

# Shanghai Jin Jiang International Hotels Co., Ltd. 2020 Annual Report

## Import Reminders

- I. The Board of Directors, Board of Supervisors, directors, supervisors and senior management staff of Shanghai Jin Jiang International Hotels Co., Ltd. (hereinafter referred to as "the Company") warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.
- II. On 29 March 2021, the 41<sup>st</sup> Meeting of the 9<sup>th</sup> Session of Board of Directors of the Company approved the annual report. All directors of the Company presented at the board meeting.
- III. The financial statements for the year ended 31 December 2020 were prepared in accordance with Accounting Standards for Business Enterprises. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued an audit report (De Shi Bao Shen Zi (21) No. P02095) with standard unmodified opinion for the Company.
- IV. Mr. Yu Minliang, Chairman of Board and Principal of the Company, Mr. Zhu Qian, Chief Executive Officer ("CEO"), Ms. Shen Li, the person in charge of accounting work and Ms. Wu Lin, the person-in-charge of accounting organ, hereby declare that they guarantee the factuality, accuracy and completeness of the financial statements in this report.
- V. **Plan of profit distribution or conversion of capital reserve into share capital approved by the Board**

The Company plans to distribute a cash dividend of RMB 0.58 (tax included) to every 10 shares held by all shareholders on the basis of 957,936,440 shares in total as at 31 December 2020; Dividends of Share-B will be paid in US dollars, converted by the middle market exchange rate of PBOC in the next working day after the distribution proposal is approved in the general meeting. Dividend per share will remain unchanged and the total distribution amount will be adjusted if the shares change between the day the profit distribution plan of 2020 is approved in the Board meeting and the date of record implementing the equity distribution. In 2020, the Company had no plan for conversion of capital reserve into share capital.

The plan of profit distribution shall be submitted to the Company's Shareholders' General Meeting for review.

**VI. Statement regarding risks concerning forward-looking statements**

Applicable      Not Applicable

Any forward-looking statement such as those involving any future plan and development strategy in this report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible investment risks.

**VII. Did the controlling shareholder or its related parties occupy the Company's capital for non-operating purposes?**

No

**VIII. Did the Company provide guarantees for external parties in violation of the prescribed decision-making procedure?**

No

**IX. Were over 1/2 of directors not able to ensure the factuality, accuracy and completeness of the annual report disclosed by the Company?**

No

**X. Reminder of significant risks**

The industry risk and market risk have been elaborated in the Report. Please review the content on Management Discussion and Analysis.

**XI. Others**

Applicable      Not Applicable

The annual report is printed in Chinese and English. If there is any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

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Attached: Financial Statements and Auditor's Report

## Section I Explanation

### I. Explanation

The items in the left column refer to the explanations in the right column unless as otherwise specified.

Commonly used words		
Company/ the Company/ Jin Jiang Hotels	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. (renamed upon registration at Shanghai Municipal Administration for Market Regulation on 19 August 2019), formerly named as Shanghai Jin Jiang International Hotels Development Co., Ltd.
Jin Jiang Capital	Refers to	Shanghai Jin Jiang Capital Company Limited (renamed upon registration at Shanghai Municipal Administration for Market Regulation on 15 July 2019), formerly named as Shanghai Jin Jiang International Hotels (Group) Co., Ltd.
Jin Jiang International	Refers to	Jin Jiang International (Holdings) Co., Ltd., the actual holding company of Jin Jiang Hotels and Jin Jiang Capital
Louvre Asia	Refers to	Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.
Jin Jiang Metropolo	Refers to	Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd.
Jin Jiang Inn	Refers to	Jin Jiang Inn Co., Ltd.
Hotels Investment	Refers to	Shanghai Jin Jiang International Hotels Investment Co., Ltd.
Goldmet Inn	Refers to	Shanxi Goldmet Inn Management Co., Ltd.
Smart Hotel	Refers to	Smart Hotel Management Co., Ltd.
Jin Lu Investment	Refers to	Shanghai Jin Lu Investment Management Co., Ltd.
Sailing Investment	Refers to	Sailing Investment Co. SARL, registered in Luxembourg
Group de Louvre, GDL	Refers to	Group du Louvre, registered in France
Louvre Hotels Group, LHG	Refers to	Louvre Hotels Group, registered in France
Plateno Group	Refers to	Keystone Lodging Holdings Limited and its subsidiaries
Vienna Hotel	Refers to	Vienna Hotel Co., Ltd.
Da Hua Hotel	Refers to	Shanghai Jin Jiang Da Hua Hotel Co., Ltd.
Minhang Hotel	Refers to	Shanghai Minhang Hotel Co., Ltd.
Jin Pan Hotel	Refers to	Shanghai Jin Pan Hotel Co., Ltd.
East Asia Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. East Asia Hotel
Nan Jing Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Nan Jing Hotel
Metropolo Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Metropole Hotel
New Asia Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. New Asia Hotel
Huating Guest House	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Huating Guest House
Magnotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Magnotel Hotel
Qing Nianhui Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Qing Nianhui Hotel
Jiaozhou Hotel	Refers to	Shanghai Food Group Hotel Management Co., Ltd. Jiaozhou Resort Hotel
Xi'an Jin Jiang Inn	Refers to	Xi'an Jin Jiang Inn Co., Ltd.
Zhengzhou Jin Jiang Inn	Refers to	Zhengzhou Jin Jiang Inn Co., Ltd.
Tianjin Hedongqu Jin Jiang Inn	Refers to	Tianjin Hedongqu Jin Jiang Inn Investment Co., Ltd.
Ningbo Jinbo Hotel	Refers to	Ningbo Jinbo Hotel Co., Ltd.
Dishuihu Jin Jiang Inn	Refers to	Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.
Tianjin Hu Jin Investment	Refers to	Tianjin Hu Jin Investment and Management Co., Ltd.
Shenyang Songhuajiang Jin Jiang Inn	Refers to	Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.
Changchun Jinlv Investment	Refers to	Changchun Jinlv Investment and Management Co., Ltd.
Tianjin Jin Jiang Inn	Refers to	Tianjin Jin Jiang Inn Co., Ltd.

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Commonly used words		
Zhenjiang Jingkou Jin Jiang Inn	Refers to	Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.
Catering Investment	Refers to	Shanghai Jin Jiang International Catering Investment Co., Ltd.
New Asia Food	Refers to	Shanghai New Asia Food Co., Ltd.
Jin Jiang Food	Refers to	Shanghai Jin Jiang International Food & Catering Management Co., Ltd.
Jinzhong Catering	Refers to	Shanghai Jinzhong Catering Management Co., Ltd.
Jinya Catering	Refers to	Shanghai Jinya Catering Management Co., Ltd.
Jin Jiang Tung Lok	Refers to	Shanghai Jin Jiang Tung Lok Catering Management Inc.
Shanghai Yoshinoya	Refers to	Shanghai Yoshinoya Co., Ltd.
Shanghai KFC	Refers to	Shanghai Kentucky Fried Chicken Co., Ltd.
New Asia Fulihua	Refers to	Shanghai New Asia Fulihua Catering Co., Ltd.
Hangzhou KFC	Refers to	Hangzhou Kentucky Fried Chicken Co., Ltd.
Wuxi KFC	Refers to	Wuxi Kentucky Fried Chicken Co., Ltd.
Suzhou KFC	Refers to	Suzhou Kentucky Fried Chicken Co., Ltd.
Jing An Bakery	Refers to	Shanghai Jing An Bakery Co., Ltd.
Baisuicun Catering	Refers to	Shenzhen Baisuicun Catering Co., Ltd.
WeHotel	Refers to	Shanghai WeHotel Network Technology Co., Ltd.
Jin Jiang E-Commerce	Refers to	Shanghai Jin Jiang International E-Commerce Co., Ltd.
Sarovar	Refers to	Sarovar Hotels Private Limited
Finance Company	Refers to	Jin Jiang International Finance Co., Ltd.
Bank of Beijing	Refers to	Bank of Beijing Co., Ltd.
Agricultural Bank of China	Refers to	Agricultural Bank of China Limited
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
SEHK	Refers to	The Stock Exchange of Hong Kong Ltd.
Shanghai SASAC	Refers to	Shanghai State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government
Company Law	Refers to	The Company Law of The People's Republic of China
Securities Law	Refers to	The Securities Law of The People's Republic of China
Occupancy rate	Refers to	Actual occupied rooms/total available guest rooms ×100%, %
Average price	Refers to	Total income from guest rooms /actual occupied rooms, Yuan/room
RevPAR	Refers to	Daily average income from guest rooms per room available for occupy, average income from guest rooms =average room price × average occupancy rate, Yuan/room
EBITDA	Refers to	Earnings Before Interest, Taxes, Depreciation and Amortization
Articles of Association of the Company	Refers to	Articles of Association of Shanghai Jin Jiang International Hotels Co., Ltd.
Reporting period, the current period, end of the reporting period, end of the current period	Refers to	1 January 2020 to 31 December 2020, 31 December 2020
Same period of prior year, prior period, end of the prior year	Refers to	1 January 2019 to 31 December 2019, 31 December 2019
RMB, RMB 0'000	Refers to	RMB Yuan, RMB Ten Thousand Yuan

## Section II Company Profile and Financial Indicator Highlights

### I. Information of the Company

Chinese name of the Company	上海锦江国际酒店股份有限公司
Abbreviation of the Chinese name of the Company	锦江酒店
English name of the Company	Shanghai Jin Jiang International Hotels Co., Ltd.
Abbreviation of the English name of the Company	JIN JIANG HOTELS
Legal representative of the Company	Yu Minliang

### II. Contact us

	Board Secretary	Securities Affairs Representative
Name	Ms. Hu Min	Ms. Yang Jie
Contact address	25th Floor, No.100 Yan'an Road East, Shanghai	25th Floor, No.100 Yan'an Road East, Shanghai
Telephone:	86-21-63217132	86-21-63217132
Fax:	86-21-63217720	86-21-63217720
E-mail:	<a href="mailto:JJIR@jinjianghotels.com">JJIR@jinjianghotels.com</a>	<a href="mailto:JJIR@jinjianghotels.com">JJIR@jinjianghotels.com</a>

### III. Basic introduction

Registered address	4th Floor, No.889, South Yang Gao Road, China (Shanghai) Pilot Free Trade Zone (Region B)
Zip code of the registered address	200127
Business address	25th Floor, No.100 Yan'an Road East, Shanghai
Zip code of business address	200002
Internet website address	<a href="http://www.jinjianghotels.sh.cn">http://www.jinjianghotels.sh.cn</a>
E-mail	<a href="mailto:JJIR@jinjianghotels.com">JJIR@jinjianghotels.com</a>

### IV. Information disclosure and where this report is placed

Name of newspapers for information disclosure	Shanghai Securities News, Ta Kung Pao (HK)
Internet website address designated by the CSRC for the publication of the annual report	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Where this report is placed	Secretarial Office to the Company's Board of Directors

**V. Basic information about the stock of the Company**

Basic information about the stock of the Company				
Stock variety	Stock exchange	Abbreviation	Stock code	Abbreviation before changing
A share	Shanghai Stock Exchange	Jin Jiang Hotels	600754	Jin Jiang Shares /New Asia Shares
B share	Shanghai Stock Exchange	Jin Jiang B-Share	900934	New Asia B Shares

**VI. Other related information**

CPAs firm engaged by the Company (domestic)	Name	Deloitte Touche Tohmatsu CPA LLP
	Address	30th Floor, Bund Center No.222 Yan'an Road East, Shanghai
	Name of auditor	Mr. Chen Yan, Ms. Liu Ying

**VII. Accounting and financial indicator highlights for the recent three years**

**(I) Accounting highlights**

Unit: RMB

Accounting highlights	2020	2019	Year-on-year changes (%)	2018
Operating income	9,897,556,264.41	15,099,024,459.57	-34.45	14,697,420,033.67
Operating income, net of that irrelevant to principal operations and not having a commercial substance	9,897,441,220.97	15,098,849,618.51	-34.45	14,696,750,505.09
Net profit attributable to shareholders of the Company	110,210,911.66	1,092,499,077.90	-89.91	1,082,460,074.86
Net profit attributable to shareholders of the Company, net of non-recurring profit or loss	-669,709,106.77	892,325,019.73	-175.05	739,346,531.29
Net cash flows from operating activities	151,636,179.57	2,637,918,098.67	-94.25	3,515,211,065.53
	End of 2020	End of 2019	Year-on-year changes (%)	End of 2018
Net assets attributable to shareholders of the Company	12,709,518,765.44	13,255,122,012.84	-4.12	12,621,560,058.91
Total assets	38,636,562,063.46	38,874,271,205.78	-0.61	40,132,501,034.56

**VII. Accounting and financial indicator highlights for the recent three years - continued**

**(II) Financial indicator highlights**

Financial indicator highlights	2020	2019	Year-on-year changes (%)	2018
Basic EPS (RMB /share)	0.1151	1.1405	-89.91	1.1300
Diluted EPS (RMB /share)	N/A	N/A	N/A	N/A
Basic EPS, net of non-recurring profit or loss (RMB /share)	-0.6991	0.9315	-175.05	0.7718
Weighted average ROE (%)	0.85	8.35	Decreased by 7.50%	8.60
Weighted average ROE, net of non-recurring profit or loss (%)	-5.19	6.82	Decreased by 12.01%	5.88

Description of accounting and financial indicator highlights of the Company for the recent three years at the end of the reporting period

Applicable    Not Applicable

**Exchange rate**

	31 December 2020	31 December 2019
1 USD to RMB	6.5249	6.9762
1 EUR to RMB	8.0250	7.8155
1 HKD to RMB	0.84164	0.89578

Note: The exchange rate refers to the central parity rate of RMB in inter-bank foreign exchange market announced by China Foreign Exchange Trade System under the authorization of PBOC.

**VIII. Accounting data variance based on domestic and international accounting standards**

**(I) Difference of net profit and net assets attributable to shareholders in the financial report disclosed under IAS and CAS**

Applicable    Not Applicable

**(II) Difference of net profit and net assets attributable to shareholders of the Company in the financial report disclosed under FAS and CAS**

Applicable    Not Applicable

**(III) Description of difference between FAS and CAS**

Applicable    Not Applicable

**IX. Financial data highlights by quarters in 2020**

Unit: RMB

	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sept)	Q4 (Oct-Dec)
Operating income	2,189,016,422.49	1,900,956,706.23	2,912,273,499.84	2,895,309,635.85
Net profit attributable to shareholders of the Company	170,555,962.21	114,745,744.92	15,574,423.29	-190,665,218.76
Net profit attributable to shareholders of the Company, net of non-recurring profit or loss	-93,630,143.22	-284,856,087.84	-26,357,164.79	-264,865,710.92
Net cash flows from operating activities	-1,350,010,317.53	-9,075,898.75	772,206,535.37	738,515,860.48

Description on difference between the quarter data and disclosed regular reporting data

Applicable    Not Applicable

**X. Items and amounts of non-recurring profit or loss**

√Applicable    □Not Applicable

Unit: RMB

Item	2020	Notes (if applicable)	2019	2018
Profit or loss on disposal of non-current assets	-32,270,059.69		68,769,037.40	54,830,801.29
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	448,263,379.85	Receipts of government grants	90,823,667.03	59,217,079.50
Income earned from lending funds to non-financial institutions and recognized in profit or loss	222,677.80			
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	80,694,520.48	Profit on changes in the fair value of held-for-trading financial assets and other non-current financial assets	119,837,327.79	280,054,805.10
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations			-3,890,905.71	56,611,966.36
Other non-operating income or expenses other than the above	27,270,736.54		-6,112,025.35	9,524,469.38
Other profit or loss that meets the definition of non-recurring profit or loss	-253,846,679.02	Depreciation expenses, amortization expenses and rents from the hotels that were closed down due to the COVID-19		
Gains or losses on disposal of subsidiaries	590,625,768.70	Investment income from transfer of equity in subsidiaries		7,867,224.89
Effects attributable to minority interests	-9,852,369.74		-7,935,029.84	-26,434,414.33
Income tax effects	-71,187,956.49		-61,318,013.15	-98,558,388.62
Total	779,920,018.43		200,174,058.17	343,113,543.57

**XI. Items measured at fair value**

Applicable    Not Applicable

Unit: RMB

Item	Opening balance	Closing balance	Changes in the reporting period	Impact on profit for the current period
Held-for-trading financial assets	251,624,000.00	254,237,956.80	2,613,956.80	-23,700,500.00
Investment in other equity instruments	53,440,521.68	47,175,565.45	-6,264,956.23	2,921,322.39
Other non-current financial assets	1,198,992,661.09	452,100,000.00	-746,892,661.09	154,332,435.48
Derivative financial liabilities	939,766.98	0.00	-939,766.98	0.00
Long-term payables	101,932,939.57	6,576,026.22	-95,356,913.35	-762.51
Non-current liabilities due within one year	0.00	33,116,083.04	33,116,083.04	55,197,913.70
Total	1,606,929,889.32	793,205,631.51	-813,724,257.81	188,750,409.06

**XII. Others**

Applicable    Not Applicable

## Section III General Information of Company Business

### I. General information of Company's principal activities, operating model and industry conditions during the reporting period

During the reporting period, the Company is mainly engaged in "limited service-oriented hotel operations and management business" and "food and catering business."

