

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **2015 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 2015 (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 2015 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.

2015 has been an important year for the Group’s advancement of its global business deployment and multinational operations. Through measures to enhance quality, increase efficiency, drive innovation and transformation and reinforce reforms, the internationalisation strategy was implemented to expedite the formation of an internationally reputed hotel group with solid core competitiveness. To address the complex economic situation and marketplace, the Group focused on its development strategy and made proactive moves to adapt itself to the new normal status of economic development. We resorted to a double-edged approach featuring both productive operations and the application of capital. We persisted in prudent progress, innovation and transformation with the primary aim of strengthening our principal business, while improving our mechanism for achieving stable growth and implementing multiple measures to overcome various hurdles. Our key projects were advancing in a disciplined manner, as new progress was achieved in various tasks.

During the Reporting Period, the Group realised revenue of approximately RMB12,160,429,000, representing an increase of approximately 29.9% as compared to the same period of last year. The operating profit of the Group amounted to approximately RMB2,010,414,000, representing an increase of approximately 28.2% as compared to the same period of last year. Earnings before interests, taxes, depreciation and amortization (“EBITDA”) of the Group amounted to approximately RMB3,394,995,000, representing an increase of approximately 28.3% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB865,523,000, representing an increase of approximately 39.3% as compared to the same period of last year. The Board has proposed a final dividend of RMB6.5 cents (inclusive of tax) for the year ended 31 December 2015.

As at the end of the Reporting Period, the Group held or managed a total of 3,090 hotels with approximately 374,000 rooms in aggregate in 61 countries. Among the said hotels, a total of 1,451 self-owned or managed hotels were either in operation or under construction within the People's Republic of China (the "PRC") with approximately 195,000 rooms.

During the Reporting Period, the Group reported breakthroughs in its development in internationalisation. In February 2015, the Group entered into a share purchase agreement with Star SDL Investment Co S.à.r.l. through Sailing Investment Co, S.à.r.l., a wholly-owned subsidiary of Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development"), for the acquisition of 100% equity interests in Groupe du Louvre ("GDL"). At the end of February 2015, all the matters relating to the closing of the acquisition were completed and GDL was consolidated in our financial statements. The successful completion of the acquisition has resulted in substantial growth in various operating indicators for the Group, such as total assets, operating revenue, cash flow, number of hotels and number of guest rooms. In the meantime, the Group advanced in a steady and disciplined manner post-acquisition tasks relating to the management structure, institutional improvements, platform building, business matching and consolidation on the back of interactive integration of markets, brands, human resources and culture.

In September 2015, Jin Jiang Hotels Development entered into an agreement for strategic investments in Plateno Group and completed the transaction in February 2016. In accordance with the principle of "keeping basic elements unchanged, integrating back offices and coordinating front-desk operations for co-development", synergies and complementary effects were realised to create more room for global development and multinational operations. Following the completion of the transaction, the Group owned or managed over 6,000 hotels in the world with more than 650,000 guest rooms resulting in a substantial growth in the size of its hotel operations.

During the Reporting Period, all business segments of the Group made focused efforts on quality improvement and efficiency enhancement, while experimenting cross-sector cooperation in line with the development of Internet-related businesses, launching new attempts in innovative marketing, coordinated resource application, product research and development and transformation and upgrade. The creation of the travel service chain and brand regime was expedited with the vigorous implementation of the platform strategy. State-of-the-art information technology and management concepts were applied modeling on advanced enterprises, as we introduced the performance excellence management model and improved our human resources management regime to enhance our management capabilities and strengthen risk control over multinational operations on an ongoing basis.

## OPERATIONAL STATISTICS

	2015	2014
<b>Average occupancy rate</b>		
Full Service Hotels		
— 5-star Luxury Hotels	72%	70%
— 4-star Luxury Hotels	71%	70%
Select Service Hotels		
— Jin Jiang Metropolo	75%	79%
— GDL	70%	—
<b>Average room rate (RMB/room)</b>		
Full Service Hotels		
— 5-star Luxury Hotels	842	824
— 4-star Luxury Hotels	512	500
Select Service Hotels		
— Jin Jiang Metropolo	193	193
— GDL (EUR€/room)	53	—
<b>Revenue per available room (“RevPAR”) (RMB/room)</b>		
Full Service Hotels		
— 5-star Luxury Hotels	603	575
— 4-star Luxury Hotels	363	348
Select Service Hotels		
— Jin Jiang Metropolo	146	152
— GDL (EUR€/room)	37	—

### 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. Data of Select Service Hotels cover all directly-operated chain hotels in operation under the brands of Jin Jiang Metropolo, Jin Jiang Inn, Bestay Hotels Express and Jinguang Inn operated by Jin Jiang Metropolo and, for the period from March to December 2015, all directly-operated chain hotels in operation under the four brands of “Premiere Classe”, “Campanile”, “Kyriad” and “Golden Tulip” operated by GDL.

## FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012 (Restated)*	2011
<b>Items of Consolidated Income Statement</b>					
<i>(RMB million)</i>					
Revenue	<b>12,160</b>	9,364	9,288	9,004	12,653
Profit attributable to shareholders of the Company	<b>866</b>	621	444	317	536
Earnings per share on profit attributable to shareholders of the Company <i>(RMB cents)</i>	<b>15.55</b>	11.16	7.97	5.70	9.63
<b>Items of Consolidated Balance Sheet</b>					
<i>(RMB million)</i>					
Total assets	<b>42,265</b>	24,163	21,836	18,129	18,266
Total liabilities	<b>25,517</b>	8,787	9,886	5,994	6,412
Total equity	<b>16,748</b>	15,376	11,950	12,135	11,854
Total equity attributable to the shareholders of the Company	<b>9,291</b>	8,619	7,566	7,312	7,175
<b>Item of Consolidated Statement of</b>					
<b>Cash Flows <i>(RMB million)</i></b>					
Net cash generated from operating activities	<b>2,464</b>	(796)	2,044	898	1,307
<b>Non-HKFRS Financial Information</b>					
Proposed dividend <i>(RMB million)</i>	<b>362</b>	278	250	167	223
Proposed dividend per share <i>(RMB cents)</i>	<b>6.50</b>	5.00	4.50	3.00	4.00
Earnings before interests, taxes, depreciation and amortization ("EBITDA") <i>(RMB million)</i>	<b>3,395</b>	2,647	2,360	1,919	2,177
Total equity per share <i>(RMB)</i>	<b>3.01</b>	2.76	2.15	2.18	2.13
Total equity per share attributable to the shareholders of the Company <i>(RMB)</i>	<b>1.67</b>	1.55	1.36	1.31	1.29
Gearing ratio	<b>38.8%</b>	14.8%	17.7%	11.0%	13.0%
Capital expenditure	<b>11,304</b>	845	2,702	727	2,543

\* 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.

**SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH HKFRS**

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2015*

		<b>Year ended 31 December</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	<b>12,160,429</b>	9,364,088
Cost of sales	4	<b>(9,524,759)</b>	(7,682,247)
Gross profit		<b>2,635,670</b>	1,681,841
Other income and gain	10	<b>1,581,684</b>	1,920,189
Selling and marketing expenses	4	<b>(695,657)</b>	(427,100)
Administrative expenses	4	<b>(1,343,741)</b>	(1,482,001)
Other expenses and losses	11	<b>(167,542)</b>	(124,711)
Operating profit		<b>2,010,414</b>	1,568,218
Finance income	12	<b>148,772</b>	—
Finance costs	12	<b>(502,965)</b>	(158,574)
Finance costs — net	12	<b>(354,193)</b>	(158,574)
Share of results of joint ventures and associates		<b>235,604</b>	140,939
Profit before income tax		<b>1,891,825</b>	1,550,583
Income tax expense	5	<b>(494,125)</b>	(474,232)
Profit for the year		<b><u>1,397,700</u></b>	<b><u>1,076,351</u></b>
Attributable to:			
Shareholders of the Company		<b>865,523</b>	621,225
Non-controlling interests		<b>532,177</b>	455,126
		<b><u>1,397,700</u></b>	<b><u>1,076,351</u></b>
Earnings per share for profit attributable to shareholders of the Company during the year ( <i>expressed in RMB cents per share</i> )			
— basic and diluted	6	<b><u>15.55</u></b>	<u>11.16</u>
Dividends	7	<b><u>361,790</u></b>	<u>278,300</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
<b>Profit for the year</b>	<b>1,397,700</b>	<b>1,076,351</b>
<b>Other comprehensive income</b>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Remeasurements of post-employment benefit obligations	587	—
<i>Items that may be subsequently reclassified to profit or loss</i>		
Fair value changes on available-for-sale financial assets — gross	973,557	2,269,816
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	(485,573)	(435,652)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	(121,774)	(458,618)
Cash flow hedges	817	—
Currency translation differences	23,226	(4,545)
Total other comprehensive income for the year	<u>390,840</u>	<u>1,371,001</u>
<b>Total comprehensive income for the year</b>	<b><u>1,788,540</u></b>	<b><u>2,447,352</u></b>
<b>Attributable to:</b>		
Shareholders of the Company	949,612	1,306,431
Non-controlling interests	838,928	1,140,921
	<b><u>1,788,540</u></b>	<b><u>2,447,352</u></b>

