Shanghai Jin Jiang International Hotels (Group) Company Limited*
上海錦江國際酒店（集團）股份有限公司

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

(Stock Code: 02006)

2013 FINAL RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company" or "Jin Jiang Hotels") is pleased to announce the final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 (the "Reporting Period"). These results have been reviewed by the audit committee of the Board. 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 2013 as set out in the Final Result Announcement were in agreement with the amounts set out in the audited consolidated financial statements of the Group for the year.

In 2013, the Group's principal business was subject to the pressure of the slowdown in domestic macro-economic growth, temporary oversupply in the hotel industry and changes in social sentiments. Nevertheless, the Group overcame the challenges with efforts in business innovation, asset structure adjustments and optimization of staff allocation with the aim of improving quality and enhancing efficiency, resulting in notable achievements.

During the Reporting Period, the Group further streamlined its brand positioning by improving the brand regimes of "Full Service Hotels" and "Select Service Hotels". Significant projects were vigorously implemented and assets operation was conducted in a disciplined manner. Dedicated efforts were made in management upgrades while the benefits of functional centres were brought into full play. Efforts in systems integration and resource integration also yielded significant results.

During the Reporting Period, the Group realized sales revenue of approximately RMB9,288,331,000, representing an increase of approximately 3.2% as compared to the same period of last year. The operating profit of the Group amounted to approximately RMB1,286,021,000, representing an increase of approximately 71.6% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB443,772,000, representing an increase of approximately 40.0% as compared to the same period of last year.

As of 31 December 2013, the Group held or managed a total of 1,566 hotels (in operation or under construction) with over 235,000 rooms in aggregate. In terms of the number of rooms, the Group ranked the ninth in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in July 2013. In particular, a total of 1,190 self-owned or managed hotels were either in operation or under construction within the

People's Republic of China (the "PRC") with over 165,000 rooms, spreading across about 280 cities in 31 provinces, autonomous regions and municipalities in the PRC. The Group remains the leading hotel group in the PRC in terms of the number of hotel rooms operated.

Interstate Hotels & Resorts Inc. ("IHR"), in which the Group held 50% interests, managed 382 hotel (including 6 hotels in the PRC) in aggregate in 10 countries around the world.

During the Reporting Period, the Group further leveraged Jin Jiang's e-commerce platform and its membership system to strengthen cross-sales on hotel, tourism and car rental. As at the end of the Reporting Period, J Club registered more than 13 million members, representing an addition of 5.50 million new members over the year.

OPERATIONAL STATISTICS

	2013	2012 (Restated)
Average occupancy rate		
Full Service Hotels	**65%**	63%
— 5-star Luxury Hotels	**63%**	62%
— 4-star Luxury Hotels	**67%**	65%
Select Service Hotels	**83%**	86%
Average room rate *(RMB)*		
Full Service Hotels	**577**	602
— 5-star Luxury Hotels	**745**	776
— 4-star Luxury Hotels	**468**	490
Select Service Hotels	**187**	186
Revenue per available room ("RevPAR") *(RMB)*		
Full Service Hotels	**374**	382
— 5-star Luxury Hotels	**472**	480
— 4-star Luxury Hotels	**312**	319
Select Service Hotels	**155**	160

Notes:

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

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

3. Select Service Hotels include hotels under the following brands: Jin Jiang Metropolo, Jin Jiang Inn, Bestay Hotels Express, Jinguang Inn and Yulan.

4. Three hotels, namely Beijing Kunlun Hotel, Sofitel Hyland and Wuxi Jin Jiang Grand Hotel, were excluded from the scope of operational statistics for Full Service Hotels as their average room rates and occupancy rates were affected by the extensive renovation and modification work conducted during the period from 2011 to 2013 and the data for the same period is therefore not comparable.

5. New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel were excluded from the scope of operational statistics for Full Service Hotels as they were re-designated as Select Service Hotels in 2013 and the data for the same period is therefore not comparable.

FINANCIAL HIGHLIGHTS

	2013	2012 (Restated)*	2011	2010 (Restated)**	2009
Items of Consolidated Income Statement *(RMB million)*					
Revenue	**9,288**	9,004	12,653	11,824	3,321
Profit attributable to shareholders of the Company	**444**	317	536	387	82
Dividends	**250**	167	223	122	91
Proposed dividend per share *(RMB cents)*	**4.50**	3.00	4.00	2.20	2.00
Items of Consolidated Balance Sheet *(RMB million)*					
Total assets	**21,836**	18,129	18,266	18,445	12,762
Total liabilities	**9,886**	5,994	6,412	6,453	3,117
Total equity	**11,950**	12,135	11,854	11,992	9,645
Total equity attributable to the shareholders of the Company	**7,566**	7,312	7,175	7,839	7,628
Item of Consolidated Statement of Cash Flows *(RMB million)*					
Net cash generated from operating activities	**2,044**	898	1,307	1,503	561
Non-HKFRS Financial Information					
Earnings before interests, taxes, depreciation and amortisation ("EBITDA") *(RMB million)*	**2,360**	1,919	2,177	2,046	952
Total equity per share *(RMB)*	**2.15**	2.18	2.13	2.15	2.11
Total equity per share attributable to the shareholders of the Company *(RMB)*	**1.36**	1.31	1.29	1.72	1.67
Gearing ratio	**17.7%**	11.0%	13.0%	11.8%	8.4%
Capital expenditure	**2,702**	727	2,543	2,484	1,245

* Hong Kong Financial Reporting Standards ("HKFRS") 11 "Joint arrangements" has been adopted by the Group since 1 January 2013. Investments in joint ventures shall be accounted for by using equity method and proportional consolidation of joint ventures is no longer applied. In addition, the financial information for the year ended 31 December 2012 and as at 31 December 2012 has been restated.

** Upon the completion of the business combination under common control in 2011, the financial statements line items of Shanghai Jin Jiang International Industrial Investment Company Limited ("Jin Jiang Investment") and Shanghai Jin Jiang International Travel Co., Ltd. ("Jin Jiang Travel") were included in the consolidated financial statements of the Group for the year ended 31 December 2011 as if the combinations had occurred from the date when Jin Jiang Investment and Jin Jiang Travel first came under the control of Jin Jiang International Holdings Company Limited ("Jin Jiang International"). Comparative figures as at 31 December 2010 and for the year ended 31 December 2010 were restated on the same basis.

SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH HKFRS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	Year ended 31 December **2013** *RMB'000*	2012 *RMB'000* (Restated)
Revenue	3	**9,288,331**	9,004,124
Cost of sales	4	**(7,654,889)**	(7,430,876)
Gross profit		**1,633,442**	1,573,248
Other income		**959,377**	467,943
Selling and marketing expenses	4	**(422,571)**	(400,060)
Administrative expenses	4	**(839,311)**	(836,553)
Other expenses		**(44,916)**	(54,943)
Operating profit		**1,286,021**	749,635
Finance costs		**(140,656)**	(100,677)
Share of results of joint ventures and associates		**130,939**	220,589
Profit before income tax		**1,276,304**	869,547
Income tax expense	5	**(433,600)**	(161,689)
Profit for the year		**842,704**	707,858
Attributable to:			
Shareholders of the Company		**443,772**	317,006
Non-controlling interests		**398,932**	390,852
		842,704	707,858
Earnings per share for profit attributable to shareholders of the Company during the year *(expressed in RMB cents per share)*			
— basic and diluted	6	**7.97**	5.70
Dividends	7	**250,470**	166,980

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**842,704**	707,858
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Fair value changes on available-for-sale financial assets — gross	**53,302**	433,075
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	**(241,918)**	(250,441)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	**47,139**	(45,044)
Currency translation differences	**146**	(801)
Total other comprehensive income for the year	**(141,331)**	136,789
Total comprehensive income for the year	**701,373**	844,647
Attributable to:		
Shareholders of the Company	**357,369**	370,861
Non-controlling interests	**344,004**	473,786
	701,373	844,647