Limited service hotel refers to the hotel which is suitable for the mass consumption, highlights the core products of lodging, and provides basic professional service to guests. From the hotel's functional settings, limited service hotels differ from full service hotels in equipment configuration, organizational structure, hotel services and other aspects. The Company's existing limited service-oriented hotel operation and management business include the investment in and management of limited service business hotels and budget hotels. Its business model is mainly divided into "direct operation" and "franchise operation". Direct operation refers to the utilizing of the Company's specific brands to operate the hotel independently through its own or leased property, the income is mainly from rooms and catering, and the Company enjoys or bears the operating profit or loss. Franchise operation is mainly divided into "franchising" and "entrusted management". Franchising refers to the Company's franchising its own brand, registered trademarks, operating methods, operating procedures and other operating resources to hotels within an agreed period by signing of franchising contracts with hotel owners, and charges franchising fees from the franchised hotels. Entrusted management refers to that the Company outputs its management model, service specifications, quality standards and management personnel to the entrusted hotels by signing of management contracts with hotel owners, and charges management fees from the entrusted hotels.

The Company's existing food and catering business includes the investment in and management of restaurants. Business model is mainly divided into "direct operation" and "franchise operation". Direct operation refers to the utilizing of the Company's specific brands to operate the restaurant independently by property leased, the income is mainly from catering, and the Company enjoys or bears the operating profit or loss. Franchise operation is mainly divided into "franchising" and "entrusted management". Franchising refers to the Company's franchising its own brand, registered trademarks, operating methods, operating procedures and other operating resources to restaurants within an agreed period by signing of franchising contracts with restaurant owners, and charges franchising fees from the franchised restaurants. Entrusted management refers to that the Company outputs its management model, service specifications, quality standards and management personnel to the entrusted restaurants by signing of management contracts with restaurant owners, and charges management fees from the entrusted restaurants. "KFC" and "Yoshinoya" under joint ventures of the Company are engaged in franchising of related brands in the form of joint ventures.

According to *Results of Industry Classification of Listed Companies in the Fourth Quarter of 2020* of the China Securities Regulatory Commission, the Company belongs to H61 hotel industry in H category accommodation and catering industry of listed companies. The hotel industry, also known hospitality industry, refers to providing short-term residential activities for travelers. Some units only provide accommodation, and some units provide accommodation, catering, business, and

entertainment services. This category does not include activities in which rooms are rented out primarily on a monthly or annual basis. According to the *National Economy Industry Classification* (GB/T4754-2017) issued by the National Bureau of Statistics, the Company is in the industry of "Tourist Hotel "(Industry code: H6110).

Hotel industry is closely related to the tourism industry and business activities, mainly for the tourism market, business activities, conference organizers and the conference exhibition industry and other market consumers. Tourism has become the most dynamic and potential emerging industry in China's tertiary industry, and the position of tourism in the national economy has been constantly consolidated and improved.

## **II. Explanation on significant changes in major assets of the Company during reporting period**

Applicable    Not Applicable

## **III. Analysis of core-competitiveness**

Applicable    Not Applicable

With over 20 years' efforts, the Company has been forming and improving its core-competitiveness actively. In accordance with the overall goals of development strategy, the Company will make further efforts to enhance its advantages in management, brand, network and talent, and consolidate its market leadership in related industries such as limited service hotels.

During the reporting period, the Company has made the following major measures in strengthening, optimizing and increasing its core competitiveness, and has achieved corresponding achievements:

The Company follows the "13th Five-Year Plan" strategic plan, continuously promote organizational innovation, product innovation and brand innovation, co-ordinate and implement the integration of the global hotel industry and accelerate the integration of the China region, focuses on improving brand, quality, and efficiency, and promotes high-quality development in accordance with the principle of "genetically unchanged, background integration, complementary advantages, and common development".

Up to 31 December 2020, the total number of active corporate members reached 158.64 million.

At the 20th China Hotel Golden Horse Awards Ceremony in 2020, the China Hotel Golden Horse Awards review committee awarded "James Joyce Coffetel" brand the title of "Leading Brand for Best Boutique Hotel of China" and "2020 Advanced Anti-Pandemic Unit in the Cultural Tourism Industry"; and awarded "Xana" brand the title of "Most Preferred Chinese National Hotel Brand for Customers".

At the 2020 Asia Hotel and Travel Forum and the 15th China Hotel Starlight Awards, Jin Jiang Hotels China Region was awarded the title of "Outstanding Influential Hotel Group of China"; "Metropolo" brand was awarded the title of "Outstanding Culture-themed Hotel Brand of China"; "Magnolia" brand was awarded the title of "Outstanding Preferred Service Hotel Brand of China";

"James Joyce Coffetel" brand was awarded the title of "Customers' Choice for Chinese Business Hotel Chain"; "Xana" brand was awarded the title of "Outstanding Invest-Worthy Hotel Brand of China"; "Hampton" brand was awarded the title of "Outstanding Invest-worthy International Hotel Brand of China"; "ZMAX" brand and "Vienna Hotel" brand were awarded the title of "Outstanding Rising Star Hotel Brand of China"; "ZMAX" was awarded the title of "Outstanding Green Initiative Hotel Brand of China"; "Kyriad Marvelous" brand was awarded the title of "Outstanding Business Hotel Brand of China"; "Radisson RED" brand was awarded the title of "Extraordinary Upscale Lifestyle International Hotel Brand of China"; and "Vienna International" brand was awarded the title of "Outstanding Mid-scale Hotel Brand of China".

At the Meadin Brand Index (MBI) Award Ceremony, "Golden Tulip" brand was awarded the title of "The Golden Helmsman Award of the Influence Brand for Full-Service Midscale Hotels, 2019"; "Metropolo" brand, "Magnolia" brand, "LAVANDE" brand and "Vienna Hotel" brand were awarded the title of "The Golden Helmsman Award of the Influence Brand for Limited-Service Midscale Hotels, 2019"; "Metropolo" brand, "Campanile" brand, "Magnolia" brand and "ZMAX" brand were awarded the title of "The Golden Helmsman Award of the Investment Value Brand for Limited-Service Midscale Hotels, 2019"; "Jin Jiang Inn" brand, "7 Days" brand and "IU" brand were awarded the title of "The Golden Helmsman Award of the Influence Brand of Budget Hotel, 2019"; and "ZMAX" was awarded the title of "The Golden Helmsman Award of the Business Value Brand for Limited-Service Midscale Hotels, 2019".

2019-2020 China Hospitality Golden Ray Award awarded Jin Jiang Hotels China Region the title of "Outstanding Local Hotel Group of China"; awarded "Metropolo" brand the title of "Outstanding Cultural Tourism Brand of China"; awarded "Golden Tulip" brand, "Magnolia" brand and "Kyriad Marvelous" brand the title of "Outstanding Hotel Brand of China"; awarded "O.LIVE Social" brand the title of "Invest-potential Hotel Brand of China of the Year"; awarded "Park Inn by Radisson" brand and "Vienna 3 Best" brand the title of "Invest-worthy Hotel Brand of China of the Year"; and awarded "Vienna Hotel" brand the title of "Outstanding Influential Hotel Brand of China"; 2020 Chinese Hotel Brand Summit Forum and the 4th Hotel Awards in 2020 awarded Jin Jiang Hotels China Region the title of "2020 Invest-worthy Hotel Group"; awarded "Metropolo" brand the titles of "2020 Invest-potential Upscale and Midscale Hotel of China" and "2020 Outstanding Anti-Pandemic Hotel of China"; awarded "Magnolia" brand and "7 Days" brand the title of "2020 Valuable Investment Hotel Brand of China Hotel Industry"; awarded "Xana" brand the title of "2020 Development Size Hotel of China"; awarded "Ginco" brand the title of "2020 Influential Upscale Hotel Brand of China"; awarded "IU" brand the title of "2020 Innovative Lifestyle Hotel Brand of China"; and awarded "Vienna Hotel" brand the title of "Influential Hotel of China Hotel Industry of the Year"; 17<sup>th</sup> Golden-Pillow Award of China Hotels in 2020 of 21<sup>st</sup> Century Business Herald awarded Jin Jiang Hotels China Region the title of "2020 China's Most Investment-worthy Management Company"; awarded "Magnolia" brand the title of "2020 Preferred Service Midscale Hotel Brand"; awarded "Park Plaza" brand the title of "2020 Outstanding Business Design Hotel Brand of China"; awarded "LAVANDE" brand the title of "2020 Investors-preferred Midscale Hotel Brand"; awarded "Vienna Hotel" brand the title of "2020 Outstanding Influential Business Hotel Brand"; 2020 Travel Daily Conference awarded Jin Jiang Hotels China Region the title of "2020 Anti-Pandemic Outstanding Contribution Award of China Travel Industry";

The 9th China Hospitality Culture Festival and National Revitalization Conference of China Hospitality Industry awarded "7 Days" brand the title of "2020 China Chain Hotel Budget Brand Size TOP3"; awarded "James Joyce Coffetel" brand the title of "2020 China Chain Hotel Budget Brand Size TOP10"; awarded "Chonpines" brand the title of "2020 China Chain Hotel Mid-priced Brand Size TOP20"; awarded "IU" brand the title of "2020 China Chain Hotel Budget Brand Size TOP30"; the 12th Continental Diamond Award in 2020 awarded "Metropolo" brand the titles of "Brand Hotel Development and Investment Worthy Award of the Year" and "Original Design Brand Hotel of the Year"; awarded "LAVANDE" brand the title of "Brand Hotel Development and Investment Worthy Award of the Year"; the 8th Global (China) Cultural Tourism Investment Forum and the 8th Global (China) Cultural Tourism Gold Award Ceremony awarded "Kyriad Marvelous" brand the title of "Global (China) Outstanding City Business Travel Hotel "; awarded "Xana" brand the title of "Global (China) Outstanding Boutique Hotel Brand"; awarded "Vienna Hotel" brand the title of "Global (China) Mid-scale Hotel Brand"; the 15th Asia Brand Ceremony awarded "Vienna Hotel" brand the title of "2020 TOP10 Credible Brands of Asia (Industry)"; the 4th CTCAS Summit and "Dragon Sparrow Award" Ceremony in 2019 awarded "Campanile" brand the title of "2019 Best Cultural Travel Investment Hotel Brand"; 2020 Trip.com Travel Industry Award awarded "Jin Jiang Inn" brand, "Kyriad Marvelous" brand, "LAVANDE" brand and "7 Days" brand the title of "2020 Outstanding Hotel Brand"; the 12th Golden Eagle Award of China Hotel Industry awarded "James Joyce Coffetel" brand the title of "Space Operating Results Benchmark Brand of the Year"; the 9th China Finance Summit awarded "Xana" brand the title of "2020 Industry Influential Brand"; Ocean Engine awarded Jin Jiang Hotels China Region the title of "2020 City Innovative Hotel Group"; Pinchain China Accommodation Award awarded "LAVANDE" brand the title of "Featured Accommodation Marketing Cases"; Premium Travel Award awarded "LAVANDE" brand the title of "Selected Creative Marketing Hotel Brand of the Year"; "Hampton" brand was ranked in the "TOP5 of the 2020 Global Most Valuable Hotel Brand List "; hotel.hc360.com in 2020 awarded "Hampton" brand the title of "Most Influential Hotel Brand"; 2020 Global Hotel Carnival Summit Forum and Award Ceremony awarded "ZMAX HOTELS" brand the title of "Outstanding Lifestyle Hotel Brand of the Year"; IQF 2020 International Quality Festival awarded "ZMAX" brand the title of "2020 Artisan Quality Award—Outstanding Enterprise Award".

Jin Jiang Hotels received the "Investor Relations Medal for Listed Companies of the Year" at the "2020 Golden Medal Award" sponsored by Jiemian News of Shanghai Newspaper Group and was ranked in the list of the "Best Listed Companies of New Fortune"; China Tourist Hotel Association awarded Jin Jiang Hotels the title of "2019 Hotel Group of China TOP60"; Sina Caijing awarded Jin Jiang Hotels the "2020 Chinese Enterprise ESG 'Golden Responsibility Award' – Best Corporate Governance (G) Responsibility Award"; CaiLian Press awarded Jin Jiang Hotels the "Best Corporate Governance Case Award"; and Jin Jiang Hotels was awarded the "Corporate Governance Award" in the 2020 "Golden Quality" Award for Listed Companies held by Shanghai Securities News.

## **Section IV Operation Discussion and Analysis**

### **I. Operation Discussion and Analysis**

In 2020, in the face of a complex external environment, under the backdrop where multiple variables played out in the global economy, the Company unswervingly implemented the development strategy of "further development in China, global layout and transnational operations", adhering to the principle of seeking progress in a stable manner and making every effort to improve quality and increase efficiency. The sudden COVID-19 Pandemic at the beginning of the year had a certain impact on the hotel industry's operations, but the various favorable policies issued by the Central Party and local governments continued to open the way for the resumption of production in various industries and also injected fresh blood into the recovery of the domestic economy. At the same time, the Company has actively implemented reform and integration measures based on global strategic height, accelerated the integration of the China region, focused on improving brand, quality and efficiency, and promoted the achievement of high-quality development.

In 2020, the Company realized consolidated operating income of RMB 9,897.56 million, with a year-on-year decrease of 34.45%; realized operating profit of RMB 277.67 million, with a year-on-year decrease of 84.25%; realized net profit attributable to shareholders of listed company amounting to RMB 110.21 million, with a year-on-year decrease of 89.91%; realized net profit attributable to shareholders of listed company net of non-recurring profit or loss amounting to RMB -669.71 million, with a year-on-year decrease of 175.05%.

At 31 December 2020, the Company had total assets of RMB 38,636.56 million, a decrease of 0.61% comparing to that at prior year end; total liabilities of RMB 24,930.54 million, an increase of 1.68% comparing to that at prior year end; net assets attributable to shareholders of listed company amounting to RMB 12,709.52 million, a decrease of 4.12% comparing to that at prior year end.

In 2020, the Company realized net cash flow from operating activities amounting to RMB 151.64 million, a year-on-year decrease of 94.25%.

During the reporting period, the Company's consolidated operating income, net profit attributable to shareholders of listed company and net cash flow from operating activities decreased comparing with that for the same period of prior year; total assets and net asset attributable to shareholders of listed company decreased comparing with that at the prior year end; all of the above were affected by the COVID-19 Pandemic.

## Limited Service Hotel Business

### 1. Overview of global hotel business development

In 2020, the limited service hotel business realized the consolidated operating income of RMB 9,648.40 million, a year-on-year decrease of 35.01%; realized operating profit of RMB 377.82 million, a year-on-year decrease of 80.37%; realized net profit attributable to the limited service hotel business amounting to RMB 36.27 million, a year-on-year decrease of 96.51%.

It realized domestic operating income of RMB 7,811.34 million, a year-on-year decrease of 27.33%; realized overseas operating income of RMB 1,837.06 million, a year-on-year decrease of 55.16%. The domestic operating income accounts for 80.96% of the total revenue of hotel business, while the overseas operating income accounts for 19.04% of the total revenue of hotel business.

The consolidated operating income includes upfront franchise service fee of RMB 740.07 million, a year-on-year decrease of 17.98%, and recurring and labor dispatching service fee of RMB 2,822.95 million, a year-on-year decrease of 17.16%.

In 2020, the Group newly opened 1,842 hotels, exited from 323 previously operated hotels, and transferred 627 hotels from opening to preparation, with a net increase of 892 new hotels. Therein, the number of directly operated hotels decreased by 55, while the number of franchise hotels increased by 947. As of 31 December 2020, 9,406 hotels with 919,496 rooms in total have been opened for business.

As of 31 December 2020, the limited service chain hotels that have been opened for business are as follows:

	Number of hotels opened		Number of rooms opened	
	Number of hotels	Proportion (%)	Number of rooms	Proportion (%)
Mid-priced hotel	4,422	47.01	512,489	55.74
Budget hotel	4,984	52.99	407,007	44.26
<b>Total number of hotels</b>	<b>9,406</b>	<b>100.00</b>	<b>919,496</b>	<b>100.00</b>
Including: Directly operated hotels	934	9.93	105,577	11.48
Franchise hotels	8,472	90.07	813,919	88.52

As of 31 December 2020, the number of contracted hotels reached 14,458, and the number of contracted rooms was 1,430,516 in total.

