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)

2019 FINAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the final results of the Group for the year ended 31 December 2019. These results have been reviewed by the Audit and Risk Control Committee. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the final results announcement were consistent with the amounts set out in the audited consolidated financial statements of the Group for the year.

The Group has applied Hong Kong Financial Reporting Standards ("HKFRS") 16 Leases from 1 January 2019. The adoption of HKFRS 16 Leases has material impact on the Group's consolidated balance sheet, but has no material impact on the Group's profit. Please refer to "2.2 in notes to the consolidated financial statement" for details of the impact.

In 2019, the hotel industry faced challenges arising from uncertainties in the external market environment. In accordance with the strategy of "intensive domestic business development, global deployment and multinational operations", 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, WeHotel Global Shared Hotel Platform, Jin Jiang Global Shared Procurement Platform and Jin Jiang Global Shared Financial Platform) structure for its back office operations was jointly constructed through coordinated applications of capital, assets and funds coupled with industry developments. In persistent adherence to the principle of "keeping the DNA unchanged, integrating back offices, realising complementary advantages, and procuring mutual development", the Group has been driving business integration and structural realignment and made emphatic efforts in brand restatement, quality upgrades and efficiency enhancement by expediting in-depth resource integration and the construction of shared platforms. Firmly established upon a new starting point, the Group will deliberate new developments and achieve new breakthroughs.

For the Reporting Period, the Group realised sales revenue of approximately RMB20,971,742,000, representing an increase of approximately 1.7% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB2,914,005,000, representing an increase of approximately 34.1% as compared to the same period of last year. Earnings before interests, taxes, depreciation and amortisation ("EBITDA") of the Group amounted to approximately RMB6,265,996,000, representing an increase of approximately 41.5% as compared to the same period of last year. The increase in EBITDA by approximately RMB1,653,320,000 was primarily due to Group's adoption of HKFRS 16 Lease. Profit attributable to shareholders of the Company amounted to approximately RMB675,964,000, representing a decrease of approximately 11.3% which was primarily due to the impact of a changing external environment and the slowdown in demand in the hotel market on the hotel industry. The Board has proposed a distribution of RMB6.2 cents (inclusive of tax) per share as dividends for the year ended 31 December 2019.

As at the end of the Reporting Period, the Group held or managed a total of 8,606 hotels in operation with approximately 870,000 rooms in aggregate in 66 countries over the world. Among the said hotels, a total of 7,313 self-owned or managed hotels were in operation in China with approximately 770,000 rooms in total. In addition, 4,557 hotels of the Group were under construction over the world with a total of approximately 480,000 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 rose from 5th to 2nd in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in August 2019.

The term of office of the fourth session of the Board and the supervisory committee of the Company (the "Supervisory Committee") expired during the Reporting Period. In accordance with relevant provisions of the Company Law of the People's Republic of China and the articles of association of the Company ("Articles of Association"), the election of the fifth session of the Board and the Supervisory Committee was completed. In compliance with the fourth amendment pursuant to the "Decision on the Amendment of the Company Law of the People's Republic of China" passed and announced by the sixth meeting of the Standing Committee of the 13th National People's Congress on 26 October 2018 and requirements under "Certain Measures for the Encouragement and Support of Technological Innovation for State-owned Enterprises in Shanghai" promulgated by the Shanghai SASAC, as well as taking into account the needs of the Company's operation and management, amendments to certain clauses in the Articles of Association were also made in accordance with the Company Law of the People's Republic of China and the Articles of Association and approved by way of vote at the 2018 annual general meeting of the Company held in June 2019.

In accordance with adjustments to the Company's strategic development planning and positioning and taking into account changes in the direction of industry integration, the Company changed its name from "Shanghai Jin Jiang International Hotels (Group) Company Limited" to "Shanghai Jin Jiang Capital Company Limited" during the Reporting Period. A listed subsidiary of the Group changed its name from "Shanghai Jin Jiang International Hotels Development Company Limited" to "Shanghai Jin Jiang International Hotels Company Limited".

During the Reporting Period, the Group focused on high-quality development and the provision of high-quality services. As one of the corporate representatives of Shanghai, the Group undertook the hospitality task of the second China International Import Expo (the "Import Expo"), and a grand reception at Peace Hotel was completed amidst the praise and commendation of domestic as well as foreign guests. The hotels and limousine fleets for national guests of the Group have reflected the image of Jin Jiang as a homegrown national brand in various major hospitality assignments.

Following its nationwide outbreak in China in mid to late January 2020, pneumonia caused by COVID-19 has become a worldwide epidemic. All over the world, efforts are being made to prevent and control the epidemic. All business sectors have been subjected to rigorous challenges, and the hotel, food and restaurant, passenger transportation and logistics and travel agency segments of the Group have been significantly affected. During this time, the Group has worked vigorously to support the epidemic prevention and control by adopting various measures, such as waiving the ongoing franchise fees in whole or in part, handling the hotels expropriated and temporarily closed, enhancing disinfection and sanitisation of hotels, and by processing the cancellation or rescheduling of customers' trips, in a diligent effort to fulfill its corporate social responsibility.

OPERATIONAL STATISTICS

	2019	2018
Average Occupancy Rate		
Full Service Hotels		
— 5-star Luxury Hotels	**72%**	74%
— 4-star Luxury Hotels	**63%**	69%
Domestic Select Service Hotels	**75%**	78%
— Middle-end Hotels	**78%**	82%
— Budget Hotels	**72%**	76%
Overseas Select Service Hotels	**65%**	65%
— Middle-end Hotels	**60%**	58%
— Budget Hotels	**67%**	67%
Average Room Rate *(RMB/room)*		
Full Service Hotels		
— 5-star Luxury Hotels	**872**	889
— 4-star Luxury Hotels	**533**	540
Domestic Select Service Hotels	**211**	202
— Middle-end Hotels	**260**	264
— Budget Hotels	**160**	162
Overseas Select Service Hotels *(EUR/room)*	**57**	56
— Middle-end Hotels *(EUR/room)*	**66**	65
— Budget Hotels *(EUR/room)*	**54**	53
RevPAR *(RMB/room)*		
Full Service Hotels		
— 5-star Luxury Hotels	**627**	654
— 4-star Luxury Hotels	**338**	375
Domestic Select Service Hotels	**157**	158
— Middle-end Hotels	**203**	216
— Budget Hotels	**115**	124
Overseas Select Service Hotels *(EUR/room)*	**37**	36
— Middle-end Hotels *(EUR/room)*	**39**	37
— Budget Hotels *(EUR/room)*	**36**	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 Shanghai Yangtze Hotel Limited ("Yangtze Hotel").