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	**As at 31 December 2013** *RMB'000*	As at 31 December 2012 *RMB'000* (Restated)	As at 1 January 2012 *RMB'000* (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**7,074,106**	7,026,450	7,238,228
Investment properties		**227,888**	185,809	190,762
Land use rights		**2,030,284**	1,867,419	1,924,795
Intangible assets		**431,655**	386,420	391,406
Investments in joint ventures		**1,412,158**	1,444,765	1,342,642
Investments in associates		**538,175**	626,600	643,336
Available-for-sale financial assets		**1,888,002**	1,964,156	1,800,887
Deferred income tax assets		**490,905**	229,018	190,856
Trade receivables, prepayments and other receivables	8	**106,127**	41,764	65,818
		14,199,300	13,772,401	13,788,730
Current assets				
Financial assets at fair value through profit or loss		**80,662**	730	911
Available-for-sale financial assets		**121,780**	61,640	—
Inventories		**176,596**	150,743	144,572
Trade receivables, prepayments and other receivables	8	**1,305,785**	1,063,481	702,776
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months		**1,369,680**	544,171	281,300
Cash and cash equivalents		**4,475,191**	2,536,253	2,139,839
		7,529,694	4,357,018	3,269,398
Non-current assets held for sale		**107,113**	—	—
		7,636,807	4,357,018	3,269,398
Total assets		**21,836,107**	18,129,419	17,058,128

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2013

	Note	**As at 31 December 2013 *RMB'000***	As at 31 December 2012 *RMB'000* (Restated)	As at 1 January 2012 *RMB'000* (Restated)
EQUITY				
Capital and reserves attributable to shareholders of the Company				
Share capital	1	**5,566,000**	5,566,000	5,566,000
Reserves		**1,999,514**	1,746,389	1,609,255
— Proposed final dividend	7	**250,470**	166,980	222,640
— Others		**1,749,044**	1,579,409	1,386,615
		7,565,514	7,312,389	7,175,255
Non-controlling interests		**4,384,366**	4,823,056	4,663,772
Total equity		**11,949,880**	12,135,445	11,839,027
LIABILITIES				
Non-current liabilities				
Borrowings		**1,711,659**	1,394,093	1,178,007
Deferred income tax liabilities		**500,402**	638,651	609,770
Trade and other payables	9	**210,725**	114,219	174,872
		2,422,786	2,146,963	1,962,649
Current liabilities				
Borrowings		**2,149,663**	600,823	448,377
Income tax payable		**546,951**	103,416	112,557
Trade and other payables	9	**4,766,827**	3,142,772	2,695,518
		7,463,441	3,847,011	3,256,452
Total liabilities		**9,886,227**	5,993,974	5,219,101
Total equity and liabilities		**21,836,107**	18,129,419	17,058,128
Net current assets		**173,366**	510,007	12,946
Total assets less current liabilities		**14,372,666**	14,282,408	13,801,676

NOTES TO THE SELECTED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company, formerly known as Shanghai New Asia (Group) Company, was established on 16 June 1995 as a wholly state-owned company with limited liability and has been directly under the administration and control of the State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government ("Shanghai SASAC") or its predecessors. Pursuant to an enterprise reorganisation in June 2003, the Company was designated by Shanghai SASAC as a wholly-owned subsidiary of Jin Jiang International, which is also a wholly state-owned company established in the PRC directly under the administration and control of Shanghai SASAC.

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

On 11 January 2006, the Company's name was changed to its current name and the Company was converted into a joint stock limited company under the Company Law of the PRC by converting its paid-in capital and reserves of Renminbi ("RMB") 3,300,000,000 at 30 September 2005 into 3,300,000,000 ordinary shares of RMB1 per share.

On 15 December 2006 and 20 December 2006, a total of 1,265,000,000 ordinary shares of RMB1 per share were issued by the Company through a public offer in Hong Kong and an international placing, and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"). Consequently, the share capital of the Company was increased to RMB4,565,000,000.

On 16 February 2011, 1,001,000,000 ordinary shares of RMB1 per share were issued and allotted to Jin Jiang International as part of the consideration to acquire Jin Jiang Investment and Jin Jiang Travel (the "Acquisition"). As a result, the share capital of the Company was increased to RMB5,566,000,000.

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

The Group is principally engaged in investment and operation of hotels and related businesses (the "Hotel Related Businesses") in Mainland China, 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") in Mainland China.

These consolidated financial statements were approved for issue by the Board on 28 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs 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 following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013.

- Amendment to HKAS 1 'Financial statement presentation' is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Group has followed this amendment to make the related presentation.

- Amendment to HKFRSs 10, 11 and 12 on transition guidance are effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. They did not have any significant impact on the Group's consolidated financial statements.

- HKFRS 10 'Consolidated financial statements' is effective for annual periods beginning on or after 1 January 2013. The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Group assessed that adoption of HKFRS 10 did not result in any change in the consolidation status of its subsidiaries, and would not have any significant impact on the Group's consolidated financial statements.

- HKAS 27 (revised 2011) 'Separate financial statements' is effective for annual periods beginning on or after 1 January 2013. It includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. It did not have any significant impact on the Group's consolidated financial statements.

- HKFRS 11 'Joint arrangements' is effective for annual periods beginning on or after 1 January 2013. It is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

  HKAS 28 (revised 2011) 'Associates and joint ventures' is effective for annual periods beginning on or after 1 January 2013. It includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

As HKFRS 11 and HKAS 28 (revised 2011) are adopted by the Group in the accounting period beginning on 1 January 2013 when effective, proportional consolidation of joint ventures is no longer applied. The Group recognised its interests in joint ventures as investments using the equity method in accordance with HKAS 28 (revised 2011), with restating comparatives. The adoption of HKFRS 11 and HKAS 28 (revised 2011) have significant impacts on the Group's total assets, liabilities, revenue and other consolidated income statement line items other than profit for the year attributable to shareholders of the Company, but no significant impacts on the Group's profit for the year attributable to shareholders of the Company and equity attributable to the shareholders of the Company.

- HKFRS 12 'Disclosure of interests in other entities' is effective for annual periods beginning on or after 1 January 2013. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has followed HKFRS 12 to make the related disclosure.

- HKFRS 13 'Fair value measurements' is effective for annual periods beginning on or after 1 January 2013. It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP. It did not have any significant impact on the Group's consolidated financial statements.

- Amendment to HKAS 19 'Employee benefits' is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. It is not expected to have any significant impact on the Group's consolidated financial statements.

- Amendment to HKFRS 7 'Financial instruments: Disclosures — Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2013. The amendments also require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. It is not expected to have any significant impact on the Group's consolidated financial statements.

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

The Group's assessment of the impact of these new and amended standards is set out below.

- Amendment to HKAS 32 'Financial instruments: Presentation' on asset and liability offsetting. These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group is yet to assess full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2014.

- Amendments to HKFRS 10, 12 and HKAS 27 "Consolidation for investment entities". These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The Group is yet to assess full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 36, 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group is yet to assess full impact of the amendment and intends to adopt the amendment no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 39 ‘Financial Instruments: Recognition and Measurement’ — ‘Novation of derivatives’. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group is yet to assess full impact of the amendments and intends to adopt the amendment no later than the accounting period beginning on or after 1 January 2014.

- HK(IFRIC) 21 ’Levies’. This is an interpretation of HKAS 37, ’Provisions, contingent liabilities and contingent assets’. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group is yet to assess HK(IFRIC) 21’s full impact of the amendments and intends to adopt the HK(IFRIC) 21 no later than the accounting period beginning on or after 1 January 2014.

- Amendment to to HKAS19 regarding defined benefit plans applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The Group is yet to assess the amendment full impact of the amendment and intends to adopt the amendment no later than the accounting period beginning on or after 1 July 2014.

- HKFRS 9 “Financial Instruments” is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group is yet to assess the HKFRS 9’s full impact of the amendments and intends to adopt the HKFRS 9 no later than the accounting period beginning on or after 1 January 2015.

There are no other HKFRSs, amendments to HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 TURNOVER AND 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 reports.

With restructuring and brand positioning of the Hotel Related Businesses, management renamed “Star-rated hotels” and “Budget hotels” segments as “Full Service Hotels” and “Select Service Hotels” segments, respectively.

Upon adoption of HKFRS 11, the Group does not proportionately consolidate IHR Group. Since the share of results of IHR Group was immaterial to the Group, the segment of “IHR Group” was combined into the segment of “Full Service Hotels”.