As of 31 December 2020, the Company's contracted limited service chain hotels were located in 31 provinces in mainland China, 333 prefecture-level cities in autonomous regions and municipalities and counties and cities directly under the jurisdiction of the province, and 65 countries or regions outside mainland China.

## **2. Operation of limited service chain hotels by region**

### **(1) Operation in mainland China**

In the face of the sudden outbreak of the COVID-19 pandemic at the beginning of 2020, the Company activated emergency response mechanism, set up a leadership team, urgently raised goods for the prevention and control of the pandemic and sent such goods to chain hotels in Wuhan and other regions across the country, and launched guarantee policies including room cancellation for free at the first time and worked out procedures in relation to the prevention and control of the pandemic. With the continuous escalation of pandemic prevention and control in many places across the country, the Company has coordinated its hotel resources to provide qualified hotels throughout the country for medical workers to stay and rest, arranged "Rooms for Isolation at Ease" and initiated "Worry-free Check-in for Resumption of Work" to facilitate entity users' remote work during isolation, when production and work is resumed; the Company adjusted its marketing strategies and innovated the marketing pattern in a timely manner based on changes in the market. The Company introduced support measures such as reducing franchisees' recurring franchise fees and "double low-cost funding" for new franchise hotels to effectively help franchisees minimize the adverse effects brought by the pandemic. In the second half of the year, operation of domestic hotels subordinate to the Company has been gradually recovered and improved as the domestic hotel market embraced continuous recovery due to the effective prevention and control of the pandemic and.

In 2020, for limited service chain hotel business in Mainland China, the Company realized consolidated operating income of RMB 7,811.34 million, a year-on-year decrease of 27.33%; realized net profit attributable to owners of the Company amounting to RMB 869.57 million, a year-on-year increase of 4.01%; realized net profit deducting non-recurring profit or loss attributable to the Company amounting to RMB -47.71 million, a year-on-year decrease of 113.97%; The consolidated operating income includes upfront service fee of RMB 727.57 million, a year-on-year decrease of 19.03%, and recurring franchise fee and income from labor dispatch services of RMB 2,418.38 million, a year-on-year decrease of 8.19%.

The table below presents the number of the Company's hotels and rooms for limited service in Mainland China as of 31 December 2020:

Provinces (autonomous regions or municipalities)	Number of cities	Operated Hotels				Contracted Hotels			
		Directly-managed		Franchise		Directly-managed		Franchise	
		Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms
Beijing	1	35	4,688	321	29,313	35	4,688	516	49,139
Tianjin	1	10	1,388	157	14,137	10	1,388	280	25,317
Hebei	12	5	674	364	27,912	5	674	644	52,225
Shanxi	11	21	2,669	143	11,496	21	2,669	252	21,437
Inner Mongolia	12	1	123	90	8,999	1	123	170	16,783
Liaoning	14	23	3,012	156	14,279	23	3,012	242	22,589
Jilin	9	11	1,430	61	6,135	11	1,430	118	12,123
Heilongjiang	10	8	821	88	7,965	8	821	132	12,003
Shanghai	1	59	8,312	214	26,259	63	8,834	288	33,570
Jiangsu	13	51	6,300	609	59,223	55	6,688	910	87,801
Zhejiang	11	28	3,961	238	26,296	28	3,961	338	36,870
Anhui	16	9	1,194	227	21,399	9	1,194	392	37,038
Fujian	9	14	1,803	119	12,424	15	1,917	205	22,105
Jiangxi	11	22	2,487	277	27,191	22	2,487	506	50,422
Shandong	17	13	1,577	533	46,269	13	1,577	958	85,133
Henan	17	7	1,081	282	25,257	8	1,160	523	49,383
Hubei	14	38	4,607	306	28,834	38	4,607	534	51,872
Hunan	14	40	4,177	345	38,016	42	4,428	587	65,541
Guangdong	21	123	17,788	1,268	142,922	124	17,893	1,945	216,678
Guangxi	14	13	1,981	217	26,920	13	1,981	369	44,357
Hainan	4	7	865	67	7,769	7	865	110	12,975
Chongqing	1	11	1,324	198	16,267	11	1,324	281	24,176
Sichuan	21	34	4,010	339	29,045	35	4,078	590	53,308
Guizhou	9	16	1,616	210	19,956	16	1,616	363	36,627
Yunnan	16	8	759	122	12,271	9	965	225	23,421
Tibet	5	2	214	25	2,598	2	214	46	4,957
Shaanxi	10	17	1,959	224	21,016	17	1,959	373	35,418
Gansu	14	5	469	96	7,948	5	469	176	15,392
Qinghai	6	3	193	64	5,486	4	266	98	8,885
Ningxia	5	2	318	37	3,003	2	318	70	6,726
Xinjiang	14	5	574	100	8,410	6	701	213	20,185
<b>Total</b>	<b>333</b>	<b>641</b>	<b>82,374</b>	<b>7,497</b>	<b>735,015</b>	<b>658</b>	<b>84,307</b>	<b>12,454</b>	<b>1,234,456</b>

The following table sets out the RevPAR of mid-priced hotels and budget hotels in Mainland China from January to December 2020:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	January to December 2020	January to December 2019	January to December 2020	January to December 2019	January to December 2020	January to December 2019	Year-on-year change (%)
Mid-priced hotel	233.22	260.07	66.45	77.94	154.97	202.70	-23.55
Budget hotel	140.54	160.42	53.61	71.63	75.34	114.91	-34.44
<b>Average</b>	<b>196.47</b>	<b>210.58</b>	<b>60.69</b>	<b>74.68</b>	<b>119.24</b>	<b>157.26</b>	<b>-24.18</b>

The following table sets out the RevPAR of mid-priced hotels and budget hotels in Mainland China from October to December 2020:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	October to December 2020	October to December 2019	October to December 2020	October to December 2019	October to December 2020	October to December 2019	Year-on-year change (%)
Mid-priced hotel	243.76	256.23	77.66	77.17	189.30	197.73	-4.26
Budget hotel	147.49	157.33	66.31	69.31	97.80	109.05	-10.32
<b>Average</b>	<b>206.92</b>	<b>211.30</b>	<b>72.88</b>	<b>73.39</b>	<b>150.80</b>	<b>155.07</b>	<b>-2.75</b>

## (2) Overseas business information

Group de Louvre established a crisis coordination team in response to the COVID-19 pandemic. Overseas hotel business saw a significant decline since mid-March due to sudden escalation of measures for the prevention and control of the pandemic in Europe in March 2020. Countries including France and Germany successively launched policies for labor cost subsidy with the escalation of the pandemic. Since the second half of the year, due to recurrences of the outbreak, major countries in Europe again launched measures and restrictions to fight against the pandemic and initiated vaccine plan simultaneously. During the reporting period, Louvre developed emergency countermeasures focused on financial soundness, proactively took measures including external financing, curtailment of expenses and protection the liquidity, which effectively lowered the financial risk, and initiated programs including re-image of the brands, products upgrading and conceptual innovation, so as to prepare for development speeding up subsequent to the pandemic.

In 2020, for limited service chain hotel business outside Mainland China, the Company realized consolidated operating income of EUR 234.33 million, a year-on-year decrease of 55.91%; realized net profit attributable to owners of the Company amounting to EUR -105.51 million, a year-on-year decrease of 503.48%.

The following table sets out the number of the Company's hotels and rooms for limited service outside Mainland China as of 31 December 2020:

Countries (or areas) outside Mainland China	Operated Hotels				Contracted Hotels			
	Directly-managed		Franchise		Directly-managed		Franchise	
	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms
Europe	291	22,995	717	48,186	292	23,007	740	50,995
Including: France	198	14,322	655	41,494	198	14,322	669	42,505
Asia	2	208	204	22,508	2	208	241	27,482
America	-	-	17	3,198	-	-	18	3,345
Africa	-	-	37	5,012	-	-	53	6,716
<b>Total</b>	<b>293</b>	<b>23,203</b>	<b>975</b>	<b>78,904</b>	<b>294</b>	<b>23,215</b>	<b>1,052</b>	<b>88,538</b>

The following table sets out the RevPAR of mid-priced hotels and budget hotels outside Mainland China from January to December 2020:

Category	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	January to December 2020	January to December 2019	January to December 2020	January to December 2019	January to December 2020	January to December 2019	Year-on-year change (%)
Mid-priced hotel	63.51	66.05	34.17	59.77	21.70	39.48	-45.04
Budget hotel	50.08	53.91	38.22	67.05	19.14	36.15	-47.05
<b>Average</b>	<b>53.46</b>	<b>57.17</b>	<b>37.12</b>	<b>64.93</b>	<b>19.84</b>	<b>37.12</b>	<b>-46.55</b>

The following table sets out the RevPAR of mid-priced hotels and budget hotels outside Mainland China from October to December 2020:

Category	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	October to December 2020	October to December 2019	October to December 2020	October to December 2019	October to December 2020	October to December 2019	Year-on-year change (%)
Mid-priced hotel	57.25	65.97	31.59	60.84	18.09	40.14	-54.93
Budget hotel	45.75	54.21	35.12	63.91	16.07	34.65	-53.62
<b>Average</b>	<b>48.69</b>	<b>57.49</b>	<b>34.14</b>	<b>63.02</b>	<b>16.62</b>	<b>36.23</b>	<b>-54.13</b>

### Food and catering business

In 2020, the food and catering business realized consolidated operating income of RMB 249.04 million, a year-on-year decrease of 1.54%. The net profit attributable to food and catering business segment is RMB 257.04 million, a year-on-year increase of 15.58%, which was mainly due to the increase of closing fair values of Suzhou KFC, Wuxi KFC and Hangzhou KFC, which are included in other non-current financial assets.

## II. Main operation and performance during the reporting period

Main operation and performance during the reporting period is as follows:

### (I) Analysis on principal operating activities

#### 1. Analysis of movements of items in income statement and cash flow statement

Unit: RMB

Item	2020	2019	Changes (%)
Operating income	9,897,556,264.41	15,099,024,459.57	-34.45
Operating cost	7,349,970,965.62	1,526,825,107.84	381.39
Taxes and levies	114,678,720.61	163,851,098.55	-30.01
Selling expenses	675,133,268.93	7,689,122,010.11	-91.22
Administrative expenses	2,296,344,377.77	4,076,925,995.68	-43.67
Research and development expenses	25,908,668.42	27,846,208.31	-6.96
Financial expenses	359,226,134.90	339,131,649.89	5.93
Net cash flows from operating activities	151,636,179.57	2,637,918,098.67	-94.25
Net cash flows from investing activities	939,256,053.69	-885,924,916.96	N/A
Net cash flows from financing activities	-220,228,211.75	-3,195,358,324.22	N/A
Other income	455,041,024.40	93,605,403.37	386.13
Investment income	814,001,563.20	241,571,397.58	236.96
Gains (Losses) on changes in fair value	69,559,536.26	117,394,756.97	-40.75
Gains (Losses) on credit impairment	-45,851,038.55	-5,036,609.29	N/A
Gains (Losses) on impairment of assets	-70,463,295.20	-32,960,668.65	N/A
Gains (Losses) from disposal of assets	-20,912,736.72	73,481,530.55	-128.46
Non-operating income	72,573,374.23	47,625,524.40	52.38
Income tax expenses	63,696,133.36	479,968,663.80	-86.73

The Company's consolidated income statement saw significant changes in the amounts for relevant items in the reporting period compared with the same period of prior year due to the effect of the COVID-19 pandemic. Movements to amounts and related reasons arising from the aforesaid events will not be repeated in the following analysis.

During the reporting period, changes in amounts of items in the consolidated income statement and major reasons are as follows:

#### (1) Operating costs

Operating costs for the current period is RMB 7,349,970,965.62 (prior year: RMB 1,526,825,107.84), a year-on-year increase of 381.39%, which is mainly due to the application of the new revenue standards in the current period.

#### (2) Selling expenses

Selling expenses for the current period is RMB 675,133,268.93 (prior year: RMB 7,689,122,010.11), a year-on-year decrease of 91.22%, which is mainly due to the application of the new revenue standards in the current period.

**(3) Administrative expenses**

Administrative expenses for the current period is RMB 2,296,344,377.77 (prior year: RMB 4,076,925,995.68), a year-on-year decrease of 43.67%, which is mainly due to the application of the new revenue standards in the current period.

**(4) Other income**

Other income for the current period is RMB 455,041,024.40 (prior year: RMB 93,605,403.37), a year-on-year increase of 386.13%, which is mainly due to the COVID-19 related special subsidy from governmental departments in the current period.

**(5) Investment income**

Investment income for the current period is RMB 814,001,563.20 (prior year: RMB 241,571,397.58), a year-on-year increase of 236.96%, which is mainly due to the investment income obtained from the transfer of equity in subsidiary in the current period.

**(6) Gains/losses on changes in fair value**

Gains/losses on changes in fair value for the current period is RMB 69,559,536.26 (prior year: RMB 117,394,756.97), a year-on-year decrease of 40.75%, which is mainly due to the decrease in the fair value of held-for-trading financial assets and sales of non-current financial assets.

**(7) Gains/losses on impairment of assets**

Gains/losses on impairment of assets for the current period is RMB -70,463,295.20 (prior year: RMB -32,960,668.65), a year-on-year increase in losses of RMB 37,502,626.55, which is mainly due to the provision for impairment of fixed assets by Group du Louvre as a result of effect of the pandemic.

**(8) Gains/losses on from disposal of assets**

Gains/losses from disposal of assets for the current period is RMB -20,912,736.72 (prior year: RMB 73,481,530.55), a year-on-year decrease of 128.46%, which is mainly due to the income from relocation of chain hotels in the same period of prior year.

**(9) Non-operating income**

Non-operating income for the current period is RMB 72,573,374.23 (prior year: RMB 47,625,524.40), a year-on-year increase of 52.38%, which is mainly due to the increase in income from external claims and government grants year on year.

## 2. Analysis on income and cost

Applicable Not Applicable

### (1) Principal operating activities by industry, products and regions

Unit: RMB

Principal operating activities by industry						
By industry	Operating income	Operating cost	Gross margin (%)	Year-on-year changes in operating income (%)	Year-on-year changes in operating cost (%)	Year-on-year changes in gross margin (%)
Operation and management of limited service hotels	9,648,399,211.72	7,141,503,574.48	25.98	-35.01	407.67	Decrease by 64.54
Food & catering	249,042,009.25	208,467,391.14	16.29	-1.54	73.56	Decrease by 36.22
Others	115,043.44	0.00	N/A	-34.20	N/A	N/A
Total	9,897,556,264.41	7,349,970,965.62	25.74	-34.45	381.39	Decrease by 64.15
Principal operating activities by region						
By region	Operating income	Operating cost	Gross margin (%)	Year-on-year changes in operating income (%)	Year-on-year changes in operating cost (%)	Year-on-year changes in gross margin (%)
Mainland	8,060,497,903.94	5,862,947,200.91	27.26	-26.74	381.80	Decrease by 61.68
Including: Shanghai	1,200,830,418.44			-24.22		
Outside Shanghai	6,859,667,485.50			-27.16		
Outside Mainland China	1,837,058,360.47	1,487,023,764.71	19.05	-55.16	379.77	Decrease by 73.38
Total operating income	9,897,556,264.41	7,349,970,965.62	25.74	-34.45	381.39	Decrease by 64.15

Explanation of principal operating activities by industry, by product and by region

Note: Gross margin = [(Operating income - Operating cost) ÷ Operating income] × 100%

Outside Mainland China includes Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan, France, Poland, United Kingdom, Netherlands, Germany, Spain, Italy, Portugal, India, and other countries (or regions).