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

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

FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015
Items of Consolidated Income Statement *(RMB million)*					
Revenue	**20,972**	20,631	19,759	17,013	12,197
Profit attributable to shareholders of the Company	**676**	762	761	758	866
Earnings per share on profit attributable to shareholders of the Company (RMB cents)	**12.14**	13.68	13.67	13.63	15.55
Items of Consolidated Balance Sheet *(RMB million)*					
Total assets	**63,432**	57,184	62,998	56,771	42,298
Total liabilities	**43,802**	37,138	42,194	36,631	25,520
Total equity	**19,630**	20,046	20,804	20,140	16,778
Total equity attributable to the shareholders of the Company	**9,227**	9,473	9,485	9,357	9,296
Items of Consolidated Statement of Cash Flows *(RMB million)*					
Net cash generated from operating activities	**3,962**	1,180	6,597	1,146	2,464
NON-HKFRS Financial Information					
Proposed dividend *(RMB million)*	**345**	445	445	445	362
Proposed dividend per share *(RMB cents)*	**6.20**	8.00	8.00	8.00	6.50
EBITDA *(RMB million)*	**6,266**	4,427	4,468	4,118	3,398
Total equity per share *(RMB)*	**3.53**	3.60	3.74	3.62	3.01
Total equity per share attributable to the shareholders of the Company *(RMB)*	**1.66**	1.70	1.70	1.68	1.67
Gearing ratio (i)	**45.6%**	35.0%	37.8%	43.9%	38.7%
Capital Expenditure *(RMB million)*	**1,726**	1,423	3,647	14,725	11,308

(i) The increase in the gearing ratio of the Group as at 31 December 2019 was due to the adoption of HKFRS 16 Leases by the Group. Both lease liabilities and total assets increased following the recognition of right-of-use assets and lease liabilities since 1 January 2019.

SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH HKFRS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

		Year ended 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Revenue	3	**20,971,742**	20,631,063
Cost of sales	4	**(14,899,781)**	(15,424,779)
Gross profit		**6,071,961**	5,206,284
Other income and gain	10	**779,108**	892,778
Selling and marketing expenses	4	**(1,360,815)**	(1,344,990)
Administrative expenses	4	**(2,459,621)**	(2,432,288)
Other expenses and losses	11	**(116,628)**	(148,346)
Operating profit		**2,914,005**	2,173,438
Finance costs — net	12	**(965,276)**	(623,091)
Share of results of joint ventures and associates accounted for using the equity method		**276,626**	269,929
Profit before income tax		**2,225,355**	1,820,276
Income tax expense	5	**(583,025)**	(390,180)
Profit for the year		**1,642,330**	1,430,096
Attributable to:			
Shareholders of the Company		**675,964**	761,701
Non-controlling interests		**966,366**	668,395
		1,642,330	1,430,096
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share) — basic and diluted	6	**12.14**	13.68
Dividends	7	**345,092**	445,280

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit for the year	**1,642,330**	1,430,096
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Cash flow hedges	**1,187**	1,067
Currency translation differences	**16,523**	(4,904)
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	**158,522**	(457,623)
Changes in fair value of equity investments at fair value through other comprehensive income — tax	**(39,551)**	189,410
Remeasurements of post-employment benefit obligations	**(7,026)**	(5,237)
Total other comprehensive income/(loss) for the year	**129,655**	(277,287)
Total comprehensive income for the year	**1,771,985**	1,152,809
Attributable to:		
Shareholders of the Company	**731,284**	653,236
Non-controlling interests	**1,040,701**	499,573
	1,771,985	1,152,809

CONSOLIDATED BALANCE SHEET

At 31 December 2019

	Note	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**11,078,917**	11,985,729
Right-of-use assets		**11,786,218**	—
Investment properties		**464,574**	330,397
Land use rights		**—**	3,161,582
Intangible assets		**18,514,081**	18,823,038
Investments accounted for using the equity method		**1,813,068**	1,845,156
Financial assets at fair value through other comprehensive income		**1,829,891**	1,398,011
Financial assets at fair value through profit or loss		**1,357,326**	1,188,514
Deferred income tax assets		**415,851**	816,888
Trade receivables, prepayments and other receivables	8	**758,786**	188,919
Bank deposits with maturities over 12 months		**31,000**	—
		48,049,712	39,738,234
Current assets			
Financial assets at fair value through profit or loss		**713,546**	786,683
Inventories		**318,910**	308,727
Trade receivables, prepayments and other receivables	8	**3,606,984**	4,059,326
Restricted cash		**528,426**	604,476
Bank deposits with maturities over 3 months		**255,346**	243,669
Cash and cash equivalents		**9,958,728**	11,442,949
		15,381,940	17,445,830
Total assets		**63,431,652**	57,184,064

CONSOLIDATED BALANCE SHEET (CONTINUED)

At 31 December 2019

	Note	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	1	**5,566,000**	5,566,000
Reserves		**3,661,150**	3,906,506
		9,227,150	9,472,506
Non-controlling interests		**10,402,440**	10,573,828
Total equity		**19,629,590**	20,046,334
LIABILITIES			
Non-current liabilities			
Borrowings		**14,523,858**	16,907,239
Lease liabilities		**9,996,397**	—
Deferred income tax liabilities		**2,038,927**	2,710,864
Trade and other payables and accruals	9	**2,354,089**	1,645,948
Contract liabilities		**201,348**	205,773
		29,114,619	21,469,824
Current liabilities			
Borrowings		**2,761,652**	3,134,210
Lease liabilities		**1,633,990**	—
Derivative financial instruments		**940**	2,781
Income tax payable		**354,123**	369,287
Trade and other payables and accruals	9	**8,700,825**	10,654,900
Contract liabilities		**1,235,913**	1,506,728
		14,687,443	15,667,906
Total liabilities		**43,802,062**	37,137,730
Total equity and liabilities		**63,431,652**	57,184,064

NOTES TO THE SELECTED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 GENERAL INFORMATION

Shanghai Jin Jiang Capital Company Limited (the "Company", formerly known as "Shanghai Jin Jiang International Hotels (Group) Company Limited") was established on 16 June 1995 and its holding company is Jin Jiang International, 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, 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 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 as part of the consideration to acquire Jin Jiang Investment 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, 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 consolidated financial statements were approved for issue by the Board on 31 March 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 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.

(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 2019:

HKFRS 16	*Leases*
HK (IFRIC) 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to Hong Kong Accounting Standards ("HKAS") 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Annual Improvements to HKFRS Standards 2015–2017 Cycle	

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 2.2. The other newly adopted standards or amendments listed above did not have material impact on these financial statements.

(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 2019 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 1 and HKAS 8	*Definition of Material*	1 January 2020
Amendments to HKFRS 3	*Definition of a Business*	1 January 2020
Revised Conceptual Framework	*Revised Conceptual Framework for Financial Reporting*	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	*Hedge Accounting*	1 January 2020
HKFRS 17	*Insurance Contracts*	1 January 2021
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated in note 2.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 January 2019 were 4.82% and 2.50% for the leases in Mainland China and overseas, respectively.

For leases previously classified as finance leases the Group recognised the carrying amount of the financial lease assets of RMB238,566,000 and financial lease liabilities of RMB195,201,000 immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities at the date of initial application.

