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Shanghai Jin Jiang Capital Company Limited*

上海錦江資本股份有限公司

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

(Stock Code: 02006)

2020 FINAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the final results of the Group for the year ended 31 December 2020. 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 2020 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operational Statistics of Hotels

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

Notes:

1. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Beijing Kunlun Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
2. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Plaza Great Wall, Golden Tulip Shanghai Rainbow, Shanghai Hotel, Shanghai Jing An Hotel, Shanghai Sofitel Hotel, Jiangsu Nanjing Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.
3. Under the Select Service Hotels in the PRC, the middle-end hotels include the operational data of all operating chain hotels under the brands of, among others, “Jin Jiang Metropolo”, “Campanile (康铂)”, “Lavande”, “James Joyce Coffetel”, “Xana”, “Venus Royal”, “Vienna International”, “Vienna Classic”, “Vienna Hotels” and “Vienna 3 Best”; the budget hotels include the operational data of all operating chain hotels under the brands of, among others, “Jin Jiang Inn”, “Jinguang Inn”, “Bestay Hotels Express”, “IU”, “7 Days Inn” and “Pai”.
4. Under the Select Service Hotels outside the PRC, the middle-end hotels include the operational data of all operating chain hotels under the brands of, among others, “Golden Tulip”; the budget hotels include the operational data of all operating chain hotels under the brands of, among others, “Premiere Classe”, “Campanile”, “Kyriad” and “Sarovar”.

FINANCIAL HIGHLIGHTS

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

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

SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH HKFRS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
	<i>Note</i>	RMB'000	<i>RMB'000</i> (Restated)
Revenue	3	14,201,062	20,977,074
Cost of sales	4	(11,459,012)	(14,904,687)
Gross profit		2,742,050	6,072,387
Other income and gain	10	2,875,028	779,108
Selling and marketing expenses	4	(1,063,598)	(1,360,815)
Administrative expenses	4	(2,581,246)	(2,455,660)
Net impairment losses on financial assets		(66,437)	(5,011)
Other expenses and losses	11	(225,016)	(116,628)
Operating profit		1,680,781	2,913,381
Finance costs — net	12	(924,349)	(965,276)
Share of results of joint ventures and associates accounted for using the equity method		132,232	276,626
Profit before income tax		888,664	2,224,731
Income tax expense	5	(401,967)	(583,025)
Profit for the year		486,697	1,641,706
Attributable to:			
Shareholders of the Company		298,463	675,731
Non-controlling interests		188,234	965,975
		486,697	1,641,706
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB cents per share)			
— basic and diluted	6	5.36	12.14
Dividends	7	56,773	345,092

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

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

CONSOLIDATED BALANCE SHEET

At 31 December 2020

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

At 31 December 2020

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

NOTES TO THE SELECTED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 GENERAL INFORMATION

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

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

On 16 February 2011, 1,001,000,000 ordinary shares of RMB1 per share were issued and allotted to Jin Jiang International Group as part of the consideration to acquire Jin Jiang Online and Jin Jiang Travel.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

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

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

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

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

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

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

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

2.2 Changes in accounting policies

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

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments due on or before 30 June 2021; and
- c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling RMB79,338,000 have been accounted for as negative variable lease payments and recognised in cost of sales in the consolidated income statement for the year ended 31 December 2020 (note 4), with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

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 Co., Ltd. (“Jin Jiang GDL Asia”), Plateno Group, or Vienna Hotels;
- (3) Select Service Hotels — managed and operated overseas: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, mostly in Europe and under the brandnames of GDL;
- (4) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments, not including the food and beverage operation in Full Service Hotels and Select Service Hotels;
- (5) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;
- (6) Travel Agency: provision of travel agency and related services;

(7) Other Operations: intra-group financial services, training and education, and corporate function.

The executive committee assesses the performance of the operating segments based on profit for the year.