### (2) Analysis on production and sales

Applicable Not Applicable

**(3) Analysis on operating cost**

Unit: RMB

By industry						
By industry	Items	2020	Proportion to total cost in 2020 (%)	2019	Proportion to total cost in 2019 (%)	Year-on-year changes (%)
Operation and management of limited service hotels	Rooms	4,749,231,544.75	64.61	0.00	0.00	N/A
	Catering services	295,585,087.21	4.02	552,055,491.29	36.16	-46.46
	Sales of goods	275,321,483.90	3.75	737,651,778.58	48.31	-62.68
	Service fee of early stage	368,193,984.89	5.01	0.00	0.00	N/A
	Recurring franchise and labor dispatch service	1,300,210,005.44	17.69	0.00	0.00	N/A
	Membership cards income	35,077,685.18	0.48	0.00	0.00	N/A
	Lease	65,639,858.08	0.89	71,883,659.18	4.71	-8.69
	Others	52,243,925.03	0.71	45,123,916.74	2.95	15.78
	Subtotal	7,141,503,574.48	97.16	1,406,714,845.79	92.13	407.67
Food and catering	Chain restaurant	11,684,914.78	0.16	14,349,686.82	0.94	-18.57
	Group meal	168,838,552.62	2.30	82,832,626.61	5.43	103.83
	Sales of food	27,305,818.04	0.37	22,479,619.60	1.47	21.47
	Others	638,105.70	0.01	448,329.02	0.03	42.33
	Subtotal	208,467,391.14	2.84	120,110,262.05	7.87	73.56
Others		0.00	0.00	0.00	0.00	0.00
Total		7,349,970,965.62	100.00	1,526,825,107.84	100.00	381.39

Other information about cost analysis:

As mentioned earlier, the Company is mainly engaged in limited service hotel operation, food and catering business, etc. In 2020, the Company's costs of limited service hotel operation and management business and costs of food and catering business accounted for 97.16% and 2.84% of the Company's total operating costs for the year, a year-on-year increase of 5.03% and a year-on-year decrease of 5.03% respectively.

In 2020, the Company had consolidated operating costs of RMB 7,349,970,965.62, increased by RMB 5,823,145,857.78 (381.39%) compared to that of the same period of prior year. Of which, costs of limited service hotel operation and management amounted to RMB 7,141,503,574.48, increased by RMB 5,734,788,728.69 (407.67%) compared to that of the same period of prior year. Costs of food and catering business amounted to RMB 208,467,391.14, increased by RMB 88,357,129.09 (73.56%) compared to that of the same period of prior year, which was mainly due to the application of the new revenue standards in the current period.

**(4) Major customers and suppliers**

√Applicable □Not Applicable

### 3. Expenses

Applicable Not Applicable

Item	2020	2019	Changes (%)
Selling expenses	675,133,268.93	7,689,122,010.11	-91.22
Administrative expenses	2,296,344,377.77	4,076,925,995.68	-43.67
R&D expenses	25,908,668.42	27,846,208.31	-6.96
Financial expenses	359,226,134.90	339,131,649.89	5.93

### 4. R&D investment

#### (1) Information of R&D investment

Applicable Not Applicable

Unit: RMB

R&D investment expensed in the current period	25,908,668.42
R&D investment capitalized in the current period	4,680,065.91
Total R&D investment	30,588,734.33
Proportion of total R&D investment to operating income (%)	0.31
Number of R&D staff	100
Proportion of number of R&D staff to headcount of the Company (%)	0.29
Ratio of capitalized R&D investment (%)	15.30

#### (2) Explanations

Applicable Not Applicable

### 5. Cash flows

Applicable Not Applicable

During the reporting period, movements of items to the consolidated cash flow statement and the main reasons are as follows:

#### (1) Net cash flows from operating activities

Net cash flows from operating activities amounted to RMB 151,636,179.57 for the current period (prior period: RMB 2,637,918,098.67) with a year-on-year decrease of 94.25%, mainly due to the effect of COVID-19 on operation of limited service chain hotels.

#### (2) Net cash flows from investing activities

Net cash flows from investing activities amounted to RMB 939,256,053.69 for the current period (prior period: RMB -885,924,916.96) with a year-on-year increase of 1,825,180,970.65 mainly due to the transfer of equity in subsidiary, sales of Elong stock and the effect of COVID-19 pandemic

in the current period and decrease in cash paid for acquisition of long-term assets including fixed assets in the current period compared with the same period of prior year.

**(3) Net cash flows from financing activities**

Net cash flows from financing activities amounted to RMB -220,228,211.75 for the current period (prior period: RMB -3,195,358,324.22) with a year-on-year decrease of 2,975,130,112.47, mainly due to increase in bank loans in the current period and the acquisition of 3.49825% minority interests of Plateno Group in the same period of prior year.

**(II) Significant changes in profit resulting from non-principal operating activities**

Applicable Not Applicable

**(III) Analysis of assets and liabilities**

Applicable Not Applicable

**1. Assets and liabilities**

Unit: Yuan

Item	Closing balance of the current period	Proportion of closing balance of the current period to total assets (%)	Closing balance of the prior period	Proportion of closing balance of the prior period to total assets (%)	Changes (%)
Other non-current financial assets	452,100,000.00	1.17	1,198,992,661.09	3.08	-62.29
Deferred tax assets	926,602,110.52	2.40	679,646,600.28	1.75	36.34
Short-term borrowings	1,016,085,319.50	2.63	18,640,596.27	0.05	5,350.93
Derivative financial liabilities	0.00	0.00	939,766.98	0.00	N/A
Receipts in advance	5,481,209.40	0.01	998,481,194.76	2.57	-99.45
Contract liabilities	939,940,644.27	2.43	0.00	0.00	N/A
Long-term payables	152,172,338.41	0.39	256,071,387.24	0.66	-40.57
Other comprehensive income	-10,276,626.61	-0.03	24,558,710.09	0.06	-141.85

As a result of the COVID-19 pandemic, the closing balance of the relevant items in the Company's balance sheet changed significantly compared to the previous year. In the following analysis, we will not repeat the changes in the amounts caused by these matters and the corresponding reasons.

During the reporting period, the changes in amounts of part of the items in consolidated balance sheet and the major reasons are as follows:

**(1) Other non-current financial assets**

The closing balance and opening balance of other non-current financial assets are RMB 452,100,000.00 and RMB 1,198,992,661.09 respectively, with a decrease of 62.29%, which is mainly due to the disposal of shares of eLong Inc.

(2) Short-term borrowings

The closing balance and opening balance of short-term borrowings are RMB 1,016,085,319.50 and RMB 18,640,596.27 respectively, with an increase of 5,350.93%, which is mainly due to the increased short-term borrowings in the current period.

(3) Derivative financial liabilities

The closing balance and opening balance of derivative financial liabilities are RMB 0 and RMB 939,766.98 respectively, with a decrease of RMB 939,766.98, which is mainly due to termination of interest rate swap contracts purchased by Group de Louvre.

(4) Receipts in advance

The closing balance and opening balance of receipts in advance are RMB 5,481,209.40 and RMB 998,481,194.76 respectively, with a decrease of 99.45%, which is mainly due to the application of New Revenue Standard in the current period.

(5) Contract liabilities

The closing balance and opening balance of contract liabilities are RMB 939,940,644.27 and RMB 0 respectively, with an increase of RMB 939,940,644.27, which is mainly due to the application of New Revenue Standard in the current period.

(6) Long-term payables

The closing balance and opening balance of long-term payables are RMB 152,172,338.41 and RMB 256,071,387.24 respectively, with a decrease of 40.57%, which is mainly due to the purchase consideration for the acquisition of the remaining 26% equity in Sarovar by Group de Louvre, which is expected to be paid within one year as agreed in the Equity Acquisition Agreement.

(7) Other comprehensive income

The closing balance and opening balance of other comprehensive income are RMB -10,276,626.61 and RMB 24,558,710.09 respectively, with a decrease of 141.85%, which is mainly due to the translation differences of financial statements of Group de Louvre denominated in foreign currencies.

**2. Major restricted assets at the end of the reporting period**

Applicable    Not Applicable

As at the end of the reporting period, the Company has restricted assets of RMB 3.665 billion, refer to (V) Note/51 to items in the consolidated financial statements – Assets with restricted ownership or right of use in Section XI Financial Report for details.

**3. Other explanations**

Applicable    N/A

**(IV) Analysis on operational information of the industry**

Applicable    Not Applicable

Refer to Section IV "(I) Operation Discussion and Analysis", and "(II) Main Operation and Performance during the Reporting Period" for details.

**(V) Analysis on investments of the Company**

**1. Overall analysis on external equity investment**

Applicable    N/A

During the reporting period, the Company made external equity investment totaling RMB 17.57 million, with a year-on-year decrease of RMB 436.65 million or 96.13%.

- a. In January, Hotels Investment, a wholly-owned subsidiary of the Company, continued to pay the contribution of RMB 17,000,000 to Shanghai Jin Jiang Brand Management Co., Ltd. (established on 27 July 2018, with a registered capital of RMB 50,000,000) as its registered capital. As at 31 December 2020, Hotels Investment holds 100% equity of Shanghai Jin Jiang Brand Management Co., Ltd., with an accumulated registered capital of RMB 30,000,000.
- b. In April, the Company made a contribution of RMB 574,000 to jointly establish Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd. with Nomura Land and Building Co., Ltd. and Hotel Okura Co., Ltd.. As at 31 December 2020, the Company holds 41% equity of Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.

**(1) Significant equity investment**

Applicable    N/A

**(2) Significant non-equity investment**

Applicable    N/A

**(3) Financial assets measured at fair value**

√Applicable    □Not Applicable

Unit: Yuan

Item	Opening balance	Closing balance	Changes for the period	Impact on profit in the current period
Held-for-trading financial assets	251,624,000.00	254,237,956.80	2,613,956.80	-23,700,500.00
Investment in other equity instruments	53,440,521.68	47,175,565.45	-6,264,956.23	2,921,322.39
Other non-current financial assets	1,198,992,661.09	452,100,000.00	-746,892,661.09	154,332,435.48
<b>Total</b>	<b>1,504,057,182.77</b>	<b>753,513,522.25</b>	<b>-750,543,660.52</b>	<b>133,553,257.87</b>

Among which, the listed held-for-trading financial assets, investment in other equity instruments, and other non-current financial assets are as follows:

Stock code	Stock name	Initial amount (RMB)	Number of shares held (Shares)	Closing book value (RMB)	Profit/loss within the reporting period (RMB)	Account
601169	Bank of Beijing	270,881,338.94	44,300,000	214,412,000.00	-23,700,500.00	Held-for-trading financial assets
601288	Agricultural Bank of China	16,575,314.67	4,350,000	13,659,000.00	791,265.00	Investment in other equity instruments
	Equity investments held through Ocean BT L.P.	396,252,722.55	68,330,660	0.00	9,066,948.53	Other non-current financial assets

Note:

- "Profit/loss within the reporting period" represents the Company's profits from changes in fair value of held-for-trading financial assets and the cash dividends received during the reporting period.
- In 2017, Plateno Group Limited (hereinafter referred to as "Plateno Group"), a subsidiary of Plateno Group, transferred its equity in eLong Inc. (originally held through Ocean Imagination L.P.) to Ocean BT L.P. which is a partnership newly established by Ocean Voyage L.P. (general partner of Ocean Imagination L.P.). Plateno Group became a limited partner of Ocean BT L.P. and held equity of eLong Inc. through Ocean BT L.P.

In March 2018, eLong Inc. completed the acquisition of Tongcheng Network and changed the name to Tongcheng-Elong Holdings Limited. On 26 November 2018, Tongcheng-Elong (stock code: 00780.HK) was listed at the main board of Hong Kong Stock Exchange. The fair value of other non-current financial assets was determined based on the stock price at period end.

As of 31 December 2019, the Company held 68,330,660 shares of Tongcheng-Elong. From 2 September to 11 November 2020, the Company sold 68,330,660 shares of Tongcheng-Elong through the Hong Kong Stock Exchange system.

- Other non-current financial assets also include Hangzhou KFC, Suzhou KFC and Wuxi KFC, with a total closing balance of RMB 452.10 million.

**(VI) Sales of significant assets and equity**

□Applicable    √N/A

**(VII) Analysis of major holding companies**

√Applicable    □Not Applicable

Unit: RMB 0'000 Except Special note

Name of company	Principal operating activities	Percentage of shares holding at 31 December 2020	Registered capital at 31 December 2020	Total assets at 31 December 2020	Net assets attributable to parent Company at 31	Percentage of shares holding at 31 December 2020	Registered capital at 31 December 2020
1. Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd. (Note 1)	Hotel management and catering service	100%	4,300	21,878	6,426	6,305	2,126
2. Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. (Note 1)	Investment, operation and management of limited service hotels	100%	700	27,892	12,008	6,698	5,360
3. Jin Jiang Inn Co., Ltd.	Operation under lease and management of limited service hotels	100%	17,971	140,214	92,583	88,283	25,164
4. Shanghai Jin Jiang International Hotels Investment Co., Ltd.	Hotel investment	100%	152,500	232,060	186,438	76,997	5,101
5. Smart Hotel Management Co., Ltd.	Accommodation and catering management of limited service hotels	100%	90,000	124,344	105,051	19,778	2,617
6. Groupe du Louvre (Note 2)	Operation of hotel and catering	100%	EUR 26,204	EUR 123,121	EUR 14,176	EUR 23,433	EUR -9,625
7. Keystone Lodging Holdings Limited (Note 3)	Operation of hotel and catering	96.50175%	USD 1	716,563	426,750	283,793	15,290
8. Vienna Hotel Co., Ltd.	Operation of hotel	80%	11,639	239,451	78,629	271,748	30,036
9. Shenzhen Baisuicun Catering Co.,Ltd.	Catering	80%	100	8,945	1,841	24,660	589
10. Shanghai Jin Jiang International Catering Investment Co., Ltd.	Development & management of catering, domestic trading	100%	14,993	10,990	-9,988	25,155	310
11. Shanghai WeHotel Network Technology Co., Ltd. (Note 4)	IT technology development and consultation	10%	100,000	97,000	49,514	28,410	-1,422

Note:

1. Taking into consideration the needs of business development, the Company split Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. in the form of split-off. After splitting, Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. remains to exist, while a new wholly-owned subsidiary, Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd., was established. The above matter was approved by Pudong New Area Market Supervision Administration on 12 March 2020.
2. Shanghai Jin Lu Investment Management Co., Ltd. owns 100% equity of Group du Louvre (registered in France) through its wholly owned subsidiaries Shanghai Jin Jiang (HK) Co., Ltd and Luxembourg Sailing Investment Company Limited.
3. At the end of February 2016, the Company completed the delivery of the 81.0034% equity of Plateno Group. On 12 January 2018, the Company completed the delivery of the 12.0001% equity of Plateno Group; after the completion of the delivery, the Company held 93.0035% equity of Plateno Group. On 14 January 2019, the Company completed the delivery of 3.49825% equity of Plateno Group; after the completion of the delivery, the Company held 96.50175% equity of Plateno Group.
4. In February 2017, the Company, as a joint investor, contributed RMB 100,000,000 to establish Shanghai WeHotel Network Technology Co., Ltd. with Shanghai Jin Jiang Capital Management Co., Ltd., Shanghai Lianyin Venture Capital Co., Ltd., Shanghai Jin Jiang Capital Company Limited, Tibet Hongyi Mezzanine Investment Management Center (Limited Partnership) and Shanghai Guosheng Group Investment Co., Ltd.

**(VIII) Structured entities controlled by the Company**

Applicable     N/A

**III. Discussion and analysis about the Company's future development**

**(I) Industry competition configuration and development trend**

Applicable     Not Applicable

**1. Industry competition**

The limited service hotel market is in a fast-growing stage in China. Although a few advantageous companies have emerged, and the top 10 budget chain hotel groups ranked according to the size of guest rooms have accounted for a large proportion of the total market share, the market development space of our country's budget hotels and mid-priced hotels is still huge, the existing advantageous enterprises and a large number of new enterprises will carry out large-scale expansion in the next few years. According to *2020 Top 50 China Hotel Groups Report* released by the China Hotel Association, associated with Shanghai Yingdie Enterprise Management Consulting Co., Ltd. and School of Tourism Sciences of Beijing International Studies University, as of 1 January 2020, there are 46,464 limited service hotels in total with a year-on-year increase of 4,045 hotels; the total number of rooms are 3,378,802, increased by 324,616 (10.63%). Among these, there are 9,611 mid-priced hotels with 965,098 rooms, increased by 52.18%; 36,853 budget hotels with 2,413,704 rooms, decreased by 0.26%. At the same time, "The Data Bulletin for 4<sup>th</sup>

National Economic Census (No. 4)" released by the Office of the Leading Group for the Fourth National Economic Census of the State Council and the National Bureau of Statistics on 20 November 2019 shows that the number of national accommodation legal entity reached 126000 as of 31 December 2018, among which there are 34,000 tourist hotels and 77,000 general hotels. By this calculation, the number of limited service hotel currently accounts for 33.67% of the total number of accommodation legal entities in the country and 55.09% of the total number of general hotels.

The number of chain catering stores increased by 3,355 compared with that at the end of 2018 and reached 34,356 at the end of 2019. Turnover of chain catering business in 2019 is 223.450 billion, increased by 14.59% compared with that of 2018 (Source: National Bureau of Statistics); the number of stores and the turnover of chain catering enterprises are expected to continue to maintain a certain level of growth.

