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)

2014 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 2014 (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 2014 as set out in the final results announcement were in agreement with the amounts set out in the audited consolidated financial statements of the Group for the year.

During 2014, the Group's principal operations were subject to pressure given the slowdown in China's macro-economic growth, cyclical oversupply in the hotel industry and other changes in the social environment. Nevertheless, the domestic hotel industry was slowly recovering from the doldrums of 2013, with Full Service Hotels in Shanghai showing notable recovery. The Group overcame unfavourable factors and capitalised on favourable ones and market opportunities, such as the increasing number of conventions and exhibitions held in Shanghai and the gradual realisation of the positive effect of the Free Trade Zone, and achieved notable results in its efforts to introduce innovations, adjust asset mix, optimise staff allocation, enhance asset profitability and shareholders' equity.

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 completed tasks in hotel hospitality, restaurant catering and passenger transport in connection with the Conference on Interaction and Confidence-Building Measures in Asia, resulting in overall enhancement of the brand influence of "Jin Jiang".

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" had more than 15.70 million registered members.

The Group accelerated its international development during the Reporting Period, commencing and driving key international acquisitions. As of now, the Group completed the acquisition of 100% of the shares in Groupe du Louvre, which represents a significant move to expedite the building of the Group's global presence and multinational operations. Groupe du Louvre owns, manages and operates through franchises over 1,100 hotels with more than 90,000 rooms in 46 countries over the world.

During the Reporting Period, Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development"), a subsidiary of the Company, completed a private share placing to Hony (Shanghai) Equity Interest Investment Fund Centre (Limited Partnership) ("Hony Investment Fund"), which became a strategic investor of Jin Jiang Hotels Development.

As at the end of the Reporting Period, the Group held or managed a total of 1,767 hotels (in operation or under construction) with approximately 258,000 rooms in aggregate. Among the said hotels, a total of 1,339 self-owned or managed hotels were either in operation or under construction within the People's Republic of China (the "PRC") with over 180,000 rooms, spreading across about 310 cities in 31 provinces, autonomous regions and municipalities in the PRC.

Interstate Hotels & Resorts Inc. ("IHR", together with its subsidiaries collectively referred to as "IHR Group"), in which the Group held 50% interests, managed 432 hotels (including 5 hotels in the PRC) in aggregate in 13 countries around the world.

During the Reporting Period, the Company established a RMB cross-border funding pool to open up a two-way financing channel between its domestic and overseas operations. The pool enables the Company to optimise its treasury structure and increase the flexibility of fund allocation by centralising funds which are otherwise separately held, thereby facilitating complementary and flexibility fund sharing between domestic and overseas subsidiaries.

During the Reporting Period, the Group realised revenue of approximately RMB9,364,088,000, representing an increase of approximately 0.8% as compared to the same period of last year. The operating profit of the Group amounted to approximately RMB1,568,218,000, representing an increase of approximately 21.9% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB621,225,000, representing an increase of approximately 40.0% as compared to the same period of last year. The Board has proposed a final dividend of RMB5.0 cents (inclusive of tax) for the year ended 31 December 2014.

OPERATIONAL STATISTICS

	2014	2013 (Restated)
Average occupancy rate		
Full Service Hotels		
— 5-star Luxury Hotels	**70%**	65%
— 4-star Luxury Hotels	**70%**	63%
Select Service Hotels	**79%**	83%
Average room rate *(RMB)*		
Full Service Hotels		
— 5-star Luxury Hotels	**824**	851
— 4-star Luxury Hotels	**500**	496
Select Service Hotels	**193**	187
Revenue per available room ("RevPAR") *(RMB)*		
Full Service Hotels		
— 5-star Luxury Hotels	**575**	556
— 4-star Luxury Hotels	**348**	312
Select Service Hotels	**152**	155

Notes:

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

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

3. Select Service Hotels include hotels under the following brands: Jin Jiang Metropolo, Jin Jiang Inn, Bestay Hotels, Express, Jinguang Inn, Magnotel and all other directly-operated chain hotels under brand consolidation which have commenced operation.

FINANCIAL HIGHLIGHTS

	2014	2013	2012 (Restated) *	2011	2010 (Restated) **
Items of Consolidated Income Statement *(RMB million)*					
Revenue	**9,364**	9,288	9,004	12,653	11,824
Profit attributable to shareholders of the Company	**621**	444	317	536	387
Earnings per share on profit attributable to shareholders of the Company *(RMB cents)*	**11.16**	7.97	5.70	9.63	6.96
Items of Consolidated Balance Sheet *(RMB million)*					
Total assets	**24,163**	21,836	18,129	18,266	18,445
Total liabilities	**8,787**	9,886	5,994	6,412	6,453
Total equity	**15,376**	11,950	12,135	11,854	11,992
Total equity attributable to the shareholders of the Company	**8,619**	7,566	7,312	7,175	7,839
Item of Consolidated Statement of Cash Flows *(RMB million)*					
Net cash generated from operating activities	**(796)**	2,044	898	1,307	1,503
Non-HKFRS Financial Information					
Proposed dividend *(RMB million)*	**278**	250	167	223	122
Proposed dividend per share *(RMB cents)*	**5.00**	4.50	3.00	4.00	2.20
Earnings before interests, taxes, depreciation and amortization ("EBITDA") *(RMB million)*	**2,647**	2,360	1,919	2,177	2,046
Total equity per share *(RMB)*	**2.76**	2.15	2.18	2.13	2.15
Total equity per share attributable to the shareholders of the Company *(RMB)*	**1.55**	1.36	1.31	1.29	1.72
Gearing ratio	**14.8%**	17.7%	11.0%	13.0%	11.8%
Capital expenditure	**845**	2,702	727	2,543	2,484

* 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 2014

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	3	**9,364,088**	9,288,331
Cost of sales	4	**(7,682,247)**	(7,654,889)
Gross profit		**1,681,841**	1,633,442
Other income	10	**1,920,189**	959,377
Selling and marketing expenses	4	**(427,100)**	(422,571)
Administrative expenses	4	**(1,482,001)**	(839,311)
Other expenses	11	**(124,711)**	(44,916)
Operating profit		**1,568,218**	1,286,021
Finance costs		**(158,574)**	(140,656)
Share of results of joint ventures and associates		**140,939**	130,939
Profit before income tax		**1,550,583**	1,276,304
Income tax expense	5	**(474,232)**	(433,600)
Profit for the year		**1,076,351**	842,704
Attributable to:			
Shareholders of the Company		**621,225**	443,772
Non-controlling interests		**455,126**	398,932
		1,076,351	842,704
Earnings per share for profit attributable to shareholders of the Company during the year *(expressed in RMB cents per share)*			
— basic and diluted	6	**11.16**	7.97
Dividends	7	**278,300**	250,470

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**1,076,351**	842,704
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Fair value changes on available-for-sale financial assets — gross	**2,269,816**	53,302
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	**(435,652)**	(241,918)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	**(458,618)**	47,139
Currency translation differences	**(4,545)**	146
Total other comprehensive income for the year	**1,371,001**	(141,331)
Total comprehensive income for the year	**2,447,352**	701,373
Attributable to:		
Shareholders of the Company	**1,306,431**	357,369
Non-controlling interests	**1,140,921**	344,004
	2,447,352	701,373