The executive committee assesses the performance according to six main business segments as follows:

(1) Full Service Hotels (previously named as “Star-rated hotels”): ownership, operation and management of full service hotels;

(2) Select Service Hotels (previously named as “Budget hotels”): operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels owned by other parties;

(3) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments;

(4) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;

(5) Travel Agency: provision of travel agency and related services; and

(6) 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) Turnover

The Group's revenue which represents turnover is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Full Service Hotels	**2,225,092**	2,419,703
— Accommodation revenue	**1,013,456**	1,118,282
— Food and beverage sales	**812,617**	888,709
— Rendering of ancillary services	**105,230**	107,448
— Rental revenue	**199,217**	190,187
— Sales of hotel supplies	**15,036**	39,395
— Hotel management	**79,536**	75,682
Select Service Hotels	**2,407,394**	2,101,736
— Accommodation revenue	**1,734,949**	1,501,706
— Food and beverage sales	**201,231**	203,702
— Rendering of ancillary services	**38,138**	51,619
— Rental revenue	**29,118**	23,379
— Sales of hotel supplies	**34,691**	23,117
— Hotel management and franchise	**289,642**	229,482
— Revenue under customer royalty programme	**79,625**	68,731
Food and Restaurants	**357,934**	314,315
Passenger Transportation Vehicles and Logistics	**2,081,777**	2,019,753
— Vehicle operating	**1,214,971**	1,167,234
— Trading of automobile	**730,324**	708,421
— Refrigerated logistics	**118,972**	121,284
— Others	**17,510**	22,814
Travel Agency	**2,116,332**	2,077,873
— Travel agency	**2,092,506**	2,054,512
— Others	**23,826**	23,361
Other Operations	**99,802**	70,744
	9,288,331	9,004,124

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 year ended 31 December 2012 and 2013.

(b) Segment information

Year ended 31 December 2013:

	Full Service Hotels *RMB'000*	Select Service Hotels *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	**2,225,092**	**2,407,394**	**357,934**	**2,081,777**	**2,116,332**	**99,802**	**9,288,331**
Inter-segment sales	**10,062**	**1,046**	**6,915**	**4,494**	**1,298**	**26,128**	**49,943**
Total gross segment sales	**2,235,154**	**2,408,440**	**364,849**	**2,086,271**	**2,117,630**	**125,930**	**9,338,274**
Profit for the year	**119,927**	**273,744**	**23,810**	**273,047**	**61,835**	**90,341**	**842,704**
Other income	**464,908**	**35,546**	**59,712**	**133,401**	**62,935**	**202,875**	**959,377**
Including: interest income	**6,508**	**782**	**119**	**10,274**	**10,526**	**704**	**28,913**
Depreciation of property, plant and equipment *(note 4)*	**(249,097)**	**(331,457)**	**(11,776)**	**(249,102)**	**(6,493)**	**(2,758)**	**(850,683)**
Depreciation of investment properties *(note 4)*	**(4,814)**	—	—	—	—	—	**(4,814)**
Amortization of land use rights *(note 4)*	**(59,313)**	**(11,091)**	—	**(1,239)**	—	**(356)**	**(71,999)**
Amortization of intangible assets *(note 4)*	**(5,052)**	**(8,882)**	**(1,234)**	—	**(513)**	**(322)**	**(16,003)**
Write-down/(reversal of) inventories *(note 4)*	**78**	**(144)**	—	—	—	—	**(66)**
Reversal of/(provision) for impairment of trade receivables, prepayments and other receivables *(note 4)*	**10,924**	**1,214**	**(279)**	**165**	**277**	—	**12,301**
Finance costs	**(107,343)**	**(1,687)**	—	**(1,374)**	—	**(30,252)**	**(140,656)**
Share of results of joint ventures and associates	**29,069**	—	**(8,505)**	**115,865**	**(7,420)**	**1,930**	**130,939**
Income tax expense *(note 5)*	**(232,657)**	**(86,964)**	**(1,270)**	**(55,525)**	**(12,828)**	**(44,356)**	**(433,600)**
Capital expenditure	**110,631**	**2,187,242**	**8,689**	**378,543**	**16,494**	**880**	**2,702,479**

Year ended 31 December 2012 (Restated):

	Full Service Hotels *RMB'000*	Select Service Hotels *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	2,419,703	2,101,736	314,315	2,019,753	2,077,873	70,744	9,004,124
Inter-segment sales	9,756	1,917	9,790	5,089	1,165	52,681	80,398
Total gross segment sales	2,429,459	2,103,653	324,105	2,024,842	2,079,038	123,425	9,084,522
Profit for the year	76,356	251,084	48,431	223,455	49,301	59,231	707,858
Other income	179,191	31,988	48,492	54,597	57,933	95,742	467,943
Including: interest income	4,850	602	257	9,190	9,251	158	24,308
Depreciation of property, plant and equipment *(note 4)*	(307,906)	(286,856)	(14,959)	(252,393)	(5,931)	(2,657)	(870,702)
Depreciation of investment properties *(note 4)*	(158)	—	—	(510)	(4,285)	—	(4,953)
Amortization of land use rights *(note 4)*	(44,736)	(10,843)	(101)	(1,340)	—	(356)	(57,376)
Amortization of intangible assets *(note 4)*	(5,933)	(7,550)	(1,007)	—	(514)	(606)	(15,610)
Inventories write-down *(note 4)*	(363)	—	—	—	—	—	(363)
(Provision for)/reversal of impairment of trade receivables, prepayments and other receivables *(note 4)*	(324)	(3,332)	—	(156)	449	(15)	(3,378)
Finance costs	(94,753)	(1,839)	—	(3,524)	—	(561)	(100,677)
Share of results of joint ventures and associates	59,377	—	46,027	123,550	(7,435)	(930)	220,589
Income tax expense *(note 5)*	1,945	(80,988)	193	(37,764)	(12,555)	(32,520)	(161,689)
Capital expenditure	111,098	416,173	4,395	181,183	7,054	6,882	726,785

The segment assets as at 31 December 2013 are as follows:

	Full Service Hotels *RMB'000*	**Select Service Hotels** *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	**5,256,099**	**5,857,803**	**148,252**	**2,581,219**	**1,297,743**	**4,744,658**	**19,885,774**
Investments in joint ventures	**1,029,252**	**—**	**—**	**365,049**	**—**	**17,857**	**1,412,158**
Investments in associates	**47,230**	**—**	**133,667**	**334,322**	**15,921**	**7,035**	**538,175**
Total assets	**6,332,581**	**5,857,803**	**281,919**	**3,280,590**	**1,313,664**	**4,769,550**	**21,836,107**

The restated segment assets as at 31 December 2012 are as follows:

	Full Service Hotels *RMB'000*	Select Service Hotels *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	5,160,521	3,540,493	148,240	2,274,490	1,314,247	3,620,063	16,058,054
Investments in joint ventures	1,070,148	—	—	356,494	—	18,123	1,444,765
Investments in associates	46,815	—	187,225	364,383	23,339	4,838	626,600
Total assets	6,277,484	3,540,493	335,465	2,995,367	1,337,586	3,643,024	18,129,419

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 in the segment of "Full Service Hotels" for the year ended 31 December 2013 mainly includes gain on disposal of available-for-sale financial assets of RMB42,663,000 (for the year ended 31 December 2012: gain on disposal of available-for-sale financial assets of RMB159,781,000) and gain on disposal of a subsidiary of RMB398,172,000 for the year ended 31 December 2012: nil). Other income in segment of "Passenger Transportation Vehicles and Logistics" for the year ended 31 December 2013 mainly includes gain on disposal of investment in an associate of RMB80,829,000 (for the year ended 31 December 2012: nil). Other income in the segment of "Other Operations" for the year ended 31 December 2013 mainly includes gain on disposal of available-for-sale financial assets of RMB172,737,000 (for the year ended 31 December 2012: RMB77,849,000).

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights, intangible assets and prepayments for capital expenditure, including additions resulting from acquisition through business combination.

