 or approximately 243.0% as compared to the same period of last year.

Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB525,800,000 (same period in 2020: approximately RMB1,008,440,000), decreasing by approximately 47.9% as compared to the same period of last year, which was mainly attributable to an income of RMB318,316,000 realised by the Company following the disposal of equity interests in three subsidiaries by Jin Jiang Hotels in the first half of 2020.

Selling and Marketing Expenses

Selling and marketing expenses comprised primarily labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB514,011,000 for the Reporting Period (same period in 2020: approximately RMB459,614,000), representing an increase of approximately 11.8% as compared to the same period of last year. The increase was mainly attributable to effective epidemic control in China and gradual improvement and recovery of the hotel business, passenger transportation vehicles and logistics business and travel agency business, resulting in the increase in selling and marketing expenses.

Administrative Expenses

Administrative expenses for the Reporting Period amounted to approximately RMB1,135,692,000 (same period in 2020: approximately RMB822,531,000), representing an increase of approximately 38.1% as compared to the same period of last year, which was mainly attributable to effective epidemic control in China and gradual improvement and recovery of the hotel business, passenger transportation vehicles and logistics business and travel agency business, resulting in the increase in administrative expenses.

Other Expenses and Losses

Other expenses and losses consisted primarily of bank charges and losses from the disposal of property, plant and equipment. Other expenses and losses for the Reporting Period amounted to approximately RMB38,940,000 (same period in 2020: approximately RMB78,595,000), decreasing by approximately RMB39,655,000 as compared to the same period of last year.

Finance Costs

Finance costs comprised interest expenses in respect of the Group's bank borrowings and lease liabilities. Finance costs for the Reporting Period amounted to approximately RMB394,358,000 (same period in 2020: approximately RMB460,674,000), representing a decrease of approximately 14.4% 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 Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance 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 RMB91,574,000 (same period in 2020: approximately RMB23,960,000). Such increase was attributable mainly to the gradual improvement and recovery of the business of joint ventures and associates following effective epidemic control in China.

Taxation

The effective tax rate for the Reporting Period was approximately 12.6% (same period in 2020: approximately 42.1%). It was mainly attributable to the increase in income not subject to tax 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 RMB15,055,000 (same period in 2020: net loss of approximately RMB238,456,000), increasing by approximately RMB253,511,000 or approximately 106.3%. This was mainly attributable to effective epidemic control in China and the gradual improvement and recovery of the hotel business, passenger transportation vehicles and logistics business and travel agency business, resulting in the increase in net profit.

Borrowings and Pledge of Assets

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Borrowings included in non-current liabilities:		
Bank borrowings — secured	6,398,251	7,344,276
Bank borrowings — unsecured	6,029,971	5,130,094
Borrowings from related parties	3,921,550	3,206,250
	<u>16,349,772</u>	<u>15,680,620</u>
Less: current portion of long-term secured bank borrowings	(3,796,724)	(724,205)
current portion of long-term unsecured bank borrowings	(19,264)	(19,559)
current portion of long-term borrowings from related parties	(1,921,550)	—
	<u>10,612,234</u>	<u>14,936,856</u>
Borrowings included in current liabilities:		
Bank borrowings — secured	39,300	52,496
Bank borrowings — unsecured	1,369,240	1,694,584
Borrowings from related parties	40,000	50,000
Current portion of long-term secured bank borrowings	3,796,724	724,205
Current portion of long-term unsecured bank borrowings	19,264	19,559
Current portion of long-term borrowings from related parties	1,921,550	—
	<u>7,186,078</u>	<u>2,540,844</u>

As at 30 June 2021, the secured bank borrowings included:

- (a) Bank borrowings of EUR601,000,000, equivalent to RMB4,619,406,000 (31 December 2020: EUR602,000,000, equivalent to RMB4,831,050,000), which were guaranteed by Jin Jiang International Group;
- (b) Bank borrowings of RMB1,729,000,000 (31 December 2020: RMB2,459,000,000), which were pledged by the equity interests in a subsidiary of the Group;
- (c) Bank borrowings of PLN29,305,000, equivalent to RMB49,845,000 (31 December 2020: PLN30,952,000, equivalent to RMB54,226,000), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland; and

- (d) Bank borrowings of RMB39,300,000 (31 December 2020: RMB52,496,000), which were pledged by certain inventories with the carrying amount of RMB40,000,000 (31 December 2020: RMB53,000,000) of a subsidiary of the Group.