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	**As at 31 December 2014** *RMB'000*	As at 31 December 2013 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**6,932,094**	7,074,106
Investment properties		**221,845**	227,888
Land use rights		**1,961,915**	2,030,284
Intangible assets		**429,417**	431,655
Investments in joint ventures		**1,394,187**	1,412,158
Investments in associates		**552,936**	538,175
Available-for-sale financial assets		**3,643,840**	1,888,002
Deferred income tax assets		**262,521**	490,905
Trade receivables, prepayments and other receivables	8	**103,863**	106,127
		15,502,618	14,199,300
Current assets			
Financial assets at fair value through profit or loss		**94,629**	80,662
Available-for-sale financial assets		**121,467**	121,780
Inventories		**168,129**	176,596
Trade receivables, prepayments and other receivables	8	**1,197,631**	1,305,785
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months		**1,140,997**	1,369,680
Cash and cash equivalents		**5,876,801**	4,475,191
		8,599,654	7,529,694
Non-current assets held for sale		**61,214**	107,113
		8,660,868	7,636,807
Total assets		**24,163,486**	21,836,107

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	1	**5,566,000**	5,566,000
Reserves		**3,053,292**	1,999,514
— Proposed final dividend	7	**278,300**	250,470
— Others		**2,774,992**	1,749,044
		8,619,292	7,565,514
Non-controlling interests		**6,757,006**	4,384,366
Total equity		**15,376,298**	11,949,880
LIABILITIES			
Non-current liabilities			
Borrowings		**1,861,869**	1,711,659
Deferred income tax liabilities		**937,910**	500,402
Trade and other payables	9	**608,167**	210,725
		3,407,946	2,422,786
Current liabilities			
Borrowings		**1,720,759**	2,149,663
Income tax payable		**237,619**	546,951
Trade and other payables	9	**3,358,221**	4,766,827
		5,316,599	7,463,441
Liabilities directly associated with non-current assets held for sale		**62,643**	—
		5,379,242	7,463,441
Total liabilities		**8,787,188**	9,886,227
Total equity and liabilities		**24,163,486**	21,836,107
Net current assets		**3,281,626**	173,366
Total assets less current liabilities		**18,784,244**	14,372,666

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 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 jointly controlled entity 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"), investment and operation of passenger transportation vehicles, logistics and related businesses (the "Passenger Transportation Vehicle 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 27 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 and amended standards, and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2014 but not currently relevant or do not have material impact to the Group (although they may affect the accounting for future transactions and events):

		Effective for annual periods beginning on or after
Amendments to HKAS 36	Impairment of assets	1 January 2014
HK (IFRIC) Interpretation 21	Levies	1 January 2014
Amendments to HKAS 32	Financial instruments: Presentation on financial asset and liability offsetting	1 January 2014
Amendments to HKFRSs 10, 12 and HKAS 27	Consolidation for investment entities	1 January 2014
Amendment to HKAS 39	Financial instruments: Recognition and measurement	1 January 2014

(b) New and amended standards have been issued but are not effective for the financial year beginning after 1 January 2014 and have not been early adopted

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits' plan	1 July 2014
Amendment to HKAS 1	Presentation of financial statements	1 January 2016
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendment to HKFRS 12	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2010–2012 reporting cycle, 2011–2013 reporting cycle, 2012–2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 2	Share-based payment	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 9	Financial instruments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related party disclosures	1 July 2014
HKAS 37	Provisions, contingents liabilities and contingent assets	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 39	Financial instrument — recognition and measurement	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 19	Employee benefits	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

The Group is assessing the full impact of the standards and amendments, and according to the preliminary assessment so far, it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected. The Group intends to adopt the standards and amendments no later than the respective effective dates of the amendments.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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.

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

(1) Full Service Hotels: ownership, operation and management of full service hotels;

(2) Select Service 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	
	2014	2013
	RMB'000	*RMB'000*
Full Service Hotels	**1,918,770**	2,225,092
— Accommodation revenue	**893,657**	1,013,456
— Food and beverage sales	**622,204**	812,617
— Rendering of ancillary services	**96,940**	105,230
— Rental revenue	**195,714**	199,217
— Sales of hotel supplies	**31,467**	15,036
— Hotel management	**78,788**	79,536
Select Service Hotels	**2,635,190**	2,407,394
— Accommodation revenue	**1,927,676**	1,734,949
— Food and beverage sales	**172,076**	201,231
— Rendering of ancillary services	**31,265**	38,138
— Rental revenue	**48,247**	29,118
— Sales of hotel supplies	**34,665**	34,691
— Hotel management and franchise	**336,480**	289,642
— Revenue under customer loyalty programme	**84,781**	79,625
Food and Restaurants	**375,504**	357,934
Passenger Transportation Vehicles and Logistics	**2,177,587**	2,081,777
— Vehicle operating	**1,235,681**	1,214,971
— Trading of automobile	**795,682**	730,324
— Refrigerated logistics	**126,840**	118,972
— Others	**19,384**	17,510
Travel Agency	**2,164,218**	2,116,332
— Travel agency	**2,140,297**	2,092,506
— Others	**23,921**	23,826
Other Operations	**92,819**	99,802
	9,364,088	9,288,331

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the years ended 31 December 2014 and 2013.

(b) Segment information

The segment results for the year ended 31 December 2014 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*
External sales	**1,918,770**	**2,635,190**	**375,504**	**2,177,587**	**2,164,218**	**92,819**	**9,364,088**
Inter-segment sales	**9,740**	**1,904**	**8,493**	**4,431**	**247**	**32,833**	**57,648**
Total gross segment sales	**1,928,510**	**2,637,094**	**383,997**	**2,182,018**	**2,164,465**	**125,652**	**9,421,736**
Profit for the year	**255,632**	**251,080**	**(8,623)**	**263,272**	**63,605**	**251,385**	**1,076,351**
Other income	**1,239,299**	**28,757**	**29,012**	**100,338**	**61,468**	**461,315**	**1,920,189**
Including: interest income	**51,047**	**555**	**81**	**11,882**	**11,431**	**3,551**	**78,547**
Depreciation and impairment of property, plant and equipment *(note 4)*	**(238,391)**	**(363,521)**	**(13,804)**	**(231,391)**	**(7,891)**	**(1,203)**	**(856,201)**
Depreciation of investment properties *(note 4)*	**(1,433)**	**—**	**—**	**(511)**	**(4,140)**	**—**	**(6,084)**
Amortization of land use rights *(note 4)*	**(18,624)**	**(37,467)**	**—**	**(1,341)**	**—**	**(312)**	**(57,744)**
Amortization of intangible assets *(note 4)*	**(3,424)**	**(10,441)**	**(1,188)**	**—**	**(2,059)**	**(320)**	**(17,432)**
Write down inventories *(note 4)*	**(189)**	**10**	**—**	**—**	**—**	**—**	**(179)**
Reversal of/(provision for) impairment of trade receivables, prepayments and other receivables *(note 4)*	**14**	**(7)**	**279**	**(217)**	**(152)**	**—**	**(83)**
Finance costs	**(105,132)**	**(1,729)**	**(11)**	**(2,821)**	**—**	**(48,881)**	**(158,574)**
Share of results of joint ventures and associates	**9,670**	**—**	**(4,834)**	**138,912**	**(102)**	**(2,707)**	**140,939**
Income tax expense *(note 5)*	**(223,928)**	**(95,431)**	**(1,582)**	**(51,692)**	**(7,438)**	**(94,161)**	**(474,232)**
Capital expenditure	**65,327**	**448,603**	**15,631**	**308,264**	**7,125**	**127**	**845,077**

