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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)

ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2016 (RMB'000)	Six months ended 30 June 2015 (RMB'000)	Increase/ decrease (%)
Revenue	7,353,627	5,454,860	34.8%
Operating profit	1,197,075	1,324,680	-9.6%
Profit attributable to shareholders of the Company	552,614	629,002	-12.1%
Earnings per share (<i>expressed in RMB cents</i>)	9.93	11.30	-12.1%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,160,592	1,963,069	10.1%

RESULTS SUMMARY

The Board announced the unaudited consolidated interim results of the Group. The interim results have been reviewed by the audit committee of the Company. For the six months ended 30 June 2016, sales revenue of the Group amounted to approximately RMB7,353,627,000, representing an increase of approximately 34.8% as compared to the same period of last year. Operating profit of the Group was approximately RMB1,197,075,000, representing a decrease of approximately 9.6% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB552,614,000, representing a decrease of approximately 12.1% as compared to the same period of last year. Earnings per share were approximately RMB9.93 cents, representing a decrease of approximately 12.1% as compared to the same period of last year. The decrease in profit and earnings per share as compared to the same period of last year was mainly due to a decrease in return on asset operation as compared to the same period of last year. EBITDA of the Group was approximately RMB2,160,592,000, representing an increase of approximately 10.1% as compared to the same period of last year.

SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

UNAUDITED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4(a)	7,353,627	5,454,860
Cost of sales	5	(5,749,845)	(4,273,075)
Gross profit		1,603,782	1,181,785
Other income and gain		861,548	1,183,170
Selling and marketing expenses	5	(442,349)	(289,321)
Administrative expenses	5	(772,947)	(637,266)
Other expenses and losses		(52,959)	(113,688)
Operating profit		1,197,075	1,324,680
Finance income		90,442	—
Finance costs		(374,228)	(202,571)
Finance costs — net		(283,786)	(202,571)
Share of results of joint ventures and associates		164,501	93,623
Profit before income tax		1,077,790	1,215,732
Income tax expense	6	(245,724)	(323,039)
Profit for the period		832,066	892,693
Attributable to:			
Shareholders of the Company		552,614	629,002
Non-controlling interests		279,452	263,691
		832,066	892,693
Earnings per share for profit attributable to shareholders of the Company for the period <i>(expressed in RMB cents per share)</i>			
— basic and diluted	7	9.93	11.30

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2016*

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the period	832,066	892,693
Other comprehensive income		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Remeasurements on the net defined benefit liabilities	(4,475)	(855)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Fair value changes on available-for-sale financial assets — gross	(634,951)	1,883,033
Transfer of fair value changes on disposal of available-for-sale financial assets — gross	(248,468)	(172,600)
Fair value changes on available-for-sale financial assets and transfer of fair value changes on disposal of available-for-sale financial assets — tax	227,615	(427,538)
Cash flow hedges — net of tax	(729)	1,377
Currency translation differences	(489)	550
Total other comprehensive income for the period	(661,497)	1,283,967
Total comprehensive income for the period	<u>170,569</u>	<u>2,176,660</u>
Attributable to:		
— Shareholders of the Company	245,862	1,102,728
— Non-controlling interests	(75,293)	1,073,932
	<u>170,569</u>	<u>2,176,660</u>

UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2016

		As at 30 June 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		12,230,835	10,985,979
Investment properties		309,925	215,759
Land use rights		1,981,620	1,904,781
Intangible assets		16,737,706	6,771,108
Investments in joint ventures		1,325,161	1,550,497
Investments in associates		710,779	685,266
Available-for-sale financial assets		3,458,252	4,079,267
Deferred income tax assets		643,866	551,689
Trade receivables, prepayments and other receivables	9	1,044,189	265,640
Restricted cash		3,320,592	3,778,848
Bank deposits with maturities over 12 months		—	236,000
		<u>41,762,925</u>	<u>31,024,834</u>
Current assets			
Financial assets at fair value through profit or loss		66,381	137,795
Available-for-sale financial assets		633,882	272,976
Inventories		227,495	196,108
Trade receivables, prepayments and other receivables	9	3,541,397	2,331,692
Restricted cash		1,638,517	1,114,888
Bank deposits with maturities over 3 months		1,698,331	2,146,138
Cash and cash equivalents		8,274,833	5,040,230
		<u>16,080,836</u>	<u>11,239,827</u>
Total assets		<u><u>57,843,761</u></u>	<u><u>42,264,661</u></u>

UNAUDITED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2016

		As at 30 June 2016	As at 31 December 2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		5,566,000	5,566,000
Reserves		3,608,968	3,724,896
		<u>9,174,968</u>	9,290,896
Non-controlling interests		8,089,454	7,457,333
		<u>17,264,422</u>	16,748,229
LIABILITIES			
Non-current liabilities			
Borrowings		13,559,285	11,135,204
Deferred income tax liabilities		2,998,059	2,229,689
Trade and other payables	10	1,264,424	1,135,670
		<u>17,821,768</u>	14,500,563
Current liabilities			
Borrowings		15,725,520	5,250,089
Derivative financial instruments		7,732	6,360
Income tax payable		214,649	236,131
Dividend payable to shareholders of the Company	8	361,790	—
Trade and other payables	10	6,447,880	5,523,289
		<u>22,757,571</u>	11,015,869
Total liabilities		<u>40,579,339</u>	25,516,432
Total equity and liabilities		<u><u>57,843,761</u></u>	<u><u>42,264,661</u></u>

NOTES TO THE SELECTED UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

During the years 2003 to 2006, the 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 Jin Jiang Investment and Jin Jiang Travel (the “Acquisition”).

The Company is listed on the Main Board of 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 unaudited condensed consolidated interim financial statements were approved for issue by the board (the “Board”) of directors (the “Director”) of the Company on 30 August 2016.

Key events

(a) Acquisition of 81.0034% equity interest in Keystone Lodging Holdings Limited (“Keystone”)

On 18 September 2015, Jin Jiang Hotels Development, a subsidiary of the Company in which the Company holds 50.32% equity interest, entered into agreements (the “Acquisition Agreements”) to acquire 81.0034% equity interest in Keystone with 13 counterparties. Plateno Group are principally engaged in operating high-end, mid-class and selected service hotels in PRC.

On 26 February 2016, such 81.0034% equity interest in Keystone was transferred to Jin Jiang Hotels Development and the total closing consideration of the transaction was USD1,308,909,000 (equivalent to RMB8,554,920,000), subject to adjustment under the price adjustment mechanism set out in the Acquisition Agreements. As at 30 August 2016, the price adjustment has not been finalised. Based on the best estimation, the management assessed the consideration would be adjusted to USD1,236,424,800 (equivalent to RMB8,081,170,000).

Upon the completion of the transaction on 26 February 2016, Keystone became a subsidiary of the Group.

(b) Disposal of the entire equity interest in HAC after segregation of the retained assets

In 2010, HAC, a joint venture of CG (a wholly-owned subsidiary of the Company) acquired 100% equity interest of IHR Group. The Group indirectly held 50% equity interest in IHR Group through HAC and accounted for IHR Group as a joint venture.

In 2016, pursuant to the “Equity Acquisition Agreement” among CG, another shareholder and an independent third party (the “Buyer”), the Buyer shall acquire all equity interests in HAC held by CG after segregation of the retained assets. The retained assets shall include 5 retained proprietary hotels, retained proprietary hotel entities, retained joint ventures, etc.. HAC established IHHC to hold all retained assets and undertake relevant responsibilities.

As at 3 May 2016, the transaction was completed and the gain of disposal was RMB313,929,000, subject to contingent payment set out in the “Equity Acquisition Agreement”. Subsequently, CG holds 50% equity interest of IHHC, which holds the retained assets segregated from HAC.

2 BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015, which were prepared in accordance with HKFRS issued by HKICPA.