The Group previously recognised favourable lease contracts in intangible assets applying HKFRS 3 Business combinations relating to favourable terms of operating leases acquired as part of business combinations. The Group recognised the carrying amount of the intangible assets — favourable lease contracts of RMB290,356,000 as the carrying amount of the right-of-use assets at the date of initial application.

Payments for land use rights were previously recorded in prepayments for land use rights assets and amortisation was charged to the consolidated income statement on a straight line basis over the period of the land use rights. The Group recognised the carrying amount of the land use rights of RMB3,161,582,000 as the carrying amount of the right-of-use assets at the date of initial application.

The Group recognised the carrying amount of right-of-use assets of RMB167,589,000 as investment properties that meet the definition of investment property as at 1 January 2019. For these sub-lease classified as a finance lease, the Group de-recognised the right-of use asset to the extent that it is subject to the sub-lease and recognised the lease receivable of RMB605,182,000 as at 1 January 2019.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 "Determining whether an Arrangement contains a Lease".

(ii) ***Measurement of lease liabilities***

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	12,907,942
Add:	
Adjustments as a result of a different treatment of extension option	1,031,321
Less:	
Short-term leases and low-value leases to be recognised on a straight-line basis as expenses	(46,983)
	13,892,280
Discounted using the lessee's incremental borrowing rate at the date of initial application	11,290,175
Add:	
Finance lease liabilities recognised as at 31 December 2018	195,201
Payables for purchases of land-use rights as at 31 December 2018 *(note 9)*	917,400
Lease liabilities recognised as at 1 January 2019	12,402,776

(iii) ***Measurement of right-of-use assets***

The associated right-of-use assets were measured lease by lease either on a retrospective basis as if the new rules had always been applied or at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no material onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iv) Adjustments recognised in the consolidated balance sheet on 1 January 2019

The change in accounting policy affected the following items on the consolidated balance sheet on 1 January 2019:

		RMB'000
Property, plant and equipment	Decrease	238,566
Right-of-use assets	Increase	12,651,804
Investment properties	Increase	167,589
Land use rights	Decrease	3,161,582
Intangible assets	Decrease	290,356
Investments accounted for using the equity method	Decrease	4,927
Deferred income tax assets	Increase	44,997
Trade receivables, prepayments and other receivables — current portion	Decrease	88,679
Trade receivables, prepayments and other receivables — non-current portion	Increase	578,755
Borrowings — non-current portion	Decrease	179,438
Borrowings — current portion	Decrease	15,763
Lease liabilities — non-current portion	Increase	10,937,111
Lease liabilities — current portion	Increase	1,465,665
Trade and other payables and accruals — non-current portion	Decrease	627,139
Trade and other payables and accruals — current portion	Decrease	897,796
Deferred income tax liabilities	Decrease	137,215

The net impacts on retained earnings and non-controlling interests on 1 January 2019 were a decrease of RMB441,090,000 and RMB445,300,000, respectively. The impact on the Group's profit for the year ended 31 December 2019 was a decrease of RMB6,215,000.

(v) Lessor accounting

The Group leases out a few of items of properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sub-lease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. For subleases that were classified as finance leases, the Group accounted for the sub-lease as a new finance lease.

3 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, 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.

(a) Segment revenue

	Year ended 31 December 2019 RMB'000	2018 RMB'000
Full Service Hotels	**2,046,027**	2,068,451
— Accommodation revenue	**1,003,917**	1,030,741
— Food and beverage sales	**591,894**	600,178
— Rendering of ancillary services	**74,778**	73,239
— Rental revenue	**198,810**	204,152
— Sales of hotel supplies	**6,018**	6,608
— Hotel management	**170,610**	153,533
Select Service Hotels — managed and operated in Mainland China	**10,695,006**	10,356,295
— Accommodation revenue	**5,027,980**	5,358,665
— Food and beverage sales	**287,857**	323,579
— Rendering of ancillary services	**247,225**	311,209
— Rental revenue	**94,516**	136,020
— Sales of hotel supplies	**1,025,030**	967,756
— Hotel management and franchise	**3,667,329**	2,919,987
— Revenue under customer loyalty programme	**345,069**	339,079
Select Service Hotels — managed and operated overseas	**4,103,589**	4,101,830
— Accommodation revenue	**2,454,342**	2,432,518
— Catering and sale of products	**860,044**	869,949
— Hotel management and franchise	**784,396**	796,132
— Others	**4,807**	3,231
Food and Restaurants	**343,602**	346,841
Passenger Transportation Vehicles and Logistics	**2,537,719**	2,428,552
— Vehicle operating	**1,047,232**	1,087,023
— Trading of automobile	**1,306,092**	1,180,767
— Refrigerated logistics	**175,564**	150,608
— Others	**8,831**	10,154
Travel Agency	**1,122,766**	1,188,342
— Travel agency	**1,079,400**	1,147,641
— Others	**43,366**	40,701
Other Operations	**123,033**	140,752
	20,971,742	20,631,063

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 2019 and 2018.

(b) Other segment information

The segment results for the year ended 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*
External sales	2,046,027	10,695,006	4,103,589	343,602	2,537,719	1,122,766	123,033	20,971,742
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	2,541,737	1,126,524	205,166	21,106,989
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	1,197,903	1,098,368	123,033	16,228,517
	1,847,217	10,600,490	4,103,589	343,602	2,503,995	1,098,368	123,033	20,620,294
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	314,556	72,958	(168,315)	1,642,330
Other income and gain *(note 10)*	50,440	312,371	20,308	107,116	135,530	58,143	95,200	779,108
Including: interest income from bank deposits *(note 10)*	21,312	37,488	3,389	60	16,382	5,135	1,684	85,450
Depreciation of property, plant and equipment *(note 4)*	(206,444)	(801,856)	(308,045)	(5,726)	(219,209)	(3,687)	(2,083)	(1,547,050)
Impairment of property, plant and equipment *(note 4)*	—	(30,998)	—	—	—	—	—	(30,998)
Depreciation of right-of-use assets *(note 4)*	(69,269)	(1,037,626)	(224,227)	(5,671)	(8,275)	(2,746)	(8,341)	(1,356,155)
Depreciation of investment properties *(note 4)*	(5,792)	(17,744)	—	—	(2,168)	(5,266)	—	(30,970)
Amortisation of intangible assets *(note 4)*	(3,428)	(128,282)	(9,093)	(101)	—	(286)	—	(141,190)
Impairment of intangible assets *(note 4)*	—	(320)	—	—	—	—	—	(320)
Reversal of inventories write-down *(note 4)*	—	3	—	—	—	—	—	3
Reversal of/(provision) for impairment of trade receivables, prepayments and other receivables *(note 4)*	10,982	(15,994)	4,542	—	(4,324)	(217)	—	(5,011)
Finance costs — net *(note 12)*	(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	(20,540)	(5,234)	10,625	138,556	157,847	(389)	(4,239)	276,626
Income tax expense *(note 5)*	(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	143,195	4,548	16,332	1,725,969