The restated segment results for the year ended 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*
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)*	(157)	—	—	(511)	(4,146)	—	(4,814)
Amortization of land use rights *(note 4)*	(46,045)	(24,359)	—	(1,239)	—	(356)	(71,999)
Amortization of intangible assets *(note 4)*	(5,052)	(8,882)	(1,234)	—	(513)	(322)	(16,003)
Write down 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	110,076	2,187,242	8,689	378,543	16,494	880	2,701,924

The segment assets as at 31 December 2014 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	**4,789,954**	**6,236,032**	**127,227**	**2,649,119**	**1,665,836**	**6,748,195**	**22,216,363**
Investments in joint ventures	**1,016,981**	**—**	**—**	**375,415**	**—**	**1,791**	**1,394,187**
Investments in associates	**44,298**	**—**	**125,963**	**357,553**	**15,573**	**9,549**	**552,936**
Total assets	**5,851,233**	**6,236,032**	**253,190**	**3,382,087**	**1,681,409**	**6,759,535**	**24,163,486**

The restated 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

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 2014 mainly includes gain on disposal of a subsidiary of RMB1,123,011,000 (for the year ended 31 December 2013: RMB398,172,000). Other income in segment of "Passenger Transportation Vehicles and Logistics" for the year ended 31 December 2014 mainly includes gain on disposal of investment in a subsidiary of RMB40,506,000 (for the year ended 31 December 2013: gain on disposal of investment in a joint venture of RMB80,829,000). Other income in the segment of "Other Operations" for the year ended 31 December 2014 mainly includes gain on disposal of available-for-sale financial assets of RMB426,691,000 (for the year ended 31 December 2013: RMB172,737,000).

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

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	
	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**3,294,955**	3,254,714
Employee benefit expenses (i)	**3,064,255**	2,479,696
Depreciation and impairment of property, plant and equipment	**856,201**	850,683
Utility cost and consumables	**646,117**	650,348
Operating leases — land and buildings	**392,596**	386,964
Business tax, property tax, VAT through a simplified method and other tax surcharges	**367,447**	376,870
Repairs and maintenance	**171,733**	168,503
Laundry costs	**84,738**	79,994
Consulting fee	**61,967**	17,536
— Transactions cost in relation to acquisition of Groupe du Louvre	**44,432**	—
— Other consulting fee	**17,535**	17,536
Amortisation of land use rights	**57,744**	71,999
Advertising costs	**55,294**	57,916
Transportation expenses	**34,156**	35,884
Commissions paid to travel agencies	**24,774**	30,069
Amortisation of intangible assets	**17,432**	16,003
Telecommunication expenses	**16,908**	16,104
Auditors' remuneration	**13,360**	13,975
— Audit service	**11,920**	12,535
— Non-audit service	**1,440**	1,440
Pre-operation expenses	**8,046**	12,065
Entertainment expenses	**6,692**	12,316
Depreciation of investment properties	**6,084**	4,814
Write down inventories to net realisable value	**179**	66
Provision for/(reversal of) impairment of trade receivables, prepayments and other receivables	**83**	(12,301)
Others	**410,587**	392,553
	9,591,348	8,916,771

(i)

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Employee benefit expenses for in-service employees	**2,428,476**	2,479,696
Termination benefit (a)	**92,990**	—
Early retirement welfare (b)	**485,160**	—
Employee benefits for the redundant employees (c)	**57,629**	—
	3,064,255	2,479,696

(a) Termination benefits

In 2014, the Group announced a series of detailed formal plan (the "Termination Plan") to offer certain current redundant employees termination benefits to encourage voluntary redundancy. Under the Termination Plan, the Group made the cash payment of compensation to these employees who accepted the termination offer in 2014.

(b) Early retirement welfare

In 2014, the Group announced a series of detailed formal plan (the "Early Retirement Plan") to early retire certain current redundant employees without possibility of withdrawal. Under the Early Retirement Plan, the Group is obliged to make monthly payment of wages, salaries and social welfare to these early retired employees from the date of early retirement to the regulated retirement date.

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

In 2014, certain hotels under the Group have stopped or will stop operations to implement renovation of the whole hotel properties for certain periods. The Group announced a series of detailed formal plan (the "Redundant Employee Plan for Hotel Renovation") and the Group is obliged to make monthly payment of wages, salaries and social welfare to these redundant employees during the renovation period. The Redundant Employee Plan for Hotel Renovation is without possibility of withdrawal.

5 INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current tax:		
Mainland China current corporate income tax ("CIT")	**265,779**	636,105
Deferred tax:		
Mainland China deferred income tax	**208,453**	(202,505)
	474,232	433,600

Other than Lhasa Jin Jiang Inn Company Limited with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of the group companies operating in Mainland China for the year ended 31 December 2014 (2013: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiary incorporated in Hong Kong is subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2014 (2013: 16.5%). For the year ended 31 December 2014, 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% (2013: 25%) in the Mainland China as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**1,550,583**	1,276,304
Tax calculated at a tax rate of 25% (2013: 25%)	**387,646**	319,076
Effect of different taxation rates	**(118)**	(207)
Income not subject to tax	**(26,943)**	(32,065)
Expenses not deductible for tax purposes	**8,709**	4,420
Tax losses and tax credit for which no deferred income tax assets were recognised	**144,987**	89,075
Utilization and recognition of previous unrecognised tax losses	**(4,814)**	(14,914)
Effect of exclusion of share of profit tax of joint ventures and associates	**(35,235)**	(32,735)
Recognition of deferred income tax liability in connection with investment in Hua Ting Hotels and Towers upon change of intention	**—**	100,950
	474,232	433,600

6 EARNINGS PER SHARE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**621,225**	443,772
Weighted average number of ordinary shares in issue *(thousands)*	**5,566,000**	5,566,000
Basic earnings per share *(RMB cents)*	**11.16**	7.97

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 2013 of RMB4.5 cents per share, totalling RMB250,470,000 (final dividend in respect of the year ended 31 December 2012: RMB3.0 cents per share, totalling RMB166,980,000) was paid in August 2014.

On 27 March 2015, the Directors recommended the payment of a final dividend of RMB5.0 cents per share, totalling RMB278,300,000 in respect of the year ended 31 December 2014. 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	
	2014	2013
	RMB'000	*RMB'000*
Proposed final dividend of RMB5.0 cents (2013: RMB4.5 cents) per share	**278,300**	250,470

The above information has been disclosed in the consolidated financial statements in accordance with the Hong Kong Companies Ordinance.