As at 30 June 2016, the Group’s current liabilities exceeded its current assets by RMB6,676,735,000, which includes that the subsidiary Jin Jiang Hotels Development’s current liability exceeded its current assets by RMB9,453,714,000. Jin Jiang International, the ultimate holding company of the Company, has confirmed its intention to provide continuous financial support for the continuing operation of Jin Jiang Hotels Development. In addition, the proposed private placing of Jin Jiang Hotels Development was completed in August 2016. The Directors of the Company have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its unaudited condensed consolidated interim financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group:

HKFRS 7 (Amendments) “Financial instruments” is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that the additional disclosure required by the amendments to HKFRS 7, ‘Disclosure — Offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by HKAS 34.

HKAS 19 (Amendments) “Employee benefits” is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

HKAS 34 (Amendments) “Interim financial reporting” is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

Amendments as mentioned above did not have a material effect on the Group’s operating results, financial position or comprehensive income.

(b) Standards, amendments and interpretations to existing standards effective in 2016 but not relevant to the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2016
HKAS 27 (Amendment)	Separate financial statements	1 January 2016
HKAS 38 (Amendment)	Intangible assets	1 January 2016
HKAS 41 (Amendment)	Agriculture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment activities: Application of the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Joint arrangements	1 January 2016
HKFRS 12 (Amendment)	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 12	Income taxes	1 January 2017
HKAS 7	Statement of cash flows	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will apply the new standards and amendments of HKFRSs and HKASs described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group’s results of operations and financial position.

(d) Plateno Group’s related significant accounting policies adopted by the Group

Since the Group acquired 81.0034% equity interest in Keystone, Plateno Group’s related significant accounting policies adopted by the Group are as follows:

Intangible assets

The intangible assets of Plateno Group include the membership rights. Membership rights acquired in a business combination are recognised at fair value at the acquisition date, which is amortised over their estimated useful lives 20 years.

4 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 81.0034% equity interest in Keystone, the Board assessed the performance of Plateno Group as an individual business segment and named it as “Select Service Hotels — managed and operated by Plateno Group” segment.

The executive committee assesses the performance according to eight 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 Groupe du Louvre (“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) Select Service Hotels — managed and operated by Plateno Group: 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 Plateno Group;
- (5) 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;
- (6) Passenger Transportation Vehicles and Logistics: vehicle operating, trading of automobiles, refrigerated logistics, freight forwarding and related services;
- (7) Travel Agency: provision of travel agency and related services; and
- (8) 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 period.

(a) Turnover

The Group's revenue which represents turnover for the six months ended 30 June 2016 is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Full Service Hotels	959,303	923,618
— Accommodation revenue	452,748	447,107
— Food and beverage sales	279,334	291,500
— Rendering of ancillary services	48,499	50,240
— Rental revenue	93,844	86,605
— Sales of hotel supplies	3,320	4,288
— Hotel management	81,558	43,878
Select Service Hotels — managed and operated by Jin Jiang Metropolo	1,330,950	1,295,369
— Accommodation revenue	961,321	945,563
— Food and beverage sales	75,145	81,360
— Rendering of ancillary services	15,975	19,068
— Rental revenue	23,817	26,424
— Hotel management, franchise and reservation distribution fee	183,449	166,115
— Revenue under customer royalty programme	35,213	41,035
— Others	36,030	15,804
Select Service Hotels — managed and operated by GDL	1,712,733	1,066,924
— Accommodation revenue	948,153	573,052
— Catering and sale of products	371,411	243,878
— Hotel management and franchise	388,051	240,020
— Others	5,118	9,974
Select Service Hotels — managed and operated by Plateno Group	1,202,678	—
— Accommodation revenue	728,820	—
— Rendering of ancillary services	156,526	—
— Hotel management and franchise	219,116	—
— Revenue under customer royalty programme	55,958	—
— Others	42,258	—
Food and Restaurants	168,344	172,031
Passenger Transportation Vehicles and Logistics	1,144,169	1,063,938
— Vehicle operating	580,255	586,970
— Trading of automobile	501,492	425,112
— Refrigerated logistics	50,475	39,487
— Others	11,947	12,369
Travel Agency	799,114	898,514
— Travel agency	781,882	881,126
— Others	17,232	17,388
Other Operations	36,336	34,466
	<u>7,353,627</u>	<u>5,454,860</u>

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 six months ended 30 June 2016 (30 June 2015: nil).

(b) Segment information

The segment results for the six months ended 30 June 2016 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated by Jin Jiang Metropolo RMB'000	Select Service Hotels — managed and operated by GDL RMB'000	Select Service Hotels — managed and operated by Plateno Group 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 <i>(note 4(a))</i>	959,303	1,330,950	1,712,733	1,202,678	168,344	1,144,169	799,114	36,336	7,353,627
Inter-segment sales	3,475	973	—	—	3,820	634	31	22,427	31,360
Total gross segment sales	<u>962,778</u>	<u>1,331,923</u>	<u>1,712,733</u>	<u>1,202,678</u>	<u>172,164</u>	<u>1,144,803</u>	<u>799,145</u>	<u>58,763</u>	<u>7,384,987</u>
Profit for the period	<u>321,868</u>	<u>70,529</u>	<u>50,946</u>	<u>24,271</u>	<u>74,611</u>	<u>153,132</u>	<u>50,207</u>	<u>86,502</u>	<u>832,066</u>
Other income and gain	342,921	18,756	33,113	13,147	48,274	51,197	70,886	283,254	861,548
Including: interest income	1,038	1,364	611	4,331	44	7,836	4,216	21,090	40,530
Depreciation of property, plant and equipment <i>(note 5)</i>	(94,517)	(178,655)	(163,611)	(148,998)	(6,730)	(108,876)	(3,516)	(641)	(705,544)
Depreciation of investment properties <i>(note 5)</i>	(2,131)	—	—	—	—	(257)	(2,070)	—	(4,458)
Amortization of land use rights <i>(note 5)</i>	(7,845)	(20,138)	—	(931)	—	(540)	—	(116)	(29,570)
Amortization of intangible assets <i>(note 5)</i>	(1,072)	(4,540)	(16,751)	(35,907)	(861)	—	(274)	(39)	(59,444)
Provision for impairment of trade receivables, prepayments and other receivables <i>(note 5)</i>	(24)	(647)	(421)	(7,090)	—	(124)	—	—	(8,306)
Reversal of inventories write-down <i>(note 5)</i>	—	43	—	—	—	—	—	—	43
Finance costs — net	(67,721)	(12,943)	(73,210)	(25,104)	(267)	(1,830)	—	(102,711)	(283,786)
Share of results of joint ventures and associates	43,605	—	4,108	(1,393)	48,526	68,720	341	594	164,501
Income tax expense <i>(note 6)</i>	(96,410)	(26,270)	(48,232)	(17,897)	(1,253)	(16,381)	(8,960)	(30,321)	(245,724)
Capital expenditure	17,121	230,368	268,728	11,126,175	2,897	191,537	510	194	11,837,530

The segment results for the six months ended 30 June 2015 are as follows:

	Full Service Hotels <i>RMB'000</i>	Select Service Hotels — managed and operated by Jin Jiang Metropolo <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>
External sales <i>(note 4(a))</i>	923,618	1,295,369	1,066,924	172,031	1,063,938	898,514	34,466	5,454,860
Inter-segment sales	5,183	1,356	—	3,283	2,109	7	19,988	31,926
Total gross segment sales	<u>928,801</u>	<u>1,296,725</u>	<u>1,066,924</u>	<u>175,314</u>	<u>1,066,047</u>	<u>898,521</u>	<u>54,454</u>	<u>5,486,786</u>
Profit for the period	<u>403,578</u>	<u>80,308</u>	<u>86,487</u>	<u>25,112</u>	<u>134,710</u>	<u>52,312</u>	<u>110,186</u>	<u>892,693</u>
Other income and gain	745,639	31,551	4,274	32,569	35,267	54,828	279,042	1,183,170
Including: interest income	3,103	6,234	2,324	60	7,146	5,857	92,013	116,737
Depreciation of property, plant and equipment <i>(note 5)</i>	(116,197)	(186,674)	(73,828)	(4,029)	(109,479)	(4,018)	(564)	(494,789)
Depreciation of investment properties <i>(note 5)</i>	(716)	—	—	—	(257)	(2,070)	—	(3,043)
Amortization of land use rights <i>(note 5)</i>	(7,845)	(20,034)	—	—	(540)	—	(197)	(28,616)
Amortization of intangible assets <i>(note 5)</i>	(2,085)	(4,792)	(10,397)	(740)	—	(258)	(46)	(18,318)
(Provision for)/reversal of impairment of trade receivables, prepayments and other receivables <i>(note 5)</i>	(93)	(1,015)	857	—	—	—	—	(251)
Reversal of inventories write-down <i>(note 5)</i>	—	41	—	—	—	—	—	41
Finance costs — net	(69,297)	(12,706)	(50,390)	—	(1,224)	—	(68,954)	(202,571)
Share of results of joint ventures and associates	2,934	—	5,869	14,523	70,589	203	(495)	93,623
Income tax expense <i>(note 6)</i>	(143,673)	(73,635)	(60,888)	(673)	(20,611)	(5,582)	(17,977)	(323,039)
Capital expenditure	<u>31,528</u>	<u>199,522</u>	<u>10,117,244</u>	<u>7,781</u>	<u>108,592</u>	<u>706</u>	<u>13</u>	<u>10,465,386</u>

The segment assets as at 30 June 2016 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated by Jin Jiang Metropolo RMB'000	Select Service Hotels — managed and operated by GDL RMB'000	Select Service Hotels — managed and operated by Plateno Group 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	4,906,793	6,212,688	12,716,082	13,697,395	318,431	3,841,477	1,696,326	12,418,629	55,807,821
Investments in joint ventures	949,806	—	—	—	—	373,566	—	1,789	1,325,161
Investments in associates	48,845	—	91,933	27,888	178,357	335,216	16,187	12,353	710,779
Total assets	<u>5,905,444</u>	<u>6,212,688</u>	<u>12,808,015</u>	<u>13,725,283</u>	<u>496,788</u>	<u>4,550,259</u>	<u>1,712,513</u>	<u>12,432,771</u>	<u>57,843,761</u>

The segment assets as at 31 December 2015 are as follows:

	Full Service Hotels RMB'000	Select Service Hotels — managed and operated by Jin Jiang Metropolo 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
Total assets	<u>5,658,129</u>	<u>6,301,541</u>	<u>12,244,931</u>	<u>287,051</u>	<u>4,771,096</u>	<u>1,744,213</u>	<u>11,257,700</u>	<u>42,264,661</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 unaudited condensed consolidated interim income statement.

Other income in the segment of “Full Service Hotels” for the six months ended 30 June 2016 mainly includes a gain on partially disposal of a joint venture of RMB313,929,000 (for the six months ended 30 June 2015: a gain on disposal of a subsidiary of RMB716,702,000). Other income in the segment of “Other Operations” for the six months ended 30 June 2016 mainly includes gains on disposal of available-for-sale financial assets of RMB209,292,000 (for the six months ended 30 June 2015: RMB166,076,000).

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

5 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Employee benefit expenses	2,109,747	1,596,653
Changes in inventories	1,754,538	1,573,994
Depreciation of property, plant and equipment	705,544	494,789
Operating leases — land and buildings	629,927	293,958
Utility cost and consumables	374,830	324,152
Repairs and maintenance	224,636	142,916
Business tax, property tax, VAT through a simplified method and other tax surcharges	217,606	193,642
Commissions paid to travel agencies	163,000	74,039
Advertising costs	98,827	78,712
Amortisation of intangible assets	59,444	18,318
Consulting fee	52,559	35,580
Transportation expenses	41,784	17,089
Telecommunication expenses	35,351	9,395
Laundry costs	34,834	13,468
Amortisation of land use rights	29,570	28,616
Transactions cost in relation to business combination	26,485	23,440
Auditors' remuneration	14,166	7,961
Provision for impairment of trade receivables, prepayments and other receivables	8,306	251
Depreciation of investment properties	4,458	3,043
Entertainment expenses	4,177	2,352
Reversal of inventories to net realisable value	(43)	(41)
Others	375,395	267,335
	<u>6,965,141</u>	<u>5,199,662</u>

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current tax:		
Mainland China current corporate income tax ("CIT")	230,564	178,812
Overseas current corporate income tax	51,745	28,594
Deferred tax:		
Mainland China deferred income tax	(35,486)	83,339
Overseas deferred income tax	(1,099)	32,294
	<u>245,724</u>	<u>323,039</u>

Provision for Mainland China CIT is calculated based on the statutory income tax rate of 25% on the assessable income of Group companies operating in Mainland China for the six months ended 30 June 2016 (the six months ended 30 June 2015: 25%) as determined in accordance with the Corporate Income Tax Law of PRC and the Detail Implementation Regulations.

Hong Kong profits tax is provided at a rate of 16.5% on the estimated assessable profits of Group's subsidiaries incorporated in Hong Kong for the six months ended 30 June 2016 (the six months ended 30 June 2015: 16.5%). For the six months ended 30 June 2016, the Group's subsidiaries incorporated in Hong Kong did not have assessable profit and therefore has not provided for any Hong Kong profits tax (the six months ended 30 June 2015: nil).

GDL is mainly operated in France and subject to income tax at 34.43% for the six months ended 30 June 2016 (the six months ended 30 June 2015: 34.43%).

Certain subsidiaries of Plateno Group incorporated in Germany are subject to income tax rate of 15% for the six months ended 30 June 2016.

Certain subsidiaries of Plateno Group incorporated in Austria are subject to income tax rate of 25% for the six months ended 30 June 2016.

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2016	2015
Profit attributable to shareholders of the Company (<i>RMB'000</i>)	552,614	629,002
Weighted average number of ordinary shares in issue (<i>thousands</i>)	5,566,000	5,566,000
Basic earnings per share (<i>RMB cents</i>)	<u>9.93</u>	<u>11.30</u>

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

8 DIVIDENDS

The final dividend for the year 2015 of RMB6.5 cents (2014 final dividend: RMB5.0 cents) per share, totalling RMB361,790,000 (2014 final dividend: RMB278,300,000) was paid subsequently in July and August 2016. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015 interim dividend: nil).

9 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade receivables	966,847	761,516
Less: provision for impairment of trade receivables	<u>(110,103)</u>	<u>(104,209)</u>
Trade receivables — net	856,744	657,307
Prepayments and deposits	963,905	487,034
Prepayments and deposits for acquisition of a subsidiary	680,000	—
Loans to related parties by Finance Company	642,500	788,000
Estimated price adjustment of Keystone to be received	473,750	—
Other amounts due from related parties	267,603	116,651
Interest receivables	206,187	128,829
Other prepaid and recoverable tax	162,043	131,757
Loans to related parties by the Group other than Finance Company	131,500	209,000
Dividends receivables	52,179	6,630
Loans to third parties	42,859	—
Accrued rental revenue	42,380	38,062
Value-added tax (“VAT”) recoverable	7,149	7,642
Others	97,413	56,677
Less: provision for impairment of other receivables	<u>(40,626)</u>	<u>(30,257)</u>
Prepayments and other receivables — net	<u>3,728,842</u>	<u>1,940,025</u>
	<u>4,585,586</u>	<u>2,597,332</u>
Less: non-current portion of trade receivables, prepayments and other receivables	<u>(1,044,189)</u>	<u>(265,640)</u>
Current portion of trade receivables, prepayments and other receivables	<u><u>3,541,397</u></u>	<u><u>2,331,692</u></u>

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
0 to 3 months	728,227	506,763
3 months to 1 year	137,003	176,389
Over 1 year	<u>101,617</u>	<u>78,364</u>
	<u><u>966,847</u></u>	<u><u>761,516</u></u>