Treasury Management and Interest Rate Risk Management

As at 30 June 2021 and 31 December 2020, cash and cash equivalents amounted to approximately RMB13,535,880,000 and approximately RMB8,112,300,000, 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 the 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

During the Reporting Period, the Group implemented adjustments to its human resources structure and optimised job positions and staff positions to further enhance its level of marketisation.

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 COVID-19 epidemic in early 2020 has dealt an enormous blow to operations of the global hotel industry and tourism. As of now, there is still uncertainty in the changes of the COVID-19 epidemic in China and overseas. 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 seize the opportunities that might arise and address the challenges.

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 relating 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 market-orientation, internationalisation and specialisation. Efforts will also be made to further enhance risk 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 mechanisms and institutional systems. 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 travel 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.

INTERIM DIVIDEND

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

AUDIT AND RISK CONTROL COMMITTEE

The Company has established the Audit and Risk Control Committee, the principal duty of which is to examine and supervise the financial reporting procedure, risk management and internal control of the Group. 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 Audit and Risk Control Committee held meetings on 15 January 2021, 23 March 2021 and 25 August 2021 respectively. The consolidated financial statements for the year ended 31 December 2020 and the unaudited condensed consolidated interim financial statements as at 30 June 2021 of the Group were respectively reviewed at such meetings. The Audit and Risk Control Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2021 and agreed with the accounting treatment adopted by the Company.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

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

INTERIM REPORT

The interim report for the Reporting Period containing all information required by Appendix 16 to the Listing Rules will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinjiangcapital.com) in due course.

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”	Beijing Kunlun Hotel Company Limited (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
“Company”	Shanghai Jin Jiang Capital Company Limited* (上海錦江資本股份有限公司)
“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)
“Full Service Hotels”	hotels which are based on comprehensive hotel functions and facilities, and provide all rounded quality services for guests
“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
“JHJ Transportation”	JHJ International Transportation Co., Ltd. (錦江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 Auto Service”	Shanghai Jin Jiang Business and Travel Auto Service Co., Ltd. (上海錦江商旅汽車服務股份有限公司)
“Jin Jiang Automobile”	Shanghai Jin Jiang Automobile Services Co., Ltd. (上海錦江汽車服務有限公司)
“Jin Jiang GPP”	Shanghai Jin Jiang GPP Supply Chain Co., Ltd. (上海錦江聯采供應鏈有限公司)
“Jin Jiang Hotel”	Jin Jiang Hotel Company Limited (上海錦江飯店有限公司)
“Jin Jiang Hotels”	Shanghai Jin Jiang International Hotels Company Limited (上海錦江國際酒店股份有限公司), formerly known as “Shanghai Jin Jiang International Hotels Development Company Limited”
“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 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”
“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)
“Keystone”	Keystone Lodging Holdings Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Occupancy Rate”	rooms in use divided by Available Rooms for a given period
“Plateno Group”	Keystone and its subsidiaries
“Radisson Hotel Group”	Radisson Hotel Group (麗笙酒店集團)
“Reporting Period”	the period from 1 January 2021 to 30 June 2021

“RevPAR”	room revenue per Available Room
“RMB”	Renminbi, the lawful currency of the PRC
“Select Service Hotels”	hotels providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
“Star-rating” or “Star-rated”	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) 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)
“Total Number of Rooms”	number of Available Rooms per hotel
“Vienna Hotels”	Vienna Hotels Group Co., Ltd. (維也納酒店有限公司), a limited liability company established in the PRC
“Yangtze Hotel”	Shanghai Yangtze Hotel Company Limited (上海揚子江大酒店有限公司)

By Order of the Board
Shanghai Jin Jiang Capital Company Limited*
Zhang Jue
Joint Company Secretary

Shanghai, the PRC, 31 August 2021

As at the date of this announcement, the executive Directors are Mr. Zhao Qi, Ms. Guo Lijuan, Mr. Chen Liming, 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.

* *The Company is registered as a non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under its Chinese name and the English name “**Shanghai Jin Jiang Capital Company Limited**”.*