8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**331,512**	277,227
Less: provision for impairment of trade receivables	**(7,591)**	(7,876)
Trade receivables — net	**323,921**	269,351
Loans to related parties by Jin Jiang International Finance Company Limited ("Finance Company")	**335,000**	671,500
Loans to related parties by the Group other than Finance Company	**209,000**	4,500
Other amounts due from related parties	**40,659**	67,328
Prepayments and deposits	**290,323**	285,686
Accrual rental revenue	**30,222**	23,752
Value-added tax ("VAT") recoverable	**14,854**	22,592
Prepayments for acquisition of non-controlling interests	**—**	11,369
Others receivables	**62,276**	60,425
Less: provision for impairment of other receivables	**(4,761)**	(4,591)
Prepayments and other receivables — net	**977,573**	1,142,561
	1,301,494	1,411,912
Less: non-current portion of trade receivables, prepayments and other receivables	**(103,863)**	(106,127)
	1,197,631	1,305,785
Non-current portion of trade receivables, prepayments and other receivables	**103,863**	106,127

The majority of the Group's sales in Hotel Related Business, Passenger Transportation Vehicle and Logistics Business and Travel Agency Business are retail sales, with immediate cash settlement and no credit terms 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	
	2014	2013
	RMB'000	*RMB'000*
0 to 3 months	**311,817**	255,472
3 months to 1 year	**13,546**	15,385
Over 1 year	**6,149**	6,370
	331,512	277,227

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

9 TRADE AND OTHER PAYABLES

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade payables	**493,198**	461,382
Employee benefit payables	**977,684**	424,145
Advances from customers	**614,468**	631,727
Deposits from related parties in Finance Company	**407,397**	2,161,488
Other amounts due to related parties	**118,948**	120,716
Payables for purchases of property, plant and equipment, and intangible assets	**331,404**	402,901
Deposits from lessees and constructors	**292,109**	318,566
Advance for the transaction of a subsidiary to be disposed	**227,706**	—
Other tax payable	**175,677**	164,684
Accrued expenses	**126,493**	92,528
Deferred payment of acquisition of a subsidiary	**9,796**	21,662
Dividend payable to non-controlling interests	**28,234**	17,906
Notes payable	**—**	17,286
Interest payable	**20,512**	16,768
Deferred government grants	**67,999**	60,558
Deferred revenue for customer loyalty programme	**5,793**	983
Other payables	**68,970**	64,252
	3,966,388	4,977,552
Less: non-current portion of trade and other payables	**(608,167)**	(210,725)
	3,358,221	4,766,827
Non-current portion of trade and other payables	**608,167**	210,725

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

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
0 to 3 months	**419,520**	380,098
3 months to 1 year	**71,670**	76,508
Over 1 year	**2,008**	4,776
	493,198	461,382

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

10 OTHER INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Gain on disposal of investments in subsidiaries	**1,163,518**	398,172
Gain on disposal of available-for-sale financial assets	**435,652**	241,918
Dividend income	**94,721**	111,193
— Unlisted equity investments	**38,899**	59,674
— Listed equity investments	**55,822**	51,519
Interest income	**78,547**	28,913
Government grants income (i)	**82,000**	57,617
Gain on disposal of property, plant and equipment	**20,534**	23,080
Gain on disposal of investment in joint ventures	**15,108**	—
Gain on disposal of investment in associates	**—**	80,966
Others	**30,109**	17,518
	1,920,189	959,377

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

11 OTHER EXPENSES

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Compensation charge on lease termination due to the disposal of Galaxy Hotel	**69,048**	—
Bank charges	**44,031**	42,375
Loss on disposal of property, plant and equipment	**8,642**	1,215
Others	**2,990**	1,326
	124,711	44,916

12 COMMITMENTS

(a) Capital commitments

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

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment	**75,019**	63,438

(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	
	2014	2013
	RMB'000	*RMB'000*
Not later than 1 year	**187,940**	183,729
Later than 1 year and not later than 5 years	**519,757**	494,230
Later than 5 years	**647,267**	613,815
	1,354,964	1,291,774

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

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Not later than 1 year	**366,966**	360,584
Later than 1 year and not later than 5 years	**1,406,715**	1,426,686
Later than 5 years	**2,224,365**	2,478,760
	3,998,046	4,266,030

(c) Loan commitments

Loan commitments of RMB24,000,000 (31 December 2013: RMB406,500,000) represent undrawn loan facilities offered by Finance Company and granted to related parties.

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

As at 31 December 2014, 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. However, as at 27 March 2015, the Company has not received any payment from the Purchaser and the 30% equity interest in Chengdu Jinhe has not been transferred to the Purchaser.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Full Service Hotels

The operation and management of Full Service Hotels represents one of the major sources of revenue for the Group. During the Reporting Period, operation of Full Service Hotels contributed approximately RMB1,918,770,000 to the Group's revenue, representing a decrease of approximately 13.8% as compared to the same period of last year. The decrease mainly reflected the decrease in revenue as a result of the disposal of equity interest in Hua Ting Hotel and Towers by the Group at the end of 2013 and the disposal of equity interest in Shanghai Jin Yun Assets Management Co., Ltd. ("Jin Yun Company") by Galaxy Hotel, a subsidiary of the Company, during the Reporting Period, as well as the decrease in revenue of Full Service Hotels as a result of the re-designation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnotel as Select Service Hotels during the first half of 2013 and the re-designation of Marvel Y.M.C.A. as a Select Service Hotel during the Reporting Period.

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

	2014			2013		
	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	**74%**	**815**	**599**	69%	809	561
4-star	**72%**	**548**	**394**	63%	545	342

Note: The statistics in the above table cover the star-rated hotels of the Group in Shanghai:

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

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

As at the end of the Reporting Period, the Group owned and managed 125 Full Service Hotels in the PRC, offering approximately 38,000 guest rooms, among which 104 hotels were managed under the appointment of third parties other than Jin Jiang International.

During the Reporting Period, room reservation through the Group's corporate website increased substantially as compared to the same period of last year, as the Group optimised its search engine and improved the reservation process while increasing its click-through rate and conversion rate by developing vertical search in an ongoing effort to enhance the functions of the corporate website. Meanwhile, the Group further broadened its online marketing channels with the full operation of its English-version application (APP) and the commencement of e-mail direct marketing (EDM) during the Reporting Period to conduct specific marketing for targeted customers, in order to promote the "Jin Jiang" brand and increase online reservation through the corporate website. The Group further strengthened income and management and optimised its room rate strategy by fully utilising data analysis in reliance upon the IDeaS system platform.

During the Reporting Period, the Group continued to optimise its brand regime by vigorously advancing the building of the two major platforms of "Full Service Hotels" and "Select Service Hotels" in an effort to further elucidate its brand streamlining and positioning. Jin Jiang International Hotel Management Company Limited published the "Jin Jiang Hotel Brand Identity Management Manual" in September 2013 and commenced Jin Jiang CI audit in September 2014 to enhance brand standards and strengthen the levels of operating quality control. The compilation of the "Compulsory Guide for Jin Jiang Hotel's Professional Managers" has also further improved the "Jin Jiang" brand standards.

During the Reporting Period, the Group completed hotel hospitality tasks in connection with the Conference on Interaction and Confidence-Building Measures in Asia and took this opportunity to apply the quality of its services and products for significant hospitality missions in daily business operations in a consistent manner, enhancing the overall operational standards of Full Service Hotels and the brand influence of "Jin Jiang" as a result.

During the Reporting Period, the asset management centre of the Group commenced the scientific application of hotel assets on all fronts, investigating new models in asset application to improve asset efficiency and new business models for Full Service Hotels to forge breakthroughs in the model of lease operations. During the Reporting Period, steady progress was made in the asset liquidity and business conversion of Full Service Hotels. During the Reporting Period, the Group transferred the 100% equity interest in Jin Yun Company through an open listing process and 57% equity interest in New Garden Hotel by way of agreement, while the transfer of 90% equity interest in Galaxy Hotel is in progress. Such disposals of equity interests have further enhanced the Group's asset liquidity and financial conditions, as well as optimising the Group's asset allocation.