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	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Cost of inventories sold	**3,254,714**	3,295,057
Employee benefit expense	**2,479,696**	2,248,781
Depreciation of property, plant and equipment	**850,683**	870,702
Utility cost and consumables	**650,348**	635,982
Operating leases — land and buildings	**386,964**	363,105
Business tax, property tax, VAT through a simplified method and other tax surcharges	**376,870**	361,490
Repairs and maintenance	**168,503**	168,819
Laundry costs	**79,994**	72,740
Amortisation of land use rights	**71,999**	57,376
Advertising costs	**48,585**	43,086
Commissions paid to travel agencies	**39,400**	36,270
Transportation expenses	**35,884**	36,618
Legal and consulting fees	**17,536**	10,398
Telecommunication expenses	**16,104**	18,763
Amortisation of intangible assets	**16,003**	15,610
Entertainment expenses	**12,316**	14,467
Auditors' remuneration	**13,975**	14,461
— Audit service	**13,915**	14,112
— Non-audit service	**60**	349
Pre-operation expenses	**12,065**	7,003
Depreciation of investment properties	**4,814**	4,953
Provision for inventories to net realisable value	**66**	363
(Reversal of)/provision for impairment of trade receivables, prepayments and other receivables	**(12,301)**	3,378
Others	**392,553**	388,067
	8,916,771	8,667,489

5 INCOME TAX EXPENSE

	Year ended 31 December 2013 *RMB'000*	2012 *RMB'000* (Restated)
Current tax:		
Mainland China current corporate income tax ("CIT")	**636,105**	216,014
Deferred tax:		
Mainland China deferred income tax	**(202,505)**	(54,325)
	433,600	161,689

Provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the year ended 31 December 2013 (2012: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax is provided at a rate of 16.5% on the estimated assessable profits of Group's subsidiary and joint ventures incorporated in Hong Kong for the year ended 31 December 2013 (2012: 16.5%). For the year ended 31 December 2013, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (2012: 25%) in the Mainland China as follows:

	Year ended 31 December 2013 *RMB'000*	2012 *RMB'000* (Restated)
Profit before income tax	**1,276,304**	869,547
Tax calculated at a tax rate of 25% (2012: 25%)	**319,076**	217,387
Effect of different taxation rates	**(207)**	(249)
Income not subject to tax	**(32,065)**	(41,064)
Expenses not deductible for tax purposes	**4,420**	3,602
Tax losses and tax credit for which no deferred income tax assets were recognised	**89,075**	53,031
Utilization and recognition of previous unrecognised tax losses	**(14,914)**	(15,871)
Effect of exclusion of share of profit tax of joint ventures and associates	**(32,735)**	(55,147)
Recognition of deferred income tax liability in connection with investment in Hua Ting Hotel and Towers Company Limited ("Hua Ting Hotels and Towers") upon change of intention (i)	**100,950**	—
Income tax expense	**433,600**	161,689

(i) When the Group made the business combination of Hua Ting Hotel and Towers in 2011, the Group recognised a gain of RMB403,801,000 as a result of remeasuring its previously held 50% equity interest. In 2011 and 2012, the Group expected to recover its investment in Hua Ting Hotel and Towers through dividend distribution. Accordingly, no deferred income tax liability was recognised as the dividend distribution between two tax resident enterprises in Mainland China shall be tax-exempt income. In September 2013, the Group planned to dispose 45% equity interest in Hua Ting Hotel and Tower and such plan was approved by the Directors of the Company. Upon the change of management's intention, a deferred income tax liability of RMB100,950,000 was recorded at a tax rate of 25%. In December 2013, the Group sold its 45% equity interest in Hua Ting Hotel and Towers to Shanghai Jin Jiang International Investment and Management Company Limited ("Jin Jiang International Investment and Management"). The consideration for such disposal in excess of the initial cost of 45% equity interest in Hua Ting Hotel and Towers obtained by the Group, which mostly includes revaluation gain of RMB403,801,000 previously recognised in 2011 and gain of RMB398,172,000 on such disposal recognized in 2013, was taxable in 2013. Such recognition of deferred tax liability in connection with the revaluation gain previously recognized in 2011 was recorded as an income tax expense in 2013.

6 EARNINGS PER SHARE

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**443,772**	317,006
Weighted average number of ordinary shares in issue *(thousands)*	**5,566,000**	5,566,000
Basic earnings per share *(RMB cents)*	**7.97**	5.70

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 2012 of RMB3.0 cents per share, totalling RMB166,980,000 (final dividend in respect of the year ended 31 December 2011: RMB4.0 cents per share, totalling RMB222,640,000) was paid in July 2013.

On 28 March 2014, the Directors recommended the payment of a final dividend of RMB4.5 cents per share, totalling RMB250,470,000 in respect of the year ended 31 December 2013. 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	
	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend of RMB4.5 cents (2012: RMB3.0 cents) per share	**250,470**	166,980

The aggregate amounts of the dividends paid and proposed during 2013 and 2014 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

8 TRADE RECEIVABLES, PREPAYMENT AND OTHER RECEIVABLES

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Trade receivables	**277,227**	279,843
Less: provision for impairment of trade receivables	**(7,876)**	(10,211)
Trade receivables — net	**269,351**	269,632
Amounts due from related parties	**743,328**	507,802
Prepayments and deposits	**285,686**	268,836
Accrual rental revenue	**23,752**	16,062
Value-added tax ("VAT") recoverable	**22,592**	—
Prepayments for acquisition of non-controlling interests	**11,369**	—
Others receivables	**60,425**	59,491
Less: provision for impairment of other receivables	**(4,591)**	(16,578)
Trade receivables, prepayments and other receivables — net	**1,142,561**	835,613
	1,411,912	1,105,245
Less: non-current portion of trade receivables, prepayments and other receivables	**(106,127)**	(41,764)
	1,305,785	1,063,481
Non-current portion of trade receivables, prepayments and other receivables	**106,127**	41,764

The majority of the Group's sales in Hotel Related Business, Vehicle and Logistics Business and Travel Agency Business are retail sales, with immediate cash settlement and no credit terms granted. For certain corporate or travel agency customers, the sales are made generally with credit terms ranging from 30 to 90 days. Ageing analysis of trade receivables at respective balance sheet dates are as follows:

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
0 to 3 months	**255,472**	261,083
3 months to 1 year	**15,385**	14,245
Over 1 year	**6,370**	4,515
	277,227	279,843

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

9 TRADE AND OTHER PAYABLES

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Trade payables	**461,382**	415,929
Advances from customers	**631,727**	610,860
Employee benefit payables	**438,246**	448,927
Payables for purchases of property, plant and equipment, and intangible assets	**402,901**	311,382
Amounts due to related parties	**2,282,204**	712,255
Deposits from lessees and constructors	**318,566**	291,773
Other tax payable	**164,684**	157,212
Accrued expenses	**92,528**	95,728
Deferred payment of acquisition of a subsidiary	**21,662**	—
Dividend payable to non-controlling interests	**17,906**	25,150
Notes payable	**17,286**	19,364
Interest payable	**16,768**	7,832
Deferred government grants	**5,092**	2,950
Deferred revenue for customer loyalty programme	**983**	2,759
Other payables	**105,617**	154,870
	4,977,552	3,256,991
Less: non-current portion of trade and other payables	**(210,725)**	(114,219)
	4,766,827	3,142,772
Non-current portion of trade and other payables	**210,725**	114,219

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

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
0 to 3 months	**380,098**	379,518
3 months to 1 year	**76,508**	27,035
Over 1 year	**4,776**	9,376
	461,382	415,929

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

10 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at 31 December 2013 but not yet incurred is as follows:

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Acquisition of property, plant and equipment	**63,438**	95,753

(b) Operating lease commitments

The Group leases various premises, offices and machinery and also leases out space in hotels under non-cancellable operating lease agreements.

Leases with different lessees and lessors 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 and lease payments of properties are based on the higher of minimum guaranteed rentals or revenue level based rentals, the minimum guaranteed rentals have been used to arrive at the commitments below.

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

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Not later than 1 year	**183,729**	181,395
Later than 1 year and not later than 5 years	**494,230**	495,493
Later than 5 years	**613,815**	631,944
	1,291,774	1,308,832

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

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Not later than 1 year	**360,584**	329,751
Later than 1 year and not later than 5 years	**1,426,686**	1,420,894
Later than 5 years	**2,478,760**	2,528,233
	4,266,030	4,278,878

(c) Loan commitments

Loan commitments of RMB406,500,000 (31 December 2012: RMB631,000,000) represent undrawn loan facilities offered by Jin Jiang International Finance Company Limited and granted to related parties.

(d) Disposal of equity interest in Chengdu Jinhe Real Estate Company Limited ("Chengdu Jinhe")

As at 31 December 2013, the Company held a 30% equity interest in Chengdu Jinhe with carrying amount of nil under equity method.

Pursuant to an agreement signed between a third party (the "Purchaser") and the Company on 28 January 2010, the Company will dispose all its 30% equity interest in Chengdu Jinhe to the Purchaser, at a consideration of RMB17,760,000. Pursuant to a further agreement signed between the Purchaser and the Company on 10 May 2013, the Purchaser committed to pay the consideration of RMB17,760,000 and the interests for late payment of RMB1,450,000 before 31 December 2013. The transaction was not completed as at 28 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Full Service Hotels

The operation and management of Full Service Hotels is one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB2,225,092,000 to the Group's revenue, decreasing by approximately 8.0% as compared to the same period of last year. The decrease was mainly attributable to the redesignation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel as Select Service Hotels during the Reporting Period.