## **2. Industry development trend**

Benefiting from the stabilization of macro economy, improvement of balance of supply and demand, and upgrading of residents' consumption, China's tourism industry is developing rapidly. As tourism plays an important part of the upstream of the hotel industry, directly affects the development status of the hotel industry, the rapid development of tourism has driven the vigorous growth of the hotel industry.

According to data published by the Ministry of Culture and Tourism, China's total tourism revenue grew from RMB 4.13 trillion to RMB 6.63 trillion from 2015 to 2019, with a compound annual growth rate of 14.46% during the period. Although the number of travelers in China dropped sharply in the first half of 2020 due to the pandemic, the tourism market began to recover gradually benefited from the initial results of pandemic control. The number of domestic travelers during the Golden Week of November already reached 80% of that in the same period in 2019, and the tourism market improved even further during the Spring Festival, with a year-on-year increase of 15.7% in the number of travelers nationwide during the seven-day Spring Festival holiday.

At the same time, the China Tourism Research Institute (Data Center of Ministry of Culture and Tourism) has also released the *Report on Tourism Economic Operation Analysis in 2020 and Development Forecast in 2021* (hereinafter referred to as "the report"), which gives an optimistic judgment on the tourism industry in 2021. The report predicts that the number of domestic tourists will reach 4.1 billion in 2021, and the tourism economy will move from full resumption of work and production to a full recovery of consumption and investment. In the view of many industry insiders, hotel industry performance will get out of the U-shaped curve and continue to rise this year.

As early as May 2020, the country proposed to accelerate the construction of a new development pattern in which domestic and foreign markets boost each other with the domestic market as the mainstay, and the Fifth Plenary Session of the 19th CPC Central Committee held afterwards adopted the *Proposal of the CPC Central Committee on the Formulation of the 14th Five-Year Plan for National Economic and Social Development and the Visionary Goals for 2035*, which

will include in it the concept of "accelerating the construction of a new development pattern in which domestic and foreign markets boost each other with the domestic market as the mainstay". The new development pattern is bound to further intensify consumption upgrading, which will further promote the rapid development of the domestic hotel and tourism industry.

**(II) Development strategy of the Company**

Applicable    Not Applicable

The Company emphasizes on the development of limited service hotels, striving to maintain and strengthen advantageous brands in accordance with the principle of "genetically unchanged, background integration, complementary advantages, and common development". The Company further enhances the core competitiveness in "management, brand, network, talent", etc., and maximizes the value of the Company based on the development strategy of "further development in China, global layout and transnational operations".

**(III) Operating plan**

Applicable    Not Applicable

The Company expects to achieve operating income of RMB 13.53 billion in 2021, an increase of 36.7% over the previous year, of which operating income from mainland China to be RMB 10.92 billion, an increase of 35.5% over 2020; operating income from outside mainland China to be EUR 326.75 million, an increase of 39.4% over 2020. The following main tasks are planned to be carried out:

2021 is the starting year of the "14th Five-Year Plan". The Company will actively grasp the development trend of the global hotel industry, focus on reform and innovation, and improve quality and efficiency, with guidance of the strategy of "further development in China, global layout and transnational operations". By way of deepening the "integration in China" in order to fully release the vitality of development, the Company will further strengthen the management of "brand, quality, efficiency, scale, market value, and talent", and strive to build a competitive world-class hotel group.

Faced with the challenges brought by the COVID-19 pandemic and external economic pressure on the hotel industry, the Company tackles difficulties and promotes integration in response to the situation, while strengthening the daily operation management and the prevention and control of the pandemic. The Company will reduce the impact of the pandemic by strengthening management, controlling costs, reducing expenses and other measures, so as to seize the opportunity of recovery and growth of the industry to continue its high-quality development.

In order to fully leverage the integration benefits of Jin Jiang Hotels China, the Company, with an international perspective, strengthens the innovation and transformation of the business model, accelerates the construction of resource sharing, focuses on innovative operation model and enhances the agile response of the market. It also, builds a digital engine and continues to promote

the optimization of front, middle and back office systems. And in terms of business standardization, management optimization and efficiency improvement, optimize and standardize the corresponding processes.

The Company deepens the "One Center and Three Platforms" innovation system, benchmarks with international first-class, and strengthens the control and support by portal construction. As the global innovation center is close to the brand team and the market, and becomes the core linkage between the front-end and the middle and back-end, the Company combines brand development with module development, launches pilot projects on diverse concepts and experiences the internationalization of modules to deepen brand innovation support. Longcao Road "Jin Jiang Innovation Industrial Park" and the global procurement sharing platform have set up an immersive offline experience center of hotel products, integrating office, R&D, realistic modeling and experience exchange. In the first phase, it provides a five-dimensional experience space of hotel products for the Company and even the industry by realistic representation of 17 hotel brand model rooms mainly from innovative brands and comprehensively displaying the core experience and characteristics of each brand.

In accordance with the high-level planning of global financial transformation and financial sharing platform construction, the Company further promotes the construction of global financial sharing platform, so as to deepen financial sharing support. While promoting internal organizational structure innovation and personnel structure optimization, it focus on implementing the promotion of global financial sharing in China and in Europe to enhance global financial management capabilities. Besides, the Company initially realizes digital empowerment of financial management capabilities by promoting digital transformation and innovation. Therefore, it gradually achieves the goals of integrating business and finance, strengthening data application, building smart finance, realizing cost reduction and efficiency increase, supporting transformation and upgrading, and empowering hotel management.

For the purpose of deepening the synergy of member booking and centralized procurement, the Company promotes the integration of the booking system of all brands in China and the online direct sales channel of WeHotel global hotel sharing platform, so as to build Jin Jiang's global membership alliance system. It also, promotes the integration of the supply chain between China and the global procurement sharing platform, and pushes the implementation of the "Jin Jiang Integration" one-stop engineering service.

The Company focuses on Jin Jiang's global talent strategic plan to further strengthen cross-cultural communication and management training, building a competitive advantage associated with talent advantages. Conduct multi-dimensional communication and synergy of training resources among its enterprises, especially in China, to take advantage of resource sharing and encourage the benign flow of talents across brands. Concentrate the strengths to cultivate the talents that are in short supply for building a world-class global hotel management company, and further optimize the organizational structure and talent allocation in China.

In 2021, the Company plans to open 1,500 new limited service chain hotels and enter into contracts with 2,500 new limited service chain hotels.

**(IV) The potential risks in the future**

Applicable    Not Applicable

**1. Risks from macro-economy fluctuations**

Limited service hotel industry and chain catering industry are closely related to the domestic macro- conditions. Although our GDP has been keeping increasing for years, short-term shake or periodical plug- in are still very likely to happen. When meeting the decline in macroeconomic growth, people will hardly expect income increase. And correspondently, less will be spent on eating out and excursion. Moreover, less business trip budget from small and medium-size enterprises will also result to unpleasant performance in economy hotels financial reports and operation performance.

**2. Risks from operating cost increase**

Operating cost of limited service hotels and chain catering enterprises invested by the Company, amortization and depreciation of fixed assets and rental property of directly operated hotels and other fixed costs account for a large proportion. Although Company to lease property rents to undertake amortize method of lines, smooth the rental cost impact on future operating performance. However, because of retail stores and chain catering enterprises need to continuously expanding an annual increase of rental stores rent cost will along with our country commercial real estate price changes and changes. At the same time, the main limited service hotel brands and chain catering enterprises will be the important urban traffic of a busy section of convenience for limited service hotel management and chain catering enterprises compete in the property of the lease, the competitive factors, such as rent levels would lead to rise further.

Furthermore, with the on-the-rise CPI, current room RevPar can merely cover the increasing costs from new fixed assets, increasing employee benefits and energy costs. The risks mentioned above could have adverse effect on the Company's business in budget hotels and chain restaurants operation.

**3. Risks from rapid expansion**

Limited service hotel industry in China is in a rapid development stage. Despite the fact that Jin Jiang Inn has obtained a competitively large market share already, the Company is also exposed to an intensified competition with other competitors in branch expansion as the markets' demand increases in second or third tier cities. Most of the competitors will increase their hotels to meet the needs of customers. In other words, customers will be not satisfied with low coverage, when the Company is not able to meet the expected expansion. Thus, in the following years, the Company will strive to open more branches in second or third tier cities to keep its market share and leading position.

#### **4. Risks from franchise management**

Franchise has been allowed in the expansion of Jin Jiang Inn and Jin Jiang Metropolo and "Campanile" and "Golden Tulip". According to the franchise agreements, the management in franchised hotels is not under total control of the Company. Once franchised hotels are not subject to operation agreement or official property certificates cannot be obtained and must transfer a place, the Company is likely to suffer loss in operation as the franchise hotels will lost customers and revenue. Abuse trademark "Jin Jiang Inn" and "Jin Jiang Metropolo" "Campanile" and "Golden Tulip" by franchised hotels will definitely have adverse effect on brand image and reputation. If customers are not satisfied with the service provided by franchise hotels, the Company will be complained and there will be adverse effect on brand image and reputation. Then the Limited service hotels' operation performance will be effected.

#### **5. Risks from lease property ownership**

According to "significant assets replacement and affiliated transactions report" disclosed by the Company, on 31 July 2009, the number of leased-and-operated hotels is up to 86. Those related land and properties are leased under the name of Jin Jiang Inn and Hotels investment from third party. As of the balance sheet date, up to 30 leased hotels have not obtained the official property leasing certificates from lessors. Whether those lessors mentioned above are qualified to lend property out is uncertain. When facing property defect, the Company will unavoidably suspend the operation. Although the Company can receive some compensation upon the lease agreement, extra expense on relocation can be hardly covered.

The Company will take any measures to ensure the properties legally belong to lessors and valid official land and property certificates obtained. In the 12 months after CSRC approval on assets replacement, the Company plans to reduce the problematic hotel number to 20% of total leased hotels. In the 24 months and 36 months after CSRC approval, the number will be further reduced to 10% and 0% respectively.

If the Company fails to resolve the above-mentioned ownership defects of the leased property in accordance with the proportion and number of the plan determined in the relevant period stipulated in the plan schedule (that is, if the approval of the reorganization of the CSRC has not been approved by the CSRC Within 12 months to 20%, or failed to within 24 months to 10%, or failed to 36 months to solve all), then the above three time points were not to achieve the planned rectification ratio And the number of rectification of the number of part of the rental business stores, the Company will be within the relevant period of time after the expiration of 3 months, take no less than the assessment of the transfer of the project, the relocation of the lease re-opened or other ways to be thoroughly solved.

In response to these risks, on 1 March 2010, Jin Jiang International made a commitment to the Company that if the Company was unable to resolve the leased business rental property in accordance with the proportion and number of units determined in the relevant period specified in the settlement schedule Of the above-mentioned ownership of the defect, the Company for the three time points were not to achieve the planned rectification ratio and the number of rectification

of the number of part of the leasing business stores, to lift the lease, re-opened, Jin Jiang International will bear the Cancellation of tenancy re-opening of the leasing business stores may be liable for breach of contract and shall be compensated according to the specific asset valuation value as of 31 July 2009, on the basis of the asset valuation basis. In addition, Jin Jiang International promised, in the future business process, such as due to the above-mentioned defects caused by the relevant Jin Jiang Inn store had to re-open the opening, from the store within one year from the date of the relevant property tenant failed to compensate or failed All the compensation for the loss of the store (the amount of the loss in accordance with the audit on the basis of the date of 31 July 2009 audit of the store fixed assets and decoration investment in all the initial investment costs, and its valuation date on July 31, 2009 assets The estimated value of the higher calculation), Jin Jiang International will immediately calculate the loss in accordance with the above method to the store to be fully compensated to support the relocation of its new store. Jin Jiang International after the compensation for the actual recovery of the property owner of the compensation to Jin Jiang International. At the same time, Jin Jiang International will provide compensation for the store in accordance with the audited net profit amount of the closed fiscal year to make up for the loss of business during the period.

#### **6. Risks from depreciation on assets including goodwill and trademarks**

The acquisition of shares in Louvre Asia, Keystone, Vienna Hotel and Jinguang Express, as well as the external acquisition of Louvre Group, may result in a large amount of goodwill .According to the relevant provisions of China's "accounting standards for business enterprises", the acquisition of Louvre group, Plateno Group, Vienna Hotel and Jinguang informs acquisition not under common control. The parent Company has paid more than fair value to acquire the shares of the subsidiaries, the excess is goodwill arising on consolidation. According to China's "enterpriseaccounting standards" provisions, the goodwill is not for amortization, at least should be tested at the end of each year for impairment. If future business conditions of Louvre group, Plateno Group, Vienna Hotel and Jinguang is continued to deteriorate, there is the risk of impairment of goodwill, which has a negative impact on the Company's current and future earnings.

The Company's main business accepts franchising in hotel service, the Company owned hotel brand with certain commercial value and visibility and the brand as an intangible asset with uncertain service life. If the Company and other trademarks and brands as intangible assets is lower than its actual value shall be written down to the recoverable amount of the carrying value of the asset, an asset impairment loss will be recognized. Thus the Company has a negative effects on current and future earnings.

#### **7. Risks of overseas business management**

After acquiring the Louvre group, the Company's business and assets are distributed in more than 60 countries and regions. The business scale and business volume of the Company increase significantly. Meanwhile, the personnel composition and management system will also set higher requirements. If Company can't optimize the existing organization mode and management system according to the needs of overseas business development, it may have an adverse impact on the

management of the target Company.

**8. Concerns from infectious disease break-out and food safety**

In recent years, some high contagious diseases like Corona Virus Disease, SAR, mad cow disease, bird flu and some other infectious disease have been taking place all over the world. Worries about food safety may prevent people from choosing eating-out and outdoor activities. Thus, the main business of the Company may be impacted largely.

**9. Increasing changes of shareholders equity and return of equity**

According to the new accounting standard, the Company has reclassified part of financial assets and determined their fair value based on market prices. The changes in financial assets fair value will have a large impact on financial data such as shareholders equity and ROE.

According to the strategy of Company, economy hotel operation and management has become the mainstream of the Company. Rapid development in economy hotel business requires corresponding fund support. Meanwhile, the input and output of fund has its own period. The length of period contains some uncertainty. ROE will be diluted if net profit doesn't increase enough.

**10. Risks from repayment capability being adversely affected**

In order to meet the needs of the acquisition and daily operation, the Company may increase the amount of debt financing, asset liability. Although the Company's assets and liabilities structure is reasonable, with good solvency, to meet the needs of the acquisition of its own funds, the Company will not have a significant impact on the Company's daily operations. However, due to the repayment of the main source of cash flow generated by the Company's operations, if the Company's operating cash flow did not meet expectations, it may have a negative impact on the Company's solvency.

**11. Risks from exchange rate and interest change**

The Company's Global business and daily operations involving the euro, British pound, dollar and other foreign currency, the consolidated financial statements of the Company's functional currency is RMB, the Company will continue to take effective measures to reduce the impact of exchange rate fluctuations on the operation of the Company, but in the future with the constant change of the exchange rate among the yuan, the euro, British pound, the dollar, currency may still bring exchange rate risk to the Company's future operations.

The Company's financing from bank loans, the loan contract expires or early repayment, or with the continuous expansion of business scale, the Company may need new loans to meet the funding requirements. Changes in loan interest rates in the future may affect the Company's financial costs and profitability.

**12. Risks from resignation of key staffs**

As the Company's sustainable development has been greatly contributed by senior management teams and senior staffs, if the Company is unable to attract enough experienced senior management teams and senior staffs, the Company's profitability may be significantly affected.

**13. Risks of dilution of immediate return from non-public offering of shares**

The Company received the *Reply to Approval of Non-public Issue of Shares of Shanghai Jin Jiang International Hotels Co., Ltd.* issued by China Securities Regulatory Commission on 28 January 2021, and completed the registration related procedures of issuing new shares in Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 19 March 2021. The Company's share capital and net assets have increased, and its earnings per share and other indicators are exposed to risk of decline in the short term.

**14. Risks associated with investment projects of funds raised from the non-public offering of shares**

The Company's fund-raising investment projects are based on current industrial policies, market environment and other factors. Although the investment projects have undergone careful and sufficient feasibility studies, unforeseen factors such as unfavorable changes in macro policies and market environment and intensified competition in the industry may occur during the implementation of the projects, which may lead to the risk that the fund-raising projects cannot be implemented, postponed or fail to generate expected revenue.