During the Reporting Period, the Group continued to drive adjustments in "organisational structure, job positions and staff allocation" and reported slight decrease in labour costs and the labour cost ratio after ensuring growth in per capita salary and benefit expenses.

During the Reporting Period, the Group further enhanced its centralised management of hotel assets, resulting in intensified resource integration. The construction and implementation of the centralised procurement platform and a unified payment platform has resulted in effective reduction in working capital appropriations, improvements in the capital utilisation ratio and reasonable control over cost and expenses in further enhancement of the hotels' core competitive strengths.

As at the end of the Reporting Period, the Group's overseas business mainly comprised its 50% equity interest in IHR Group. During the Reporting Period, IHR Group and its joint ventures and associates managed a total of 432 hotels with close to 79,000 guest rooms in aggregate in 13 countries including the United States, the United Kingdom, Holland, India, Russia, the PRC and Belgium.

During the Reporting Period, the IHR Group reported ongoing development in its business with sound operation of its three main platforms of China, the United States and Europe. During the Reporting Period, IHR further extended its European business platform while pursuing ongoing business expansion in America.

The average room rate of IHR Group's managed hotels was US$141.2 with an average occupancy rate of 75.0%, while RevPAR was US$105.8, representing an increase of 7.4% 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 RMB2,635,190,000 to the Group's revenue, representing an increase of approximately 9.5% as compared to the same period of last year and accounting for approximately 28.1% of the Group's turnover. The revenue from franchise fees and reservation distribution fees amounted to approximately RMB287,052,000, representing an increase of approximately 14.6% as compared to the same period of last year.

During the Reporting Period, there were 155 newly contracted Select Service Hotels, of which 21 were self-managed hotels and 134 were franchised hotels. As at the end of the Reporting Period, there were a total of 1,215 contracted chain Select Service Hotels (comprising 17 Jin Jiang Metropolo, 1,011 Jin Jiang Inn Budget Hotels, 74 Bestay Hotels Express hotels, 85 Jinguang Inn hotels, 6 Magnotel hotels and 22 brand consolidated Hotels), offering 142,566 guest rooms in aggregate. There were 918 contracted franchised hotels, accounting for 76% of all contracted Select Service Hotels. During the Reporting Period, 140 Select Service Hotels were opened, comprising 28 self-managed hotels and 112 franchised hotels. As at the end of the Reporting Period, a total of 968 Select Service Hotels were in operation (comprising 5 Jin Jiang Metropolo, 815 Jin Jiang Inn Budget Hotels, 66 Bestay Hotels Express hotels, 56 Jinguang Inn hotels, 5 Magnotel hotels and 21 brand consolidated Hotels), offering 116,010 guest rooms in aggregate.

As at the end of the Reporting Period, out of 968 Select Service Hotel chains such as Jin Jiang Inn Select Service Hotel that had commenced operation, 267 were self-managed hotels, accounting for approximately 27.6%, while 701 were franchised hotels, accounting for approximately 72.4%.

During the Reporting Period, Jin Jiang Metropolo had more than 105,000 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 with increasing capacity for guest reception.

During the Reporting Period, Jin Jiang Hotels Development entered into a conditional share subscription agreement with Hony Investment Fund and the Company, pursuant to which Jin Jiang Hotels Development issued a total of 201,277,000 A shares to Hony Investment Fund and the Company, such that the percentage of the Company's shareholdings in Jin Jiang Hotels Development remained unchanged. As at the end of the Reporting Period, custodian registration in respect of newly issued shares had been completed.

Food and Restaurants

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

As at the end of the Reporting Period, Shanghai KFC had a total of 304 outlets. "New Asia Snacks" and "Shanghai Yoshinoya" had 47 and 14 outlets, respectively.

As at the end of the Reporting Period, Shanghai Jin Jiang International Catering Investment Co., Ltd. managed 43 corporate catering restaurants, representing a net increase of 9 restaurants as compared to that at the end of 2013. Shanghai Jinzhu Catering Management Co., Ltd. opened the second "Ting Mei Yuen" ("鼎味源") restaurant at West Capital International Hotel in June 2014.

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue of the passenger transportation vehicles and logistics business was approximately RMB2,177,587,000, representing an increase of approximately 4.6% as compared to the same period of last year and accounting for approximately 23.3% of the Group's turnover.

During the Reporting Period, "Jin Jiang Auto Service Centre" Phase II commenced operation as scheduled after completing inspection and delivery for more than 10 items, such as fire prevention equipment and environmental facilities, resulting in enhanced reception capacity and further effects of combination that advanced the transformation development of our auto service business.

During the Reporting Period, the Jin Jiang car rental branch company of Shanghai Jinjiang Automobile Service Co., Ltd. reported new progress in market expansion, cost reduction and profit enhancement, as it strengthened management of vehicles in operation taking into account the characteristics of the industry and facilitated profit enhancement to sustain growth. The foreign business car service segment of Shanghai Jinjiang Automobile Service Co., Ltd. emphasised adjustments to its business mindset to strengthen quality control, exercise stringent control over maintenance cost and identify potentials for profit enhancement. Shanghai Jinjiang Business and Travel Auto Service Co., Ltd. procured the realignment and upgrade of its business structure by withdrawing from low-end and low-margin businesses and developing the market of high-end customers. As a result, more than 30 high-end customers were added while more than 50 large-scale international cruise ships were received, accounting for 95% of the total volume of cruise ship reception by Shanghai, on the back of the strengths in reception of its business cluster.

During the Reporting Period, Shanghai Jinjiang Automobile Service Co., Ltd. increased its effort in e-commerce development, as e-commerce marketing was enhanced by optimised platform software and hardware systems and strengthened information management functions of the platform. The E-platform for taxi calls was linked up with taxi calling software such as "Di Di (滴滴)" and "Kuai Di (快的)" and the revenue from our online orders for vehicle services increased by 23% compared to the same period of last year.

During the Reporting Period, Jin Jiang Investment completed the transfer of equity interest in Shanghai Pacific Passenger Transport Service Co., Ltd. (上海錦江太平洋客運服務有限公司) through Shanghai United Assets and Equity Exchange, as it continued to concentrate its assets in principal operations on advantageous operations and achieved breakthroughs in resource integration.

During the Reporting Period, Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. ("Jin Jiang Cold Logistics") further strengthened its customer analysis and process management and adjusted its marketing strategy in a timely fashion to identify and develop medium- to large-scale target customers in an active effort to seek cooperation in cold chain logistics, resulting in the addition of 49 new customers. Leveraging the economies of scale of Jin Jiang Cold Logistics, the ability of synergised operations in resources, customers and technologies was enhanced to achieve maximum efficiency. The annual utilisation ratio for refrigerated storage was 75%, which was above the industry average. The company's management and efficiency standards were ahead of its industry peers, as it sustained healthy and stable economic operation.

During the Reporting Period, construction of a 10,000-ton refrigerated storage (being a special local project under the 2014 plan of Shanghai Municipal Development and Reform Committee to realign and revive the logistics sector) commenced in May 2014 and the main structure was topped out in September in the same year. By the end of the year, equipment installation and testing had started.