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

	2013			2012		
	Group's Full Service Hotels in Shanghai			Group's Full Service Hotels in Shanghai		
	Average occupancy rate (%)	**Average room rate *(RMB)***	**RevPAR *(RMB)***	Average occupancy rate (%)	Average room rate *(RMB)*	RevPAR *(RMB)*
5-star	**65%**	**755**	**487**	62%	789	489
4-star	**64%**	**533**	**339**	63%	572	360

Note: The statistics in the above table cover the following Full Service Hotels of the Group in Shanghai:

1. 5-star hotels: Jin Jiang Hotel, Peace Hotel, Hua Ting Hotel and Towers, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.

2. 4-star hotels: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Galaxy Hotel, Rainbow Hotel, Shanghai Hotel and Shanghai Jing An Hotel.

As of 31 December 2013, the Group owned and managed 130 Full Service Hotels in the PRC, offering 40,300 guest rooms and among those, the Group was engaged by third parties other than Jin Jiang International to manage 106 hotels.

During the Reporting Period, the Group enhanced its marketing efforts with a full-scale upgrading of the room reservation functions of its official website. Meanwhile, dedicated efforts were made in procurement cooperation agreements and global customer development. As at the end of the Reporting Period, 400 global cooperation agreements had been signed.

During the Reporting Period, the Group continued to optimize its brand regime in line with its branding strategy to streamline and position the Jin Jiang brand as comprising "Full Service Hotels"and "Select Service Hotels" and enhance brand standards through further audit of operations. During the Reporting Period, the Group's marketing ability in the Asia Pacific region grew significantly, as sales through the sales agency in Japan, the Singapore office and the Hong Kong sales office increased by over 100% compared to the same period of last year.

In terms of Internet marketing, online marketing and the promotion of the "Jin Jiang VIP Program" were enhanced and the Group's marketing channels were broadened by innovative endeavours through social group media platforms such as Twitter and the corporate QQ account.

During the Reporting Period, the asset management centre of the Group commenced its work in asset management and asset profitability enhancement on all fronts, making steady progress in the asset liquidity and business conversion of Full Service Hotels. The Group disposed of 45% equity interests in Hua Ting Hotel and Towers through an open listing process during the Reporting Period and transferred the 100% equity interest in Shanghai Jin Yun Assets Management Co., Ltd. through an open listing process in February 2014. Such disposals of equity interests have further enhanced the Group's asset liquidity and financial conditions, as well as optimizing the Group's asset allocation.

During the Reporting Period, the Group further enhanced its centralized management of hotel assets and succeeded in enhancing the current profitability and long-term value of hotel assets through uniform lease management conducted in a scientific approach.

In the meantime, the Group's work in systems integration showed initial results, as the process of resource integration continued to deepen. By driving the construction of a centralized procurement platform and a unified payment platform, working capital appropriation has been reduced and the capital utilisation ratio has been improved, contributing to overall enhancements in the Group's core competitiveness.

The Group's overseas business mainly comprises of its 50% interest in IHR Group. During the Reporting Period, IHR Group and its joint ventures and associates managed a total of 382 hotels with close to 73,000 guest rooms in aggregate in the United States, the United Kingdom, Holland, India, Russia, the PRC, Belgium, Canada, Ireland and Hungary.

During the Reporting Period, IHR Group reported stable business development and completed the acquisitions of two management companies in the United Kingdom, in further consolidation of its three major operation platforms of the PRC, the United States and Europe. The average room rate of IHR Group's managed hotels was US$133.1 with an average occupancy rate of 74.0%, while RevPAR was US$98.5, representing an increase of 5.4% as compared to the same period of last year.

Select Service Hotels

The business of Select Service Hotels represents another principal operation of the Group, covering budget hotels and select service commercial hotels.

During the Reporting Period, operation of Select Service Hotels reported a stable growth in turnover, contributing approximately RMB2,407,394,000 to the Group's revenue, representing an increase of approximately 14.5% as compared to the same period of last year and accounting for approximately 25.9% of the Group's turnover. The revenue from initial and ongoing franchise fees amounted to approximately RMB211,058,000, representing a growth of approximately 23.8% as compared to the same period of last year; and the revenue from room reservation distribution fees amounted to approximately RMB39,263,000, representing a growth of approximately 53.1% as compared to the same period of last year.

During the Reporting Period, there were 160 newly contracted Select Service Hotels, of which 47 were self-managed hotels and 113 were franchised hotels. As at 31 December 2013, there were a total of 1,060 contracted chain Select Service Hotels (comprising 29 Jin Jiang Metropolo, 885 Jin Jiang Inn Budget Hotels, 76 Bestay Hotels Express hotels, 60 Jinguang Inn hotels and 10 Yulan hotels), offering 125,017 guest rooms in aggregate. There were 784 contracted franchised hotels, accounting for 74% of all contracted Select Service Hotels. During the Reporting Period, 138 Select Service Hotels such as Jin Jiang Inn Budget Hotels were opened, comprising 47 self-managed hotels and 91 franchised hotels. As at 31 December 2013, a total of 828 Select Service Hotels were in operation (comprising 1 Jin Jiang Metropolo, 700 Jin Jiang Inn Budget Hotels, 66 Bestay Hotels Express hotels, 29 Jinguang Inn hotels, 9 Yulan hotels and 23 Brand Consolidated Hotels), offering 100,566 guest rooms in aggregate.

As at 31 December 2013, out of 828 Budget Hotel Chains such as Jin Jiang Inn Select Service Hotel that had commenced operation, 239 were self-managed hotels, accounting for approximately 29%, while 589 were franchised hotels, accounting for approximately 71%.

During the Reporting Period, Jin Jiang Inn's membership reached 11.27 million, including more than 56,000 corporate customers which featured prominent international and domestic brand names. Meanwhile, through the commissioning of the new paging centre and strengthening of its promotional efforts for online reservation, the room reservation functions of Jin Jiang Inn have been continuously enhanced, thereby providing additional marketing support for chain outlets throughout the PRC and increasingly boosting its capacity for guest reception.

During the Reporting Period, the Company signed an entrusted operation contract and a lease contract respectively with Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development") on 29 March 2013 to entrust the operating management of New Asia Hotel and Metropole Hotel to Jin Jiang Hotels Development, and to lease the properties of Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel to Jin Jiang Hotels Development respectively. On 30 December 2013, the Company entered into an entrusted operation contract with Jin Jiang Hotels Development to entrust the operation and management of Shanghai Marvel Y.M.C.A. Hotel to Jin Jiang Hotels Development. The 6 aforesaid hotels were converted into Select Service Hotels.

During the Reporting Period, Jin Jiang Hotels Development acquired 100% interests in Smart Hotels Management Co., Ltd. ("Smart Hotels"). As at the end of the Reporting Period, Smart Hotels held 19 hotels in operation with a total of 2,813 guest rooms and 2 hotels under development with a total of 301 guest rooms.

During the Reporting Period, Jin Jiang Hotels Development launched the brand of "Jin Jiang Metropolo," a new label in Select Service Hotels. Dahua Hotel a new hotel designed and built according to the "Jin Jiang Metropolo" brand standards, has started trial operation since October 2013.

During the Reporting Period, Jin Jiang Inn Company Limited ("Jin Jiang Inn") garnered numerous awards and honours. According to the 2013 customer satisfaction ranking for the hotel industry published by Market Metrix, Jin Jiang Inn was crowned the 2013 champion in customer satisfaction for budget hotels in the Asia Pacific region.

Food and Restaurants

The Group's various brands of food and restaurant chains held through Jin Jiang Hotels Development carried out and developed food and restaurant operations in a stable manner during the Reporting Period.

As of 31 December 2013, Shanghai KFC had a total of 304 outlets. "New Asia Snacks", "Shanghai Yoshinoya" and "Jing An Bakery" had 65, 22 and 55 outlets respectively, while "Chinoise Story" currently operates 2 feature restaurants in Jin Jiang Hotel and Wuhan Jin Jiang International Hotel, respectively.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the operating revenue of the passenger transportation vehicles and logistics business was approximately RMB2,081,777,000, representing an increase of approximately 3.1% as compared to the same period of last year and accounting for approximately 22.4% of the Group's turnover.

During the Reporting Period, construction of the main building of "Jin Jiang Auto Service Centre" Phase II entered the stage of pre-delivery inspection following completion of main-body construction. Growth was reported at the six 4S stores in terms of sales volume, number of vehicles serviced and economic efficiency, underpinning our clear competitive edge and the effect of combination.