**(V) Others**

Applicable     N/A

**IV. Particulars and explanation of Company's non-disclosures due to not applicable to standard regulations or other special reasons such as national secrets or business secrets.**

Applicable     N/A

## Section V Significant Events

### I. The preplan for profit distribution of ordinary shares or capital reserve transferring to share capital

#### (I). Formulation, implementation or adjustment of the cash dividend policy

Applicable    Not Applicable

In the 2012 General Meeting of Shareholders, the Company discussed and approved the *Proposal on Amending Certain Articles of Association of the Company*: When the Company meets the conditions of cash dividend, the total amount of cash dividends distributed by the Company annually (including the cash dividend distributed in the medium term) could not be less than 50% of the net profit attributable to the shareholders of the listed Company in the consolidated financial statements for the year, and the ratio of the cash dividend and the net assets attributable to the shareholders of the listed Company for the year could not be less than the benchmark interest rate of one-year RMB deposit announced by the People's Bank of China in the same period.

In the General Meeting of Shareholders during the reporting period, the Company passed the 2019 profit distribution resolution, specifying the 2019 Annual Profit Distribution Scheme: to distribute cash dividend at RMB 6.00 per 10 shares (tax included) to all the shareholders recorded, based on the total share capital registered on the equity registration date of the implementation of the equity distribution, and to pay dividend of B Share by converting it into USD. The resolution in the 2019 General Meeting of Shareholders of the Company was announced and published in "Shanghai Securities News" and "Takungpao" on 23 May 2020.

The 2019 profit distribution plan was formulated and implemented in line with the requirements of the Articles of Association of the Company and the resolutions of the General Meeting of Shareholders, with clear dividend distribution standards and proportion and complete decision-making procedures and mechanism. Such plan also made independent directors fulfill their duties and roles with due diligence, provided opportunities to minority shareholders to express their opinions and appeals fully and enough protected the legal rights and interests of minority shareholders.

**(II). Plans or preplans of ordinary stock profit distribution, and capital reserve transferring to share capital for the last 3 years (including reporting period)**

Unit: Yuan Currency: RMB

Year for dividend distribution	Bonus issue every 10 shares	Cash dividend every 10 shares (tax included)	Shares converted every 10 shares	Amount of cash dividend (tax included)	Net profit attributable to ordinary shares shareholders' of listed Company in the consolidated financial statements for the year	Ratio of net profit attributable to ordinary shares shareholders' of listing Company in the consolidated financial statements (%)
2020	0	0.58	0	55,560,313.52	110,210,911.66	50.41
2019	0	6.00	0	574,761,864.00	1,092,499,077.90	52.61
2018	0	6.00	0	574,761,864.00	1,082,460,074.86	53.10

Note: Note: The proportion of the Company's total cash dividends in 2020 to the net profit attributable to shareholders of the listed company in the consolidated statements of income for the year of 2020 exceeds 50%, but the proportion of the total cash dividends to the net assets attributable to shareholders of the listed company for the year of 2020 is lower than the benchmark interest rate for one-year RMB time deposits announced by the People's Bank of China for the same period. This is due to the significant reduction of the Company's net profit attributable to shareholders of the listed company in 2020 and a result of COVID-19 pandemic.

**(III). Particulars of repurchase of shares in cash recognized in cash dividend**

Applicable Not Applicable

**(IV). Where the profit attributable to the ordinary shareholders of the parent company is positive in the reporting period, but the profit distribution plan of ordinary shares is not proposed, the Company shall disclose the reasons, purpose and use plan of undistributed profit**

Applicable Not Applicable

**II. Fulfillment of commitment**

**(I). Commitments of the actual controller, shareholders, related parties, acquirers and companies of the Company during the reporting period or continuing to the reporting period.**

√Applicable    □N/A

Background	Type	Commitment Party	Commitment	Commitment date and period	Time limit for commitment	On time Commitment
Commitments regarding to the major assets reorganization	Solving land and other property defects	Jin Jiang International	<p>In asset replacement program, there is a certain degree of ownership defects in the assets of the leased property in the 30 "Jin Jiang Inn" store properties. In response to the risks and the settlement schedule, Jin Jiang International made a commitment to the Company on 1 March 2010,:</p> <p>1) If the Company fails to resolve the above-mentioned defects of the leased property in accordance with the proportion and number determined in the plan during the relevant period stipulated in the settlement schedule (that is, if the defect rate is not decreased to 20 % within 12 months, or to 10% within 24 months, or to 0 within 36 months from the date of CSRC approval for reorganization), that is to say, if the part of leased stores are required to cancel the lease and relocate for business due to failure to reach the rectification ratio and quantity as planned as at the above three time points, the Company will undertake the potential penal sum arising from termination of lease and relocation for business of those stores, and make compensation in accordance with the specific asset valuation on 31 July 2009, the asset appraisal base date.</p> <p>2) In the operation of purchased assets in the future, if "Jin Jiang Inn" leased stores have to relocate for business due to the defects of properties, and the property owner fails to or fails to fully compensate the loss of the store within one year from the closedown, Jin Jiang International will immediately make compensation fully based on the following calculation method to support to relocate to open a new store. The amount of the specific loss is the higher of the total audited initial investment cost of the fixed assets and improvements of the store as of 31 July 2009 (audit base date) and the valuation of the asset on 31 July 2009 (asset appraisal base date). After the compensation, Jin Jiang International has the right to collect the compensation from the property owner, if any. At the same time, Jin Jiang International will provide compensation in accordance with the amount of net profit audited in prior accounting year before the closedown of such store to make up the operating loss of such store during the period of closedown.</p>	Permanent	No	Yes
	Others	Jin Jiang International	<p>Reorganization Report Disclosure: On 22 December 2009, Jin Jiang International committed to Jin Jiang Hotels that after the reorganization, Jin Jiang International would provide full guarantee to all the deposits and other financial assets deposited by Jin Jiang Hotels and its subsidiaries at Jin Jiang International Finance Co., Ltd. as at 31 July 2009 (audit base date) as well as any deposit and other financial assets deposited at Jin Jiang International Finance Co., Ltd. thereafter. If Jin Jiang International Finance Co., Ltd. cannot pay the deposit principal and interest as well as other financial assets to Jin Jiang Hotels and its subsidiaries, Jin Jiang International will pay on behalf on time.</p>	Permanent	No	Yes
	Others	Jin Jiang Capital	<p>On 28 August 2009, Jin Jiang Capital issued the Commitment of A Counterparty on Avoiding Horizontal Competition and made a commitment that that Jin Jiang Capital and the companies controlled by it (excluding Jin Jiang Hotels and its subsidiaries, the same below) would not engage in any business or possible competitive business, which Jin Jiang Hotels engaged in. If operating activities engaged by Jin Jiang Capital and the companies controlled by it have horizontal competition or conflict interest with those of the Company after the reorganization in the future, Jin Jiang Capital will give up or cause the companies controlled by it to give up the business with potential horizontal competition or benefit conflict possibility, or transfer the business at a just and fair market price into Jin Jiang Hotels at the appropriate time.</p>	Permanent	No	Yes

**(II). If there is profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall make a statement on whether assets or projects achieve the original profit forecast and related reasons.**

Achieve       Not Achieve ✓ N/A

**(III). Satisfaction of performance commitments and associated effects on impairment testing of goodwill**

Applicable      ✓ Not Applicable

**III. The fund appropriations and clearing progress during the reporting period**

Applicable      ✓ Not Applicable

**IV. Explanation of the Company for the modified audit report issued by auditors**

Applicable      ✓ Not Applicable

**V. Explanation and analysis of the Company for the causes and effects of changes in accounting policies, accounting estimates or significant accounting mistakes**

**(I). Explanation and analysis of the Company for the causes and effects of changes in accounting policies and accounting estimates**

✓ Applicable       Not Applicable

**1. Accounting Standards for Business Enterprises No. 14-Revenue**

The Company has adopted the Accounting Standards for Business Enterprises No. 14-Revenue (hereinafter referred to as the "New Revenue Standard") revised in 2017 by the MoF from 1 January 2020.

In accordance with the New Revenue Standard, no distinction is identified between specific forms of transactions such as sales of goods, provision of services and construction contracts; revenue is recognized based on a uniform revenue recognition model; and clearer guidance is provided for many specific transactions and arrangements. Key points of the revisions include the following items:

- (1) Incorporate the original revenue standard and construction contract standard into a unified revenue recognition model;
- (2) Transfer of control instead of transfer of risk compensation as a judgment criterion for the time point of revenue recognition;
- (3) Provide clearer guidance on the accounting treatment of contracts containing multiple transaction arrangements;

- (4) The recognition and measurement of revenue for certain specific transactions (or events) are clearly defined.

In accordance with the transition provisions of the old and new standards, it requires adjustments to retained earnings and amounts of other relevant items in the financial statements as at the beginning of the period of initial application based on accumulative effects of initial application of the Standard, without adjustments to information in the comparable period.

**2. Interpretation No. 13 of the Accounting Standards for Business Enterprises (Cai Kuai [2019] No. 21)**

In December 2019, the Ministry of Finance issued Interpretation No. 13 of Accounting Standard for Businesses Enterprises (Cai Kuai [2019] No. 21) (hereinafter referred to as "Interpretation No. 13"). Interpretation No. 13 revises three elements that constitute a business, refines the judgment conditions for a business, and introduces the option of a "concentration test" for the acquirer of a business combination not involving entities under common control when determining whether the acquired operating activities or assets portfolio constitutes a business. In addition, Interpretation No. 13 further clarifies that related parties of an enterprise also include joint ventures or associates of other members of the enterprise group to which the enterprise belongs (including parent companies and subsidiaries), as well as other joint ventures or associates of investors who exercise common control over the enterprise.

The Company has applied the Interpretation No. 13 since 1 January 2020, and adopted the prospective application method to account for the above-mentioned accounting policy changes. The application of this interpretation had no any significant impact on the Company's financial statements.

**3. Notice of Issuing the Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (Cai Kuai [2020] No. 10)**

According to Notice by the Ministry of Finance of Issuing the Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (Cai Kuai [2020] No. 10) on 19 June 2020, the simplified method may be adopted for rental concessions related to the COVID-19 pandemic.

Cai Kuai [2020] No. 10 are effective from the date of issuance and are also applicable to relevant rental concessions between 1 January 2020 and the date of issuance. The application of the above accounting treatment had no significant impact on the Company's financial statements.

**(II). Explanation and analysis of the Company for the causes and effects of changes in accounting policies and accounting estimates**

Applicable     N/A

**(III). Communications with predecessor auditor**

Applicable    ✓ N/A

**(IV). Others**

Applicable    ✓ N/A

**VI. Appointment and demission of accounting firms**

Unit: 0'000 Currency: RMB

	The Incumbent Auditor
Name of Domestic Accounting Firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Audit Fee of Domestic Accounting Firm	177.50
Years for Audit by Domestic Auditing Firm	10

	Name	Audit Fee
Internal Control Accounting Firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	110.00

Explanation on the appointment and demission of accounting firms

Applicable    ✓ Not Applicable

Explanation on the changes in appointed accounting firm in the auditing period

Applicable    ✓ N/A

**VII. Risk of the suspension of listing**

**(I). The reason for the suspension of listing**

Applicable    ✓ N/A

**(II). Measures to be taken by the Company**

Applicable    ✓ Not Applicable

**VIII. Risk of and reasons for the termination of the listing**

Applicable    ✓ N/A

**IX. Matters related to bankruptcy and reorganization**

Applicable    ✓ Not Applicable

**X. Major litigation and arbitration matters**

There is significant litigation or arbitration events in current year

✓ There is no significant litigation or arbitration events in current year

**XI. Penalty and rectification of the listed company, its directors, supervisors, senior management, controlling shareholders, actual controller and acquirer**

Applicable    ✓ Not Applicable

**XII. The credit statement of the Company, its controlling shareholders and actual controller in the reporting period**

Applicable    ✓ N/A

**XIII. Company equity incentive plan, employee stock ownership plan or other employee incentive measures and their effects**

**(I). Related incentives have been disclosed in the temporary announcement but have no updates or changes**

Applicable    ✓ Not Applicable

**(II). Incentives have not been disclosed in the temporary announcement or have follow-up progress**

Equity incentive

Applicable    ✓ Not Applicable

Other description

Applicable    ✓ N/A

Employee Stock Ownership Plan

Applicable    ✓ N/A

Other incentives

Applicable    ✓ Not Applicable

**XIV. Significant related party transactions**

**(I). Transactions related to daily operation**

**1. Events disclosed in the temporary announcement but have no updates or changes**

Applicable     Not Applicable

**2. Events disclosed in the temporary announcement but have updates or changes**

Applicable     Not Applicable

- a. During the reporting period, the Company was entrusted to operate Shanghai Jin Jiang Capital Co., Ltd. Metropole Hotel, New Asia Hotel and YMCA Hotel. The total payment of entrusted operating fee amounted to RMB 38.1918 million. The Company leased South Huating Hotel and Magnolia Hotel, and the rental amounted to RMB 16.5995 million. The personnel remuneration and social insurance paid to Jin Jiang Capital, YMCA Hotel, South Huating Hotel and Magnolia Hotel amounted to RMB 45.0025 million.
- b. On 27 March 2020, the Company and Jin Jiang International entered into the "Buyout Agreement for Hotel Rooms and Related Services", in which Jin Jiang International bought out from the Company and its subsidiaries the hotel rooms and related services wholly owned or controlled by the Company or its subsidiaries that were requisitioned in accordance with the needs of each local government for the prevention and control of the COVID-19 pandemic, in the amount of RMB 266,427,856 (including 6% VAT). Where any requisition subsidy or compensation received in the future for the requisitioned hotel rooms from the respective local governments, the Company will pay Jin Jiang International the full amount of the requisition compensation received. If the hotel rooms and related services need to continue to be requisitioned after 31 March 2020 according to the requirements of the local government, the buyout period for the hotel rooms under the agreement may be appropriately extended by mutual consultation. For details, please refer to the "Announcement of Related Party Transactions" (Announcement No. 2020-013) disclosed by the Company on 28 March 2020. In the second quarter of 2020, some of the Company's directly-managed hotels continued to be requisitioned by related governments. Pursuant to the "Buyout Agreement for Hotel Rooms and Related Services", the Company entered into a supplemental agreement with Jin Jiang International for a transaction amount of RMB 25,927,256 (including 6% VAT).

## 3. Events not disclosed in the temporary announcement

√ Applicable    □ N/A

Unit: Yuan Currency: RMB

Related party	Related party relationship	Transaction type	Content	Pricing policy	Transaction amount	Proportion in congener business (%)	Settled by
Subsidiaries for hotel services of Jin Jiang International	Holding subsidiary of parent company	Support labor service	Income from management fee for limited service hotels	Market price	45,491.49	0.00	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Support labor service	Income from room rate accounting service of limited service hotels	Market price	18,376,269.07	100.00	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Support labor service	Membership gift package design and promotion services	Market price	47,060,568.12	100.00	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary	Support labor service	OEM of mooncake	Market price	1,124,661.79	16.76	Cash
Subsidiaries of Jin Jiang Capital	Associate	Support labor service	Income from cooperation on hotel goods supply chain	Market price	48,409,292.57	100.00	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary	Support labor service	Group meal service income	Market price	6,579,289.62	3.65	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary	Sales of goods	Sales of food	Market price	4,457,095.97	23.52	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary and associate	Purchase of goods	Purchase of hotel food and goods	Market price	4,203,001.39	0.53	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Purchase of goods	Membership gift package	Market price	18,881,595.16	100.00	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Receipts of service	Room reservation fees	Market price	10,419,705.32	100.00	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Other outflows	Fee sharing of brand management	Market price	1,801,509.45	100.00	Cash
Total				/	161,358,479.95	3.98	/
The necessity and continuity of related party transactions, as well as the reason for choosing such related party (not other market players) for the related party transactions		In order to expand market share and enhance market influence of the brand, the Company provided limited hotel management service for hotel enterprises under Jin Jiang International. The Company's business cooperation with WeHotel's subsidiaries was conducive to boosting the integration and energy level of Jin Jiang's hotel resources, promoting the docking of domestic and international hotel systems, and effectively improving operational efficiency and reducing service costs; The company provides entrusted management of staff canteen catering services for Jin Jiang International, Jin Jiang Capital and its subsidiaries, which can expand the scale of group meal business.					