(a) Segment revenue

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000 (Restated)
Full Service Hotels	1,175,982	2,046,027
— Accommodation revenue	479,338	1,003,917
— Food and beverage sales	362,279	591,894
— Rendering of ancillary services	60,623	74,778
— Rental revenue	156,249	198,810
— Sales of hotel supplies	5,511	6,018
— Hotel management	111,982	170,610
Select Service Hotels — managed and operated in Mainland China	7,832,937	10,695,006
— Accommodation revenue	3,334,613	5,027,980
— Food and beverage sales	228,662	287,857
— Rendering of ancillary services	174,161	247,225
— Rental revenue	87,132	94,516
— Sales of hotel supplies	530,183	1,025,030
— Hotel management and franchise	3,205,763	3,667,329
— Revenue under customer loyalty programme	272,423	345,069
Select Service Hotels — managed and operated overseas	1,837,058	4,103,589
— Accommodation revenue	1,088,851	2,454,342
— Catering and sale of products	317,004	860,044
— Hotel management and franchise	417,074	784,396
— Others	14,129	4,807
Food and Restaurants	341,809	343,602
Passenger Transportation Vehicles and Logistics	2,577,789	2,543,051
— Vehicle operating	839,858	1,052,564
— Trading of automobile	1,472,438	1,306,092
— Refrigerated logistics	234,894	175,564
— Others	30,599	8,831
Travel Agency	302,214	1,122,766
— Travel agency	263,774	1,079,400
— Others	38,440	43,366
Other Operations	133,273	123,033
	14,201,062	20,977,074

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

(b) Other segment information

The segment results for the year ended 31 December 2020 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
External sales	1,175,982	7,832,937	1,837,058	341,809	2,577,789	302,214	133,273	14,201,062
Inter-segment sales	2,054	50,224	13,630	15,393	4,047	566	84,807	170,721
Total gross segment sales	<u>1,178,036</u>	<u>7,883,161</u>	<u>1,850,688</u>	<u>357,202</u>	<u>2,581,836</u>	<u>302,780</u>	<u>218,080</u>	<u>14,371,783</u>
Revenue from contracts with customers:								
— Recognised at a point of time	367,790	758,845	317,004	316,167	1,370,592	1,338	—	3,131,736
— Recognised over time	651,943	6,986,960	1,520,054	25,642	1,177,283	280,205	133,273	10,775,360
	<u>1,019,733</u>	<u>7,745,805</u>	<u>1,837,058</u>	<u>341,809</u>	<u>2,547,875</u>	<u>281,543</u>	<u>133,273</u>	<u>13,907,096</u>
Revenue from other sources:								
— Rental revenue	156,249	87,132	—	—	29,914	20,671	—	293,966
Profit/(loss) for the year	<u>283,546</u>	<u>774,727</u>	<u>(892,168)</u>	<u>251,782</u>	<u>261,091</u>	<u>7,204</u>	<u>(199,485)</u>	<u>486,697</u>
	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
Other income and gain (note 10)	1,259,032	821,534	73,420	153,314	448,817	48,340	70,571	2,875,028
Including: interest income from bank deposits (note 10)	9,455	17,313	1,430	44	17,468	4,326	1,046	51,082
Depreciation of property, plant and equipment (note 4)	(185,807)	(749,399)	(314,645)	(7,801)	(211,263)	(3,221)	(4,005)	(1,476,141)
Impairment of property, plant and equipment (note 4)	—	—	(70,463)	—	(621)	—	—	(71,084)
Depreciation and amortisation of right-of-use assets (note 4)	(72,705)	(1,022,597)	(234,805)	(4,576)	(8,303)	(2,746)	(4,189)	(1,349,921)
Depreciation of investment properties (note 4)	(5,794)	(18,287)	—	—	(2,168)	(5,266)	—	(31,515)
Amortisation of intangible assets (note 4)	(5,729)	(98,506)	(37,627)	(101)	—	(742)	(446)	(143,151)
Impairment of intangible assets (note 4)	—	—	—	—	(12,107)	—	—	(12,107)
Reversal of/(provision) for impairment of trade receivables, prepayments and other receivables	1,525	(1,393)	(44,457)	—	(141)	59	(22,030)	(66,437)
Finance costs — net (note 12)	(185,742)	(361,303)	(211,689)	(1,082)	(4,460)	(3,932)	(156,141)	(924,349)
Share of results of joint ventures and associates accounted for using the equity method	(64,982)	(7,470)	(5,184)	120,597	98,743	177	(9,649)	132,232
Income tax expense (note 5)	(251,294)	(287,264)	250,673	(3,751)	(97,513)	(2,305)	(10,513)	(401,967)
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>1,320,741</u>	<u>970,676</u>	<u>916,228</u>	<u>30,847</u>	<u>224,537</u>	<u>3,429</u>	<u>5,443</u>	<u>3,471,901</u>