The segment results for the year ended 31 December 2018 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	2,068,451	10,356,295	4,101,830	346,841	2,428,552	1,188,342	140,752	20,631,063
Inter-segment sales	8,404	7,358	13,999	6,930	6,817	4,853	69,548	117,909
Total gross segment sales	2,076,855	10,363,653	4,115,829	353,771	2,435,369	1,193,195	210,300	20,748,972
Revenue from contracts with customers:								
— Recognised at a point of time	606,786	1,291,335	869,949	315,346	1,180,767	—	—	4,264,183
— Recognised over time	1,257,513	8,928,940	3,231,881	31,495	1,210,507	1,166,599	140,752	15,967,687
	1,864,299	10,220,275	4,101,830	346,841	2,391,274	1,166,599	140,752	20,231,870
Revenue from other sources:								
— Rental revenue	204,152	136,020	—	—	37,278	21,743	—	399,193
Profit/(loss) for the year	281,271	908,892	271,418	174,796	223,979	(154,546)	(275,714)	1,430,096
Other income and gain *(note 10)*	207,518	345,219	20,048	76,833	107,585	36,622	98,953	892,778
Including: interest income from bank deposits *(note 10)*	15,041	50,762	1,541	71	15,900	4,022	74,552	161,889
Depreciation of property, plant and equipment *(note 4)*	(227,067)	(824,274)	(336,678)	(7,980)	(231,043)	(6,188)	(2,234)	(1,635,464)
Impairment of property, plant and equipment *(note 4)*	—	(36,189)	—	—	—	—	—	(36,189)
Depreciation of investment properties *(note 4)*	(4,977)	—	—	—	(2,131)	(4,529)	—	(11,637)
Amortisation of land use rights *(note 4)*	(53,561)	(79,561)	—	—	(1,340)	—	(311)	(134,773)
Amortisation of intangible assets *(note 4)*	(3,241)	(151,117)	(47,121)	(491)	—	(32)	—	(202,002)
Impairment of intangible assets *(note 4)*	—	(20,545)	—	—	—	—	—	(20,545)
(Provision for)/reversal of inventories write-down *(note 4)*	—	(3)	1,492	—	—	—	—	1,489
(Provision for)/reversal of impairment of trade receivables, prepayments and other receivables *(note 4)*	(207)	721	(885)	—	24	—	—	(347)
Finance costs — net *(note 12)*	(173,820)	(40,613)	(142,519)	—	(812)	—	(265,327)	(623,091)
Share of results of joint ventures and associates accounted for using the equity method	(13,476)	(7,351)	6,907	128,149	156,771	1,542	(2,613)	269,929
Income tax expense *(note 5)*	(29,261)	(307,645)	(26,194)	(461)	(2,779)	(3,637)	(20,203)	(390,180)
Additions to non-current assets (other than financial instruments and deferred tax assets)	170,926	595,204	460,478	4,007	188,051	2,471	1,767	1,422,904

The 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**	**3,956,944**	**1,215,217**	**7,596,391**	**61,618,584**
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**	**4,762,075**	**1,218,272**	**7,671,293**	**63,431,652**
Segment liabilities	**2,738,435**	**13,801,883**	**14,258,891**	**243,149**	**1,009,315**	**445,767**	**11,304,622**	**43,802,062**

The segment assets and liabilities as at 31 December 2018 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	4,837,836	23,131,734	13,957,896	183,752	3,577,431	1,329,580	8,320,679	55,338,908
Investments accounted for using the equity method	634,550	31,173	60,770	255,741	784,960	3,691	74,271	1,845,156
Total assets	5,472,386	23,162,907	14,018,666	439,493	4,362,391	1,333,271	8,394,950	57,184,064
Segment liabilities	2,636,927	7,731,641	12,639,787	235,539	964,083	584,405	12,345,348	37,137,730

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.

Profit for the year in the segment of "Full Service Hotels" for the year ended 31 December 2018 included the realised fair value gains on financial assets at fair value through profit or loss ("FVPL") amounted to RMB110,817,000 (for the year ended 31 December 2019: nil).

Revenue generated by regions, based on the locations of the business is as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Mainland China	**16,728,872**	16,367,715
Overseas	**4,242,870**	4,263,348
Total	**20,971,742**	20,631,063

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	
	2019	2018
	RMB'000	*RMB'000*
The total of non-current assets other than financial instruments and deferred income tax assets		
— Mainland China	**31,846,392**	24,296,043
— Overseas	**11,857,105**	11,900,621
Financial instruments	**3,930,364**	2,724,682
Deferred income tax assets	**415,851**	816,888
	48,049,712	39,738,234

4 EXPENSES BY NATURE

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Employee benefit expense	**6,725,718**	6,796,136
Changes in inventories	**4,202,341**	4,133,159
Depreciation of property, plant and equipment	**1,547,050**	1,635,464
Depreciation of right-of-use assets	**1,356,155**	—
Utility cost and consumables	**931,139**	974,228
Repairs and maintenance	**641,955**	661,329
Commissions paid to agencies	**562,925**	514,870
Advertising costs	**412,346**	382,760
Consulting fee	**333,965**	312,289
Property tax, value-added tax ("VAT") through a simplified method and other tax surcharges	**252,845**	268,665
Operating leases and property services	**246,507**	1,918,526
Laundry costs	**238,287**	250,144
Transportation expenses	**167,875**	150,827
Amortisation of intangible assets	**141,190**	202,002
Telecommunication expenses	**87,442**	101,893
Entertainment expenses	**32,657**	58,317
Auditors' remuneration	**31,535**	31,800
— Audit service	**29,578**	29,580
— Non-audit service	**1,957**	2,220
Impairment loss of property, plant and equipment and intangible assets	**31,318**	56,734
Depreciation of investment property	**30,970**	11,637
Provision for impairment of trade receivables, prepayments and other receivables	**5,011**	347
Pre-operation expenses	**2,373**	8,353
Amortisation of land use rights	**—**	134,773
Reversal of inventories written-down	**(3)**	(1,489)
Others	**738,616**	599,293
	18,720,217	19,202,057

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current tax:		
Mainland China current corporate income tax ("CIT")	**585,105**	505,057
Overseas current corporate income tax	**110,219**	91,300
Deferred tax:		
Mainland China deferred income tax	**(90,871)**	(176,816)
Overseas deferred income tax	**(21,428)**	(29,361)
	583,025	390,180

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 2019 (2018: 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 2019 (2018: 16.5%). For the year ended 31 December 2019, 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 34.43% (2018: 34.43%) for the year ended 31 December 2019.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (2018: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax	**2,225,355**	1,820,276
Tax calculated at a tax rate of 25% (2018: 25%)	**556,339**	455,069
Effect of different taxation rates	**(4,157)**	(25,024)
Income not subject to tax	**(49,463)**	(53,731)
Expenses not deductible for tax purposes	**20,114**	20,280
Tax losses and tax credit for which no deferred income tax assets were recognised	**124,640**	99,875
Utilisation of tax losses and tax credit for which deferred income tax assets were not recognised previously	**(15,511)**	—
Effect of exclusion of share of profit tax of joint ventures and associates	**(71,166)**	(71,084)
Changes in opening balance of deferred tax assets/liabilities due to adjustment in tax rate (i)	**—**	(56,612)
Others	**22,229**	21,407
	583,025	390,180

(i) According to the French Fiscal Law promulgated in 2018, the effective income tax rate for GDL will decrease from 28.92% to 25.83% in 2020. 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. The reassessed deferred tax impact amounted to RMB56,612,000 was recognised as credit to the "income tax expense" for the year ended 31 December 2018 (for the year ended 31 December 2019: nil).