During the Reporting Period, Jin Jiang car rental branch company of Shanghai Jinjiang Automobile Service Co., Ltd. was focused on management model innovation, seeking to reduce management costs and improve economic efficiency by enhancing the centralization and optimization of resources. The foreign business car service segment of Shanghai Jinjiang Automobile Service Co., Ltd. leveraged its brand advantage and servicing strengths to further optimize the mix of its commercial leases. Shanghai Jinjiang Business and Travel Auto Service Co., Ltd. optimized and upgraded its business structure by persisting in the management of details, as it expanded its group businesses in cruise reception, large-scale business fairs and conventions and tournament events, etc to receive more than 30 international cruise ships including Diamond Princess and host 30 major events including the Shanghai International Marathon, East China Fair and International Film Festival.

During the Reporting Period, Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. enhanced its ability in synergized operations by arranging refrigeration for different customers, leveraging the strengths afforded by its large-size and widely located cold chambers. Its cold chamber business was operating at full loading with a capacity of 110,000 tons, indicating positive momentum in development. Shanghai Jinheng Supply Chain Management Limited and Shanghai Comprehensive Free Trade Area Joint Development Limited cooperated to build by way of conversion the first food registration warehouse designated for commodity inspection within the harbourside bonded area in the Free Trade Port Area of Shanghai.

During the Reporting Period, the Shuijinyang project, a joint venture between Jin Jiang Investment and Shanghai Fisheries General Corporation (Group) which had been in operation for over one year, enjoyed sound overall operations as it opened online distribution stores at "tmall.com" and "yhd.com" in an endeavour to forge an O2O distribution model. The 4 direct outlets were gaining increasing exposure as the offer of premium seafood to the mass market proved very popular with consumers.

During the Reporting Period, Jin Jiang Investment completed the disposal of 50% equity interests in Shanghai Wanguo Automobile Driver Training Center for RMB131,709,000 by way of open listing.

Travel Agency

In 2013, operating revenue from the travel agency was approximately RMB2,116,332,000, representing an increase of approximately 1.9% as compared to the same period of last year.

During the Reporting Period, Jin Jiang Travel handled outbound travel for 197,900 persons, inbound travel tour for 86,900 persons, inbound reception for 129,600 persons and domestic travel for 161,100 persons, representing an increase of 14.53%, a decrease of 11.69%, an decrease of 13.25% and a decrease of 8.93%, respectively, as compared with the same period of last year.

During the Reporting Period, our outbound travel business continued to report rapid growth with the benefit of the ongoing rapid growth of outbound travel in China and the "cruise travel fervor" resulting from the designation of 2013 as the "Year of Ocean Travel" in China. Sales of Jin Jiang Travel's outbound cruise trip products also reported substantial year-on-year growth in 2013.

During the Reporting Period, Jin Jiang Travel enhanced its channel development and strengthened the integration of online and offline operations. The "Smart Travel Experience Station," established as a flagship store, offered a brand new spending experience to customers, while the Jin Jiang International Travel Centre, positioned to provide services in mid- to high-end tourism, was also officially opened during the year. With an emphasis on interaction with customers and the enhancement of customer experience, it represented an active attempt in the transformation of the traditional travel agency to a modern servicing operation. The product line for online sales was further enriched with the development and launch of individual products, such as official hotel websites, air tickets, admission tickets for scenic spots and insurance. Moreover, Jin Jiang Travel further accelerated structural adjustments to drive its transformation and upgrade. Meanwhile, service quality and standardization were further enhanced to highlight compliance with the Tourism Law of the People's Republic of China.

Information Technology

In 2013, the Group further enhanced the operational and management capabilities of its complete data processing centre. By further improving management systems and processes for the data processing centre, the safety level of the data centre has been improved and the ability in preemptive monitoring, incident handling and post-incident review has been enhanced. Centralized operations support for sophisticated applications of multiple platforms has been strengthened, while the private cloud service model has also been investigated.

During the Reporting Period, the Group accelerated the application of the centralized information system, while the central procurement system completed its third upgrade and the upgrade of its transaction model to establish an interface for centralized payments.

During the Reporting Period, the Group reviewed certain information technology standards and processes and updated its information technology service menu. ICT (Information Communication Technology) training for seconded management team members was completed.

FINANCIAL REVIEW

Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2012 is set out as follows:

	12 months ended 31 December 2013		12 months ended 31 December 2012	
	RMB in million	***% of turnover***	*RMB in million* (Restated)	*% of turnover* (Restated)
Full Service Hotels	**2,225.1**	**24.0%**	2,419.7	26.9%
Select Service Hotels	**2,407.4**	**25.9%**	2,101.7	23.3%
Food and restaurants	**357.9**	**3.8%**	314.3	3.5%
Passenger Transportation Vehicles and Logistics	**2,081.8**	**22.4%**	2,019.8	22.4%
Travel agency	**2,116.3**	**22.8%**	2,077.9	23.1%
Other operations	**99.8**	**1.1%**	70.7	0.8%
Total	**9,288.3**	**100.0%**	9,004.1	100.0%

Full Service Hotels

The following table sets out the percentage of contribution from the Group's Full Service Hotels segment and different types of business to Group turnover for the Reporting Period and the same period in 2012:

	12 months ended 31 December 2013		12 months ended 31 December 2012	
	RMB in million	***% of turnover***	*RMB in million* (Restated)	*% of turnover* (Restated)
Accommodation revenue	**1,013.5**	**45.5%**	1,118.3	46.2%
Food and beverage sales	**812.6**	**36.5%**	888.7	36.7%
Rendering of ancillary services	**105.2**	**4.7%**	107.4	4.5%
Rental revenue	**199.2**	**9.0%**	190.2	7.9%
Sales of hotel supplies	**15.0**	**0.7%**	39.4	1.6%
Hotel Management	**79.6**	**3.6%**	75.7	3.1%
Total	**2,225.1**	**100.0%**	2,419.7	100.0%

Accommodation revenue

Accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR (room revenue divided by rooms in use) of the rooms of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period was approximately RMB1,013,456,000, representing a decrease of approximately 9.4% as compared to the same period in 2012. The decrease was mainly attributable to the adjustment of average room rates at the Group's Full Service Hotels to maintain their occupancy rates against pressures brought about by the macro-economic downside, changes in social sentiments and oversupply of Full Service Hotels in the domestic market. Moreover, accommodation revenue decreased by approximately RMB21,864,000 during the Reporting Period following the redesignation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel as Select Service Hotels.

Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for wedding banquet and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. During the Reporting Period, the sales revenue for food and beverage in Full Service Hotels amounted to approximately RMB812,617,000, representing a decrease of approximately 8.6% from the same period in 2012. The negative impact of the change in social sentiments and reduced expenses on banquets and conferences on our food and beverage sales aggravated during the Reporting Period. The Group's Full Service Hotels adopted proactive measures in response to various unfavourable factors and sought to remold their food and beverage business by adjusting the product mix and introducing new products. Revenue from food and beverage sales decreased by approximately RMB19,876,000 during the Reporting Period following the redesignation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel as Select Service Hotels.

Rendering of ancillary services

Revenue from rendering ancillary services was mainly generated from gift shops, entertainment, laundry services and other guest services. During the Reporting Period, revenue from the rendering of ancillary services amounted to approximately RMB105,230,000, representing a decrease of approximately 2.1% from the same period of last year. The decrease was primarily due to the decrease in average occupancy rate of Full Service Hotels, which resulted in the corresponding decline in revenue from the provision of ancillary services.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's hotels for retail, exhibition and other purposes. During the Reporting Period, rental revenue amounted to approximately RMB199,217,000, representing an increase of approximately 4.7% from the same period in 2012. With the the "Flex Property Lease Management System" of the Group coming into operation during the Reporting Period, centralized management of leased properties was further enhanced and centralized streamlining of tenants and rental fees were conducted to optimize lease operations, resulting in a steady increase in rental revenue.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB24,359,000 from the same period in 2012.

Hotel Management

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not owned by the Group. Revenue of Full Service Hotels management amounted to approximately RMB79,536,000 during the Reporting Period, representing an increase of approximately 5.1% as compared to the same period of last year. With the further expansion of the Group's hotel management business and the technology management service business conducted in cooperation with Interstate (China) Hotels & Resorts Co., Ltd. ("IHR China"), the hotel management business has overcome the adversities in the macro-economic environment and reported growth in management fee income against the adversities.