**CONSOLIDATED BALANCE SHEET***As at 31 December 2015*

		As at 31 December 2015	As at 31 December 2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		<b>10,985,979</b>	6,932,094
Investment properties		<b>215,759</b>	221,845
Land use rights		<b>1,904,781</b>	1,961,915
Intangible assets		<b>6,771,108</b>	429,417
Investments in joint ventures		<b>1,550,497</b>	1,394,187
Investments in associates		<b>685,266</b>	552,936
Available-for-sale financial assets		<b>4,079,267</b>	3,643,840
Deferred income tax assets		<b>551,689</b>	262,521
Trade receivables, prepayments and other receivables	8	<b>265,640</b>	103,863
Restricted cash		<b>3,778,848</b>	—
Bank deposits with maturities over 12 months		<b>236,000</b>	—
		<b>31,024,834</b>	15,502,618
Current assets			
Financial assets at fair value through profit or loss		<b>137,795</b>	94,629
Available-for-sale financial assets		<b>272,976</b>	121,467
Inventories		<b>196,108</b>	168,129
Trade receivables, prepayments and other receivables	8	<b>2,331,692</b>	1,197,631
Restricted cash		<b>1,114,888</b>	312,622
Bank deposits with maturities over 3 months		<b>2,146,138</b>	828,375
Cash and cash equivalents		<b>5,040,230</b>	5,876,801
		<b>11,239,827</b>	8,599,654
Non-current assets held for sale		—	61,214
		<b>11,239,827</b>	8,660,868
Total assets		<b>42,264,661</b>	24,163,486

**CONSOLIDATED BALANCE SHEET (CONTINUED)***As at 31 December 2015*

		As at 31 December 2015	As at 31 December 2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>EQUITY</b>			
Capital and reserves attributable to shareholders of the Company			
Share capital	1	<b>5,566,000</b>	5,566,000
Reserves	7	<b>3,724,896</b>	3,053,292
		<b>9,290,896</b>	8,619,292
Non-controlling interests		<b>7,457,333</b>	6,757,006
Total equity		<b>16,748,229</b>	15,376,298
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings		<b>11,135,204</b>	1,861,869
Deferred income tax liabilities		<b>2,229,689</b>	937,910
Trade and other payables	9	<b>1,135,670</b>	608,167
		<b>14,500,563</b>	3,407,946
Current liabilities			
Borrowings		<b>5,250,089</b>	1,720,759
Derivative financial instruments		<b>6,360</b>	—
Income tax payable		<b>236,131</b>	237,619
Trade and other payables	9	<b>5,523,289</b>	3,358,221
		<b>11,015,869</b>	5,316,599
Liabilities directly associated with non-current assets held for sale		<b>—</b>	62,643
		<b>11,015,869</b>	5,379,242
Total liabilities		<b>25,516,432</b>	8,787,188
Total equity and liabilities		<b>42,264,661</b>	24,163,486



# NOTES TO THE SELECTED CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2015*

## 1 GENERAL INFORMATION

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

During the years 2003 to 2006, the 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 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 Shanghai Jin Jiang International Industrial Investment Co., Ltd. (“Jin Jiang Investment”) and Shanghai Jin Jiang International Travel Co., Ltd. (“Jin Jiang Travel”) (the “Acquisition”).

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”). The share capital of the Company is RMB5,566,000,000.

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

The Group is principally engaged in investment and operation of hotels and related businesses (the “Hotel Related Business”), investment and operation of passenger transportation vehicles, logistics and related businesses (the “Vehicles and Logistics Business”) and investment and operation of travel agency and related businesses (the “Travel Agency Business”).

These consolidated financial statements were approved for issue by the Board of the Company on 30 March 2016.

## 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 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 amendments of HKFRS or Hong Kong Accounting Standards (“HKAS”) are mandatory for the first time for the financial year beginning on 1 January 2015.

- Amendment to HKAS 19 regarding defined benefit plans: employee contributions. This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.
- Amendments from annual improvements to HKFRSs — 2010–2012 Cycle, on HKFRS 8, ‘Operating segments’, HKAS 16, ‘Property, plant and equipment’, HKAS 38, ‘Intangible assets’ and HKAS 24, ‘Related party disclosures’.
- Amendments from annual improvements to HKFRSs — 2011–2013 Cycle, on HKFRS 3, ‘Business combinations’, HKFRS 13, ‘Fair value measurement’ and HKAS 40, ‘Investment property’.

The adoption of the above new amendments of HKFRS and HKAS starting from 1 January 2015 did not have any significant impact on the consolidated financial statements.

## (b) 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 during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

## (c) New and amended standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted

		<b>Effective for annual periods beginning on or after</b>
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendment to HKAS 27	Equity Method in Separate Financial Statements	1 January 2016
Annual improvements 2014: HKFRS 5, HKFRS 7, HKAS 19 and HKAS 34	Non-current Assets Held for Sale and Discontinued Operations, Financial instruments: Disclosures, Employee Benefits and Interim Financial Reporting	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure Initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group is yet to assess the full impact of these new amendments and standards, and intends to adopt the amendments no later than the respective effective dates of the amendments.

### 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 internal reports.

Upon the acquisition of 100% shares in GDL, the Board assessed the performance of GDL as an individual business segment and named it as "Select Service Hotels — managed and operated by GDL" segment. The former "Select Service Hotels" segment was renamed as "Select Service Hotels — managed and operated by Jin Jiang Metropolo" segment.

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

- (1) Full Service Hotels: ownership, operation and management of full service hotels;
- (2) Select Service Hotels — managed and operated by Jin Jiang Metropolo: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, primarily in PRC and under the brands of Jin Jiang Metropolo;
- (3) Select Service Hotels — managed and operated by GDL: operation of self-owned select service hotels and provision of management and franchising to other parties to operate select service hotels, mostly in Europe and under the brands of GDL;
- (4) Food and Restaurants: operation of fast food or upscale restaurants, moon cake production and related investments, not including the food and beverage operation in Full Service Hotels and Select Service Hotels;
- (5) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;
- (6) Travel Agency: provision of travel agency and related services; and
- (7) Other Operations: intra-group financial services, training and education, and corporate function.

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

(a) Turnover

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Full Service Hotels	1,962,110	1,918,770
— Accommodation revenue	933,256	893,657
— Food and beverage sales	605,713	622,204
— Rendering of ancillary services	84,163	96,940
— Rental revenue	188,748	195,714
— Sales of hotel supplies	7,393	31,467
— Hotel management	142,837	78,788
Select Service Hotels — managed and operated by Jin Jiang Metropolo	2,682,287	2,635,190
— Accommodation revenue	1,973,498	1,927,676
— Food and beverage sales	162,665	172,076
— Rendering of ancillary services	29,283	31,265
— Rental revenue	47,931	48,247
— Sales of hotel supplies	36,345	34,665
— Hotel management and franchise	342,167	336,480
— Revenue under customer loyalty programme	90,398	84,781
Select Service Hotels — managed and operated by GDL	2,612,268	—
— Accommodation revenue	1,420,818	—
— Catering and sale of products	589,181	—
— Hotel management and franchise	592,064	—
— Others	10,205	—
Food and Restaurants	366,243	375,504
Passenger Transportation Vehicles and Logistics	2,188,641	2,177,587
— Vehicle operating	1,124,045	1,235,681
— Trading of automobile	959,650	795,682
— Refrigerated logistics	83,735	126,840
— Others	21,211	19,384
Travel Agency	2,280,187	2,164,218
— Travel agency	2,255,328	2,140,297
— Others	24,859	23,921
Other Operations	68,693	92,819
	<b>12,160,429</b>	<b>9,364,088</b>

The majority of the Group's sales are retail sales and no revenues from transactions with a single external customer account for 10% or more of the Group's revenue for the year ended 31 December 2015 and 2014.