The restated 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	2,543,051	1,122,766	123,033	20,977,074
Inter-segment sales	12,687	8,187	6,289	18,175	4,018	3,758	82,133	135,247
Total gross segment sales	<u>2,058,714</u>	<u>10,703,193</u>	<u>4,109,878</u>	<u>361,777</u>	<u>2,547,069</u>	<u>1,126,524</u>	<u>205,166</u>	<u>21,112,321</u>
Revenue from contracts with customers:								
— Recognised at a point of time	597,912	1,312,887	860,044	314,842	1,306,092	—	—	4,391,777
— Recognised over time	1,249,305	9,287,603	3,243,545	28,760	1,203,235	1,098,368	123,033	16,233,849
	<u>1,847,217</u>	<u>10,600,490</u>	<u>4,103,589</u>	<u>343,602</u>	<u>2,509,327</u>	<u>1,098,368</u>	<u>123,033</u>	<u>20,625,626</u>
Revenue from other sources:								
— Rental revenue	198,810	94,516	—	—	33,724	24,398	—	351,448
(Loss)/profit for the year	<u>(61,022)</u>	<u>1,051,903</u>	<u>196,548</u>	<u>235,702</u>	<u>313,932</u>	<u>72,958</u>	<u>(168,315)</u>	<u>1,641,706</u>
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)	(222,413)	(3,687)	(2,083)	(1,550,254)
Impairment of property, plant and equipment (note 4)	—	(30,998)	—	—	—	—	—	(30,998)
Depreciation and amortisation 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	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)	<u>185,128</u>	<u>866,711</u>	<u>508,752</u>	<u>1,303</u>	<u>144,671</u>	<u>4,548</u>	<u>16,332</u>	<u>1,727,445</u>

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

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	5,985,308	25,970,789	15,976,341	596,802	3,857,041	959,199	6,208,447	59,553,927
Investments accounted for using the equity method	915,092	89,424	48,027	245,281	791,550	3,232	66,636	2,159,242
Total assets	<u>6,900,400</u>	<u>26,060,213</u>	<u>16,024,368</u>	<u>842,083</u>	<u>4,648,591</u>	<u>962,431</u>	<u>6,275,083</u>	<u>61,713,169</u>
Segment liabilities	<u>2,390,799</u>	<u>12,770,056</u>	<u>15,406,637</u>	<u>282,776</u>	<u>1,152,391</u>	<u>279,932</u>	<u>9,577,436</u>	<u>41,860,027</u>

The restated segment assets and liabilities as at 31 December 2019 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated in Mainland China RMB'000	Select Service Hotels — managed and operated overseas RMB'000	Food and Restaurants RMB'000	Passenger Transportation Vehicles and Logistics RMB'000	Travel Agency RMB'000	Other Operations RMB'000	The Group RMB'000
Segment assets	4,832,382	27,643,780	15,852,855	521,015	3,964,868	1,215,217	7,596,391	61,626,508
Investments accounted for using the equity method	577,603	24,294	65,213	262,870	805,131	3,055	74,902	1,813,068
Total assets	<u>5,409,985</u>	<u>27,668,074</u>	<u>15,918,068</u>	<u>783,885</u>	<u>4,769,999</u>	<u>1,218,272</u>	<u>7,671,293</u>	<u>63,439,576</u>
Segment liabilities	<u>2,738,435</u>	<u>13,801,883</u>	<u>14,258,891</u>	<u>243,149</u>	<u>1,011,641</u>	<u>445,767</u>	<u>11,304,622</u>	<u>43,804,388</u>

Sales between segments are carried out at arm's length transactions. The external revenue reported to the executive committee is measured in a manner consistent with that in the consolidated income statement.