Select Service Hotels

The revenue of Select Service Hotels during the Reporting Period amounted to approximately RMB2,407,394,000, representing an increase of approximately RMB305,658,000 or approximately 14.5% as compared to the same period of last year. The increase was mainly due to the opening of 160 and 157 Select Service Hotels in 2013 and 2012 respectively, which increased the number of available rooms, and also due to the increase in initial franchise fees and ongoing franchise fees collected from franchisees for the grant of brand use rights and the provision of technology and management services. Furthermore, additional revenue of approximately RMB89,380,000 was in connection with the acquisition of 100% interests in Smart Hotels by Jin Jiang Hotels Development. During the Reporting Period, revenue from initial and ongoing franchise fees amounted to approximately RMB211,058,000, representing an increase of approximately 23.8% as compared to the same period of last year. Revenue from room reservation channels amounted to approximately RMB39,263,000, representing an increase of approximately 53.1% as compared to the same period of last year.

Food and Restaurants

Revenue for food and restaurants segment was mainly derived from New Asia Café de Coral, Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai New Asia Food Company Limited and Shanghai Jinzhu Catering Management Co., Ltd. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB357,934,000, representing an increase of approximately RMB43,619,000 or approximately 13.9% as compared to the same period of last year. During the Reporting Period, the increase in food and restaurants revenue was primarily due to the growth in the group catering business which offset the slight decline in operating revenue of, among others, New Asia Café de Coral and Shanghai Jin Jiang Tung Lok Catering Management Inc. under the adverse impact of food safety incidents.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue for passenger transportation vehicles and logistics was approximately RMB2,081,777,000, representing an increase of approximately 3.1% over the same period of last year. The increase was primarily driven by improved efficiency in vehicle utilization and the increase in profitability.

Travel Agency

During the Reporting Period, the revenue for travel agency was approximately RMB2,116,332,000, representing an increase of approximately 1.9% compared to the same period of last year. The increase was attributable mainly to the ongoing rapid development of the outbound travel business and Jin Jiang Travel's ability to grasp the market opportunity and develop outbound tours and cruise tours for the mid- to high-end market, resulting in continuous growth in operating revenue.

Other Operations

In addition, the Group was also engaged in other operations including financial services provided through Jin Jiang International Finance Company Limited ("Jin Jiang Financial") and training services. Revenue for the Reporting Period amounted to approximately RMB99,802,000, representing an increase of approximately 41.1% over the same period of last year, which was mainly attributable to the increase in interest income from interbank loans generated by Jin Jiang Finance.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB7,654,889,000, representing an increase of approximately 3.0% as compared to the same period of last year. The increase was mainly attributable to organic growth driven by the business expansion of Select Service Hotels and the increase in revenue from the travel agency business.

Gross Profit

For the above reasons, the Group recorded a gross profit of approximately RMB1,633,442,000 for the Reporting Period, representing an increase of approximately RMB60,194,000 or approximately 3.8% as compared to the same period in 2012.

Other Income

Other income for the Reporting Period amounted to approximately RMB959,377,000 (same period in 2012: approximately RMB467,943,000), representing an increase of approximately 105.0% as compared to the same period of last year. The increase reflected mainly the disposal of 45% equity interests in Hua Ting Hotel and Towers by way of open listing to realize a gain of RMB398,172,000. Meanwhile, the disposal of available-for-sale financial assets including securities in Changjiang Securities Company Limited, AVIC Real Estate Holding Company Limited and Shanghai Yuyuan Tourist Mart Co., Ltd. during the Reporting Period generated gains of approximately RMB241,918,000 (same period in 2012: gains of approximately RMB274,483,000 from the disposal of AVIC Real Estate Holding Company Limited and Changjiang Securities Company Limited). During the Reporting Period, the Group also received dividend income from available-for-sale financial assets held amounting to approximately RMB51,519,000 (same period in 2012: approximately RMB29,013,000) and dividend from Suzhou KFC, Wuxi KFC and Hangzhou KFC of approximately RMB59,674,000 (same period in 2012: approximately RMB51,503,000).

Sales and Marketing Expenses

Sales and marketing expenses comprised primarily labour costs, travel agents commission and advertising fees, which amounted to approximately RMB422,571,000 during the Reporting Period (same period in 2012: approximately RMB400,060,000), representing an increase of approximately 5.6% as compared to the same period of last year. Apart from organic growth resulting from the business expansion of the Select Service Hotels, the increase was also due to the employment of additional marketing staff and enhanced marketing and promotion by the hotel management companies and the Full Service Hotels under the Group in response to market changes.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB839,311,000 (same period in 2012: approximately RMB836,553,000), representing an increase of approximately 0.3% as compared to the same period of last year. The increase percentage less than revenue growth rate was mainly attributable to the Group's stringent cost control and enhanced efforts in the collection of receivables resulting in the reversal of net corresponding provision for the bad debt losses relating to Chengdu Jinhe Real Estate Company Limited amounting to approximately RMB10,500,000.

Other Expenses

Other expenses for the Reporting Period, consisting primarily of bank charges and losses from the disposal of property, plant and equipment, amounted to approximately RMB44,916,000 (same period in 2012: approximately RMB54,943,000), representing a decrease of approximately RMB10,027,000 as compared to the same period of last year.

Finance Cost

Finance cost comprises of interest expenses in respect of the Group's bank borrowings and net foreign exchange gains. During the Reporting Period, finance cost was approximately RMB140,656,000 (same period in 2012: approximately RMB100,677,000), representing an increase of approximately 39.7% as compared to the same period of last year. The increase was primarily due to additional bank borrowings by the Group resulting in an increase in interest expenses by approximately RMB42,652,000 during the Reporting Period.

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly comprised share of results of joint ventures including IHR Group, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ International Transportation Co., Ltd., and of associates including Shanghai Kentucky Fried Chicken Company Limited, Shanghai Yangtze Hotel Limited, Shanghai Pudong International Airport Transport Terminal Co. Ltd., Jiangsu Nanjing Long Distance Passenger Transport Group Company Limited and China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period was approximately RMB130,939,000 (same period in 2012: approximately RMB220,589,000). Affected by the chicken meat incident and the spread of the bird flu, the share of results of Shanghai Kentucky Fried Chicken Company Limited for the Reporting Period decreased by approximately RMB54,319,000 compared to the same period of last year. The share of results of Beijing Kunlun Hotel decreased by approximately RMB30,974,000 compared to the same period of last year under the impact of multiple factors such as the increase in depreciation, amortization and interest expenses as a result of renovation and conversion works.

Taxation

The effective tax rate for the Reporting Period was approximately 34.0% (same period in 2012: approximately 18.6%). The higher effective tax rate reflected the decrease in non-taxable income such as share of results of joint ventures and associates, increase in tax losses and tax credit for which no deferred income tax assets were recognised, and recognition of deferred income tax liability in connection with investment in Hua Ting Hotel and Towers upon change of intention.

When the Group made the business combination of Hua Ting Hotel and Towers in 2011, the Group recognised a gain of RMB403,801,000 as a result of remeasuring its previously held 50% equity interest. In 2011 and 2012, the Group expected to recover its investment in Hua Ting Hotel and Towers through dividend distribution. Accordingly, no deferred income tax liability was recognised as the dividend distribution between two tax resident enterprises in Mainland China shall be tax-exempt income. In September 2013, the Group planned to dispose 45% equity interest in Hua Ting Hotel and Tower and such plan was approved by the Directors. Upon the change of management's intention, a deferred income tax liability of RMB100,950,000 was recorded at a tax rate of 25%. In

December 2013, the Group sold its 45% equity interest in Hua Ting Hotel and Towers to Jin Jiang International Investment and Management. The consideration for such disposal in excess of the initial cost of 45% equity interest in Hua Ting Hotel and Towers obtained by the Group, which mostly includes revaluation gain of RMB403,801,000 previously recognised in 2011 and gain of RMB398,172,000 on such disposal recognized in 2013, was taxable in 2013. Such recognition of deferred tax liability in connection with the revaluation gain previously recognized in 2011 was recorded as an income tax expense in 2013.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB443,772,000 (same period in 2012: approximately RMB317,006,000), representing an increase of approximately RMB126,766,000 or approximately 40.0%.