6 EARNINGS PER SHARE

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**675,964**	761,701
Weighted average number of ordinary shares in issue *(thousands)*	**5,566,000**	5,566,000
Basic earnings per share *(RMB cents)*	**12.14**	13.68

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

7 DIVIDENDS

A final dividend in respect of the year ended 31 December 2018 of RMB8.0 cents per share, totalling RMB445,280,000 (final dividend in respect of the year ended 31 December 2017: RMB8.0 cents per share, totalling RMB445,280,000) was paid in second half of 2019.

On 31 March 2020, the Directors recommended the payment of a final dividend of RMB6.2 cents per share, totalling RMB345,092,000 in respect of the year ended 31 December 2019. 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	
	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend of RMB6.2 cents (2018: RMB8.0 cents) per share	**345,092**	445,280

8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**1,557,482**	1,337,959
Less: provision for impairment of trade receivables	**(210,340)**	(176,872)
Trade receivables — net	**1,347,142**	1,161,087
Other receivables		
— Loans to related parties by Finance Company	**917,800**	1,129,900
— Lease receivable	**579,030**	—
— Deposits	**323,809**	321,782
— Other amounts due from related parties	**178,702**	368,426
— Accrued rental revenue	**45,156**	45,044
— Loans to related parties by the Group other than Finance Company	**33,700**	34,400
— Interest receivables	**10,935**	9,390
— Others	**66,903**	84,829
Less: provision for impairment of other receivables	**(66,116)**	(83,874)
	2,089,919	1,909,897
Prepayments		
— Prepayments to suppliers	**601,895**	834,797
— Other prepaid and recoverable tax	**188,729**	229,912
— VAT recoverable	**138,085**	112,552
	928,709	1,177,261
Prepayments and other receivables — net	**3,018,628**	3,087,158
	4,365,770	4,248,245
Less: non-current portion of trade receivables, prepayments and other receivables	**(758,786)**	(188,919)
	3,606,984	4,059,326
Non-current portion of trade receivables, prepayments and other receivables	**758,786**	188,919

Ageing analysis of trade receivables based on invoice date at respective balance sheet dates are as follows:

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Less than 6 months	**1,298,238**	1,091,261
6 months to 1 year	**84,018**	114,711
Over 1 year	**175,226**	131,987
	1,557,482	1,337,959

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

9 TRADE AND OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables	**1,209,747**	1,808,309
Deposits from related parties in Finance Company	**4,266,699**	3,981,082
Employee benefit payables	**2,010,898**	2,145,941
Advances on behalf of the franchises	**730,281**	835,100
Deposits from lessees and constructors	**479,681**	459,132
Other tax payable	**433,891**	306,618
Payables for purchases of property, plant and equipment, and intangible assets	**428,168**	554,655
Accrued expenses	**279,409**	350,375
Other amounts due to related parties	**150,609**	147,134
Notes payables (i)	**120,735**	119,000
Financial liabilities due to put options granted to holders of non-controlling interests	**95,521**	92,160
Dividend payable to non-controlling interests	**94,623**	22,458
Defined benefit plan of GDL	**89,587**	73,865
Provisions for other liabilities and charges	**52,189**	77,197
Payables related to the disposal of Shanghai Galaxy Hotel Company Limited ("Galaxy Hotel")	**36,962**	36,962
Payables for acquisition of the non-controlling interests of Keystone	**35,610**	3,000
Deferred government grants	**31,118**	44,089
Interest payable	**21,692**	36,422
Deferred payment of acquisition of subsidiaries	**13,938**	18,788
Payables for purchases of land use rights	**—**	917,400
Others	**473,556**	271,161
	11,054,914	12,300,848
Less: non-current portion of trade and other payables and accruals	**(2,354,089)**	(1,645,948)
Current portion of trade and other payables and accruals	**8,700,825**	10,654,900
Non-current portion of trade and other payables and accruals	**2,354,089**	1,645,948

(i) 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 (as at 31 December 2018: notes payables were secured by the bank deposits with the carrying amount of RMB93,731,000).

Ageing analysis of trade payables based on invoice date at respective balance sheet dates are as follows:

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**1,088,556**	1,652,888
3 months to 1 year	**80,359**	104,055
Over 1 year	**40,832**	51,366
	1,209,747	1,808,309

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

10 OTHER INCOME AND GAIN

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Unrealised fair value gain on financial assets at FVPL	**183,679**	143,204
Dividend income	**157,232**	150,048
— Unlisted equity investments	**87,723**	87,722
— Listed equity investments	**69,509**	62,326
Government grants income (i)	**131,925**	81,442
Gain on disposal of property, plant and equipment (ii)	**112,773**	42,003
Interest income from bank deposits	**85,450**	161,889
Realised fair value gain on financial assets at FVPL	**28,779**	128,051
Foreign exchange gain — net	**108**	1,840
Government compensation for expropriation of hotel land use rights and properties	**—**	66,806
Gain on disposal of investment in associates	**—**	9,582
Others	**79,162**	107,913
	779,108	892,778

(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 for the year ended 31 December 2019 included 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.

11 OTHER EXPENSES AND LOSSES

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Bank charges	**60,045**	57,952
Termination loss	**7,982**	—
Loss on disposal of property, plant and equipment	**5,491**	16,099
Impairment of investments in associates	**1,645**	2,259
Pending litigations	**530**	872
Unrealised fair value losses on financial assets at FVPL	**—**	38,252
Loss on disposal of investment in associates	**—**	1,714
Others	**40,935**	31,198
	116,628	148,346

12 FINANCE COSTS — NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Finance cost:		
Interest expenses	**966,531**	618,922
— Bank borrowings	**436,925**	545,346
— Lease liabilities	**467,245**	—
— Borrowings from related parties	**62,361**	67,348
— Finance lease liabilities	**—**	6,228
Net foreign exchange (gain)/loss on borrowings	**(1,255)**	4,169
Finance costs — net	**965,276**	623,091

13 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment	**78,882**	88,750

(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 31 December	
	2019	2018
	RMB'000	*RMB'000*
Not later than 1 year	**174,240**	174,766
Later than 1 year and not later than 5 years	**417,849**	425,134
Later than 5 years	**191,785**	265,446
	783,874	865,346

The Group leases various premises, offices and machinery under non-cancellable operating lease agreements. Leases with different lessors are negotiated for terms ranging from 1 year to 20 years with different renewal options, escalation clauses and restrictions on subleasing. When certain lease payments of properties are based on the higher of minimum guaranteed rentals or revenue level based rentals, the minimum guaranteed rentals have been used to arrive at the commitments below.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

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

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Not later than 1 year	—	1,676,551
Later than 1 year and not later than 5 years	—	6,263,331
Later than 5 years	—	4,968,060
	—	12,907,942

(c) Loan commitments

As at 31 December 2019, loan commitments of RMB177,000,000 (31 December 2018: RMB75,100,000) represent undrawn loan facilities offered by Finance Company and granted to related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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 RMB2,046,027,000 to the Group's revenue, decreasing by approximately 1.1% as compared to the same period of last year, which was mainly attributable to the slowdown in demand for Full Service Hotels under the impact of the external environment.