Other income and gain in the segment of “Full Service Hotels — managed and operated in Mainland China” for the year ended 31 December 2020 included a gain on disposal of a subsidiary amounted to RMB1,166,880,000 (2019: nil). Other income and gain in the segment of “Select Service Hotels — managed and operated in Mainland China” for the year ended 31 December 2020 included a gain on disposal of subsidiaries amounted to RMB318,316,000 (2019: nil).

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Mainland China	12,351,246	16,734,204
Overseas	1,849,816	4,242,870
	<hr/>	<hr/>
Total	14,201,062	20,977,074
	<hr/> <hr/>	<hr/> <hr/>

The total of non-current assets other than financial instruments and deferred income tax assets located in different regions is as follows:

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
The total of non-current assets other than financial instruments and deferred income tax assets		
— Mainland China	31,488,053	31,849,683
— Overseas	11,687,195	11,857,105
	<hr/>	<hr/>
	43,175,248	43,706,788
	<hr/> <hr/>	<hr/> <hr/>

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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Employee benefit expense	5,663,587	6,725,718
Changes in inventories	2,813,828	4,202,341
Depreciation of property, plant and equipment	1,476,141	1,550,254
Depreciation and amortisation of right-of-use assets	1,349,921	1,356,155
Utility cost and consumables	592,645	931,139
Repairs and maintenance	457,155	641,955
Advertising costs	336,085	412,346
Consulting fee	317,412	333,965
Commissions paid to agencies	300,129	562,925
Operating leases and property services	209,541	246,507
Property tax, value-added tax (“VAT”) through a simplified method and other tax surcharges	192,672	252,845
Laundry costs	144,979	238,287
Amortisation of intangible assets	143,151	141,190
Transportation expenses	80,728	167,875
Impairment loss of property, plant and equipment	71,084	30,998
Telecommunication expenses	62,686	87,442
Auditors’ remuneration	32,679	31,535
— Audit service	30,711	29,578
— Non-audit service	1,968	1,957
Depreciation of investment property	31,515	30,970
Impairment loss of intangible assets	12,107	320
Reversal of inventories written-down	—	(3)
COVID-19-related rent concessions	(79,338)	—
Others	895,149	776,398
	15,103,856	18,721,162

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Mainland China current corporate income tax (“CIT”)	562,536	585,105
Overseas current corporate income tax	16,372	110,219
Deferred tax:		
Mainland China deferred income tax	66,247	(90,871)
Overseas deferred income tax	(243,188)	(21,428)
	401,967	583,025

Other than the subsidiaries registered in Tibet with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of the group companies operating in Mainland China for the year ended 31 December 2020 (2019: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiaries registered in Hong Kong are subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2020 (2019: 16.5%). For the year ended 31 December 2020, the Group's subsidiaries incorporated in Hong Kong did not have assessable profit and therefore have not provided for any Hong Kong profits tax.

GDL Group mainly operates in France and is subject to income tax at 28.92% (2019: 34.43%) for the year ended 31 December 2020.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 25% (2019: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
		(Restated)
Profit before income tax	<u>888,664</u>	<u>2,224,731</u>
Tax calculated at a tax rate of 25% (2019: 25%)	222,166	556,183
Effect of different taxation rates	(17,630)	(4,157)
Income not subject to tax	(44,707)	(49,463)
Expenses not deductible for tax purposes	15,678	20,114
Tax losses and tax credit for which no deferred income tax assets were recognised	245,522	124,796
Utilisation of tax losses and tax credit for which deferred income tax assets were not recognised previously	(17,761)	(15,511)
Effect of exclusion of share of profit tax of joint ventures and associates	(33,401)	(71,166)
Effect of delay in the realisation of tax losses and temporary differences due to COVID-19 when lower income tax rates will be enacted (i)	47,655	—
Others	<u>(15,555)</u>	<u>22,229</u>
	<u>401,967</u>	<u>583,025</u>