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

10 TRADE AND OTHER PAYABLES

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Trade payables	1,442,665	843,842
Employee benefits payables	1,352,577	1,290,394
Deposits from related parties in Finance Company	1,199,408	1,947,610
Advances from customers	1,026,446	636,290
Payables for purchases of property, plant and equipment, and intangible assets	473,078	392,430
Deposits from lessees and constructors	407,753	372,786
Other tax payables	309,777	288,875
Advances on behalf of the franchises	290,730	—
Other amounts due to related parties	185,304	182,103
Defined benefit plan of GDL	175,506	161,863
Dividend payable to non-controlling interests	147,375	21,923
Accrued expenses	140,744	113,938
Deferred government grants	74,804	61,910
Marketing fund	73,956	57,878
Interests payable	57,407	25,007
Deferred payment of acquisition of subsidiaries	48,022	34,345
Deposits for private placing share	45,650	45,167
Deferred revenue for customer royalty programme	37,585	1,043
Payables related to the disposal of Galaxy Hotel	36,962	36,962
Provisions for other liabilities and charges	33,125	68,575
Others	153,430	76,018
	<u>7,712,304</u>	<u>6,658,959</u>
Less: non-current portion of trade payables, provisions and other payables	<u>(1,264,424)</u>	<u>(1,135,670)</u>
Current portion of trade payables, provisions and other payables	<u><u>6,447,880</u></u>	<u><u>5,523,289</u></u>

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

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
0 to 3 months	1,204,017	702,145
3 months to 1 year	185,138	129,555
Over 1 year	53,510	12,142
	<u><u>1,442,665</u></u>	<u><u>843,842</u></u>

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

11 COMMITMENTS

(a) Capital commitments

Capital expenditure at 30 June 2016 contracted but not yet incurred is as follows:

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Acquisition of property, plant and equipment	<u>215,260</u>	<u>118,123</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. The rental revenue recognised and the lease expenditure expensed in the unaudited condensed consolidated interim income statement during the six months ended 30 June 2016 is disclosed in note 4(a) and note 5, respectively.

Leases with different lessees and lessors are negotiated for terms ranging from 1 year to 25 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 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Not later than 1 year	241,736	196,834
Later than 1 year and not later than 5 years	715,109	511,474
Later than 5 years	<u>816,176</u>	<u>708,917</u>
	<u>1,773,021</u>	<u>1,417,225</u>

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

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Not later than 1 year	1,222,286	540,482
Later than 1 year and not later than 5 years	4,633,713	2,254,060
Later than 5 years	<u>4,437,275</u>	<u>3,702,892</u>
	<u>10,293,274</u>	<u>6,497,434</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Amidst a complicated economic landscape and market circumstances during the first half of 2016, the Group focused on its development strategy and made proactive moves to adapt itself to the new normal status of economic development, in resolute adherence to the double-edged approach featuring both the application of capital and excellent operations based on the strategy of global business deployment and multinational operations. Through measures for quality enhancement and increase in efficiency, initiatives in innovation and transformation, reinforcement in reforms and the implementation of the internationalisation strategy, the formation of an internationally reputed hotel group with solid core competitiveness was expedited. We persisted in prudent progress, while improving our mechanism for achieving stable growth and implementing multiple measures to overcome various hurdles, with the primary aim of enhancing the competitiveness of our principal business on all fronts. Our key projects were advancing in a disciplined manner, as new progress was achieved in various tasks.

During the Reporting Period, the Group realised sales revenue of approximately RMB7,353,627,000, representing an increase of approximately 34.8% as compared to the same period of last year. Operating profit of the Group amounted to approximately RMB1,197,075,000, representing a decrease of approximately 9.6% as compared to the same period of last year. Profit attributable to shareholders of the Company amounted to approximately RMB552,614,000, representing a decrease of approximately 12.1% as compared to the same period of last year, mainly due to the decrease in return on asset operation as compared to the same period of last year.

As at the end of the Reporting Period, the Group owned or managed over 6,425 hotels throughout the world, with a total number of rooms approximately 620,000 in 63 countries, amongst which approximately 5,167 hotels are owned or managed by the Group in the PRC and are in operation or under construction with approximately 510,000 rooms.

In September 2015, Jin Jiang Hotels Development entered into an agreement for strategic investments in Plateno Group and completed the transaction in February 2016. Plateno Group has been incorporated into the consolidated financial statements of the Group from March 2016.

In April 2016, Jin Jiang Hotels Development entered into the Vienna Hotels equity transfer agreement and the Baisuicun Restaurants equity transfer agreement with Mr. Huang Deman. The transaction was completed on 1 July 2016, upon which Jin Jiang Hotels Development holds 80% equity interest in each of Vienna Hotels and Baisuicun Restaurants.

The successful completion of the projects of GDL, Plateno Group and Vienna Hotels has driven substantial growth in the size of the Group's hotel operations. 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. The Group advanced various post-acquisition tasks, such as the establishment of a management hierarchy, improvement of systems, platform building, business convergence and integrated development, in a steady and disciplined manner on the basis of the interactive amalgamation of markets, brands, talents and cultures.

In terms of the number of hotel guest rooms in operation, the Group ranked 5th in the global hotel group ranking as published by HOTELS Magazine, the official publication of The International Hotel & Restaurant Association, in July 2016.

During the Reporting Period, pursuant to the equity acquisition agreement between CG, a wholly-owned subsidiary of the Company, and THAYER (as the vendors) and KIHR BUYER, LLC, an independent third party (as the buyer), the buyer shall acquire from the vendors all equity interests in HAC after segregation of the retained assets. The retained assets shall include 5 retained proprietary hotels in the United States (namely, Hilton Arlington, Hilton Durham, Hilton Seelbach, Sheraton Columbia and Westin Atlanta Airport), retained proprietary hotel entities and retained joint ventures, etc.. As at 3 May 2016, the closing relating to the disposal of the HAC hotel management business had been completed. With the purchase amount through the transaction received and HAC distribution received, CG has recouped its investment costs and realized partial investment gains. Following the transaction, CG continued to hold the 5 retained proprietary hotels in the United States and other retained assets through IHHC.

During the Reporting Period, the Group further increased the revenue from its principal operations by seizing a range of favourable market opportunities arising from the increase in business conventions and exhibitions in Shanghai and the opening of Shanghai Disneyland.

Operational Statistics of Hotels

	January to June 2016	January to June 2015
Average Occupancy Rate		
Full Service Hotels		
— 5-star Luxury Hotels	70%	69%
— 4-star Luxury Hotels	68%	68%
Select Service Hotels		
— Jin Jiang Metropolo	74%	76%
— GDL	59%	—
— Plateno Group	82%	—
Average Room Rate (RMB per room)		
Full Service Hotels		
— 5-star Luxury Hotels	853	847
— 4-star Luxury Hotels	525	515
Select Service Hotels		
— Jin Jiang Metropolo	184	180
— GDL (EUR/room)	58	—
— Plateno Group	149	—
RevPAR (RMB per room)		
Full Service Hotels		
— 5-star Luxury Hotels	598	582
— 4-star Luxury Hotels	355	350
Select Service Hotels		
— Jin Jiang Metropolo	136	137
— GDL (EUR/room)	35	—
— Plateno Group	122	—

Notes:

1. The policy of “replacing business tax with VAT” has become applicable to domestic servicing industries in China with effect from May 2016. Hence, figures for the average room rate and RevPar are no longer tax inclusive. If compared on the same basis, there would have been growth in the average room rate and RevPar for 2016.
2. 5-star Luxury Hotels include: Jin Jiang Hotel, Peace Hotel, Wuhan Jin Jiang International Hotel, Beijing Kunlun Hotel, Jin Jiang Tower, Jin Jiang Tomson Hotel and Yangtze Hotel.
3. 4-star Luxury Hotels include: Park Hotel, Jian Guo Hotel, Cypress Hotel, Holiday Inn Downtown Shanghai, Rainbow Hotel, Shanghai Hotel, Shanghai Jing An Hotel, Sofitel Hotel, Jiangsu Nanjing Hotel, Wuxi Jin Jiang Grand Hotel, West Capital International Hotel and Kunming Jin Jiang Hotel.
4. Amongst Select Service Hotels, hotels operated by Jin Jiang Metropolo included operational data of all operating chain hotels under the brands of: “Jin Jiang Metropolo”, “Jin Jiang Inn”, “Bestay Hotels Express” and “Jinguang Inn”. Hotels operated by GDL included operational data of all operating chain hotels under the four brands of: “Premiere Classe”, “Campanile”, “Kyriad” and “GoldenTulip”. Hotels operated by Plateno Group included operational data of all operating chain hotels under the brands of: “Lavande”, “James Joyce Coffetel”, “IU”, “7 Days Inn” and “Pai”.
5. Average occupancy rate of GDL for the period from March 2015 to June 2015 was 64% with average room rate of EUR59 per room and RevPAR of EUR38 per room.