**(b) Segment information**

The segment results for the year ended 31 December 2015 are as follows:

	Select Service Hotels- managed and		Select Service Hotels- managed and	Food and Restaurants	Passenger Transportation Vehicles and Logistics	Travel Agency	Other Operations	The Group
	Full Service Hotels	Jin Jiang Metropolo	operated by GDL					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External sales	1,962,110	2,682,287	2,612,268	366,243	2,188,641	2,280,187	68,693	12,160,429
Inter-segment sales	9,508	2,413	—	8,223	3,319	52	42,961	66,476
Total gross segment sales	<u>1,971,618</u>	<u>2,684,700</u>	<u>2,612,268</u>	<u>374,466</u>	<u>2,191,960</u>	<u>2,280,239</u>	<u>111,654</u>	<u>12,226,905</u>
Profit for the year	<u>429,836</u>	<u>188,555</u>	<u>153,752</u>	<u>31,404</u>	<u>264,676</u>	<u>56,918</u>	<u>272,559</u>	<u>1,397,700</u>
Other income and gain (note 10)	820,367	37,845	7,942	33,094	79,544	97,638	505,254	1,581,684
Including: interest income (note 10)	29,692	9,308	1,385	272	12,708	12,736	30,863	96,964
Depreciation and impairment of property, plant and equipment (note 4)	(178,556)	(395,555)	(227,628)	(13,073)	(220,569)	(7,416)	(1,199)	(1,043,996)
Depreciation of investment properties (note 4)	(1,433)	—	—	—	(513)	(4,140)	—	(6,086)
Amortization of land use rights (note 4)	(18,369)	(37,374)	—	—	(1,080)	—	(311)	(57,134)
Amortization of intangible assets (note 4)	(3,271)	(10,687)	(25,940)	(1,188)	—	(533)	(142)	(41,761)
Reversal of inventories write-down (note 4)	24	41	—	—	—	—	—	65
(Provision for)/reversal of impairment of trade receivables, prepayments and other receivables (note 4)	(1,585)	(2,824)	(19,306)	—	(119)	638	—	(23,196)
Finance costs — net (note 12)	(182,954)	(3,458)	(116,537)	(203)	(4,028)	—	(47,013)	(354,193)
Share of results of joint ventures and associates	37,353	—	11,588	38,104	148,473	273	(187)	235,604
Income tax expense (note 5)	(191,244)	(68,473)	(74,007)	(1,574)	(39,192)	(7,720)	(111,915)	(494,125)
Capital expenditure	<u>64,074</u>	<u>526,200</u>	<u>10,407,890</u>	<u>11,187</u>	<u>291,854</u>	<u>1,557</u>	<u>1,608</u>	<u>11,304,370</u>

The segment results for the year ended 31 December 2014 are as follows:

	Select Service Hotels- managed and Full Service Hotels RMB'000		Select Service Hotels- managed and operated by GDL 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
<b>Total gross segment sales</b>	<b>1,928,510</b>	<b>2,637,094</b>	<b>—</b>	<b>383,997</b>	<b>2,182,018</b>	<b>2,164,465</b>	<b>125,652</b>	<b>9,421,736</b>
Profit for the year	255,632	251,080	—	(8,623)	263,272	63,605	251,385	1,076,351
Other income and gain (note 10)	1,239,299	28,757	—	29,012	100,338	61,468	461,315	1,920,189
Including: interest income (note 10)	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)
(Provision for)/reversal of inventories write-down (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 — net (note 12)	(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 segment assets as at 31 December 2015 are as follows:

	Select Service Hotels- managed and Full Service Hotels RMB'000		Select Service Hotels- managed and operated by GDL 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	4,456,595	6,301,541	12,163,891	126,339	4,008,057	1,728,367	11,244,108	40,028,898
Investments in joint ventures	1,158,186	—	—	—	390,523	—	1,788	1,550,497
Investments in associates	43,348	—	81,040	160,712	372,516	15,846	11,804	685,266
<b>Total assets</b>	<b>5,658,129</b>	<b>6,301,541</b>	<b>12,244,931</b>	<b>287,051</b>	<b>4,771,096</b>	<b>1,744,213</b>	<b>11,257,700</b>	<b>42,264,661</b>

The segment assets as at 31 December 2014 are as follows:

	Select Service Hotels- managed and Full Service Hotels <i>RMB'000</i>		Select Service Hotels- managed and operated by GDL <i>RMB'000</i>	Food and Restaurants <i>RMB'000</i>	Passenger Transportation Vehicles and Logistics <i>RMB'000</i>	Travel Agency <i>RMB'000</i>	Other Operations <i>RMB'000</i>	The Group <i>RMB'000</i>
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	<u>5,851,233</u>	<u>6,236,032</u>	<u>—</u>	<u>253,190</u>	<u>3,382,087</u>	<u>1,681,409</u>	<u>6,759,535</u>	<u>24,163,486</u>

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

Other income in the segment of "Full Service Hotels" for the year ended 31 December 2015 mainly includes gain on disposal of a subsidiary of RMB716,701,000 (for the year ended 31 December 2014: RMB1,123,011,000). 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 RMB40,507,000 (for the year ended 31 December 2015: nil). Other income in the segment of "Other Operations" for the year ended 31 December 2015 mainly includes gain on disposal of available-for-sale financial assets of RMB426,496,000 (for the year ended 31 December 2014: RMB426,691,000).

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

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

	At 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
The total of non-current assets other than financial instruments and deferred income tax assets		
— Mainland China	11,237,463	10,795,537
— Overseas countries	11,004,856	696,857
Financial instruments	8,230,826	3,747,703
Deferred income tax assets	551,689	262,521
	<u>31,024,834</u>	<u>15,502,618</u>

#### 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	
	2015	2014
	RMB'000	RMB'000
Changes in inventories	3,620,393	3,294,955
Employee benefit expenses (i)	3,455,846	3,064,255
Depreciation of property, plant and equipment	1,043,996	856,201
Utility cost and consumables	722,976	646,117
Operating leases — land and buildings	600,616	392,596
Repairs and maintenance	400,818	171,733
Business tax, property tax, value-added tax (“VAT”) through a simplified method and other tax surcharges	399,414	367,447
Commissions paid to travel agencies	197,346	24,774
Advertising costs	135,718	55,294
Laundry costs	94,027	84,738
Consulting fee	83,097	61,967
Transportation expenses	58,482	34,156
Amortization of land use rights	57,134	57,744
Amortization of intangible assets	41,761	17,432
Auditors’ remuneration	26,664	13,360
— Audit service	25,224	11,920
— Non-audit service	1,440	1,440
Provision for impairment of trade receivables, prepayments and other receivables	23,196	83
Telecommunication expenses	15,403	16,908
Pre-operation expenses	6,220	8,046
Depreciation of investment properties	6,086	6,084
Entertainment expenses	3,049	6,692
(Reversal of)/provision for inventories to net realisable value	(65)	179
Others	571,980	410,587
	<b>11,564,157</b>	<b>9,591,348</b>

(i)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Employee benefit expenses for in-service employees	3,357,506	2,428,476
Employee benefit expenses for Termination Plan, Early Retirement Plan and Redundant Employee Plan for Hotel Renovation	95,101	635,779
Defined benefit plan of GDL	3,239	—
	<b>3,455,846</b>	<b>3,064,255</b>



## 5 INCOME TAX EXPENSE

### Year ended 31 December

2015 2014

RMB'000 RMB'000

Current tax:		
Mainland China current corporate income tax ("CIT")	286,294	265,779
Overseas current corporate tax	37,553	—
Deferred tax:		
Mainland China deferred income tax	104,575	208,453
Overseas deferred income tax	65,703	—
	<u>494,125</u>	<u>474,232</u>

Other than the subsidiary registered in Tibet with preferential income tax rate of 15%, provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of the group companies operating in Mainland China for the year ended 31 December 2015 (2014: 25%) in accordance with the Corporate Income Tax Law of PRC and its Detail Implementation Regulations.