During the Reporting Period, the Shuijinyang (水錦洋) project, a joint venture between Jin Jiang Investment and Shanghai Fisheries General Corporation (Group), continued to advance its business at a steady pace. Current online and offline sales channels included the Shuijinyang flagship store at city' super iapm (city' super超 • 生活), the directly-operated store at Shanghai Times Square and "Shop One Shanghai Fishery Store" (一號店上海水產館), as it continued to develop and enhance its business brand.

Travel Agency

In 2014, revenue from the travel agency was approximately RMB2,164,218,000, representing an increase of approximately 2.3% as compared to the same period of last year and accounting for approximately 23.1% of the Group's turnover.

During the Reporting Period, Jin Jiang Travel handled outbound travel for 160,400 persons, inbound travel tour for 88,300 persons, inbound reception for 139,000 persons and domestic travel for 133,000 persons, representing decrease of 19.0%, increase of 1.6%, increase of 7.6% and decrease of 17.5%, respectively, as compared to the same period of last year.

During the Reporting Period, Jin Jiang Travel employed innovative marketing means and intensified the integration of online and offline operations. Jin Jiang International Tourism Centre, a middle- to high-market customised tourism service centre, officially commenced operation under the Jin Jiang brand in an active attempt to transform from a traditional travel agency to a modernised service provider. The new generation smart store which commenced operation during the period provided more effective data support for product development by the travel agency on the basis of analyses of customer flow and consumer behavior, in addition to enhancing the interactive experience for customers. Cooperation with a number of e-commerce platforms was conducted and initiatives such as cruise charters and Taobao sales on "November 11th" and "December 12th" were completed with marketing channels combining mobile phones, websites and physical stores.

During the Reporting Period, Jin Jiang Travel increased its effort in new product development in close tandem with market trends and effectively improved its service quality by bolstering its ability to organise chartered tours. Emphasis was put in promoting the upgrade and innovation of tourism products, such as "In-depth Single Country Tourism," to sustain growth in the outbound tourism business. Leveraging the "Lining Up Friends for Travel (呼朋喚友)" brand, we endeavoured to drive transition from traditional sight-seeing tourism to modern leisure tourism based on market demands. Through the employment of both online and offline marketing means, our brand recognition was substantially enhanced.

Information Technology

In 2014, the Group further expedited its informationisation to realise the benefits of resource concentration and systems integration.

During the Reporting Period, significant progress was achieved in the centralisation of the PMS system, as we completed the development of the connection for PMS reservation and the upload of consumer data to CRM to prepare for the application of Big Data in the Jin Jiang CRM System. Moreover, the Group has devised a model for the commercial operation of the Cloud platform in the next 5 years in an active move to advance Cloud platform integration.

During the Reporting Period, the Group further improved its central procurement system, as the central procurement ratio increased to 80% from 65% for last year. An interim review of the platform and the inspection and delivery of the APP project were also completed.

FINANCIAL REVIEW

Revenue

The Group's financial information during the Reporting Period as compared to the same period in 2013 is set out as follows:

	12 months ended 31 December 2014		12 months ended 31 December 2013	
	RMB in million	***% of turnover***	*RMB in million*	*% of turnover*
Full Service Hotels	**1,918.8**	**20.5%**	2,225.1	24.0%
Select Service Hotels	**2,635.2**	**28.1%**	2,407.4	25.9%
Food and Restaurants	**375.5**	**4.0%**	357.9	3.8%
Passenger Transportation Vehicles and Logistics	**2,177.6**	**23.3%**	2,081.8	22.4%
Travel Agency	**2,164.2**	**23.1%**	2,116.3	22.8%
Other Operations	**92.8**	**1.0%**	99.8	1.1%
Total	**9,364.1**	**100.0%**	9,288.3	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 the Group's turnover for the Reporting Period and the same period in 2013:

	12 months ended 31 December 2014		12 months ended 31 December 2013	
	RMB in million	***% of turnover***	*RMB in million*	*% of turnover*
Accommodation revenue	**893.7**	**46.6%**	1,013.5	45.5%
Food and beverage sales	**622.2**	**32.4%**	812.6	36.5%
Rendering of ancillary services	**96.9**	**5.1%**	105.2	4.7%
Rental revenue	**195.7**	**10.2%**	199.2	9.0%
Sales of hotel supplies	**31.5**	**1.6%**	15.0	0.7%
Hotel management	**78.8**	**4.1%**	79.6	3.6%
Total	**1,918.8**	**100.0%**	2,225.1	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 RMB893,657,000, representing a decrease of approximately 11.8% or approximately RMB119,799,000. The aforesaid change mainly reflected the decrease in accommodation revenue by approximately RMB156,523,000 in aggregate as compared to the same period of last year as a result of the disposal of equity interest in Hua Ting Hotel and Towers by the Group at the end of 2013 and the disposal of equity interest in Jin Yun Company by Galaxy Hotel, a subsidiary of the Company, during the Reporting Period, as well as the decrease in accommodation revenue of Full Service Hotels by approximately RMB34,834,000 in aggregate as a result of the re-designation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnotel as Select Service Hotels during the first half of 2013 and the re-designation of Marvel Y.M.C.A. as a Select Service Hotel during the Reporting Period. Excluding the aforesaid factors, a comparison on the same basis indicates that accommodation revenue of Full Service Hotels would have grown by approximately 8.7% over the same period of last year, reflecting mainly the year-on-year growth in RevPAR of Full Service Hotels attributable to the Group's active implementation of a range of measures to enhance income by capitalising on favourable factors and market opportunities, such as the increasing number of conventions and exhibitions held in Shanghai, the gradual realisation of positive effects of the Free Trade Zone and the imminent opening of Disneyland, etc.

Food and beverage sales

Food and beverage sales in the Group's hotels comprised catering for wedding banquets and conferences, room catering services for guests and other sales in restaurants and bars in the hotels. During the Reporting Period, the food and beverage sales in Full Service Hotels amounted to approximately RMB622,204,000, representing a decrease of approximately 23.4% or approximately RMB190,413,000 from the same period in 2013. The aforesaid change mainly reflected the decrease in food and beverage sales by approximately RMB114,623,000 in aggregate as compared to the same period of last year as a result of the disposal of equity interest in Hua Ting Hotel and Towers by the Group at the end of 2013 and the disposal of equity interest in Jin Yun Company by Galaxy Hotel, a subsidiary of the Company, during the Reporting Period, as well as the decrease in food and beverage sales of Full Service Hotels by approximately RMB14,299,000 in aggregate as compared to the same period of last year as a result of the re-designation of New Asia Hotel, Metropole Hotel, Hua Ting Guest House, Jinsha Hotel and Magnotel as Select Service Hotels during the first half of 2013 and the re-designation of Marvel Y.M.C.A. as a Select Service Hotel during the Reporting Period.

Our food and beverage sales were also negatively affected by the change in social sentiments and reduced expenses on banquets and conferences during the Reporting Period. To address the challenging conditions, the Company exercised stringent control over food and beverage costs on all fronts and made strong efforts to lower food and beverage procurement costs by leveraging our centralised procurement platform. The food and beverage cost ratio of Full Service Hotels for 2014 was approximately 32%, which was about 0.3 percentage points lower as compared to the same period of 2013.