Full Service Hotels

The business 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 RMB959,303,000 to the Group’s revenue, representing an increase of approximately 3.9% as compared to the same period of last year and accounting for approximately 13.0% of the Group’s turnover. Turnover was presented net of tax following the replacement of business tax with VAT for domestic servicing industries in China with effect from May 2016. If compared on the same basis, there would have been further growth in revenue for Full Service Hotels as compared to the same period of last year.

As at 30 June 2016, the Group owned and managed 133 Full Service Hotels, offering approximately 40,000 guest rooms, among which 107 hotels offering approximately 31,000 guest rooms were owned by third parties and managed by the Group.

During the Reporting Period, the Group’s Full Service Hotels recorded steady growth in RevPAR. Benefiting from various favourable factors and market opportunities, such as the increasing number of business conventions and exhibitions held in Shanghai and the opening of the Shanghai Disneyland, the high-rated Full Service Hotels in Shanghai in which the Group held equity interests reported a year-on-year increase in RevPAR by approximately 7% (excluding the effect of replacing business tax with VAT). Meanwhile, the Group commenced its operation and management of hotel assets in a steady manner to increase its assets efficiency, while continuing to make progress in asset liquidity, transformation in business model and leased operations of Full Service Hotels. During the Reporting Period, there were notable improvements in hotel efficiency in connection with the block leasing of Great Wall Tower of Holiday Inn Downtown Shanghai, resulting in significant enhancements in the liquidity and financial conditions of hotel assets. Through vigorous efforts in innovation, we achieved notable results in the enhancement of asset efficiency and shareholders’ equity in our effort to advance asset mix adjustments and optimise staff allocation. During the Reporting Period, Full Service Hotels in which the Group held equity interests reported a marked year-on-year growth in profit.

Select Service Hotels

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

During the Reporting Period, the Group made a strategic investment to acquire 81.0034% equity interest in Plateno Group and incorporated it into the consolidated financial statements of the Group, driving significant growth in revenue from our Select Service Hotels to approximately RMB4,246,361,000, representing an increase of approximately 79.8% as compared to the same period of last year and accounting for approximately 57.8% of the Group's turnover.

As at the end of the Reporting Period, there were a total of 6,292 contracted Select Service Hotels offering 579,321 guest rooms in aggregate, comprising 1,368 Jin Jiang Metropolo Hotels with a total of 159,059 guest rooms, 1,241 GDL hotels with a total of 108,189 guest rooms and 3,683 hotels under Plateno Group with a total of 312,073 guest rooms. There were 5,079 Select Service Hotels in operation offering a total of 471,737 guest rooms, including 1,102 Jin Jiang Metropolo Hotels in operation with a total of 130,922 guest rooms, 1,183 GDL hotels in operation with a total of 99,283 guest rooms and 2,794 hotels under Plateno Group with a total of 241,532 guest rooms.

As at the end of the Reporting Period, out of the 6,292 contracted Select Service Hotels, there were 67 Jin Jiang Metropolo hotels, 1,164 Jin Jiang Inn hotels, 69 Bestay Hotels Express hotels, 67 Jinguang Inn hotels, 267 Premiere Classe hotels, 382 Campanile hotels, 254 Kyriad hotels, 339 Golden Tulip hotels, 274 Lavande Hotels, 119 James Joyce Coffetels, 167 "IU Hotels", 2,701 "7 Days Inn" hotels, 202 "Pai Hotels" and 220 hotels under other brands.

Out of the 5,079 Select Service Hotels in operation, there were 37 Jin Jiang Metropolo hotels, 962 Jin Jiang Inn hotels, 65 Bestay Hotels Express hotels, 38 Jinguang Inn hotels, 264 Premiere Classe hotels, 374 Campanile hotels, 253 Kyriad hotels, 292 Golden Tulip hotels, 121 Lavande Hotels, 49 James Joyce Coffetels, 118 "IU Hotels", 2,335 "7 Days Inn" hotels, 112 "Pai Hotels" and 59 hotels under other brands.

Out of 5,079 Select Service Hotels in operation, 1,044 were self-managed hotels, accounting for approximately 20%, while 4,035 were franchised hotels, accounting for approximately 80%. Select Service Hotels in operation offered a total of 471,737 guest rooms, including 110,091 rooms or approximately 23% in self-managed hotels in operation and 361,646 rooms or approximately 77% in franchised hotels in operation.

During the Reporting Period, integration progress of the back-office systems of Jin Jiang Metropolo, GDL and Plateno Group was achieved with the support of the IT system to fully realise complementary effects and synergies. 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.

Food and Restaurants

During the Reporting Period, the Group reported development of food and restaurant operations through several food and restaurant chain companies invested by Jin Jiang Hotels Development, generating revenue of approximately RMB168,344,000, which represented a decrease of approximately 2.1% as compared to the same period of last year and accounted for approximately 2.3% of the Group's turnover.

During the Reporting Period, Jin Jiang Hotels Development continued to develop the group catering business, managing 52 group catering restaurants as at the end of the Reporting Period, as compared to 49 at the end of last year. As at 30 June 2016, Shanghai Kentucky Fried Chicken, “New Asia Snacks” and “Shanghai Yoshinoya” had a total of 304, 35 and 9 outlets, respectively. “Chinoise Story” currently operates 2 feature restaurants.

Jin Jiang Catering Investment Company developed processed food at its research & development centre with input from the national-grade chefs of Jin Jiang Hotel 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 RMB1,144,169,000, representing a growth of approximately 7.5% as compared to the same period of last year and accounting for approximately 15.6% of the Group’s turnover.

During the Reporting Period, Jin Jiang Automobile Service Centre (錦江汽車服務中心) actively introduced innovations to its marketing strategy to drive synchronous marketing for its online and offline operations. The four 4S auto sales outlets of the centre sold close to 3,000 new cars in the reporting period, representing a growth of approximately 28.2% as compared to the same period of last year, and completed approximately 34,600 car maintenance orders, which was generally stable compared to the same period of last year.

During the Reporting Period, Jin Jiang Taxi made reasonable arrangements in regional staff deployment to address characteristics of the business and succeeded in lowering administrative costs, while expediting its recruitment exercise to neutralise the impact of staff turnover. Jin Jiang Limousine completed more than 300 assignments for the reception of national guests for high-profile events, such as the G20 meeting for finance ministers and central bank governors and the board of governors meeting of the Bank of International Settlements. We also won the tender for China Unicom’s car rental contract as the sole supplier, highlighting ongoing improvements in the quality and effectiveness of our commercial leasing business. Jinjiang Auto Service continued to expand its core business, as it added more than 40 buses to its business shuttle fleet. At the Shanghai Disneyland Resort, we operated a total of 118 shuttle buses. We received close to 20 international cruises calling at Shanghai and provided services to close to 20 major conference and tournament events.

During the Reporting Period, Shanghai Jin Jiang International Cold Logistics Development Co., Ltd. actively introduced innovative service models and promoted diversified developments with the aim of “reducing costs and increasing profitability”, as it endeavoured to curb the decline in profitability amidst austere market conditions. Wusong Luoji Company reported sound growth in profit after securing close to 200 tenants following the completion of an exhibition hall for refrigerated products. Xintiantian Company (新天天公司) persisted in the development of its chain catering distribution business and accomplished the target of completing half of its tasks within the first half of the year as it capitalised on opportunities presented by the opening of Shanghai Disneyland to expand its operations. Shanghai Company (尚海公司) was actively identifying tenants suited to its properties developed and converted from refrigerated warehouses, seeking to develop the site on Wai Ma Lu (外馬路地塊) in a short period of time with minimum capital outlay and turn it into a multi-functional business park for new venture incubation integrating office, exhibition, shopping experience and trade functions under one roof.