During the Reporting Period, the supply outgrew the demand in the hotel market in Shanghai. The RevPAR of the Group's high Star-rating Full Service Hotels in Shanghai decreased by approximately 10% year-on-year, reflecting an approximately 6.2% year-on-year decrease in average room rate and a 4.1% year-on-year decrease in average Occupancy Rate.

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:

	2019 Group's Full Service Hotels in Shanghai			2018 Group's Full Service Hotels in Shanghai		
	Average Occupancy Rate *(%)*	**Average room rate** *(RMB)*	**RevPAR** *(RMB)*	Average Occupancy Rate *(%)*	Average room rate *(RMB)*	RevPAR *(RMB)*
5-star	**74%**	**919**	**679**	75%	933	703
4-star	**66%**	**606**	**403**	73%	632	463

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, Holiday Inn Downtown Shanghai, Shanghai Hotel, Shanghai Jing An Hotel and Shanghai Sofitel Hotel.

As at the end of the Reporting Period, the Group owned or managed 92 Full Service Hotels which were in operation across the world, offering approximately 28,000 guest rooms, among which 71 hotels with approximately 21,000 guest rooms were owned by third parties but managed by the Group.

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 and revenue of Select Service Hotels contributed approximately RMB14,798,595,000 to the revenue of the Group, representing an increase of approximately 2.4% as compared to the same period of last year and accounting for approximately 70.6% of the Group's turnover.

As at the end of the Reporting Period, there were 8,514 Select Service Hotels in operation offering 845,177 guest rooms in total. Analysed by the nature of the hotel properties, there were 989 self-managed hotels (accounting for approximately 12%) offering 112,343 guest rooms (accounting for approximately 13%) and 7,525 franchised hotels (accounting for approximately 88%) offering 732,834 guest rooms (accounting for approximately 87%). Analysed by the class of hotel brands, there were 3,563 middle-end hotels (accounting for approximately 42%) offering 424,088 guest rooms (accounting for approximately 50%) and 4,951 budget hotels (accounting for approximately 58%) offering 421,089 guest rooms (accounting for approximately 50%).

As at the end of the Reporting Period, there was a net increase of 1,071 Select Service Hotels. Analysed by the nature of the hotel properties, there was a reduction of 23 self-managed hotels and an increase of 1,094 franchised hotels. Analysed by the class of hotel brands, there was an increase of 1,100 middle-end hotels and a reduction of 29 budget hotels.

During the Reporting Period, the back-office systems of Jin Jiang GDL Asia, GDL, Plateno Group and Vienna Hotels were integrated by the Group in a proactive manner with the support of the information technology system in order to realise complementary advantages and synergy effects.

Food and Restaurants

During the Reporting Period, the Group developed its food and restaurant operations through several food and restaurant chain companies invested by Jin Jiang Hotels, generating revenue of approximately RMB343,602,000 for the Group, which represented a decrease of approximately 0.9% as compared to the same period of last year and accounting for approximately 1.6% 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 stepped up with 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 RMB2,537,719,000, representing an increase of approximately 4.5% as compared to same period of last year and accounting for approximately 12.1% of the Group's turnover.

During the Reporting Period, Jin Jiang Investment completed the hospitality assignment for the second Import Expo with success, as it provided approximately 1,300 vehicles to support core vehicle transport services for foreign government trade delegations and other visiting delegations as well as the transportation requirements of relevant government authorities. More than 2,700 transport service assignments with 3,700 turnouts of vehicles, representing a 86% year-on-year growth, were successfully completed for major conferences and tournaments, including the "World Enforcement Conference", "Second Meeting of the 13th CPPCC", "F1 Grand Prix", the "2nd Chinese Brands Day", World AI Conference, 20th China International Industry Fair, Lujiazhui Forum, Mayors' consultation session and WGC HSBC Champions, among others.

During the Reporting Period, Jin Jiang Automobile continued to dominate the market of vehicle transportation services for cruises, serving 41 cruise visits including Silver Whisper, MS Westerdam, Sapphire Princess and RMS Queen Mary, among others, with approximately 1,500 turnouts of vehicles, representing a 30% year-on-year growth. There were approximately 1,900 charter business limousines in operation, including 56 new limousines for the long-term charter business, and recording a net increase of more than 15 clients. As at the end of 2019, Jin Jiang Automobile provided 51 buses for the Disneyland service, including 40 in-park blue buses for tourists and 11 yellow buses for staff.

Jin Jiang Cold has further increased the weighting of its charter warehouse service. The GFA of the charter warehouse service has increased to 45,900 sq.m. and the comprehensive warehouse utilisation ratio has increased to 87%, following the proactive effort of its business department inviting its previous retail tenants to take up the charter warehouse service. In a vigorous move to expand its domestic logistics business, JHJ Transportation brought the strengths of its Shanghai headquarters into full play and coordinated the development and operation of a number of integrated logistics projects by its local branches. Meanwhile, it continued to make progress in centralised procurement, resulting in further reductions in operating costs. JHJ Transportation became a China Customs certified enterprise (AEO general certification) during the Reporting Period, and might apply for advanced certification in the future, as and when required by its internal conditions and operational requirements.

Travel Agency

During the Reporting Period, revenue of the travel agency business amounted to approximately RMB1,122,766,000, decreasing by approximately 5.5% as compared to the same period of last year and accounting for approximately 5.4% of the Group's turnover.

In accordance with its main objective of "excellent management and quality and efficiency enhancement", the Company was actively engaged in the innovation, transformation and upgrade of key business projects during the Reporting Period under the circumstances of market downturn caused by growing downward pressure on the economy, recurrence of natural disasters and other uncertainties, endeavouring to enhance the brand name, quality and efficiency of Jin Jiang Travel and to improve the operational and management standard of its travel business.

To address changes in market trends, the Company further optimised the organisational structure of its subsidiary travel agencies in terms of departmental setups, product positioning and business processes. The outbound business was principally focused on the market of individual travelling and customised trips with enhanced efforts in online marketing. The domestic business segment emphasised product diversity with consistent launch of products that could satisfy the needs of a broad spectrum of consumers. In terms of marketing, a flattened management structure was adopted to increase operating efficiency. Meanwhile, centralised procurement plans for outbound and domestic tours coupled with enhanced cooperation with local travel agencies and wholesale agencies, hotels, airlines, cruise operators and third-party platforms has provided opportunities for product cost reduction and improvements in profit margin. While maintaining its traditional businesses, the three key projects of Meeting and Awards, Conference and Exhibition as well as Research and Academy were formed to foster new growth point for breakthrough. The organisational structure and remuneration regime for the three projects have already been finalised to provide a solid foundation of in-depth implementation.