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 RMB96,940,000, representing a decrease of approximately 7.9% or RMB8,290,000 from the same period of last year. The decrease was primarily due to the transfers of equity interests in Hua Ting Hotel and Towers and Jin Yun Company and the re-designation of certain hotels as Select Service Hotels.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for catering, retail, exhibition and other purposes. During the Reporting Period, rental revenue amounted to approximately RMB195,714,000, representing a decrease of approximately 1.8% or approximately RMB3,503,000. The transfers of equity interests in Hua Ting Hotel and Towers and Jin Yun Company and the re-designation of certain hotels as Select Service Hotels reduced rental revenue by approximately RMB25,256,000 in aggregate as compared to the same period of last year. Excluding the aforesaid factors, a comparison on the same basis indicates that the year-on-year growth in rental revenue of Full Service Hotels was mainly attributable to the substantial progress and positive economic gains of the move of certain subsidiary hotels of the Group to lease out venues of underperforming restaurants. Meanwhile, the commencement of the "Flex Property Lease Management System" of the Company strengthened the centralised management of leased properties, allowing centralised streamlining of tenants and rental fees for optimal lease operations through more detailed analysis of lease information, resulting in a steady increase in rental revenue. In addition, leasing was conducted either through the hotels or in a centralised manner to maximise profitability.

Sales of hotel supplies

Sales of hotel supplies increased by approximately RMB16,431,000 from the same period in 2013.

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 RMB78,788,000 during the Reporting Period, representing a decrease of approximately 0.9% or approximately RMB748,000 as compared to the same period of last year. While there was steady growth in operating hotels managed by the Company, most local hotel management projects in the PRC reported year-on-year decline in hotel management fee income under the impact of the slowdown in domestic macro-economic growth and the social environment, resulting in a slight decrease in management fee income.

Select Service Hotels

The revenue of Select Service Hotels during the Reporting Period amounted to approximately RMB2,635,190,000, representing an increase of approximately RMB227,796,000 or approximately 9.5% as compared to the same period of last year. The increase was mainly due to the opening of 138 (comprising 47 self-managed hotels and 91 franchised hotels) and 140 (28 self-managed hotels and 112 franchised hotels) Select Service Hotels in 2013 and 2014, respectively, which increased the number of available rooms. Furthermore, revenue of Smart Hotels, the acquisition of which was completed in June 2013, increased by approximately RMB115,860,000 as compared to the same period of last year. Revenue from franchise fees and room reservation channels for the Reporting Period amounted to approximately RMB287,052,000, representing an increase of approximately RMB36,579,000 or approximately 14.6% as compared to the same period of last year.

Food and Restaurants

Revenue for food and restaurants segment was mainly derived from Shanghai Jin Ya Catering Management Co., Ltd. (上海錦亞餐飲管理有限公司) ("Jin Ya Catering") (formerly known as Shanghai New Asia Café de Coral Company Limited), Shanghai Jin Jiang International Food Catering Management Co., Ltd. (上海錦江國際食品餐飲管理有限公司), Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai Jinzhu Catering Management Co., Ltd. and Shanghai New Asia Food Company Limited. During the Reporting Period, total revenue from the food and restaurants segment amounted to approximately RMB375,504,000, representing an increase of approximately RMB17,570,000 or approximately 4.9% 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 of Shanghai Jin Jiang International Food Catering Management Co., Ltd. (上海錦江國際食品餐飲管理有限公司) (with 43 group catering restaurants under management during the Reporting Period versus 34 as at the end of last year) which increased revenue by approximately RMB29,667,000 as compared to the same period of last year, partially offsetting the decline in operating revenue resulting from the downsizing of outlets by Jin Ya Catering (47 chain restaurants during the Reporting Period versus 65 as at the end of last year).

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue for passenger transportation vehicles and logistics was approximately RMB2,177,587,000, representing an increase of approximately 4.6% as compared to the same period of last year. The increase was primarily driven by the increase in auto sales and vehicle operations.

Travel Agency

During the Reporting Period, the revenue for travel agency was approximately RMB2,164,218,000, representing an increase of approximately 2.3% as compared to the same period of last year. The increase was attributable mainly to the ongoing rapid development of the inbound and outbound travel business.

Other Operations

In addition, the Group also engaged in other operations including financial services provided through Jin Jiang International Finance Company Limited ("Finance Company") and training services. Revenue for the Reporting Period amounted to approximately RMB92,819,000, representing a decrease of approximately 7% over the same period of last year, which was mainly attributable to the decrease in interest income derived from loans extended by Finance Company to related parties.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB7,682,247,000, representing an increase of approximately 0.4% 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 increased revenue from the Passenger Transportation Vehicles and Logistics and the travel agency businesses, coupled with the decrease in cost of sales in line with the transfers of equity interests in Hua Ting Hotel and Towers and Jin Yun Company.

Gross Profit

For the above reasons, the Group recorded a gross profit of approximately RMB1,681,841,000 for the Reporting Period, representing an increase of approximately RMB48,399,000 or approximately 3.0% as compared to the same period last year. Gross profit margin for the Reporting Period was 18.0%, an increase of approximately 0.4% as compared to the same period of 2013.

Other Income

Other income for the Reporting Period amounted to approximately RMB1,920,189,000 (same period in 2013: approximately RMB959,377,000), representing an increase of approximately 100.1% as compared to the same period of last year. The increase reflected mainly gains from the disposal of subsidiaries of approximately RMB1,163,518,000 (same period in 2013: approximately RMB398,172,000), including gains from the transfer of equity interest in Jin Yun Company amounting to approximately RMB1,123,012,000 and gains from the transfer of equity interest in Shanghai Pacific Passenger Transport Service Co., Ltd. (上海錦江太平洋客運服務有限公司) amounting to approximately RMB40,506,000 for the Reporting Period. Meanwhile, the disposal of available-for-sale financial assets including securities in Changjiang Securities Company Limited and Shanghai Yuyuan Tourist Mart Co., Ltd. during the Reporting Period generated gains of approximately RMB435,652,000 (same period in 2013: gains of approximately RMB241,918,000). During the Reporting Period, the Group also received dividend income from available-for-sale financial assets held amounting to approximately RMB55,822,000 (same period in 2013: approximately RMB51,519,000) and dividend from Suzhou KFC, Wuxi KFC and Hangzhou KFC of approximately RMB38,899,000 (same period in 2013: approximately RMB59,674,000). The decrease in dividend income reflected mainly the decrease in 2014 dividend distribution from Suzhou KFC, Wuxi KFC and Hangzhou KFC as their results had been affected by the chicken flu and chicken meat safety issues in China in 2013 and 2014.

Sales and Marketing Expenses

Sales and marketing expenses comprised primarily labour costs, travel agents commission and advertising fees, which amounted to approximately RMB427,100,000 during the Reporting Period (same period in 2013: approximately RMB422,571,000), representing an increase of approximately 1.1% 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. Sales and marketing expenses as a percentage of operative revenue for the Reporting Period were largely unchanged from the same period of 2013.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB1,482,001,000 (same period in 2013: approximately RMB839,311,000), representing an increase of approximately 76.6% as compared to the same period of last year. The increase was mainly attributable to long-term employee benefit expenses amounting to approximately RMB635,779,000 incurred during the Reporting Period in connection with termination plans, early retirement plan and redundant employee plan for hotel renovation.