Travel Agency

During the Reporting Period, operating revenue of the travel agency business amounted to approximately RMB799,114,000, representing a decrease of approximately 11.1% as compared to the same period of last year and accounting for approximately 10.9% of the Group's turnover.

During the Reporting Period, Jin Jiang Travel commenced the operation of its travel services business relating to Shanghai Disneyland in a move to develop a new niche for business growth. It organised its affiliated travel agencies to conduct Shanghai Disneyland travel services business as a priority task for the year, making strong efforts in the four areas of negotiation, training, research and development and operation to consolidate the leading position of Jin Jiang Travel among local travel agencies in Shanghai.

During the Reporting Period, Jin Jiang Travel reinforced its technological backup and made new progress in Internet marketing applications. In tandem with changing habits in tourism and retail spending in the Internet era, Jin Jiang Travel increased its investments in technological updating. It enhanced application of the mobile Internet in the production and operations of the enterprise.

During the Reporting Period, Jin Jiang Travel enhanced its market reputation and influence with the aid of multiple platforms and channels. Its affiliated travel agencies participated in the Shanghai World Travel Fair 2016 and conducted concerted marketing in three scenarios: inside and outside the fair, on and off the Internet, before and during the fair. A total of 138 outbound travel routes and more than 60 inbound travel routes were launched during the fair, while our marketing appeal was further enhanced by the experience of one-stop services under the Jin Jiang brands.

During the Reporting Period, Jin Jiang Travel also conducted researches on changes in market demands and actively promoted the innovation of travel agency products. Baffled by political, economic and health incidents in the international community during the first half of 2016, traditional travel tours were facing greater challenges as their profit margin and market shares continued to be squeezed. Based on their own characteristics and strengths, our affiliated travel agencies further expedited the process of innovation and exploration with strong efforts on key areas such as the research and development of new products, the building of premium brands, and the opening and amalgamation of different channels.

FINANCIAL REVIEW

Turnover

The Group's financial information during the Reporting Period as compared to the same period in 2015 is set out as follows:

	Six months ended 30 June 2016		Six months ended 30 June 2015	
	<i>RMB</i> <i>in million</i>	<i>% of</i> <i>turnover</i>	<i>RMB</i> <i>in million</i>	<i>% of</i> <i>turnover</i>
Full Service Hotels	959.3	13.0%	923.6	16.9%
Select Service Hotels — managed and operated by Jin Jiang Metropolo	1,331.0	18.1%	1,295.4	23.7%
Select Service Hotels — managed and operated by GDL	1,712.7	23.3%	1,066.9	19.6%
Select Service Hotels— managed and operated by Plateno Group	1,202.7	16.4%	—	—
Food and Restaurants	168.3	2.3%	172.0	3.2%
Passenger Transportation Vehicles and Logistics	1,144.2	15.6%	1,063.9	19.5%
Travel Agency	799.1	10.9%	898.5	16.5%
Other Operations	36.3	0.4%	34.6	0.6%
Total	<u>7,353.6</u>	<u>100.0%</u>	<u>5,454.9</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 2015:

	Six months ended 30 June 2016		Six months ended 30 June 2015	
	<i>RMB</i> <i>in million</i>	<i>% of</i> <i>turnover</i>	<i>RMB</i> <i>in million</i>	<i>% of</i> <i>turnover</i>
— Accommodation revenue	452.7	47.2%	447.1	48.4%
— Food and beverage sales	279.3	29.1%	291.5	31.6%
— Rendering of ancillary services	48.5	5.1%	50.2	5.4%
— Rental revenue	93.9	9.8%	86.6	9.4%
— Sales of hotel supplies	3.3	0.3%	4.3	0.5%
— Hotel management	81.6	8.5%	43.9	4.7%
Total	<u>959.3</u>	<u>100.0%</u>	<u>923.6</u>	<u>100.0%</u>

Accommodation revenue

Accommodation revenue was mainly determined by the number of available rooms, occupancy rate and ADR of the rooms of the Group's hotels. Accommodation revenue of the Full Service Hotels for the Reporting Period was approximately RMB452,748,000, representing an increase of approximately 1.3% or approximately RMB5,641,000 as compared to the same period in 2015. The aforesaid change mainly reflected a year-on-year growth in ADR and occupancy rate attributable to the Group's implementation of a range of measures to enhance income by capitalising on favourable factors and market opportunities, such as the increasing number of conventions and exhibitions held in Shanghai and the opening of the Shanghai Disneyland. Accommodation revenue was also affected by the replacement of business tax with VAT.

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 RMB279,334,000, representing a decrease of approximately 4.2% or approximately RMB12,166,000 from the same period of last year. The aforesaid change mainly reflected the ongoing impact of social sentiments which had a significant bearing on revenue from food and beverage sales of Full Service Hotels derived from banquets and conferences. Meanwhile, food and beverage sales were also affected by the conversion of certain restaurants into leased operations as part of the Group's initiative to optimise its asset mix and the replacement of business tax with VAT.

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 RMB48,499,000, representing a decrease of approximately 3.5% or RMB1,741,000 from the same period of last year.

Rental revenue

Rental revenue was mainly generated from the leasing of shops at the Group's Full Service Hotels for catering, retail, exhibition and other purposes, as well as the outsourced leasing of certain restaurant venues. During the Reporting Period, rental revenue amounted to approximately RMB93,844,000, representing a year-on-year increase of approximately 8.4% or approximately RMB7,239,000, which was driven mainly by the year-on-year increase in rental revenue of approximately RMB11,035,000 following the lease of the wholesale leasing of Great Wall Tower of Holiday Inn Downtown Shanghai.

Sales of hotel supplies

Turnover from guest supplies and hotel products decreased by approximately RMB968,000 as compared to the same period of last year, which 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

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. Revenue of Full Service Hotels management amounted to approximately RMB81,558,000 during the Reporting Period, representing an increase of approximately 85.9% or RMB37,680,000 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 RMB35,473,000 by subsidiary property companies of the Northern Company. There was a slight year-on-year growth in hotel management fee income from hotel management projects with more balanced demand and supply of hotels amidst the slowdown in domestic macro-economic growth.

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 RMB1,330,950,000, representing an increase of approximately RMB35,581,000 or approximately 2.7% as compared to the same period of last year, which was mainly attributable, on top of additional revenue from new directly-operated hotels and additional revenue from hotels re-opened after renovation, to revenue from upfront franchise fee of approximately RMB25,030,000 representing a year-on-year increase of approximately 12.4%, revenue from ongoing franchise fee of approximately RMB102,750,000 representing a year-on-year increase of approximately 12.6%, and revenue from central room reservation channels of approximately RMB25,570,000 representing a year-on-year decrease of approximately 2.2%.

Select Service Hotels — managed and operated by GDL

Revenue from Select Service Hotels managed and operated by GDL for the Reporting Period amounted to approximately RMB1,712,733,000, representing an increase of approximately RMB645,809,000 or 60.5% as compared to the same period of last year. The growth mainly reflected 2 more months of consolidated revenue for first half of 2016 as compared to the same period of last year, as GDL has been included in the Group's consolidated financial statements as from 28 February 2015.

Select Service Hotels — managed and operated by Plateno Group

The Group has incorporated Plateno Group into its consolidated financial statements as from March 2016. Revenue from newly added hotels managed and operated by Plateno Group amounted to approximately RMB1,202,678,000 for the period from March to June 2016.