**(II). Related party transactions on acquisition and sale of assets or equity**

**1. Events disclosed in the temporary announcement but have no updates or changes**

Applicable    N/A

Overview	Reference
<p>On 8 January 2020, Hotels Investment and Shanghai Guanglv Enterprise Management Co., Ltd. signed the "Shanghai Property Transaction Contract" for the transfer of 100% equity in Xi'an Jin Jiang Inn and 100% equity in Zhengzhou Jin Jiang Inn at a price of RMB 75,193,051.99 and RMB 60,168.475.98, respectively.</p>	<p>Please refer to the "Announcement of Related Party Transaction on the Transfer of 100% Equity in Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn by Hotels Investment, a Wholly-owned Subsidiary" (Announcement No. 2020-001) disclosed by the Company on 9 January 2020 and the "Supplemental Announcement on Related Party Transaction of the Transfer of 100% Equity in Xi'an Jin Jiang Inn and Zhengzhou Jin Jiang Inn by Hotels Investment, a Wholly-owned Subsidiary" (Announcement No. 2020-002) disclosed on 10 January 2020.</p>
<p>On 3 March 2020, the Company signed the "Equity Transfer Agreement" with Shanghai Jin Jiang International Investment Management Co., Ltd. in relation to the transfer of 70% equity in Da Hua Hotel at a price of RMB 171,441,616.06; Hotels Investment signed the "Equity Transfer Agreement" with Jin Jiang Capital in relation to the transfer of 100% equity in Tianjin Hedong Jin Jiang Inn at a price of RMB 56,262,198.93; and Jin Jiang Inn signed the "Equity Transfer Agreement" with Jin Jiang Capital in relation to the transfer of 100% equity in Ningbo Jinbo Hotel Co., Ltd. and 70% equity in Dishuihu Jin Jiang Inn. at the prices of RMB 45,742,953.22 and RMB 67,124,837.19, respectively.</p>	<p>Please refer to the "Announcement of Related Party Transaction on the Transfer of 70% Equity in Da Hua Hotel, 100% equity in Tianjin Jin Jiang Inn and Ningbo Jinbo Hotel and 70% Equity in Dishuihu Jin Jiang Inn" (Announcement No. 2020-015) disclosed by the Company on 1 April 2020.</p>
<p>On 30 June 2020, the Jin Jiang Inn signed the "Equity Transfer Agreement" with Jin Jiang Capital in relation to the transfer of 70% equity in Tianjin Hu Jin Investment Management Co., Ltd. at a price of RMB 54,495,270.57; the Hotels Investment signed the "Equity Transfer Agreement" with Jin Jiang Capital in relation to the transfer of 70% equity in Shenyang Songhuajiang Jin Jiang Inn Co., Ltd., 70% equity in Changchun Jinlv Investment and Management Co., Ltd., 51% equity in Tianjing Jin Jiang Inn Co., Ltd. and 51% equity in Zhenjiang Jinkou Jin Jiang Inn Co., Ltd. at the prices of RMB 36,650,818.47, RMB 11,327,720.47, RMB 40,632,588.70 and RMB 16,959,764.92, respectively.</p>	<p>Please refer to the "Announcement of Related Party Transaction on the Transfer of partial equity in Tianjin Hu Jin Investment Management, Shenyang Songhuajiang Jin Jiang Inn, Changchun Jinlv Investment and Management, Tianjing Jin Jiang Inn and Zhenjiang Jinkou Jin Jiang Inn." (Announcement No. 2020-023) disclosed by the Company on 1 July 2020.</p>

**2. Events disclosed in the temporary announcement but have updates or changes**

Applicable    N/A

**3. Events not disclosed in the temporary announcement**

Applicable     Not Applicable

**4. Where the performance is agreed upon, the performance achieved during the reporting period shall be disclosed**

Applicable     N/A

**4. Where the performance is agreed upon, the performance achieved during the reporting period shall be disclosed**

Applicable     Not Applicable

**(III). Significant related party transactions for joint external investment**

**1. Events disclosed in the temporary announcement but have no updates or changes**

Applicable     Not Applicable

**2. Events disclosed in the temporary announcement but have updates or changes**

Applicable     Not Applicable

**3. Events not disclosed in the temporary announcement**

Applicable     Not Applicable

**(IV). Balances due to/ from related parties**

**1. Events disclosed in the temporary announcement but have no updates or changes**

Applicable     Not Applicable

Overview	Reference
<p>On 27 March 2020, the Company and Jin Jiang Finance Company entered into the <i>Supplemental Agreement to the Financial Services Framework Agreement</i> (the "Supplemental Agreement") to adjust certain terms of the <i>Financial Services Framework Agreement</i> entered into by both parties on 30 August 2018, with the maximum daily balance for loans being RMB 5.5 billion and the maximum daily balance of deposits being RMB 4 billion. The term of the Agreement shall be effective for the period from the effective date of the Supplemental Agreement to 30 June 2022, upon fulfillment of the relevant procedures stipulated in the Rules Governing the <i>Listing of Stocks on the Shanghai Stock Exchange</i> (including consideration and approval by the shareholders' meeting of the Company). The above matters were considered and approved at the 2019 Annual General Meeting of Shareholders of the Company held on 22 May 2020.</p>	<p>For details, refer to <i>Announcement of Related Party Transactions in connection with the signing of the Supplemental Agreement to the Financial Services Framework Agreement</i> disclosed by the Company on 28 March 2020. (Announcement No.: 2020-011)</p>

**2. Events disclosed in the temporary announcement but have updates or changes**

Applicable     Not Applicable

**3. Events not disclosed in the temporary announcement**

Applicable     Not Applicable

**(V). Others**

Applicable     Not Applicable

**Savings and borrowings of Finance Company**

The Company deposited a part of settlement funds or idle funds in Jin Jiang International Finance Co., Ltd. (approved non-banking financial institutions), carrying an opening balance for current reporting period to be RMB 2,964.69 million and closing balance to be RMB 3,862.54 million. On 22 May 2020, in the 2019 Annual General Meeting of Shareholders approved the Proposal to Sign *Supplemental Agreement to the Financial Services Framework Agreement* with Jin Jiang Finance Corporation: the Company's deposit balance in Jin Jiang International Finance Co., Ltd. shall not exceed RMB 4,000 million. The deposit interest income obtained accordingly in 2020 was RMB 42.20 million.

The Company's subsidiaries obtained borrowings from Jin Jiang International Finance Co., Ltd., carrying an opening balance and closing balance over the reporting period to be RMB 1,405.81 million and RMB 2,663.78 million. On 22 May 2020, in the 2019 Annual General Meeting of Shareholders discussed and approved the Proposal to Sign *Supplemental Agreement to the Financial Services Framework Agreement* with Jin Jiang Finance Corporation: the Company's deposit balance in Jin Jiang International Finance Co., Ltd shall not exceed RMB 5,500 million. The deposit interest expense incurred in 2020 was RMB 46.25 million.

According to Article 12 of Chapter III of Jin Jiang International Finance Co., Ltd., the Board of Directors of Jin Jiang International (Holdings) Co., Ltd. promised to push Shanghai Jin Jiang Capital Co., Ltd. to increase its share capital accordingly when there is emergency of payment difficulty."

In order to ensure the safety and independence of the Company's deposits with the Finance Company, the actual controller of the Company, Jin Jiang International (Holdings) Co., Ltd., issued the following commitments on 22 December 2009:

"In the case of the reorganization is approved and implemented, we will provide guarantee in full for all the deposits and other financial assets deposited in Jin Jiang Finance by your company and subsidiaries as at 31 July 2009 (audit base date) and any deposit and other assets deposited in Jin Jiang Finance thereafter. If Jin Jiang Finance cannot pay the principal and interest of any deposit and other assets to your company and subsidiaries, we will pay on behalf on time. When carrying out businesses including savings, your company and Jin Jiang Finance shall follow the voluntariness principle and make decisions independently, and we promise not to take any way to

impose unified requirements on the businesses including savings to your company, nor to interfere your company's normal decision-making, to ensure the financial independence and capital safety of your company. In this regard, your company shall disclose the above deposits and the guarantee thereon (including regular disclosure in the regular reports and timely disclosure of significant events) timely in accordance with relevant regulations."

**XV. Significant contracts and fulfillment of contracts**

**(I). Trusteeship, contracting or leasing**

**1. Trusteeship**

Applicable     Not Applicable

**2. Contracting**

Applicable     Not Applicable

**3. Leasing**

Applicable     Not Applicable

**(II) Guarantee**

Applicable     Not Applicable

Unit: '0,000 Currency: EUR

The Company's external guarantees (excluding guarantees to subsidiaries)	
Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)	
Total guarantee balance at the end of the reporting period (A) (excluding guarantees to subsidiaries)	
Guarantees by the Company and its subsidiaries to subsidiaries	
Total amount of guarantees to subsidiaries incurred during the reporting period	45,000
Total balance of guarantees to subsidiaries at the end of the reporting period (B)	45,000
Total amount of the Company's guarantees (including guarantees to subsidiaries)	
Total guarantee (A+B)	45,000
The ratio of total guarantees to the Company's net assets (%)	28.41
Including:	
Amount of guarantees provided to shareholders, actual controllers and their related parties (C)	0
Amount of debt guarantee provided directly or indirectly to the guaranteed objects with gearing ratio over 70% (D)	45,000
Total amount of guarantees exceeding 50% of net assets (E)	0
Total amount of the above three guarantees (C+D+E)	45,000
Explanation of possible joint and several liability for unexpired guarantees	
Explanation of guarantees	On 23 September 2020, the Company signed the Guarantee Contract with China Minsheng Bank Corporation Limited Shanghai Branch in relation to the EUR 300 million working capital borrowing of Sailing Investment Co. On 27 September, 9 November and 11 November 2020, the Company signed the Guarantee Contract with ICBC Shanghai Bund Sub-branch in relation to EUR 60 million, EUR 60 million and EUR 30 million working capital borrowings of GDL, respectively. The above guarantees

	have been considered and approved at the Twenty-sixth Meeting of the Ninth Session of the Board of Directors, the Twenty-ninth Meeting of the Ninth Session of the Board of Directors and the First Extraordinary General Meeting of 2020 of the Company.
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**(III). Entrusted cash assets management**

**1. Details of entrusted financial management**

**(1) Overview of entrusted financial management**

Applicable     Not Applicable

**Other information**

Applicable     Not Applicable

**(2) Details of single entrusted financial management**

Applicable     Not Applicable

**Other information**

Applicable     Not Applicable

**(3) Impairment provision of entrusted financial management**

Applicable     Not Applicable

**2. Entrusted loans**

**(1) Overview of entrusted loans**

Applicable     Not Applicable

Unit: '0,000 Currency: RMB

Type	Source of fund	Amount incurred	Outstanding balance	Overdue amount unrecovered
Entrusted loans	Own funds	7,740.00	8,632.52	165.02

**Other information**

Applicable     Not Applicable

(b) Details of single entrusted loans

√Applicable    □Not Applicable

Unit: '0.000 Currency: RMB

Trustee	Types of entrusted loan	Amount of entrusted loan	Start date of entrusted loan	Expiry date of entrusted loan	Source of fund	Invested to	Remuneration determination way	Annual yield rate	Expected income (if any)	Actual profit or loss	Actual recovery	Weather it undergoes legal procedure	Whether there is a entrusted loan plan in the future	Amount of impairment provision (if any)
Jin Jiang Finance Company	Providing loans to a holding subsidiary	550	26 October 2017	24 January 2021	Own funds	Supplementary liquidity	Quarterly interest settlement	1.2	21.30	21.30	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to a holding subsidiary	550	20 May 2020	10 May 2023	Own funds	Supplementary liquidity	Quarterly interest settlement	1.2	6.95	6.95	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating enterprises	120	6 November 2019	5 November 2020	Own funds	Supplementary liquidity	Quarterly interest settlement	4.35	5.29	5.29	Recovered	Yes	Yes	None
Bank of Communications Shanghai Branch	enterprises	120	20 November 2020	10 November 2022	Own funds	Supplementary liquidity	Quarterly interest settlement	4.25	0.59	0.59	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating enterprises	1,170	29 June 2020	28 June 2023	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	6.95	6.95	Not expired	Yes	Yes	None
Jin Jiang Finance Company	enterprises	900	30 June 2020	29 June 2023	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	5.32	5.32	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating enterprises	342.52	29 July 2019	28 July 2022	Own funds	Supplementary liquidity	Quarterly interest settlement	2.1	10.41	10.41	Not expired	Yes	Yes	None
ICBC Guangzhou Avenue Sub-branch	Providing loans between affiliated companies	5,000	10 September 2020	12 April 2021	Own funds	Supplementary liquidity	Monthly interest settlement	3.15	44.63	44.63	Not expired	Yes	Yes	None
Huaxia Bank Guangzhou Haizhu Sub-branch	Providing loans to franchisees	200	23 September 2015	22 September 2017	Own funds	Preparation and operation of new stores	Monthly interest settlement	12	30.30	12.84	RMB1.6502 million was not recovered	Yes	No	165.02

**Other information**

Applicable     Not Applicable

**(3) Provision for impairment of entrusted loans**

Applicable     Not Applicable

**3. Other cases**

Applicable     Not Applicable

**(IV) Other significant contracts**

Applicable     Not Applicable

**XVI. Description of other significant matters**

Applicable     Not Applicable

**XVII. Work on active performance of social responsibility**

**(I) Poverty alleviation work for listed companies**

Applicable     Not Applicable

**1. Targeted poverty alleviation planning**

Applicable     Not Applicable

In 2020, through the charity auction dinner and investors' donations, Lavande Hotel donated a total of RMB 868,217.5 to the Shenzhen One Foundation Warm Bag Project.

On 16 December 2020, Xana Hotel, Shenzhen Social Workers Association and Shenzhen Women and Children Development Foundation jointly conducted the "Xana Hotel Women's Employment Public Welfare Training Program" recruitment training for socially disadvantaged female groups.

Jin Jiang Hotel WeHotel, together with the brand power of Lavande, raised RMB 13,045 in the form of "charity fundraising" and donated it to the China Children and Youth Charity Relief Fund.

**2. Overview of annual targeted poverty alleviation**

Applicable     Not Applicable

In 2020, through the charity auction dinner and investors' donations, Lavande Hotel donated a total of RMB 868,217.5 to the Shenzhen One Foundation Warm Bag Project, of which RMB 800,000 was donated by Lavande Hotel on behalf of the auction and RMB 68,217.5 was donated by investors through bank remittances and online donations respectively. The 2,378 One Foundation Warmth Bags donated by





**4. Follow-up targeted poverty alleviation plan**

Applicable    Not Applicable

**(II) Social responsibility work status**

Applicable    Not Applicable

Refer to The Company's disclosure of the 2020 annual Enterprise Social Responsibility report.

**(III) Environment information conditions**

**1. Environmental description of the Company and its important subsidiaries, which are the key pollutant discharging units released by the Environmental Protection Department**

Applicable    Not Applicable

**2. Environmental description of companies excluding key pollutant discharging units**

Applicable    Not Applicable

The Company is highly responsible for the society, and takes positive measures to reduce energy consumption and pollution emissions and promote sustainable development of enterprises.

In terms of new and reconstructed properties, the Company asked hotels to take active energy-saving measures to reduce environmental impacts during construction and later operations. The Company strengthen the green energy conservation and environmental protection standards for newly built and renovated hotels. The Company required hotels making energy-saving design in accordance with the climate condition and energy-saving design standards in the place where the project was located, and required minimizing the area of external windows of newly-built projects to meet energy-saving requirements under the premise to satisfy the requirements in glazing floor area ratio and planning specified by the standards; required adopting solar energy, air source heat pump or other energy-saving environmental equipment as the heat source and taking full advantage of afterheat and waste heat; the sewage treatment and waste separation, boiler smoke emission, waste heat gas emission, kitchen air pollutant emission and noise emission of the Hotel must meet the national and local emission standards; the Company attaches importance to conservation of water and electricity for construction, and to turning off water and electricity before leaving; the construction waste at the construction site is cleaned up using containers for transported, and the dust caused by throwing in the air at will is strictly prohibited, and water is sprinkled appropriately when cleaning and transporting the waste to reduce dust; the construction road is hardened and cleaned and sprinkled at any time to reduce road dust; All types of diesel and gasoline machinery used on the site to implement the relevant pollutant emission standards and not to use machinery with gas emissions exceeding the standards; Control noise as much as possible during construction, use as little as possible or not use equipment and machinery with excessive noise, and take measures to minimize the noise impact during construction; Set up closed operating sheds for strong noise machinery (such as mixers, chainsaws, sanders, etc.) to reduce noise diffusion; avoid nighttime construction as far as possible, if necessary, apply to the environmental protection department in advance to obtain consent; The materials entering the site are checked in strict accordance with national standards to ensure that over-standard materials are strictly prohibited

from entering the site, and material standards that meet the requirements of environmental protection, energy conservation and fire protection are used, etc.