- (i) According to the French Fiscal Law promulgated in 2018, the effective income tax rate for GDL decreased to 28.92% in 2020 and will be gradually decrease to 25.83% in 2022. In 2020, management of the Group assessed the impact on the deferred tax assets and liabilities that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted and concluded that the tax losses to be utilised will be later than the previous assessment, which led to the increase of deferred income tax expense amounted to RMB47,655,000 for the year ended 31 December 2020.

6 EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Profit attributable to shareholders of the Company	<u>298,463</u>	<u>675,731</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>5,566,000</u>	<u>5,566,000</u>
Basic earnings per share (<i>RMB cents</i>)	<u>5.36</u>	<u>12.14</u>

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 2019 of RMB6.2 cents per share, totalling RMB345,092,000 (final dividend in respect of the year ended 31 December 2018: RMB8.0 cents per share, totalling RMB445,280,000) was paid in second half of 2020.

On 31 March 2021, the Directors recommended the payment of a final dividend of RMB1.02 cents per share, totalling RMB56,773,200 in respect of the year ended 31 December 2020. Such dividend is to be approved by the shareholders at the annual general meeting. The consolidated financial statements do not reflect this dividend payable.

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend of RMB1.02 cents (2019: RMB6.20 cents) per share	<u>56,773</u>	<u>345,092</u>

8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Trade receivables	1,451,073	1,557,482
Less: provision for impairment of trade receivables	<u>(252,626)</u>	<u>(210,340)</u>
Trade receivables — net	<u>1,198,447</u>	<u>1,347,142</u>
Other receivables		
— Loans to related parties by Finance Company	870,200	917,800
— Lease receivable	545,870	579,030
— Deposits	348,054	323,809
— Receivables related to the compensation for the requisition of properties	255,016	—
— Other amounts due from related parties	230,722	178,702
— Loans to related parties by the Group other than Finance Company	135,825	33,700
— Accrued rental revenue	40,877	45,156
— Receivable related to disposal of operating vehicles	25,756	—
— Interest receivables	5,757	10,935
— Others	59,986	67,932
Less: provision for impairment of other receivables	<u>(87,981)</u>	<u>(66,116)</u>
	<u>2,430,082</u>	<u>2,090,948</u>
Prepayments		
— Prepayments to suppliers	542,596	601,895
— VAT recoverable	199,911	138,085
— Other prepaid and recoverable tax	188,664	188,729
	<u>931,171</u>	<u>928,709</u>
Prepayments and other receivables — net	<u>3,361,253</u>	<u>3,019,657</u>
	<u>4,559,700</u>	<u>4,366,799</u>
Less: non-current portion of trade receivables, prepayments and other receivables	<u>(736,045)</u>	<u>(758,786)</u>
	<u>3,823,655</u>	<u>3,608,013</u>
Non-current portion of trade receivables, prepayments and other receivables	<u>736,045</u>	<u>758,786</u>

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

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Less than 6 months	1,181,956	1,298,238
6 months to 1 year	55,883	84,018
Over 1 year	213,234	175,226
	<u>1,451,073</u>	<u>1,557,482</u>