Food and Restaurants

Revenue of food and restaurants segment was mainly derived from Shanghai Jin Ya Catering Management Co., Ltd. (上海錦亞餐飲管理有限公司) (“Jin Ya Catering”), 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 RMB168,344,000, representing a decrease of approximately RMB3,687,000 or approximately 2.1% as compared to the same period of last year. The decrease in food and restaurants revenue for the Reporting Period primarily reflected the decline in operating revenue as a result of the downsizing of outlets by Jin Ya Catering (operating 35 chain restaurants during the Reporting Period versus 47

for the same period of last year). Meanwhile, growth was sustained in the group catering business of Shanghai Jin Jiang International Food Catering Management Co., Ltd. (managing 52 group catering restaurants during the Reporting Period versus 48 for the same period of last year).

Passenger Transportation Vehicles and Logistics

During the Reporting Period, the revenue of passenger transportation vehicles and logistics was approximately RMB1,144,169,000, representing an increase of approximately 7.5% or approximately RMB80,231,000 as compared to the same period of last year. The increase was mainly attributable to the increase in revenue from auto and related trading businesses.

Travel Agency

During the Reporting Period, the revenue of travel agency was approximately RMB799,114,000, representing a decrease of approximately 11.1% or approximately RMB99,400,000 as compared to the same period of last year. The decrease was mainly attributable to the decrease in outbound travels under the negative impact of material contingent events, such as the terrorist attacks in Europe and the earthquake in Kyushu, Japan.

Other Operations

In addition, the Group is also engaged in other business, including the provision of financial services via Finance Company and the provision of training services by Jin Jiang International Management Institute. During the Reporting Period, revenue of other operations was approximately RMB36,336,000, representing an increase of approximately 5.4% as compared to the same period of last year, which was mainly attributable to an increase in interest income from borrowings to related parties of Finance Company.

Cost of Sales

Cost of sales for the Reporting Period amounted to approximately RMB5,749,845,000 (same period in 2015: approximately RMB4,273,075,000), representing an increase of approximately 34.6% as compared to the same period of last year. The increase was mainly attributable to the increase in cost of sales resulting from the addition of Select Service Hotels under Plateno Group. Excluding this factor, cost of sales would have increased by approximately 11.9% 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 GDL.

Gross Profit

As a result of the factors described above, the Group recorded a gross profit of approximately RMB1,603,782,000 for the Reporting Period, representing an increase of approximately RMB421,997,000 or approximately 35.7% as compared to the same period of last year.

Other Income and Gain

Other income and gain for the Reporting Period amounted to approximately RMB861,548,000 (same period in 2015: approximately RMB1,183,170,000), representing a decrease of approximately 27.2% as compared to the same period of last year. The decrease was mainly attributable to a pre-tax investment gain of approximately RMB313,929,000 on the disposal of HAC hotel management business during the Reporting Period versus a pre-tax investment gain of approximately RMB716,702,000 on transfer of equity interest in Galaxy Hotel for the same period in 2015, as well as gain of approximately RMB248,871,000 (same period in 2015: approximately RMB194,897,000) on the

disposal of 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 was approximately RMB140,685,000 (same period in 2015: approximately RMB96,467,000).

Selling and Marketing Expenses

Selling and marketing expenses comprise primarily labor costs, travel agent commissions and advertising fees, which amounted to approximately RMB442,349,000 during the Reporting Period (same period in 2015: approximately RMB289,321,000), representing an increase of approximately 52.9% as compared to the same period of last year. The increase was mainly attributable to the increase in selling and marketing expenses resulting from the addition of Select Service Hotel chains under Plateno Group. Excluding this factor, selling and marketing expenses would have increased by approximately 36.9% 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 GDL, and the increase in cost as a result of stronger advertising and promotion efforts by GDL.

Administrative Expenses

Administrative expenses for the Reporting Period was approximately RMB772,947,000 (same period in 2015: approximately RMB637,266,000), representing an increase of approximately 21.3% as compared to the same period of last year, which was mainly attributable to the increase in administrative expenses resulting from the addition of Select Service Hotel chains under Plateno Group. Excluding this factor, administrative expenses would have increased by 1.3% as compared to the same period of last year.

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. During the Reporting Period, other expenses and other losses amounted to approximately RMB52,959,000 (same period in 2015: approximately RMB113,688,000), representing a decrease of approximately RMB60,729,000 as compared to the same period of last year. The decrease was mainly attributable to the combined effect of losses from the impairment of available-for-sale financial assets amounting to approximately RMB84,614,000 for the same period of last year and other expenses and other losses in connection with newly added Select Service Hotel chain business under Plateno Group and 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 costs — net was approximately RMB283,786,000 (same period in 2015: approximately RMB202,571,000), representing an increase of approximately 40.1% as compared to the same period of last year. The increase was mainly attributable to the combined effect of loan interest expenses arising from the acquisition of Plateno Group during the Reporting Period and 2 more months of loan interest expenses in connection with the acquisition of GDL as compared to the same period of last year.

Share of Results of Joint Ventures and Associates

Operating results of joint ventures and associates mainly comprised share of results of joint ventures including IHHC, Beijing Kunlun Hotel, Jin Jiang Tomson Hotel and JHJ Transportation, 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 and China Oriental International Travel & Transport Co., Ltd. Share of results of joint ventures and associates for the Reporting Period was approximately RMB164,501,000 (same period in 2015: approximately RMB93,623,000), which was mainly attributable to the increase in the attributable operating results of Shanghai Kentucky Fried Chicken Company Limited by RMB31,884,000 and the increase in the operating results of IHHC by RMB49,306,000 as compared to the same period of last year.

Taxation

The effective tax rate for the Reporting Period was approximately 22.8% (same period in 2015: approximately 26.6%). 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 as compared to last year.

Net Profit

As a result of the factors described above, net profit for the Reporting Period attributable to shareholders of the Company decreased by approximately RMB76,388,000 or approximately 12.1% to approximately RMB552,614,000 (same period in 2015: approximately RMB629,002,000), which was mainly attributable to a decrease in return on asset operation as compared to the same period of last year.

Borrowings and Pledge of Assets

As at 30 June 2016, the borrowings included:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured	14,507,630	9,229,321
Bank borrowings — unsecured	1,860,972	2,006,014
Finance lease liabilities	177,323	178,251
	<u>16,545,925</u>	<u>11,413,586</u>
Less: current portion of long-term secured bank borrowings	(2,859,438)	(5,613)
current portion of long-term unsecured bank borrowings	(116,046)	(260,675)
current portion of long-term finance lease	(11,156)	(12,094)
	<u>13,559,285</u>	<u>11,135,204</u>
Borrowings included in current liabilities:		
Bank borrowings — secured	1,906,993	23,668
Bank borrowings — unsecured	10,581,887	4,848,039
Borrowings from related parties	250,000	100,000
Current portion of long-term secured bank borrowings	2,859,438	5,613
Current portion of long-term unsecured bank borrowings	116,046	260,675
Current portion of long-term finance lease	11,156	12,094
	<u>15,725,520</u>	<u>5,250,089</u>

As at 30 June 2016, the secured bank borrowings included:

- (a) Bank borrowings of EUR1,289,484,000, equivalent to RMB9,509,943,000 (31 December 2015: EUR1,289,305,000, equivalent to RMB9,147,876,000), which were pledged by the bank deposits RMB4,723,560,000 and the ownership of a subsidiary, and guaranteed by Jin Jiang International;
- (b) Bank borrowings of Polish Zloty (“PLN”) 48,946,000, equivalent to RMB77,687,000 (31 December 2015: PLN48,946,000, equivalent to RMB81,445,000), which were pledged by the property, plant and equipment of certain subsidiaries of GDL located in Poland;
- (c) Bank borrowings of RMB33,668,000 (31 December 2015: RMB23,668,000), which were guaranteed by a non-controlling shareholder of a subsidiary of the Group;
- (d) Bank borrowings of RMB8,000,000 (31 December 2015: nil), which were jointly guaranteed by the shareholders of a subsidiary of the Group;
- (e) Bank borrowings of RMB1,865,325,000 (31 December 2015: nil), which were pledged by the non-controlling interests of a subsidiary of the Group and guaranteed by Jin Jiang International;
- (f) Bank borrowings of RMB4,920,000,000 (31 December 2015: nil), which were pledged by the equity interest in a subsidiary of the Group.