The Group's subsidiary registered in Hong Kong is subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2015 (2014: 16.5%). For the year ended 31 December 2015, the Group's subsidiary incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax.

GDL is mainly operated in France and subject to income tax at 34.43% for the year ended 31 December 2015.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of 25% (2014: 25%) in the Mainland China as follows:

### Year ended 31 December

2015 2014

RMB'000 RMB'000

Profit before income tax	1,891,825	1,550,583
Cotisation sur la Valeur Ajoutée des Entreprises ("CVAE") deducted (i)	(15,684)	—
	<u>1,876,141</u>	<u>1,550,583</u>
Tax calculated at a tax rate of 25% (2014: 25%)	469,035	387,646
Effect of different taxation rates	2,674	(118)
Income not subject to tax	(30,474)	(26,943)
Expenses not deductible for tax purposes	5,972	8,709
Tax losses and tax credit for which no deferred income tax assets were recognised	94,055	144,987
Utilization and recognition of previous unrecognised tax losses	(15,328)	(4,814)
Effect of exclusion of share of profit tax of joint ventures and associates	(59,181)	(35,235)
Withholding tax on distributed profit	11,688	—
CVAE	15,684	—
	<u>494,125</u>	<u>474,232</u>

- (i) CVAE tax of GDL is calculated and paid based on the value added contribution subject to tax rate from 0% to 1.5% for the year ended 31 December 2015, and it is deductible for CIT and recognised in income tax expense.

## 6 EARNINGS PER SHARE

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	<u>865,523</u>	<u>621,225</u>
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>5,566,000</u>	<u>5,566,000</u>
Basic earnings per share ( <i>RMB cents</i> )	<u>15.55</u>	<u>11.16</u>

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

## 7 DIVIDENDS

A final dividend in respect of the year ended 31 December 2014 of RMB5.0 cents per share, totalling RMB278,300,000 (final dividend in respect of the year ended 31 December 2013: RMB4.5 cents per share, totalling RMB250,470,000) was paid in July 2015.

On 30 March 2016, the Directors recommended the payment of a final dividend of RMB6.5 cents per share, totalling RMB361,790,000 in respect of the year ended 31 December 2015. 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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend of RMB6.5 cents (2014: RMB5.0 cents) per share	<u>361,790</u>	<u>278,300</u>

## 8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	761,516	331,512
Less: provision for impairment of trade receivables	<b>(104,209)</b>	<b>(7,591)</b>
Trade receivables — net	<u>657,307</u>	<u>323,921</u>
Loans to related parties by Jin Jiang International Finance Company Limited ("Finance Company")	788,000	335,000
Prepayments and deposits	487,034	286,402
Loans to related parties by the Group other than Finance Company	209,000	209,000
Other prepaid and recoverable tax	131,757	—
Interest receivables	128,829	3,921
Other amounts due from related parties	116,651	40,659
Accrued rental revenue	38,062	30,222
VAT recoverable	7,642	14,854
Others	63,307	62,276
Less: provision for impairment of other receivables	<b>(30,257)</b>	<b>(4,761)</b>
Prepayments and other receivables — net	<u>1,940,025</u>	<u>977,573</u>
	<b>2,597,332</b>	<b>1,301,494</b>
Less: non-current portion of trade receivables, prepayments and other receivables	<b>(265,640)</b>	<b>(103,863)</b>
	<u><b>2,331,692</b></u>	<u><b>1,197,631</b></u>
Non-current portion of trade receivables, prepayments and other receivables	<u><b>265,640</b></u>	<u><b>103,863</b></u>

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 based on invoice date at respective balance sheet dates are as follows:

	At 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 3 months	506,763	311,817
3 months to 1 year	176,389	13,546
Over 1 year	78,364	6,149
	<u><b>761,516</b></u>	<u><b>331,512</b></u>

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

9 TRADE AND OTHER PAYABLES

	At 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	843,842	493,198
Deposits from related parties in Finance Company	1,947,610	407,397
Employee benefit payables	1,290,394	977,684
Advances from customers	636,290	614,468
Payables for purchases of property, plant and equipment, and intangible assets	392,430	331,404
Deposits from lessees and constructors	372,786	292,109
Other tax payable	288,875	175,677
Other amounts due to related parties	182,103	118,948
Defined benefit plan of GDL	161,863	—
Accrued expenses	113,938	126,493
Provisions for other liabilities and charges	68,575	6,981
Deferred government grants	61,910	67,999
Marketing fund	57,878	—
Deposits for private placing share	45,167	—
Payables related to the disposal of Shanghai Galaxy Hotel Company Limited (“Galaxy Hotel”)	36,962	—
Deferred payment of acquisition of subsidiaries	34,345	9,796
Interest payable	25,007	20,512
Dividend payable to non-controlling interests	21,923	28,234
Deferred revenue for customer loyalty programme	1,043	5,793
Advance for the transaction of a subsidiary to be disposed	—	227,706
Others	76,018	61,989
	<u>6,658,959</u>	<u>3,966,388</u>
Less: non-current portion of trade payables, provisions and other payables	<u>(1,135,670)</u>	<u>(608,167)</u>
	<u>5,523,289</u>	<u>3,358,221</u>
Non-current portion of trade payables, provisions and other payables	<u>1,135,670</u>	<u>608,167</u>

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

	At 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 3 months	702,145	419,520
3 months to 1 year	129,555	71,670
Over 1 year	12,142	2,008
	<u>843,842</u>	<u>493,198</u>

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

## 10 OTHER INCOME AND GAIN

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Gain on disposal of investments in subsidiaries	716,701	1,163,518
Gain on disposal of available-for-sale financial assets	486,692	435,652
Dividend income	103,500	94,721
— Unlisted equity investments	41,620	38,899
— Listed equity investments	61,880	55,822
Interest income	96,964	78,547
Government grants income (i)	80,386	82,000
Gain on foreign exchange forward contract	14,300	—
Gain on disposal of property, plant and equipment	9,431	20,534
Gain on disposal of investment in joint ventures	—	15,108
Others	73,710	30,109
	<u>1,581,684</u>	<u>1,920,189</u>

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

## 11 OTHER EXPENSES AND LOSSES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Impairment of available-for-sale financial assets	87,725	—
Bank charges	55,443	44,031
Loss on disposal of property, plant and equipment	10,149	8,642
Compensation charge on lease termination due to the disposal of Galaxy Hotel	1,847	69,048
Others	12,378	2,990
	<u>167,542</u>	<u>124,711</u>

## 12 FINANCE COSTS — NET

Year ended 31 December  
2015                      2014  
RMB'000                      RMB'000

### Finance cost

Interest expenses	410,573	159,899
— Bank borrowings	360,819	143,149
— Borrowings from related parties	40,506	15,485
— Financial lease liabilities	9,248	1,265
Net foreign exchange gain on borrowings	92,392	(1,325)
Total finance costs	<u>502,965</u>	<u>158,574</u>

### Finance income

Interest income		
— Interest income resulting from the deposits pledged for the borrowings	(148,772)	—
Total finance income	<u>(148,772)</u>	<u>—</u>

### Finance costs — net

<u>354,193</u>	<u>158,574</u>
----------------	----------------

## 13 COMMITMENTS

### (a) Capital commitments

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

At 31 December  
2015                      2014  
RMB'000                      RMB'000

Acquisition of property, plant and equipment	<u>118,123</u>	<u>75,019</u>
--	----------------	---------------