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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Trade payables	930,761	1,209,747
Deposits from related parties in Finance Company	3,033,522	4,266,699
Employee benefit payables	2,127,197	2,010,898
Advances on behalf of the franchisees	718,197	730,281
Deposits from lessees and constructors	499,942	479,681
Payables for purchases of property, plant and equipment, and intangible assets	385,542	428,168
Other tax payable	337,936	433,891
Dividend payable to non-controlling interests	263,055	94,623
Accrued expenses	247,969	279,409
Other amounts due to related parties	197,472	150,609
Notes payables (i)	116,350	120,735
Defined benefit plan of GDL	99,640	89,587
Deferred government grants	83,503	31,118
Provisions for other liabilities and charges	48,348	52,189
Interest payable	43,129	21,692
Payables related to the disposal of Shanghai Galaxy Hotel Company Limited (“Galaxy Hotel”)	36,962	36,962
Financial liabilities due to put options granted to holders of non-controlling interests	33,116	95,521
Deferred payment of acquisition of subsidiaries	13,911	13,938
Payables for acquisition of the non-controlling interests of Keystone	4,450	35,610
Others	338,902	475,882
	<u>9,559,904</u>	11,057,240
Less: non-current portion of trade and other payables and accruals	<u>(1,201,847)</u>	<u>(2,354,089)</u>
Current portion of trade and other payables and accruals	<u>8,358,057</u>	<u>8,703,151</u>
Non-current portion of trade and other payables and accruals	<u>1,201,847</u>	<u>2,354,089</u>

- (i) As at 31 December 2020, notes payables were pledged by certain inventories with the carrying amount of RMB30,000,000 and secured by the bank deposits with carrying amount of RMB90,066,000 (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).

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

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 3 months	820,580	1,088,556
3 months to 1 year	76,316	80,359
Over 1 year	33,865	40,832
	<u>930,761</u>	<u>1,209,747</u>

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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of subsidiaries	1,485,196	—
Government grants income (i)	537,197	131,925
Gain on disposal of property, plant and equipment and right-of-use assets (ii)	376,823	112,773
Dividend income	178,499	157,232
— Unlisted equity investments	99,439	87,723
— Listed equity investments	79,060	69,509
Unrealised fair value gain on financial assets at fair value through profit or loss (“FVPL”)	55,987	183,679
Interest income from bank deposits	51,082	85,450
Realised fair value gain on financial assets at FVPL	29,348	28,779
Gain on disposal of investment in associates	21,324	—
Foreign exchange gain — net	—	108
Others	139,572	79,162
	<u>2,875,028</u>	<u>779,108</u>

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

(ii) The gain on disposal of property, plant and equipment and right-of-use assets for the year ended 31 December 2020 mainly included the gain on disposal of the property, plant and equipment and right-of-use assets of Shanghai Company in the segment of in “Passenger Transportation Vehicles and Logistics” amounted to RMB346,567,000 (2019: the gain on disposal of the property, plant and equipment of 5 hotels in the segment of in “Select Service Hotels — managed and operated in Mainland China” amounted to RMB64,910,000).

11 OTHER EXPENSES AND LOSSES

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Unrealised fair value losses on financial assets at FVPL	60,071	—
Bank charges	46,034	60,045
Loss on disposal of property, plant and equipment	40,503	5,491
Foreign exchange loss — net	39,770	—
Termination loss	2,354	7,982
Impairment of investments in associates	—	1,645
Pending litigations	—	530
Others	36,284	40,935
	<u>225,016</u>	<u>116,628</u>

12 FINANCE COSTS — NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finance cost:		
Interest expenses	913,874	966,531
— Bank borrowings	406,264	436,925
— Lease liabilities	444,461	467,245
— Borrowings from related parties	63,149	62,361
Net foreign exchange loss/(gain) on borrowings	10,475	(1,255)
Finance costs — net	<u>924,349</u>	<u>965,276</u>

13 COMMITMENTS

(a) Capital commitments

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

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of property, plant and equipment	<u>54,900</u>	<u>78,882</u>

(b) Operating lease commitments

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

Leases with different lessees are negotiated for terms ranging from 1 year to 20 years with different renewal options, escalation clauses and restrictions on subleasing. When certain rental receipts of properties are based on the higher of minimum guaranteed rentals or revenue level based rentals, the minimum guaranteed rentals have been used to arrive at the commitments below.