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 RMB124,711,000 (same period in 2013: approximately RMB44,916,000), representing an increase of approximately RMB79,795,000 as compared to the same period of 2013. Compensation payments arising from the early termination of lease contracts as a result of the transfer of equity interest in Galaxy Hotel amounted to approximately RMB69,048,000.

Finance Cost

Finance cost comprises of interest expenses in respect of the Group's bank borrowings. During the Reporting Period, finance cost was approximately RMB158,574,000 (same period in 2013: approximately RMB140,656,000), representing an increase of approximately 12.7% as compared to the same period of 2013. The increase was primarily due to additional bank borrowings by the Group 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 RMB140,939,000 (same period in 2013: approximately RMB130,939,000). Operating results of Shanghai Pudong International Airport Transport Terminal Co. Ltd. for the Reporting Period increased by approximately RMB14,263,000 over the same period of last year, while year-on-year growth in the full-year operating results of Shanghai Kentucky Fried Chicken Company Limited was insignificant as such company was affected by the OSI Group incident in the second half of the year following improvements in operating results for the first half of the year. Operating results of Beijing Kunlun Hotel decreased by approximately RMB15,494,000 as compared to the same period of last year under the impact of multiple factors such as the increase in depreciation, amortisation and interest expenses as a result of renovation.

Taxation

The effective tax rate for the Reporting Period was approximately 30.6% (same period in 2013: approximately 34.0%). The lower effective tax rate as compared to the same period of last year was mainly attributable to the recognition by the Group of deferred income tax liability in respect of investments in Hua Ting Hotel and Towers for the same period of 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 RMB621,225,000 (same period in 2013: approximately RMB443,772,000), representing an increase of approximately RMB177,453,000 or approximately 40.0%.

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings and pledge of assets

As at 31 December 2014, the borrowings included:

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**1,596,814**	79,016
Bank borrowings — unsecured	**1,320,952**	1,592,332
Borrowings from related parties	**—**	304,845
Finance lease liabilities	**24,713**	23,588
	2,942,479	1,999,781
Less: current portion of long term secured bank borrowings	**(67,064)**	(12,194)
current portion of long term unsecured bank borrowings	**(1,010,502)**	(273,437)
current portion of long term finance lease	**(3,044)**	(2,491)
	1,861,869	1,711,659
Borrowings included in current liabilities:		
Bank borrowings — secured	**32,806**	14,634
Bank borrowings — unsecured	**507,343**	1,493,907
Borrowings from related parties	**100,000**	348,000
Other borrowings — unsecured	**—**	5,000
Current portion of long-term secured bank borrowings	**67,064**	12,194
Current portion of long-term unsecured bank borrowings	**1,010,502**	273,437
Current portion of long-term financial lease	**3,044**	2,491
	1,720,759	2,149,663

As at 31 December 2014, the secured bank borrowings included:

(1) Bank borrowings of US$10,960,000, equivalent to RMB67,064,000 (31 December 2013: US$12,960,000, equivalent to RMB79,016,000), which were guaranteed by Jin Jiang International.

(2) Bank borrowings of RMB32,806,000 (31 December 2013: RMB14,634,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Company.

(3) Bank borrowings of US$250,000,000, equivalent to RMB1,529,750,000 (31 December 2013: Nil) which were pledged by bank deposits amounted to US$5,000,000, equivalent to RMB30,595,000.

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

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
Between 1 and 2 years	**308,345**	1,082,987
Between 2 and 5 years	**1,542,316**	616,222
Over 5 years	**11,208**	12,450
	1,861,869	1,711,659

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

	At 31 December	
	2014	2013
	RMB'000	*RMB'000*
RMB	**1,376,361**	2,714,129
US$	**2,206,267**	1,147,193
	3,582,628	3,861,322

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

	At 31 December 2013	
	2014	2013
Borrowings denominated in RMB	**5.4088%**	5.3425%
Borrowings denominated in US$	**2.5427%**	2.4145%

Treasury Management and Interest Rate Risk Management

Cash and cash equivalents as at 31 December 2014 and 31 December 2013 amounted to approximately RMB5,876,801,000 and RMB4,475,191,000, respectively, providing generally sufficient cash flow.

The Group established a RMB cross-border funding pool during the Reporting Period to open up a two-way financing channel between its domestic and overseas operations. The pool enables the Company to optimise its treasury structure and increase the flexibility of fund allocation by centralising funds which are otherwise separately held, thereby facilitating complementary and flexibility fund sharing between domestic and overseas subsidiaries.

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

Available-for-sale Financial Assets

Available-for-sale financial assets held by the Group included 130,000,000 shares in Changjiang Securities Company Limited (000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (601328.SH), 13,901,542 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

As at the end of the Reporting Period, the Group had approximately 29,261 employees. As of now, no share options scheme has been established by the Group.

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. More than 30 training courses on various types of job management, job skills and special topics were organised during the year with enrolment of more than 3,000 participants.

During the Reporting Period, the Group adjusted its human resource structure and optimised its job positions and staff establishment to further enhance its market orientation. As at the end of the Reporting Period, administrative expenses of Full Service Hotels included mainly long-term employee benefit expenses amounting to approximately RMB635,779,000 in connection with termination plans, early retirement plan and redundant employee plan for hotel renovation.

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 strictly implemented various safety operations to ensure safe commencement of various tasks at crucial timing. During the second half of the year, the hospitality tasks for a number of major public events were successfully completed.

The interests of people's livelihood represent a top priority for the Group. Stabilisation measures in the course of asset application were properly conducted, while staff settlement in connection with equity transfer of subsidiaries and business suspension during renovation was also smoothly completed, fostering an atmosphere of harmony and stability conducive to the sustainable development of the Group

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 6% 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.

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. Nevertheless, with the implementation of policies represented by the document entitled "Certain Opinions on Promoting the Reform and Development of the Tourism Industry" issued by the State Council, as well as the stimulating effect of the opening of Shanghai Disneyland, broad prospects for future development still hold out for China's hotel and tourism industry, which will embrace opportunities as well as challenges. With full confidence in its future development, the Group will actively address any challenges and seize any opportunities that might arise.

The Group will step up with the development of its core business and drive internationalisation. The synergies of our international acquisitions will be brought into full play by ensuring the proper the handover of the operations of Groupe du Louvre. We will seek to improve our management standards and core competitiveness, further advance our domestic as well as 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 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 the innovation and transformation of business models compatible with the age of Internet economy, while optimising our market-based remuneration regime and incentive mechanism. We will leverage our strengths in specialisation to create a tourism service chain centering on the hotel business. We will continue to drive asset liquidity and property realignment to further increase our overall asset return and enterprise value. The building of functional centres and system platforms will be optimised 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 optimised.

The Group will forge the name of Jin Jiang into a well-known world brand on the basis of global business deployment and multi-national operations. 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 27 March 2015, the Board proposed to declare a final dividend of RMB5 cents (inclusive of tax) per share or an aggregate of RMB278,300,000 for the year ended 31 December 2014.

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 2014 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 2014.

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 Group. 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 2014 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 a nomination committee. The nomination committee of the Company comprises Mr. Yu Minliang (chairman), being the chairman of the Board and an executive Director, and Dr. Rui Mingjie and 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2014, 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, 27 March 2015

As at the date of this announcement, the executive Directors 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 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".*