### (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  
2015                      2014  
RMB'000                      RMB'000

Not later than 1 year	196,834	187,940
Later than 1 year and not later than 5 years	511,474	519,757
Later than 5 years	708,917	647,267
	<u>1,417,225</u>	<u>1,354,964</u>

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

	<b>At 31 December</b>	
	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Not later than 1 year	<b>540,482</b>	366,966
Later than 1 year and not later than 5 years	<b>2,254,060</b>	1,406,715
Later than 5 years	<b>3,702,892</b>	2,224,365
	<b><u>6,497,434</u></b>	<u>3,998,046</u>

**(c) Loan commitments**

Loan commitments of RMB297,000,000 (31 December 2014: RMB24,000,000) 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 2015, 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 30 March 2016, 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 RMB1,962,110,000 to the Group's revenue, representing an increase of approximately 2.3% as compared to the same period of last year. Benefitting from a number of favourable factors and market opportunities, such as the opening of the National Exhibition and Convention Center in Shanghai, the increasing number of conferences and exhibitions held, the positive effect of the Free Trade Zone, and the imminent opening of Shanghai Disneyland Park, the Group's high star-rating Full Service Hotels in Shanghai reported an approximately 6% year-on-year growth in room revenue per available room ("RevPAR"), among which our 5-star Full Service Hotels reported a year-on-year growth of close to 8%.

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:

	2015			2014		
	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	77%	841	646	74%	815	599
4-star	72%	568	412	72%	548	394

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

1. 5-star hotels: Jin Jiang Hotel, Peace Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
2. 4-star hotels: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, 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 130 Full Service Hotels in the PRC, offering approximately 39,000 guest rooms, among which 109 hotels were owned by third parties but managed by the Group.

In connection with joint brand marketing, Jin Jiang International Hotel Management Company Limited ("Jin Jiang Hotel Management") pursued partnerships in an Internet-driven business environment during the Reporting Period, as it entered into framework cooperation agreements with O2O travel agency platforms such as Lvmama (www.lvmama.com) and LY.COM (www.ly.com), developed a marketing alliance with Prince Hotel of Japan and worked with Alitrip (www.alitrip.com) to actively develop new channels. We enhanced customers' check-in experience with the application of Alipay (www.alipay.com), while WeChat marketing also represented a strong focus in our effort to expedite the building of a sales management back-office platform. The Jin Jiang Public Feedback System launched in association with Brand Wisdom website (慧評網) and the cooperation with IDEAS



helped various hotels to conduct precise analysis of the competitive landscape in the market and neighbouring areas, with a view to setting competitive and reasonable room prices in order to enhance its ability in income management.

During the Reporting Period, the hotel assets management centre of the Group steadily developed the operation and management of its hotel assets to enhance asset efficiency. The Full Service Hotels continued to report progress in asset liquidity, business transformation and lease operation. During the Reporting Period, the Group completed the transfer of 50% equity interest in of Galaxy Hotel (the podium complex) and the wholesale leasing of Great Wall Tower of Holiday Inn Downtown Shanghai. These initiatives have been conducive to the business transformation and operational improvements of the Group, and have further enhanced the Group's asset liquidity and financial conditions and optimised the Group's asset allocation. The Group has achieved notable results in its effort to introduce innovations, drive the adjustment of asset mix, optimise staff allocation and increase asset efficiency and shareholders' interests.

During the Reporting Period, the Group further strengthened collective management and resource integration in respect of its hotel assets. The construction of a centralised procurement system and unified payment platform was optimized, resulting in effective reduction of working capital outlay and an enhanced fund utilisation ratio. Centralised control was exercised in respect of equipment and facilities pending disposal, and the turnover ratio for the utilisation of idle supplies was increased as a result. Equipment conversion for energy-saving purposes was introduced and extensively implemented in our hotels in Shanghai. Through implementation of the lease management system, management over lease projects has been further enhanced.

During the Reporting Period, the Group continued to drive adjustments in “organisational structure, job creation 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, Interstate Hotels & Resorts Inc. and its subsidiaries (“IHR Group”) reported stable business development with sound operation. The average room rate of IHR Group's managed hotels for the reporting period of 2015 was US\$151 with an average occupancy rate of 76%, while RevPAR was US\$114, representing an increase of 6.5% 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 Select Service Hotels operated by Jin Jiang Metropolo and GDL.

During the Reporting Period, operation of Select Service Hotels reported stable and healthy development with turnover of approximately RMB5,294,555,000, representing an increase of approximately 100.9% as compared to the same period of last year and accounting for approximately 43.5% of the Group's turnover.

In February 2015, following the completion of the Group's acquisition of 100% equity interests in GDL and the inclusion of GDL in the Group's consolidated financial statements. Turnover contributions of GDL for the period from March to December 2015 amounted to approximately RMB2,612,268,000.

As at the end of the Reporting Period, there were a total of 2,539 contracted Select Service Hotels offering a total of 261,149 guest rooms, comprising 1,306 Jin Jiang Metropolo Hotels offering 153,407 guest rooms in aggregate and 1,233 GDL hotels offering 107,742 guest rooms in aggregate. There

were 2,223 Select Service Hotels in operation with a total of 224,666 guest rooms, comprising 1,066 Jin Jiang Metropolo Hotels in operation with 126,889 guest rooms and 1,157 GDL hotels in operation with 97,777 guest rooms.

As at the end of the Reporting Period, there were a total of 2,539 contracted Select Service Hotels, comprising 59 hotels under Jin Jiang Metropolo, 1,086 hotels under Jin Jiang Inn, 69 Bestay Hotels Express hotels, 92 Jinguang Inn hotels, 268 Premiere Classe hotels, 384 Campanile hotels, 251 Kyriad hotels and 330 Golden Tulip hotels. A total of 2,223 Select Service Hotels were in operation, comprising 32 hotels under Jin Jiang Metropolo, 904 hotels under Jin Jiang Inn, 65 Bestay Hotels Express hotels, 65 Jinguang Inn hotels, 259 Premiere Classe hotels, 378 Campanile hotels, 250 Kyriad hotels and 270 Golden Tulip hotels.

Out of 2,223 Select Service Hotels in operation, 531 were self-managed hotels, accounting for approximately 23.89%, while 1,692 were franchised hotels, accounting for approximately 76.11%. Select Service Hotels in operation offered a total of 224,666 guest rooms, including 57,391 rooms or 25.55% in self-managed hotels in operation and 167,275 rooms or 74.45% in franchised hotels in operation.

During the Reporting Period, Jin Jiang Metropolo advanced its pilot attempts under the performance excellence management model in a steady manner and developed the operating system for the performance excellence management. In the meantime, centralised development in respect of the human resources, maintenance, procurement, finance and IT functions was carried out with the support of the IT system. At present, Jin Jiang Metropolo and GDL have each selected certain subsidiary hotels as the focal points for the supply of patrons, and have each provided room reservation accesses on their respective official websites.

During the Reporting Period, GDL entered into a brand cooperation framework agreement with Magnuson Hotel Group of the United States and a general financial service cooperation framework agreement with the Industrial and Commercial Bank of China Corporation. Preparatory work for the introduction of brands such as “Companile” to the PRC market was also advancing steadily.

### ***Food and Restaurants***

During the Reporting Period, the Group reported stable development of food and restaurant operations through several food and restaurant chain companies invested by Jin Jiang Hotels Development, generating revenue of approximately RMB366,243,000, which represented a decrease of approximately 2.5% as compared to the same period of last year and accounting for approximately 3.0% of the Group’s turnover.

During the Reporting Period, Jin Jiang Hotels Development made a major effort to develop the group catering business, managing 49 group catering restaurants as at the end of the Reporting Period, as compared to 43 at the end of last year. As at the end of the Reporting Period, Shanghai Kentucky Fried Chicken Company Limited, 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) and “Shanghai Yoshinoya” had a total of 304, 42 and 9 outlets, respectively. “Chinoise Story” currently operates 2 feature restaurants. In addition, 2 “Ting Mei Yuen” (鼎味源) restaurants were managed by Shanghai Jinzhu Catering Management Co., Ltd..