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

	At 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Not later than 1 year	130,083	174,240
Later than 1 year and not later than 5 years	340,161	417,849
Later than 5 years	<u>141,016</u>	<u>191,785</u>
	<u>611,260</u>	<u>783,874</u>

(c) Loan commitments

As at 31 December 2020, loan commitments of RMB88,644,000 (31 December 2019: RMB177,000,000) represent undrawn loan facilities offered by Finance Company and granted to related parties.

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 RMB1,175,982,000 to the Group's revenue, decreasing by approximately 42.5% as compared to the same period of last year, which was mainly attributable to the substantial decrease in demand for hotel accommodation as a result of business and travel restrictions under the continuous impact of the COVID-19 epidemic.

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

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

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

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

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

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

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

Select Service Hotels

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

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

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

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

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

In view of the COVID-19 epidemic, GDL swiftly established a crisis steering team. As Europe suddenly upgraded measures against the COVID-19 epidemic in early March 2020, the overseas hotel business had experienced a substantial decline since mid-March. With the escalation of the COVID-19 epidemic, countries such as France and Germany successively announced policies to provide labour cost subsidies. Since the second half of 2020, the European nations have reintroduced COVID-19 epidemic prevention and control measures and various restrictions following the repeated resurgence of the COVID-19 epidemic, while commencing vaccination programmes at the same time.

Currently, market recovery and business conditions are still subject to uncertainty. During the Reporting Period, GDL formulated contingency measures focused on financial soundness with active adoption of a range of measures to seek external finance, reduce expenditure and protect liquidity. While financial risks have been effectively reduced, projects relating to brand remoulding, product upgrade and new concept innovation have also been started to prepare for rapid development after the COVID-19 epidemic is over.

Food and Restaurants

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

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

Passenger Transportation Vehicles and Logistics

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

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

logistics support staff were directly involved in the service. Jin Jiang Automobile was highly approved by participating VIPs and organisers of the summit conferences for its premium, safe, efficient and comprehensive vehicle services.

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

Travel Agency

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

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

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

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

Information Technology

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

FINANCIAL REVIEW

Turnover

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

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

Full Service Hotels

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

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

Accommodation revenue

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

Food and beverage sales

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

Rendering of ancillary services

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

Rental revenue

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

Sales of hotel supplies

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

Hotel management revenue

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

Select Service Hotels — managed and operated in Mainland China

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

Select Service Hotels — managed and operated overseas

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

Food and Restaurants

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

Passenger Transportation Vehicles and Logistics

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

Travel Agency

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

Other Operations

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

Cost of Sales

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

Gross Profit

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

Other Income and Gain

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

Selling and Marketing Expenses

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

Administrative Expenses

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

Other Expenses and Losses

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

Finance Costs — Net

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

Share of Results of Joint Ventures and Associates

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

Taxation

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

Net Profit

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

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and pledge of assets

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

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

- (a) Bank borrowings of EUR602,000,000, equivalent to RMB4,831,050,000 (31 December 2019: EUR746,000,000, equivalent to RMB5,830,363,000), which were guaranteed by Jin Jiang International Group;
- (b) Bank borrowings of RMB2,459,000,000 (31 December 2019: RMB4,059,000,000), which were pledged by the equity interests in a subsidiary of the Group;
- (c) Bank borrowings of PLN30,952,000, equivalent to RMB54,226,000 (31 December 2019: PLN31,037,000, equivalent to RMB57,009,000), which were pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland; and
- (d) Bank borrowings of RMB52,496,000 (31 December 2019: RMB37,908,000), which were pledged by the inventories of a subsidiary of the Group.

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

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

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

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

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

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

Treasury Management and Interest Rate Risk Management

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

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

Financial Assets at Fair Value through Other Comprehensive Income

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

Financial Assets at Fair Value through Profit or Loss

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

HUMAN RESOURCES AND TRAINING

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

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

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

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

SOCIAL RESPONSIBILITY

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

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

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

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

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

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

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

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

DIVIDENDS

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

Pursuant to the “Corporate Income Tax Law of the PRC” and its implementing regulations (hereinafter collectively referred to as the “CIT Law”) which took effect on 1 January 2008 and the “Notice on Issues relating to the Recognition of Overseas Registered PRC-invested Enterprises as Resident Enterprises based on Actual Management 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 behalves.