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. By interactions of online and offline operations, the core competitiveness of the Company's global hotels has been enhanced.

FINANCIAL REVIEW

Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2018 is set out as follows:

	12 months ended 31 December 2019		12 months ended 31 December 2018	
	RMB in million	***% of turnover***	*RMB in million*	*% of turnover*
Full Service Hotels	**2,046.0**	**9.8%**	2,068.5	10.0%
Select Service Hotels — managed and operated in Mainland China	**10,695.0**	**51.0%**	10,356.3	50.2%
Select Service Hotels — managed and operated overseas	**4,103.6**	**19.6%**	4,101.8	19.9%
Food and Restaurants	**343.6**	**1.6%**	346.8	1.7%
Passenger Transportation Vehicles and Logistics	**2,537.7**	**12.1%**	2,428.6	11.8%
Travel Agency	**1,122.8**	**5.4%**	1,188.3	5.8%
Other Operations	**123.0**	**0.6%**	140.8	0.6%
Total	**20,971.7**	**100.0%**	20,631.1	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 2018:

	12 months ended 31 December 2019		12 months ended 31 December 2018	
	RMB in million	***% of turnover***	*RMB in million*	*% of turnover*
Accommodation revenue	**1,003.9**	**49.1%**	1,030.7	49.9%
Food and beverage sales	**591.9**	**28.9%**	600.2	29.0%
Rendering of ancillary services	**74.8**	**3.7%**	73.2	3.5%
Rental revenue	**198.8**	**9.7%**	204.2	9.9%
Sales of hotel supplies	**6.0**	**0.3%**	6.7	0.3%
Hotel management revenue	**170.6**	**8.3%**	153.5	7.4%
Total	**2,046.0**	**100.0%**	2,068.5	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 RMB1,003,917,000, decreasing by approximately 2.6% or approximately RMB26,824,000 as compared to the same period of last year. The aforesaid change in accommodation revenue was mainly caused by the year-on-year decline in Occupancy Rate and Average Room Rate, which was attributable to the slowdown in demand from individual business visitors in Shanghai amidst changes in the demand-supply correlation in the market.

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 RMB591,894,000, decreasing by approximately 1.4% or approximately RMB8,284,000 from the same period of last year. In response to the demand for public catering and the impact of the external environment, the Full Service Hotels segment was actively engaged in the development of new products and creative cuisines as well as the launch of innovative marketing approaches, such as take-away services and sales via WeChat Mall, and revised business philosophy, so as to minimise such impact by consistently improving the quality of food and beverage and services.

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 RMB74,778,000, increasing by approximately 2.1% or approximately RMB1,539,000 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 RMB198,810,000, decreasing year-on-year by approximately 2.6% or approximately RMB5,342,000. The aforesaid change was primarily attributable to reduction in area available for rental following the adjustments to venues for rental at certain hotels.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB590,000 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 RMB170,610,000 for the Reporting Period, increasing by approximately 11.1% or approximately RMB17,077,000 as compared to the same period of last year. The increase was principally due to the increase of management projects in Full Service Hotels.

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 RMB10,695,006,000, representing an increase of approximately 3.3% or approximately RMB338,711,000 as compared to the same period of last year. This growth mainly reflected business expansion of Plateno Group and Vienna Hotels.

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 RMB4,103,589,000, remaining relatively stable as compared to the same period of last year.

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 RMB343,602,000, decreasing by approximately 0.9% or approximately RMB3,239,000 as compared to the same period of last year.

Passenger Transportation Vehicles and Logistics

Revenue of passenger transportation vehicles and logistics for the Reporting Period amounted to approximately RMB2,537,719,000, representing an increase of approximately 4.5% or approximately RMB109,167,000 as compared to the same period of last year, mainly due to the increase in revenue of automobile and related trade business following the inclusion in the consolidated financial statements of Shanghai Jin Jiang Automobile Sales Co., Ltd.

Travel Agency

Revenue of travel agency for the Reporting Period amounted to approximately RMB1,122,766,000, decreasing by approximately 5.5% or approximately RMB65,576,000 as compared to the same period of last year, mainly due to the decline in the outbound tour business under the impact of global political and economic conditions.

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 RMB123,033,000, representing a decrease of approximately 12.6% as compared to the same period of last year, which was primarily due to a decrease in interest rates on interbank deposits, resulting in a decrease in interest income of Finance Company derived from deposits with banks and other financial institutions.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB14,899,781,000 (same period in 2018: approximately RMB15,424,779,000), representing a decrease of approximately 3.4% as compared to the same period of last year. This was mainly attributable to the application of the HKFRS 16 Leases, under which a portion of the lease-related costs were reclassified as interest expenses.

Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB6,071,961,000 for the Reporting Period, representing an increase of approximately RMB865,677,000 or approximately 16.6% as compared to the same period of last year.

Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB779,108,000 (same period in 2018: approximately RMB892,778,000), decreasing by approximately RMB113,670,000 or 12.7% as compared to the same period of last year, which was mainly due to the gain of approximately RMB110,817,000 from the transfer of 5% equity interests in Hua Ting Hotel by the Group to Shanghai Jin Jiang International Investment and Management Company Limited in 2018, while there was no such gain in 2019. During the Reporting Period, the Group received dividends amounting to approximately RMB157,232,000 (same period in 2018: approximately RMB150,048,000).

Selling and Marketing Expenses

Selling and marketing expenses comprised primarily labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB1,360,815,000 for the Reporting Period (same period in 2018: approximately RMB1,344,990,000), representing an increase of approximately 1.2% as compared to the same period of last year. The increase was mainly attributable to the increase in selling and marketing expenses as a result of the expansion of business scale of Select Service Hotels.

Administrative Expenses

Administrative expenses for the Reporting Period amounted to approximately RMB2,459,621,000 (same period in 2018: approximately RMB2,432,288,000), representing an increase of approximately 1.1% as compared to the same period of last year, which mainly reflected the increase in administrative expenses resulting from the expansion of business scale of Select Service Hotels.

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 RMB116,628,000 (same period in 2018: approximately RMB148,346,000), decreasing by approximately RMB31,718,000 as compared to the same period of last year, which was mainly due to the decrease in the unrealised fair value losses on financial assets at fair value through profit or loss as compared to the same period of last year.

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 RMB965,276,000 (same period in 2018: approximately RMB623,091,000), representing an increase of approximately RMB342,185,000 or approximately 54.9% as compared to the same period of last year. The increase in finance costs was primarily due to the increase in interest expenses in leases following the Group's adoption of HKFRS 16 Lease with effect from 1 January 2019.