Jin Jiang Catering Investment Company established a R&D centre to develop processed food with input from the national-grade chefs of Jin Jiang Hotels, and started to market food products under the Jin Jiang brand to other customers, in addition to direct supply to our hotels.

## *Passenger Transportation Vehicles and Logistics*

During the Reporting Period, passenger transportation vehicles and logistics business reported an operating revenue of approximately RMB2,188,641,000, representing growth of approximately 0.5% as compared to the same period of last year and accounting for approximately 18.0% of the Group's turnover.

During the Reporting Period, the "Jin Jiang Automobile Service Centre" completed the No. 2 steel structure vehicle ramp and renovation of the external wall of the Buick reception hall, in an active effort to enhance transformation and bring the accumulative effect further into play.

During the Reporting Period, the Group completed more than 600 assignments for the reception of national guests and 36 assignments for receptions in major conferences, exhibitions and tournaments. We continued to top the cruise reception business in Shanghai. Meanwhile, more than one thousand new Touran (途安) white cabs were put into service by Shanghai Jin Jiang Automobile Service Co., Ltd. to provide more comfortable and convenient services for citizens and tourists.

Shanghai Jinjiang Business and Travel Auto Service Co., Ltd. actively expanded its market coverage to seize new opportunities presented by Shanghai Disneyland and the Free Trade Zone and operated more than 1,500 charter business limousines with a net increase of 45 limousines while adding 51 new customers. More than 60 business shuttle buses were added for its coach bus operations, with chartered buses accounting for 82% of the total number of vehicles.

Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. ("Jin Jiang Cold Logistics") seized opportunities for development in the group catering distribution market to report rapid growth in the chain catering distribution business, adding more than 30 customers in various types of group catering and convention/exhibition catering distribution services. The new refrigerated warehouse in Wusong was officially completed during the Reporting Period and put to trial operation. 上海尚海冷库食品有限公司 has completed procedures relating to clearance for and refund to former customers, ammonia collection and defrosting, and the removal of major equipment, as well as started to research and explore new business developments, as part of its active drive for corporate transformation.

During the Reporting Period, cold storage WMS systems went online at Wujing, Wusong and Jinheng, three subsidiaries of Jin Jiang Cold Logistics. The storage of customers' goods met the requirements for batch number management, while a number of visual inventory management applications were implemented in the software system, enabling customers to inquire details about incoming and outgoing via the WEB data website at any time.

## *Travel Agency*

For 2015, revenue from the travel agency amounted to approximately RMB2,280,187,000, representing an increase of approximately 5.4% as compared to the same period of last year and accounting for approximately 18.8% of the Group's turnover.

During the Reporting Period, the Group handled outbound travel for 172,100 persons, representing a year-on-year increase of 7.32%. In connection with inbound travel, 83,200 tourists joined Jin Jiang Travel's inbound travel tours following enhanced efforts in overseas market development and product mix adjustments, representing a year-on-year decrease of 5.7%. Inbound reception for 128,600 tourists were hosted, representing a year-on-year decrease of 7.76%. We served 153,200 tourists in domestic travel during the Reporting Period, an increase by 15.27% as compared to the same period of last year, as the development of new travel routes based on market requirements to cater to changes in consumers' demand for domestic tourism services was driving year-on-year growth in domestic travel.

During the Reporting Period, Shanghai China International Travel Service Ltd ("Shanghai CITS") emerged through a strongly competitive bidding process to be selected as the official supplier of hospitality services for the GREAT Festival of Creativity organised by the British government. Subsequently, hospitality services were organised to host more than 6,000 foreign guests, including Prince William of England. The Company also served as an "authorised travel service provider" for the Chinese pavilion at the Expo Milano 2015.

During the Reporting Period, Shanghai CITS and Shanghai Jin Jiang Tourism Co., Ltd. ("Jin Jiang Tourism") provided premium services to government and corporate delegations during the "Shanghai Activities Week" hosted by the Chinese pavilion at the Expo. On the back of its proven experience in hospitality for foreign guests, Shanghai CITS was appointed the exclusive hospitality unit in the Shanghai tournament zone for International Champions Cup China. Excellent tournament-related hospitality services were provided to football teams such as Real Madrid, AC Milan and Inter Milan. Meanwhile, we hosted a youth exchange delegation from Hong Kong consisting of 1,200 members during their visit to Shanghai.

Jin Jiang Tourism served as the authorised conference service provider for the 10th Confucius Academy Conference, which featured more than 2,300 delegates from 134 countries. Jin Jiang Tourism formed a dedicated team for the appointment and successfully completed the hospitality task.

## *Information Technology*

In 2015, the Group further accelerated the building of its information-based systems to bring the effects of resource consolidation, systems integration and shared services into fully play. We expedited the building of our front-end direct-marketing channel system, mid-end central information system (CRS, CRM and PMS) and back-office management system, making focused efforts to drive product R&D and precision marketing, as well as to enhance customers' experience and facilitate the redemption of membership points.

## FINANCIAL REVIEW

### Revenue

The Group's financial information during the Reporting Period as compared to the same period in 2014 is set out as follows:

	12 months ended 31 December 2015		12 months ended 31 December 2014	
	<i>RMB in million</i>	<i>% of turnover</i>	<i>RMB in million</i>	<i>% of turnover</i>
Full Service Hotels	1,962.1	16.1%	1,918.8	20.5%
Select Service Hotels — managed and operated by Jin Jiang Metropolo	2,682.3	22.0%	2,635.2	28.1%
Select Service Hotels — managed and operated by GDL	2,612.3	21.5%	—	—
Food and Restaurants	366.2	3.0%	375.5	4.0%
Passenger Transportation Vehicles and Logistics	2,188.6	18.0%	2,177.6	23.3%
Travel Agency	2,280.2	18.8%	2,164.2	23.1%
Other Operations	68.7	0.6%	92.8	1.0%
Total	<u>12,160.4</u>	<u>100.0%</u>	<u>9,364.1</u>	<u>100.0%</u>

### 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 2014:

	12 months ended 31 December 2015		12 months ended 31 December 2014	
	<i>RMB in million</i>	<i>% of turnover</i>	<i>RMB in million</i>	<i>% of turnover</i>
Accommodation revenue	933.3	47.5%	893.7	46.6%
Food and beverage sales	605.7	30.9%	622.2	32.4%
Rendering of ancillary services	84.2	4.3%	96.9	5.1%
Rental revenue	188.7	9.6%	195.7	10.2%
Sales of hotel supplies	7.4	0.4%	31.5	1.6%
Hotel management	142.8	7.3%	78.8	4.1%
Total	<u>1,962.1</u>	<u>100.0%</u>	<u>1,918.8</u>	<u>100.0%</u>

### *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 RMB933,256,000, representing an increase of approximately 4.4% or approximately RMB39,599,000. The aforesaid change mainly reflected the year-on-year growth in average room rates and occupancy rates as Full

Service Hotels in Shanghai benefitted from favourable factors and market opportunities such as the increasing number of conventions and exhibitions held in Shanghai, the growing positive effect of the Free Trade Zone and imminent opening of Shanghai Disneyland Park for Full Service Hotels in Shanghai, while adopting innovative marketing methods and ensuring ongoing improvements in service quality in a proactive response to challenges.

#### *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 RMB605,713,000, representing a decrease of approximately 2.7% or approximately RMB16,491,000 from the same period of last year. The aforesaid changes were attributable mainly to social sentiments which had a more significant impact on food and beverage sales, such as spending on banquets and conferences, of Full Service Hotels, especially the high star-rating ones. Meanwhile, food and beverage sales were also affected by a decline in wedding banquet sales.

To address the challenge, the Company enhanced the standard of its food and beverage services on all fronts and adjusted the operational structure of certain hotels, in a bid to further lower procurement costs for its food and beverage operations by leveraging the centralised procurement platform.

#### *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 RMB84,163,000, representing a decrease of approximately 13.2% or RMB12,777,000 from the same period of last year. The decrease was primarily due to the transfers of equity interests in Galaxy Hotel and reduced revenue for certain hotel malls.