The 10% corporate income tax will not be withheld from the final dividend payable to any natural person shareholders. The proposed final dividend is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

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

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

CORPORATE GOVERNANCE

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

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 control and financial reporting, including the review of the consolidated financial statements for the year ended 31 December 2020 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 2020, 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
“Beijing Kunlun Hotel”	Kunlun Hotel Co., Ltd. (北京崑崙飯店有限公司)
“Board”	the board of Directors of the Company
“China” or “PRC”	The People’s Republic of China
“Company”	Shanghai Jin Jiang Capital Company Limited
“COVID-19 epidemic”	Coronavirus Disease epidemic
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the lawful currency of the European Union
“Finance Company”	Jin Jiang International Finance Company Limited (錦江國際集團財務有限公司)
“Full Service Hotels”	hotels which are based on comprehensive hotel functions and facilities, and provide all rounded quality services for guests
“Gaoxiao Taxi”	Shanghai Gaoxiao Taxi Company Limited (上海高校出租汽車有限公司)
“GDL”	Groupe du Louvre, a société par actions simplifiée incorporated under the laws of France
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the date of incorporation of the Company, those entities and businesses which were consolidated into and operated by the Company upon its establishment
“Hongqiao United”	Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd. (上海虹橋經濟技術開發區聯合發展有限公司)

“Huangpu Housing Management Bureau”	Bureau of Housing Security and Management of Shanghai Huangpu District (上海市黃浦區住房保障和房屋管理局)
“Huangpu No. 3 Property Requisition Company”	Shanghai Huangpu District No. 3 Property Requisition Services Co., Ltd. (上海市黃浦區第三房屋徵收服務事務所有限公司)
“JHJ Transportation”	JHJ International Transportation Co., Ltd. (錦海捷亞國際貨運有限公司)
“Jian Guo Hotel”	Shanghai Jian Guo Hotel Co., Ltd. (上海建國賓館有限公司)
“Jin Jiang Automobile”	Shanghai Jin Jiang Automobile Services Co., Ltd. (上海錦江汽車服務有限公司)
“Jin Jiang Cold”	Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. (上海錦江國際低溫物流發展有限公司)
“Jin Jiang GDL Asia”	Jin Jiang GDL Asia Co., Ltd. (上海錦江盧浮亞洲酒店管理有限公司), formerly known as Shanghai Jin Jiang Metropolo Hotel Management Company Limited (上海錦江都城酒店管理有限公司)
“Jin Jiang Hotel”	Jin Jiang Hotel Company Limited (上海錦江飯店有限公司)
“Jin Jiang Hotels”	Shanghai Jin Jiang International Hotels Company Limited (上海錦江國際酒店股份有限公司)
“Jin Jiang Inn”	Jin Jiang Inn Company Limited (錦江之星旅館有限公司)
“Jin Jiang International Group”	Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司)
“Jin Jiang Online”	Shanghai Jin Jiang Online Network Service Company Limited (上海錦江在線網絡服務股份有限公司), formerly known as Shanghai Jin Jiang International Industrial Investment Company Limited (上海錦江國際實業投資股份有限公司)
“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司)
“Jin Ya Catering”	Shanghai Jin Ya Catering Management Co., Ltd. (上海錦亞餐飲管理有限公司), formerly known as Shanghai New Asia Café de Coral Company Limited (上海新亞大家樂餐飲有限公司)

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

“Vienna Hotels”	Vienna Hotels Group Co., Ltd. (維也納酒店有限公司)
“WeHotel”	Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司)
“Yangtze Hotel”	Shanghai Yangtze Hotel Company Limited (上海揚子江大酒店有限公司)

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

Shanghai, the PRC, 31 March 2021

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**”.*