GEARING RATIO

The Group's gearing ratio, calculated as total borrowings divided by total assets, increase from 38.8% as at 31 December 2015 to 50.6% as at 30 June 2016. The increase in gearing ratio was mainly attributable to new loans incurred in connection with the Group's acquisition of Plateno Group.

TREASURY MANAGEMENT AND INTEREST RATE RISK MANAGEMENT

Cash and cash equivalents as at 30 June 2016 and 31 December 2015 amounted to approximately RMB8,274,833,000 and RMB5,040,230,000, respectively, providing generally sufficient cash flow.

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 the Group members were fulfilled through self-operated loans and entrusted loans, resulting in lower financing costs and greater efficiency in fund application. In addition, Finance Company also leverages its expertise to provide consultation services in relation to external financing of the Group's subsidiaries, with a view to optimising external financing plans and their costs.

During the Reporting Period, the Group was not subject to the risk of significant exchange rate volatility. The Company managed risks associated with its foreign currency debt mainly through natural hedging by foreign currency assets denominated in the same currencies and the application of bank financial instruments to lock in risk exposures.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets held by the Group included 73,500,000 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), 27,885,975 shares in Pudong Development Bank Co., Ltd (600000.SH), 61,782,364 shares in Guotai Jun'an (601211.SH) and 13,031,877 shares in Shenwan Hongyuan (000166.SZ).

HUMAN RESOURCES

During the Reporting Period, the Group adjusted its human resources structure for optimising position establishment and staff allocation, further enhancing its commercialization.

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the Mobile Internet will continue to affect the development of the Group's principal business. Nevertheless, with the implementation of policies represented by the 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 seize any opportunities that might arise and address any challenges.

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 to 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. We 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 and a common economic platform. We will continue to improve asset liquidity and adjust our property portfolio to further increase our overall asset return and enterprise value. We will seek improvements in quality and efficiency based on the principle of excellence in operations. Measures in cost reduction and income enhancement will be strengthened and improved on a continued basis, while our marketing network will be expanded through multiple channels. Efforts to develop an international team will be expedited in order to build a modern human resource management regime compatible with our international business development.

SUBSEQUENT EVENTS

(1) Private placing of A shares by a subsidiary

On 8 July 2016, Jin Jiang Hotels Development received the “Reply of Approval relating to Permission for the Private Placing of Shares by Shanghai Jin Jiang International Hotels Development Company Limited” issued by the China Securities Regulatory Commission. Net proceeds from the private placing amounting to RMB4,506,283,900 were received on 27 July 2016. The private placing was duly completed with the publication of the “Report on the Issue of A Shares by way of Private Placing” by Jin Jiang Hotels Development on 5 August 2016.

(2) Changes in Directors, Supervisors and senior management and proposed amendments to the articles of association

At the Board meeting of the Company held on 27 July 2016, the Board announced the changes in certain positions of the Directors, Supervisors and senior management and proposed certain amendments to the articles of association of the Company. For details, please refer to the announcement of the Company dated 27 July 2016.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period. The Board does not expect any waiver of future dividends by any shareholder.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of its listed securities.

AUDIT COMMITTEE

The Company has established the Audit Committee, the principal duty of which is to review the financial control, risk management and internal control systems of the Company. The Audit Committee comprises three independent non-executive Directors, namely, Dr. Xu Jianxin (chairman), Mr. Ji Gang and Dr. He Jianmin.

The Audit Committee held meetings on 24 March 2016 and 26 August 2016 respectively. The consolidated financial statements for the year ended 31 December 2015 and the unaudited condensed consolidated interim financial statements as at 30 June 2016 of the Group were respectively reviewed at such meetings. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group as at 30 June 2016 and agreed with the accounting treatment adopted by the Company.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 to the Listing Rules as the Company’s code regarding Directors’ and Supervisors’ securities transactions. Every Director and Supervisor at the time of appointment was given a copy of the Model Code. The Company confirms, having made specific enquiries with all Directors and Supervisors, that during the Reporting Period, its Directors and Supervisors have complied with the requirements relating to Directors’ and Supervisors’ dealing in securities as set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AS SET OUT IN APPENDIX 14 TO THE LISTING RULES

The Board is pleased to confirm that the Group has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Reporting Period.

INTERIM REPORT

The interim report for the Reporting Period containing all information required by Appendix 16 to the Listing Rules will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinjianghotels.com.cn) in due course.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“ADR”	room revenue divided by rooms in use
“Audit Committee”	the audit committee of the Company
“Available Rooms”	number of rooms available of each hotel after deducting Permanent House Use
“Baisuicun Restaurants”	Shenzhen Baisuicun Restaurants Chain Co., Ltd. (深圳市百歲村餐飲連鎖有限公司), a limited liability company established in the PRC
“Board”	the board of Directors of the Company
“CG”	CAPITAL GATHERING LLC
“China” or “PRC”	The People’s Republic of China
“Company”	Shanghai Jin Jiang International Hotels (Group) Company Limited

“Director(s)”	the director(s) of the Company
“Finance Company”	Jin Jiang International Finance Company Limited
“Full Service Hotels”	hotels which are based on comprehensive hotel functions and facilities, and provide all rounded quality services for guests
“Galaxy Hotel”	Shanghai Galaxy Hotel Co., Ltd.
“GDL”	Groupe du Louvre, a société par actions simplifiée incorporated under the laws of France
“Group”	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to the date of incorporation of the Company, those entities and businesses which were consolidated into and operated by the Company upon its establishment
“HAC”	HOTEL ACQUISITION COMPANY, LLC
“IHHC”	INCA HOTEL HOLDINGS COMPANY LLC, a special-purpose entity established by HAC to hold all retained assets including 5 retained proprietary hotels in the United States and undertake relevant responsibilities
“IHR”	Interstate Hotels & Resorts, Inc.
“IHR Group”	IHR and its subsidiaries
“Jin Jiang Auto Service”	Shanghai Jinjiang Business and Travel Auto Service Co., Ltd.
“Jin Jiang Hotels Development”	Shanghai Jin Jiang International Hotels Development Company Limited
“Jin Jiang Inn”	Jin Jiang Inn Company Limited
“Jin Jiang International”	Jin Jiang International Holdings Company Limited
“Jin Jiang Investment”	Shanghai Jin Jiang International Industrial Investment Company Limited
“Jin Jiang Limousine”	the business limousine segment of Shanghai Jinjiang Business and Travel Auto Service Co., Ltd.
“Jin Jiang Metropolo”	Shanghai Jin Jiang Metropolo Hotel Management Company Limited
“Jin Jiang Taxi”	Jin Jiang Taxi Division of Shanghai Jinjiang Business and Travel Auto Service Co., Ltd.
“Jin Jiang Travel”	Shanghai Jin Jiang International Travel Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Occupancy Rate”	rooms in use divided by Available Rooms for a given period
“Permanent House Use”	guest rooms which have been removed from the rentable inventory for a period longer than six months
“Plateno Group”	Keystone Lodging Holdings Limited and its subsidiaries
“Reporting Period”	the period from 1 January 2016 to 30 June 2016
“RevPAR”	room revenue per Available Room
“RMB”	Renminbi, the lawful currency of the PRC

“Select Service Hotels”	hotels providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
“Star-rating” or “Star-rated”	number of star(s) conferred by the National Tourism Administration of the PRC to a hotel according to the Star-rating Standard Manual and a Star-rated hotel refers to a hotel with Star-rating conferred as mentioned above
“Star-Rating Standard Manual”	the star-rating standard for tourist hotels published by the National Tourism Administration of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“THAYER”	THI V INCA LLC under THAYER HOTEL INVESTORS V-A LP
“Total Number of Rooms”	number of available rooms per hotel
“US\$”	United States Dollars, the lawful currency of the United States
“Vienna Hotels”	Vienna Hotels Group Co., Ltd. (維也納酒店有限公司), a limited liability company established in the PRC
“Wusong Luoji Company”	Shanghai Wusong Luoji Refrigeration Company Limited

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 August 2016

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Zhang Qian, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors 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**”.*