#### *Rental revenue*

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for retail, exhibition and other purposes and the outsourcing lease of certain catering space. For the Reporting Period, rental revenue amounted to approximately RMB188,748,000, representing a decrease of approximately 3.6% or approximately RMB6,966,000. The decrease was mainly attributable to the disposal of Shanghai Jin Yun Assets Management Co., Ltd. ("Jin Yun Company") in the same period of last year and the discontinuation of certain hotel shop tenancies upon expiry of their leases.

#### *Sales of hotel supplies*

Turnover from guest supplies and hotel products decreased by approximately RMB24,074,000 from the same period of last year. Such decrease was mainly attributable to adjustments in the business model of the supplies company to transform from a merchandise supplier to a system platform service provider.

#### *Hotel management revenue*

The revenue of hotel management was mainly generated from the management fees received for the provision of management services to Full Service Hotels not controlled by the Group. Management fee income of the hotel management business amounted to approximately RMB142,837,000 during

the Reporting Period, representing an increase of approximately 81.3% or RMB64,049,000 as compared to the same period of last year. The increase was mainly attributable to the recognition of property management fee income amounting to approximately RMB78,700,000 by subsidiary property companies of the Northern Company. Affected by the slowdown in domestic macro-economic growth and social sentiments, year-on-year decrease in management fee income was recorded for hotel management projects in most regions, except East China and the Northern Region.

#### **Select Service Hotels — managed and operated by Jin Jiang Metropolo**

The revenue of Select Service Hotels managed and operated by Jin Jiang Metropolo for the Reporting Period amounted to approximately RMB2,682,287,000, representing an increase of approximately RMB47,097,000 or approximately 1.8% as compared to the same period of last year. The increase reflected mainly revenue from new directly-operated hotels and additional revenue from hotels which were re-opened after renovation during the year. Revenue from upfront franchise fees amounted to RMB33,290,000, decreasing by 47.62% compared to the same period of last year, while ongoing franchise fees increased by 12.98% year-on-year to RMB195,050,000. Revenue from central room reservation channels increased by 11.84%, year-on-year to RMB56,870,000.

#### **Select Service Hotels — managed and operated by GDL**

The Group has incorporated GDL into its consolidated financial statements as from 28 February 2015. Revenue from newly added chain hotels managed and operated by GDL amounted to approximately RMB2,612,268,000 for the period from March to December 2015.

#### **Food and Restaurants**

Revenue of food and restaurants segment was mainly derived from Jin Ya Catering, Shanghai Jin Jiang International Food Catering Management Co., Ltd., Jing An Bakery Holding Company Limited, Shanghai Jin Jiang International Catering Investment Co., Ltd., Chinoise Story, Shanghai Jinzhu Catering Management Co., Ltd. and Shanghai New Asia Food Company Limited. During the Reporting Period, total sales from the food and restaurants segment amounted to approximately RMB366,243,000, representing a decrease of approximately RMB9,261,000 or approximately 2.5% as compared to the same period of last year. The decrease in food and restaurant revenue for the Reporting Period was owing to the decline in operating revenue as a result of the outlet downsizing exercise of Jin Ya Catering (operating 42 chain restaurants during the Reporting Period versus 47 as at the end of last year). Meanwhile, growth was sustained in the group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. (managing 49 group catering restaurants during the Reporting Period versus 43 as at the end of last year).

#### **Passenger Transportation Vehicles and Logistics**

During the Reporting Period, the revenue of passenger transportation vehicles and logistics was approximately RMB2,188,641,000, representing an increase of approximately 0.5% as compared to same period of last year. The increase primarily reflected the increase in revenue driven by higher auto sales.

#### **Travel Agency**

During the Reporting Period, the revenue of travel agency was approximately RMB2,280,187,000, representing an increase of approximately 5.4% as compared to the same period of last year. The increase reflected rising revenue driven by growth in both our outbound travel business and our domestic travel business.

## **Other Operations**

In addition, the Group is also engaged in other business, including the provision of financial services via Jin Jiang International Finance Company Limited (“Jin Jiang International Finance”) and the provision of training services. During the Reporting Period, revenue of other operations was approximately RMB68,693,000, representing a decrease of approximately 26.0% as compared to the same period of last year, which was primarily due to a decrease in interest income from deposits placed with other financial institutions by Jin Jiang International Finance.

## **Cost of Sales**

Cost of sales for the Reporting Period amounted to approximately RMB9,524,759,000, representing an increase of approximately 24.0% as compared to the same period of last year. The increase reflected mainly the increase in cost of sales attributable to newly added select service hotel chain businesses outside Mainland China, such as GDL. Excluding this factor, cost of sales would have increased by approximately 4.5% as compared to the same period of last year, which was mainly attributable to the business expansion of Select Service Hotels managed and operated by Jin Jiang Metropolo.

## **Gross Profit**

As a result of the factors described above, the Group recorded a gross profit of approximately RMB2,635,670,000 for the Reporting Period, representing an increase of approximately RMB953,829,000 or approximately 56.7% as compared to the same period of last year, reflecting mainly the increase in gross profit by RMB1,112,061,000 contributed by newly added operations of Select Service Hotels under GDL. Gross profit margin for the Reporting Period was 21.7%, an improvement by 3.7% compared to the same period of 2014.

## **Other Income and Gain**

Other income and gain for the Reporting Period amounted to approximately RMB1,581,684,000 (same period in 2014: approximately RMB1,920,189,000), representing a decrease of approximately 17.6% as compared to the same period of last year. The decrease was primarily due to an investment gain of approximately RMB716,701,000 on transfer of equity interest in Galaxy Hotel during the Reporting Period versus an investment gain of approximately RMB1,163,518,000 on disposal of subsidiaries for the same period in 2014, as well as gain of approximately RMB486,692,000 (same period in 2014: approximately RMB435,652,000) on disposal available-for-sale financial assets, such as Changjiang Securities Company Limited and Shanghai Yuyuan Tourist Mart Co. Ltd. in the Reporting Period. Dividend received by the Group during the Reporting Period amounted to approximately RMB103,500,000 (same period in 2014: approximately RMB94,721,000).

## **Selling and Marketing Expenses**

Selling and marketing expenses comprise primarily of labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB695,657,000 during the Reporting Period (same period in 2014: approximately RMB427,100,000), representing an increase of approximately 62.9% as compared to the same period of last year. The increase reflected mainly the increase in selling and marketing expenses attributable to newly added select service hotel chain businesses outside China, such as GDL. Excluding this factor, selling and marketing expenses would have increased by approximately 3.2% as compared to the same period of last year, which was mainly attributable to the business expansion of Select Service Hotels managed and operated by Jin Jiang Metropolo, and the increase in cost as a result of stronger advertising and promotion efforts.



## **Administrative Expenses**

Administrative expenses for the Reporting Period was approximately RMB1,343,741,000 (same period in 2014: approximately RMB1,482,001,000), representing a decrease of approximately 9.3% as compared to the same period of last year. Although administrative expenses of RMB469,884,000 were incurred as a result of newly added select service hotel chain businesses outside the PRC, such as GDL, during the Reporting Period, administrative expenses for the same period of last year included the Group's provision for staff resettlement costs amounting to approximately RMB635,779,000, which had been applied in redundancy payment, early retirement benefits and long-term employee benefits for the redundant employees during hotel renovations. As a result, administrative expenses decreased substantially on a year-on-year basis.

## **Other Expenses and Losses**

Other expenses and losses consisted primarily of bank charges, losses from the disposal of property, plant and equipment and losses from the impairment of available-for-sale financial assets. For the Reporting Period, other expenses and losses amounted to approximately RMB167,542,000 (same period in 2014: approximately RMB124,711,000), representing an increase of approximately RMB42,831,000 as compared to the same period of last year. The increase mainly reflected the combined effect of losses from the impairment of available-for-sale financial assets for the Reporting Period amounting to approximately RMB87,725,000, a compensatory payment of approximately RMB69,048,000 for the early termination of lease contracts in respect of the transfer of equity interest in Jin Yun Company recorded for the same period of last year, and other expenses and losses in connection with newly added Select Service Hotel chain business outside the PRC, such as GDL.