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and Pledge of Assets

As at 31 December 2013, the borrowings included:

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**79,016**	94,031
Bank borrowings — unsecured	**1,592,332**	1,324,268
Borrowings from related parties	**304,845**	—
Finance lease liabilities	**23,588**	21,729
	1,999,781	1,440,028
Less: current portion of long-term secured bank borrowings	**(12,194)**	(12,571)
current portion of long-term unsecured bank borrowings	**(273,437)**	(32,000)
current portion of long-term finance lease	**(2,491)**	(1,364)
	1,711,659	1,394,093
Borrowings included in current liabilities:		
Bank borrowings — secured	**14,634**	33,668
Bank borrowings — unsecured	**1,493,907**	11,220
Borrowings from related parties	**348,000**	105,000
Other borrowings — unsecured	**5,000**	405,000
Current portion of long-term secured bank borrowings	**12,194**	12,571
Current portion of long-term unsecured bank borrowings	**273,437**	32,000
Current portion of long-term financial lease	**2,491**	1,364
	2,149,663	600,823

As at 31 December 2013, the secured bank borrowings included:

(1) Bank borrowings of US$12,960,000, equivalent to RMB79,016,000 (31 December 2012: US$14,960,000, equivalent to RMB94,031,000), which were guaranteed by Jin Jiang International.

(2) Bank borrowings of RMB14,634,000 (31 December 2012: RMB33,668,000), which were guaranteed by MITSUI&CO. (ASIA PACIFIC) PTE LTD., a non-controlling shareholder of a subsidiary of the Group.

The Group has fulfilled all covenants under the remaining borrowing agreements. The maturity of the borrowings is as follows:

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Between 1 and 2 years	**1,082,987**	532,926
Between 2 and 5 years	**616,222**	847,831
Over 5 years	**12,450**	13,336
	1,711,659	1,394,093

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

	At 31 December	
	2013	2012
	RMB'000	*RMB'000*
		(Restated)
RMB	**2,714,129**	1,437,616
US$	**1,147,193**	557,300
	3,861,322	1,994,916

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

	At 31 December	
	2013	2012
		(Restated)
Borrowings denominated in RMB	**5.3425%**	5.8442%
Borrowings denominated in US$	**2.4145%**	3.3207%

Treasury Management

Cash and cash equivalents as at 31 December 2013 and 31 December 2012 amounted to approximately RMB4,475,191,000 and RMB2,536,253,000, respectively. Cash flow is generally sufficient.

Interest Rate Risk Management

Jin Jiang International Finance, a subsidiary of the Company, acts as a non-bank financial institution within the Group. In order to centralise available cash resources and improve the efficiency of fund applications, the subsidiaries, joint ventures and associates of the Company deposit their operation funds and surplus funds with Jin Jiang International Finance wherever possible and borrow from Jin Jiang International Finance on a priority basis for short-term financing requirements, thereby reducing the Group's interest expenses incurred in bank borrowings.

During the Reporting Period, the Group was not subject to any exposure to significant fluctuation in exchange rate nor was it engaged in any hedging activities. The Company will actively consider the use of relevant financial instruments to manage interest rate risks and currency exchange rate risks in line with the Group's business development.

Available-for-sale Financial Assets

Available-for-sale financial assets held by the Group included 96,230,000 shares in Changjiang Securities Company Limited (000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (601328.SH), 15,380,893 shares in Yu Yuan Trade Mart (600655.SH) and 31,714,523 shares in Pudong Development Bank Co., Ltd (600000.SH).

HUMAN RESOURCES AND TRAINING

The Group's training base provides professional training on various management skills and technical skills. The base provides the Group with management talents of all fields and nurtures industry elites, where education and training are closely conducted based on the actual context of hotel development. Les Roches Jin Jiang International Hotel Management College ("Jin Jiang Les Roches College"), established by the Group in partnership with GESHOTEL-Les Roches Swiss Hotel Association School of Hotel Management, provided internationally advanced hotel training courses and trainers for intermediary and senior hotel management at the Group's hotels, as well as young and middle age backup management officers with good potential for development and training.

During the Reporting Period, Jin Jiang Les Roches College received approval to admit foreign students to become the only non-qualification awarding private education institution in Shanghai to be granted such right. During the Reporting Period, the overall quality of hotel management staff has been raised continuously via various kinds of training.

During the Reporting Period, 100 employees completed training in the United States in 4 groups and returned to take up important positions, as part of the Group's initiative to train personnel for its strategy of international development.

As of 31 December 2013, the Group had approximately 31,792 employees, increasing by approximately 5.7% as compared to the same period of last year. Employee benefit expenses in 2013 increased by approximately RMB230,915,000 or 10.3% as compared to that of 2012. The remuneration package for existing employees comprised basic salary, discretionary bonus and social security contributions. No share options scheme has been established.

SOCIAL RESPONSIBILITY

Social responsibility is an important element in the Group's strategic development, while environmental protection is also managed as an important business of the enterprise, to further highlight the feature that all hotels under the Group are "safe, healthy, comfortable and professional," so as to achieve the organic unity of economic profitability, social benefits and eco-friendliness.

During the Reporting Period, the Group delivered notable results in the development of safety standards. The production safety accountability system was implemented in full scale and a production safety standard compliance campaign was organized. By emphasizing specific accountability, establishing rules and regulations, conducting stringent examination of safety hazards and strengthening team building, the safe operation of production activities with zero incidents has been achieved.

The Group has always focused on the improvement of staff remuneration and welfare. During the Reporting Period, the Group continued to work on improving staff remuneration and raising the salary for all frontline staff of our wholly-owned subsidiaries by over 5% in average for the year. The Group continued to improve the democratic management model at the basic level through the staff representative meeting, with a view to further protection of the lawful staff rights. Moreover, assistance to employees in need has been established as a regular practice.

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. Well-positioned to address these challenges, the Group remains fully confident in its future development.

The Group will step up with the development of its core business and drive internationalization and industry upgrades. The synergies of our international acquisitions will be brought into full play in the formulation of long-term plans, as we seek to improve our management standards and core competitiveness, further advance our international deployment and strengthen our ability in multinational operations by learning from the expertise and experience of our foreign partners and leveraging the strategy of setting up international businesses while introducing foreign experiences to the domestic operations. The business development of IHR China will be expedited with a view to new breakthroughs in our third-party hotel management business.

The Group will seize the opportunity presented by the reform of state-owned assets to enhance its development towards a market-oriented corporation. We will advance reforms of our mechanisms and regimes and investigate new business and service models compatible with the age of Internet economy, while optimizing our market-based remuneration regime and risk and incentive mechanism. We will leverage our strengths in specialization to integrate the industry chains of hotel, passenger transport logistics and tourism, in a bid to enhance our business value. We will continue to improve the asset liquidity of the Company and further increase our overall asset return and enterprise value by converting and realigning our properties. The building of functional centres and system platforms will be optimized with the aim of improving quality and enhancing efficiency. Measures in cost reduction and income enhancement will be strengthened and improved, as our marketing network will be expanded through multiple channels, while personnel deployment and staff costs will also be optimized.

In line with its vision to build itself into a world-class brand name, the Group will further improve its branding system with further brand divisions and innovations as well as further efforts in the development of standards to enhance its international competitiveness. By strengthening our core competitive strengths in branding, network, human resources and management systems, we will strive to develop into a leader in the hotel and tourism industry in the PRC with international competitiveness.

DIVIDENDS

On 28 March 2014, the Board proposed to declare a final dividend of RMB4.5 cents (inclusive of tax) per share for the year ended 31 December 2013.

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

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

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

For details of the resolutions to be considered and approved at the forthcoming annual general meeting, the book closure period of H share register, and the date of annual general meeting, please refer to the notice of 2013 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2013.

AUDIT COMMITTEE

The Company has established an audit committee, the principal duty of which is to review the financial controls, internal controls and risk management system of the Company. The audit committee comprises three independent non-executive Directors, namely, Mr. Yang Menghua (chairman), Mr. Sun Dajian and Mr. Ji Gang.

The annual results have been reviewed by the audit 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, internal controls and financial reporting, including the review of the consolidated financial statements for the year ended 31 December 2013 prepared in accordance with HKFRSs, together with the management.

REMUNERATION COMMITTEE

The Company has established a remuneration committee, the principal duty of which is to make recommendations to the Board in respect of the remuneration policy and structure formulated by the Company for the Directors and the senior management. The remuneration committee comprises Mr. Ji Gang (chairman), an independent non-executive Director, Mr. Yang Weimin, an executive Director and Mr. Shen Chengxiang, an independent non-executive Director.

NOMINATION COMMITTEE

The Company has established the 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 Dr. Tu Qiyu, 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.

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

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

The terms of reference of the Nomination Committee, which were revised on 28 March 2014 to adopt the Board Diversity Policy, have been posted on the websites of the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2013, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

By the order of the Board
Shanghai Jin Jiang International Hotels (Group) Company Limited
Kang Ming
Executive Director and Joint Company Secretary

Shanghai, the PRC, 28 March 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors of the Company are Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang.

* *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 International Hotels (Group) Company Limited".*