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 China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period increased to approximately RMB276,626,000 from approximately RMB269,929,000 for the same period in 2018. Such year-on-year increase was primarily attributable to the year-on-year growth in operating results of companies such as Shanghai Kentucky Fried Chicken Company Limited and Shanghai Dazhong New Asia Taxi Company Limited.

Taxation

The effective tax rate for the Reporting Period was approximately 26.2% (same period in 2018: approximately 21.4%). The effective tax rate increased mainly due to the following reason. According to the French Fiscal Law promulgated in 2018, the effective income tax rate for GDL will decrease from 28.92% to 25.83% in 2020. 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. The reassessed deferred tax impact amounting to RMB56,612,000 was recognised as credit to the "income tax expense" in 2018 (in 2019: nil).

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company decreased by approximately RMB85,737,000 or approximately 11.3% to approximately RMB675,964,000 from approximately RMB761,701,000 for the same period in 2018. This was mainly due to the combined effect of the slowdown in demands in hotel market in line with the external environment, the decrease in one-off income, and the adoption of HKFRS 16 Lease.

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and pledge of assets

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**9,946,372**	10,650,536
Bank borrowings — unsecured	**1,309,839**	3,698,633
Borrowings from related parties	**4,412,250**	4,423,650
Finance lease liabilities	**—**	195,201
	15,668,461	18,968,020
Less: current portion of long-term secured bank borrowings	**(1,021,879)**	(523,855)
current portion of long-term unsecured bank borrowings	**(18,224)**	(1,221,163)
current portion of long-term borrowings from related parties	**(104,500)**	(300,000)
current portion of long-term finance lease liabilities	**—**	(15,763)
	14,523,858	16,907,239
Borrowings included in current liabilities:		
Bank borrowings — secured	**37,908**	5,000
Bank borrowings — unsecured	**1,508,141**	1,038,429
Borrowings from related parties	**71,000**	30,000
Current portion of long-term secured bank borrowings	**1,021,879**	523,855
Current portion of long-term unsecured bank borrowings	**18,224**	1,221,163
Current portion of long-term borrowings from related parties	**104,500**	300,000
Current portion of long-term finance lease liabilities	**—**	15,763
	2,761,652	3,134,210

As at 31 December 2019, the secured bank borrowings included:

(a) Bank borrowings of EUR746,000,000, equivalent to RMB5,830,363,000 (31 December 2018: EUR768,000,000, equivalent to RMB6,026,726,000), which were guaranteed by Jin Jiang International;

(b) Bank borrowings of PLN31,037,000, equivalent to RMB57,009,000 (31 December 2018: PLN35,324,000, equivalent to RMB64,810,000), which were pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland;

(c) Bank borrowings of RMB4,059,000,000 (31 December 2018: RMB4,559,000,000), which were pledged by the equity interests in a subsidiary of the Group.

(d) Bank borrowings of RMB37,908,000 (31 December 2018: nil), which were pledged by the inventories of a subsidiary of the Group.

As at 31 December 2018, the secured bank borrowings included:

(a) Bank borrowings of RMB5,000,000 (31 December 2019: nil), which were guaranteed by a non-controlling shareholder 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	
	2019	2018
	RMB'000	*RMB'000*
Between 1 and 2 years	**1,717,780**	2,151,346
Between 2 and 5 years	**12,806,078**	14,638,595
Over 5 years	**—**	117,298
	14,523,858	16,907,239

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

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
RMB	**7,419,688**	9,783,764
EUR	**9,748,403**	10,124,805
PLN	**116,513**	131,794
Other foreign currencies	**906**	1,086
	17,285,510	20,041,449

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

	At 31 December	
	2019	2018
Borrowings denominated in RMB	**3.7419%**	3.7292%
Borrowings denominated in EUR	**1.2468%**	1.2480%
Borrowings denominated in other foreign currencies	**4.2255%**	4.2256%

Treasury Management and Interest Rate Risk Management

As at 31 December 2019 and 31 December 2018, cash and cash equivalents amounted to approximately RMB9,958,728,000 and approximately RMB11,442,949,000, 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: 68,330,660 shares in Tongcheng-Elong (00780.HK) held through Ocean BT L.P., 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 55,926 employees included in its consolidated financial statements. As of now, no share options scheme has been established by the Group.

Staff training and development represents 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 grades and further enriches staff training through various channels such as internal training, external training and online training.

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 headquarters 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 establishment and staff allocation to further enhance its market orientation.

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 constitutes 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.

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 2019. 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 2019 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 2019 of the Company will be set out in the 2019 annual report of the Company.

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in the global 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. 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.

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, openness 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 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.

DIVIDENDS

On 31 March 2020, the Board proposed to declare a final dividend of RMB6.2 cents (inclusive of tax) per share or an aggregate of RMB345,092,000 for the year ended 31 December 2019. The dividend is expected to be paid no later than 15 August 2020.

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 Organisation Standards" issued by the State Administration of Taxation on 22 April 2009, the tax rate of the corporate income tax applicable to the income of non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual shareholder, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organisations 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 2019 annual general meeting to be issued by the Company in due course.

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

CORPORATE GOVERNANCE

The Board has reviewed its "Company Operation and Corporate Governance Guidelines" and is of the view that such guidelines have incorporated most of the principles and all of the code provisions of the "Corporate Governance Code" as set out in Appendix 14 to the Listing Rules. The Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2019.

AUDIT AND RISK CONTROL COMMITTEE

The Company has established the Audit and Risk Control Committee, the principal duty of which is to review the financial control, risk management and internal control systems 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 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 2019 prepared in accordance with HKFRS, together with the management of the Company.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has established a 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 its Directors and the senior management. The remuneration and Appraisal committee comprises Mr. Ji Gang (chairman), an independent non-executive Director, Ms. Guo Lijuan, an executive Director and Mr. Shen Liqiang, an independent non-executive Director.

NOMINATION COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2019, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

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 Rooms"	number of rooms available of each hotel after deducting Permanent House Use
"Board"	the board of Directors of the Company
"China" or "PRC"	The People's Republic of China
"Company"	Shanghai Jin Jiang Capital Company Limited
"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
"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.
"Jin Jiang Automobile"	Shanghai Jin Jiang Automobile Services Co., Ltd.

"Jin Jiang Cold"	Shanghai Jin Jiang International Cold Logistics Development Co., Ltd.
"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
"Jin Jiang Hotels"	Shanghai Jin Jiang International Hotels Company Limited
"Jin Jiang Inn"	Jin Jiang Inn Company Limited
"Jin Jiang International"	Jin Jiang International Holding Company Limited
"Jin Jiang Investment"	Shanghai Jin Jiang International Industrial Investment Company Limited
"Jin Jiang Travel"	Shanghai Jin Jiang International Travel Co., Ltd.
"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)
"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
"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
"Reporting Period"	the period from 1 January 2019 to 31 December 2019
"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

"Shanghai SASAC"	Shanghai Municipal State-owned Assets Supervision and Administration Commission
"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
"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), a limited liability company established in the PRC
"WeHotel"	Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司)

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

Shanghai, the PRC, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, 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**".**