## **Finance Costs — net**

Finance Costs — net comprises interest expenses in respect of the Group's bank borrowings and exchange to gain or loss after deduction of the interest income of the relevant pledged deposits. During the Reporting Period, finance cost was approximately RMB354,193,000 (same period in 2014: approximately RMB158,574,000), representing an increase of approximately 123.4% as compared to the same period of last year. The increase reflected mainly the combined effect of interest expenses arising from borrowings incurred to finance the acquisition of GDL and the inclusion of interest expenses incurred by GDL.

## **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 RMB235,604,000 (same period in 2014: approximately RMB140,939,000). For the Reporting Period, operating results of associates held by the newly added GDL amounted to approximately RMB11,588,000, while operating results of IHR Group increased by approximately RMB38,926,000, operating results of Shanghai Kentucky Fried Chicken Company Limited increased by approximately RMB37,470,000, operating results of Shanghai Pudong International Airport Transport Terminal Co., Ltd. increased by approximately RMB4,238,000 and operating results for other joint ventures and associates for the Reporting Period increased by approximately RMB2,443,000.

## Taxation

The effective tax rate for the Reporting Period was approximately 26.1% (same period in 2014: approximately 30.6%). The lower effective tax rate was mainly attributable to the increase in the Group's dividend income and share of results of joint ventures and associates for the period.

## Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company was approximately RMB865,523,000 (same period in 2014: approximately RMB621,225,000), representing an increase of approximately RMB244,298,000 or approximately 39.3%.

## GROUP DEBTS AND FINANCIAL CONDITIONS

### Borrowings and pledge of assets

As at 31 December 2015, the borrowings included:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
<b>Borrowings included in non-current liabilities:</b>		
Bank borrowings — secured	9,229,321	1,596,814
Bank borrowings — unsecured	2,006,014	1,320,952
Finance lease liabilities	178,251	24,713
	<u>11,413,586</u>	<u>2,942,479</u>
Less: current portion of long-term secured bank borrowings	(5,613)	(67,064)
current portion of long-term unsecured bank borrowings	(260,675)	(1,010,502)
current portion of long-term finance lease	(12,094)	(3,044)
	<u>11,135,204</u>	<u>1,861,869</u>
<b>Borrowings included in current liabilities:</b>		
Bank borrowings — secured	23,668	32,806
Bank borrowings — unsecured	4,848,039	507,343
Borrowings from related parties	100,000	100,000
Current portion of long-term secured bank borrowings	5,613	67,064
Current portion of long-term unsecured bank borrowings	260,675	1,010,502
Current portion of long-term finance lease	12,094	3,044
	<u>5,250,089</u>	<u>1,720,759</u>

As at 31 December 2015, the secured bank borrowings included:

- (1) Bank borrowings of EUR€1,289,305,000, equivalent to RMB9,147,876,000(31 December 2014: nil), which were pledged by the bank deposits RMB4,723,560,000 and the ownership of a subsidiary, and guaranteed by Jin Jiang International.
- (2) Bank borrowings of Polish Zloty (“PLN”) 48,946,000, equivalent to RMB81,445,000 (31 December 2014: nil), pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland.
- (3) Bank borrowings of RMB23,668,000 (31 December 2014: RMB32,806,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group.

As at 31 December 2014, other secured bank borrowings also included:

- (1) Bank borrowings of US\$10,960,000, equivalent to RMB67,064,000, which were guaranteed by Jin Jiang International.
- (2) Bank borrowings of US\$250,000,000, equivalent to RMB1,529,750,000, 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:

	<b>At 31 December</b>	
	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Between 1 and 2 years	<b>4,414,455</b>	308,345
Between 2 and 5 years	<b>6,438,264</b>	1,542,316
Over 5 years	<b>282,485</b>	11,208
	<b><u>11,135,204</u></b>	<u>1,861,869</u>

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

	<b>At 31 December</b>	
	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
RMB	<b>5,080,430</b>	1,376,361
US\$	<b>1,980,548</b>	2,206,267
EUR€	<b>9,161,854</b>	—
Other foreign currencies	<b>162,461</b>	—
	<b><u>16,385,293</u></b>	<u>3,582,628</u>

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

	<b>At 31 December</b>	
	<b>2015</b>	<b>2014</b>
Borrowings denominated in RMB	<b>4.2077%</b>	5.4088%
Borrowings denominated in US\$	<b>1.7694%</b>	2.5427%
Borrowings denominated in EUR€	<b>0.6213%</b>	—
Borrowings denominated in other foreign currencies	<b>4.3949%</b>	—

### **Treasury Management and Interest Rate Risk Management**

Cash and cash equivalents as at 31 December 2015 and 31 December 2014 amounted to approximately RMB5,040,230,000 and RMB5,876,801,000.

The Group optimises the allocation of its deposit and loan structure based on market conditions, the status of its business development and its financial profile. During the Reporting Period, measures adopted by the Group included the purchase of forward foreign exchange contracts in respect of its US Dollar loans.

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 96,000,000 shares in Changjiang Securities Company Limited (000783.SZ), 42,973,976 shares in Bank of Communications Co., Ltd. (601328.SH), 13,068,422 shares in Yu Yuan Trade Mart (600655.SH), 28,214,523 shares in Pudong Development Bank Co., Ltd (600000.SH), 13,031,877 shares in Shenwan Hongyuan (000166.SZ) and 61,782,364 shares in Guotai Jun'an (601211.SH).

### **HUMAN RESOURCES AND TRAINING**

As at the end of the Reporting Period, the Group had approximately 34,000 employees included in its consolidated financial statements. 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 58 training courses on various types of job management, job skills and special topics were organised during the year with enrolment of more than 4,000 participants.

During the Reporting Period, the Group adjusted its human resources structure and optimised its job positions and staff establishment to further enhance its market orientation.

## **SOCIAL RESPONSIBILITY**

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

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

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

## **CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT**

The uncertainties in the 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 documents entitled "Certain Opinions on Promoting the Reform and Development of the Tourism Industry" and "Several Opinions on Further Promoting Tourism Investment and Spending" 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. As such, the Group will actively address any challenges and seize any opportunities that might arise.

The Group will adopt a philosophy of development emphasising innovation, coordination, eco-friendliness and sharing in line with the "13th Five Year Plan" planning, step up with the development of its core business and drive internationalisation through worldwide marketing of the "Jin Jiang" brand. The synergies of our international acquisitions will be brought into full play with the proper handover of the operations of acquired companies. We will seek to improve our management standard and core competitiveness 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. We will also further advance our domestic as well as international business deployment and strengthen our ability in multinational 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 and service models compatible with the age of Internet economy, while optimising our market-based remuneration regime and restraint and incentive mechanism. The Group will leverage our strengths in specialisation to integrate the industry chains of hotel, passenger transport logistics and tourism, in a bid to foster a modern tourism service industry chain centered on hotel operations. We will continue to improve the asset liquidity and adjust our property portfolio to further increase our overall asset return and enterprise value. The construction of functional centres and system platforms will be optimised with the aim of improving quality and enhancing efficiency to achieve excellence in operations. Measures

in cost reduction and income enhancement will be strengthened and improved, as our marketing network will be expanded through multiple channels. We will also look to expedite the building of an international talent team as part of our efforts to develop a human resource management regime compatible with our international business ventures.

## **DIVIDENDS**

On 30 March 2016, the Board proposed to declare a final dividend of RMB6.5 cents (inclusive of tax) per share or an aggregate of RMB361,790,000 for the year ended 31 December 2015. The dividend is expected to be paid no later than 15 August 2016.

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 2015 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 Company has complied with the applicable code provisions of the Corporate Governance Code for the financial year ended 31 December 2015.

## **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, Dr. Xu Jianxin (chairman), Mr. Ji Gang and Dr. He Jianmin.

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 2015 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, Ms Guo Lijuan, an executive Director and Mr. Xie Hongbing, 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 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company.

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

Shanghai, the PRC, 30 March 2016

*As at the date of this announcement, the executive Directors of the Company are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Xu Ming, Mr. Zhang Qian, Mr. Zhang Xiaoqiang, Mr. Han Min and Mr. Kang Ming; and the independent non-executive Directors of the Company are Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin.*

\* *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".*