**3. Reasons for not disclosing environmental information by companies other than key pollutant discharging units**

Applicable    Not Applicable

**4. Explanation of the updates or changes in the environmental information disclosure during the reporting period**

Applicable    Not Applicable

**(IV) Other explanation**

Applicable    Not Applicable

**XVIII. Convertible bonds of the Company**

Applicable    Not Applicable

## Section VI Changes of Ordinary Shares and Particulars of Shareholders

### I. Change of share capital

#### (I) Statement of change in share capital

##### 1. Statement of change in share capital

The number of total ordinary shares of the Company and equity structure have not changed during the reporting period.

##### 2. Explanation on the change in ordinary shares

Applicable    Not Applicable

##### 3. Effects of changes in ordinary shares on financial indicators such as earnings per share and net asset per share in the most recent year and the most recent period (if any)

Applicable    Not Applicable

##### 4. Other disclosures the Company considers necessary and the securities regulatory authority requires

Applicable    Not Applicable

On 2 September 2020, the ninth twenty-ninth board of directors of the Company considered and approved the relevant proposal of the non-public offering of A shares of the Company. The proposals were approved at the Company's First Extraordinary General Meeting of 2020 held on 22 September 2020. On 28 January 2021, the Company received the *Approval of the non-public offering of shares of Shanghai Jin Jiang International Hotel Co. Ltd.* from the CSRC (CSRC License [2021] No. 208), approving the non-public offering of no more than 150 million new shares of the Company. The share issue was registered with the Shanghai Branch of China Securities Depository and Clearing Corporation on 19 March 2021. For details of the non-public offering of A shares, please refer to the "Proposal for the Non-public Offering of A Shares by Shanghai Jin Jiang International Hotel Co., Ltd." (September 2, 2020) and the "Report on the Non-public Offering of Shares by Shanghai Jin Jiang International Hotel Co. Ltd." (22 March 2021).

#### (II) Details of changes in restricted shares

Applicable    Not Applicable

## II. Securities issuance and listing

### (I) The issuance of securities as at the reporting period

Applicable    Not Applicable

Unit: Share Currency: RMB

Types of stock and derivatives securities	Issue date	Issue price (or interest rate)	Issue number	Listing date	Number of transactions approved for listing	Termination date of the transaction
Ordinary shares						
RMB ordinary shares (non-public offering)		15.08	201,277,000	2017-12-06	201,277,000	
RMB ordinary shares (non-public offering)		29.45	153,418,700	2019-08-05	153,418,700	

Details of securities issuance as at the reporting period (For bonds with different interest rates during the lifetime, please specify separately)

Applicable    Not Applicable

The proposals on non-public offering of A Share stocks were discussed and approved in the 22nd board meeting of the seventh session of the board of shareholders of the Company on 13 June 2014. Such proposals were approved by the 1st extraordinary general meeting of shareholders in 2014 which was held on 2 July 2014. On 19 October 2014, the Company received the *Reply on Approving the Non-public Offerings of Stocks of Shanghai Jin Jiang Hotels Development Co., Ltd.* (Zheng Jian Xu Ke [2014] No. 1129) issued by the China Securities Regulatory Commission, which approved the Company to issue 201,277,000 new shares in a non-public way. For the new shares in this offering, registration and custody formalities have been completed at China Securities Depository and Clearing Co., Ltd. Shanghai Branch on 3 December 2014. For the details of non-public A Share stocks, please refer to the *Preplan on the Non-public Offering of A Share Stocks of Shanghai Jin Jiang International Hotels Development Co., Ltd.* (Corporate Announcement Lin 2014-020) and the *Report on the Non-public Offerings of Stocks of Shanghai Jin Jiang International Hotels Development Co., Ltd.* (6 December 2014).

Relevant proposals on Non-public Offering of A-Share Stocks were discussed and approved in the 5<sup>th</sup> board meeting of the eighth session of the board of directors on 30 October 2015. Such proposals have been approved by the 4<sup>th</sup> extraordinary general meeting of shareholders which was held on 27 November 2015. On 8 July 2016, the Company received the *Reply on Approving the Non-public Offerings of Stocks of Shanghai Jin Jiang Hotels Development Co., Ltd.* (Zheng Jian Xu Ke [2016] No. 1090) issued by the China Securities Regulatory Commission, which approved the Company to issue no more than 153,418,700 new non-public shares. For the new shares in this offering, registration formalities have been completed at China Securities Depository and Clearing Co., Ltd Shanghai Branch on 2 August 2016. For the details of non-public A Share stocks, please refer to the *Preplan on the Non-public Offering of A Share Stocks of Shanghai Jin Jiang International Hotels Development Co., Ltd.* (Corporate Announcement 2015-090) and the *Report on the Non-public Offerings of Stocks of Shanghai Jin Jiang International Hotels Development Co., Ltd.* (5 August 2016).

**(II) Changes in the number of total ordinary shares and shareholder structure of the Company as well as the structures of assets and liabilities of the Company**

Applicable Not Applicable

**(III) Existing internal employee shares**

Applicable Not Applicable

**III. Particulars of shareholders and the actual controller**

**(I) Total number of shareholders**

Total number of shareholders at the end of reporting period (households)	37,191 (Including: A-share shareholders of 14,567, B-share shareholders of 22,624)
Total number of shareholders at the end of the month prior to the disclosure date of annual report (households)	37,828 (Including: A-share shareholders of 15,828 B-share shareholders of 22,000)

**(II) Shareholding condition of the top ten shareholders as at the end of reporting period, the top ten circulating shareholder (or unrestricted tradable shareholders)**

Unit: Share

Particulars of the top 10 shareholders							
Name of shareholder (Full name)	Changes during the reporting period	Shareholding at end of reporting period	Proportion (%)	Restricted shares held	Pledge or freeze		Nature of shareholder
					Status	Qty.	
Shanghai Jin Jiang Capital Co., Ltd.		482,007,225	50.32		Nil		State-owned
Hong Kong Securities Clearing Company Limited	+34,786,888	41,845,576	4.37		Nil		Unknown
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	-29,731,630	35,932,270	3.75		Nil		Foreign-owned
Huaan Future Asset – ICBC-Anxin Trust Co., Ltd.		15,244,482	1.59		Nil		Domestic non-State-owned
INVESCO FUNDS SICAV		11,141,926	1.16		Unknown		Foreign-owned
Bank of China – China AMC Large-cap Select Securities Investment Fund	-717,720	10,836,716	1.13		Nil		Other
China Everbright Bank - Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF)	+3,208,806	8,979,937	0.94		Nil		Other

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ICBC - Fuguo Tianhui Selective Growth Hybrid Securities Investment Fund (LOF)	+6,296,894	6,608,294	0.69		Nil	Other
Bank of Communications - Rongtong Industry Boom Securities Investment Fund	+4,718,900	4,718,900	0.49		Nil	Other
China Merchants Bank - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	+4,663,137	4,663,137	0.49		Nil	Other

Particulars of top 10 unrestricted tradable share shareholders			
Name of shareholder	Number of unrestricted tradable shares held	The category and amount of shares	
		Category	Qty.
Shanghai Jin Jiang Capital Co., Ltd.	482,007,225	RMB ordinary share	482,007,225
Hong Kong Securities Clearing Company Limited	41,845,576	RMB ordinary share	41,845,576
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	35,932,270	RMB ordinary share	35,932,270
Huaan Future Asset –ICBC-Anxin Trust Co., Ltd.	15,244,482	RMB ordinary share	15,244,482
INVESCO FUNDS SICAV	11,141,926	Foreign shares listed in China	11,141,926
Bank of China - China AMC Large-cap Select Securities Investment Fund	10,836,716	RMB ordinary share	10,836,716
China Everbright Bank - Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF)	8,979,937	RMB ordinary share	8,979,937
ICBC - Fuguo Tianhui Selective Growth Hybrid Securities Investment Fund (LOF)	6,608,294	RMB ordinary share	6,608,294
Bank of Communications - Rongtong Industry Boom Securities Investment Fund	4,718,900	RMB ordinary share	4,718,900
China Merchants Bank - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	4,663,137	RMB ordinary share	4,663,137
Explanation on related party relationship with above shareholders and concerted action.	The fund manager of China Everbright Bank - Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF) and China Merchants Bank - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF) is Aegon-Industrial Fund. Other than that, the Company does not know whether there is any relationship between other shareholders or whether they are persons acting in concert as stipulated in the "Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies".		
Explanation on preferred shareholders recovering with voting rights and the quantity of their shares			

Particulars of top 10 shareholders of restricted shares and restriction conditions

Applicable Not Applicable

**(III) Strategic investors, or legal person for placement of new shares to become the top 10 shareholders**

Applicable Not Applicable

**IV. Brief introduction to the controlling shareholder and the actual controller**

**(I) Particulars of the controlling shareholder**

**1 Legal person**

Applicable    Not Applicable

Name	Shanghai Jin Jiang Capital Co., Ltd.
Legal Representative	Yu Minliang
Date of Establishment	16 June 1995
Primary Business	Hotel investment, investment management of enterprises, hotel management, domestic trade, consulting of the self-owned office building, apartment lease, parking, training and relevant projects; the followings are limited to operate by branches: hotel management, catering, associated shops (including retail of cigarettes and wines), western cake houses, coffee shops, bars, cigar bars, music cafes, hydrotherapy and massage, cosmetology and hairdressing, recreation rooms, gyms, natatoriums, parking lots management, property management (those involving approvals by law should be operated after obtaining the approval from relevant departments).
Equity of other domestic and foreign listing companies controlled and participated in during the reporting period	By the end of reporting period, the Company holds 212,586,460 shares of a domestic listed companies, Jin Jiang Investment (600650) and 66,556,270 shares of a domestic listed companies, Jin Jiang Travel (900929)
Other instructions	

**2 Natural person**

Applicable    Not Applicable

**3 Special explanation where there is no controlling shareholder of the Company**

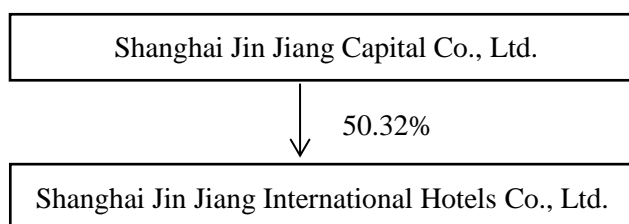
Applicable    Not Applicable

**4 Index and date of changes in controlling shareholders during the reporting period**

Applicable    Not Applicable

**5 Framework for the property right and control relationship between the Company and its controlling shareholders**

Applicable    Not Applicable



**(II) Particulars of the actual controller**

**1 Legal person**

Applicable    Not Applicable

Name	Shanghai State-Owned Assets Supervision and Administration Commission
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**2 Natural person**

Applicable    Not Applicable

**3 Special explanation where there is no actual controller of the Company**

Applicable    Not Applicable

**4 Index and date of changes in actual controller during the reporting period**

Applicable    Not Applicable

**5 Framework for the property right and control relationship between the Company and its actual controller**

Applicable    Not Applicable



**6 The actual controller controls the Company via entrust or other ways of assets management**

Applicable    Not Applicable

**(III) Other introduction to the controlling shareholder and the actual controller**

Applicable    Not Applicable

**V. Other shareholders with over 10% of corporate shares**

Applicable    Not Applicable

**VI. Explanation on restricted shares deduction**

Applicable    Not Applicable

## **Section VII Preferred Stock**

Applicable    Not Applicable

## Section VIII Directors, Supervisors, Senior Management and Staffs

### I. Changes in shareholding and remuneration

#### (I) Changes in shareholding and emoluments of incumbent/resigned directors, supervisors and senior management during the reporting period

√Applicable □Not Applicable Unit: Share

Name	Position (note)	Gender	Age	Term start (YY-MM-DD)	Term end (YY-MM-DD)	Number of shares at the beginning of the year	Number of shares at the end of the year	Shares changes within the year	Reason for changes	Pre-tax gains from the Company during reporting period (RMB 0'000)	Whether to obtain gains from the related party
Yu Minliang	Chairman	Male	63	2019-05-21	2022-05-20	14,305	14,305	0		0	Yes
Guo Lijuan	Vice Chairman	Female	57	2019-05-21	2022-05-20					0	Yes
Lv Haiyan	Vice Chairman	Male	66	2019-05-21	2022-05-20					0	Yes
Chen Liming	Director	Male	60	2019-05-21	2022-05-20					0	Yes
Ma Mingju	Director	Male	59	2019-05-21	2022-05-20					0	Yes
Zhou Wei	Director	Female	40	2019-05-21	2022-05-20					0	Yes
Zhao John Huan	Director	Male	57	2019-05-21	2022-05-20					0	Yes
Yu Miaogen	Independent Director	Male	59	2019-05-21	2022-05-20					10	No
Xie Rongxing	Independent Director	Male	70	2019-05-21	2022-05-20					10	No
Zhang Fubo	Independent Director	Male	58	2019-05-21	2022-05-20					10	No
Sun Chiping	Independent Director	Male	62	2019-05-21	2022-05-20					10	No
Wang Guoxing	Chairman of the Board of Supervisors	Male	57	2019-05-21	2022-05-20					0	Yes
Xu Zheng	Supervisor	Male	54	2019-05-21	2022-05-20					0	Yes
Sun Qing	Supervisor	Female	52	2019-05-21	2022-05-20					54.83	No
He Yichi	Supervisor	Male	41	2019-05-21	2022-05-20					70.38	No
Zhang Xiaoqiang	CEO	Male	52	2019-05-21	2021-03-19					0	Yes
Shen Li	CFO / Finance Chief	Female	52	2019-05-21	2022-05-20	97,200	97,200	0		73.58	No
Hu Min	Vice President / The Board Secretary	Female	48	2019-05-21	2022-05-20					54.83	No
Xia Min	Vice President	Male	49	2019-05-21	2022-05-20					67.35	No
Hou Lerui	Vice President	Female	42	2019-05-21	2022-05-20					54.83	No
Total	/	/	/	/	/	111,505	111,505	0	/	415.80	/

Note: The Ninth Thirty-eighth Meeting of the Board of Directors of the Company held on 19 March 2021 considered and approved the "Proposal on Adjustment of Some Senior Management Personnel of the Company". Due to the change of work, Zhang Xiaoqiang no longer serves as the Chief Executive Officer of the Company, and the Board of Directors has studied and decided to agree to appoint Zhu Qian as the Chief Executive Officer of the Company, whose term is the same as the term of directors of the current Board of Directors.

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Name	Major working experiences
Yu Minliang	Used to be the general manager of Shanghai New Asia (Group) Co., Ltd., the general manager and secretary of the party committee of Shanghai New Asia (Group) Co., Ltd., the chairman and secretary of the party committee of Jin Jiang (Group) Co., Ltd., and the chairman, secretary of the party committee and chief executive officer of Jin Jiang International (Holdings) Co., LTD.; currently holding the office of the chairman and secretary of the party committee of Jin Jiang International (Holdings) Co., Ltd., the chairman and executive director of Shanghai Jin Jiang Capital Co., Ltd., and the chairman of Shanghai Jin Jiang International Hotels Co., Ltd.
Guo Lijuan	Used to be the deputy director of the Regional Department and Rights Department of Shanghai Municipal Committee of the Communist Youth League, the general manager, chairman and secretary of the party committee of Shanghai Advertising Co., Ltd., the director and vice president of Shanghai World Expo (Group) Co., Ltd., the executive director, chairman and secretary of the party committee of Shanghai Foreign Service Co., Ltd., and the vice president of Shanghai Donghao International Service Trade (Group) Co., Ltd.; currently holding the office of the president, deputy secretary of the party committee and director of Jin Jiang International (Holdings) Co., Ltd., the vice chairman and executive director of Shanghai Jin Jiang Capital Co., Ltd., and the vice chairman of Shanghai Jin Jiang International Hotels Co., Ltd.
Lv Haiyan	Used to be the general manager of Beijing Kunlun Hotel, the vice president, senior vice president and vice chairman of Jin Jiang International (Holdings) Co., Ltd.; currently holding the office of the director of Jin Jiang International (Holdings) Co., Ltd., the chairman of Jin Jiang International Group Northern Co., Ltd., the vice chairman of Shanghai Jin Jiang International Hotels Co., Ltd., and the chairman of Shanghai Jin Jiang Premier Hotels Management Co., Ltd.
Chen Liming	Used to be the general manager of Dutch Shanghai City Restaurant Co., Ltd., the deputy general manager of Shanghai Hyland Hotel, the executive manager of Shanghai New Asia (Group) Co., Ltd., the secretary general (vice president) of the Executive Committee of the Board and vice president of Jin Jiang International (Holdings) Co., Ltd.; currently holding the office of vice chairman of Jin Jiang International (Holdings) Co., Ltd., chairman and executive director of Shanghai Jin Jiang Capital Co., Ltd., the director of Shanghai Jin Jiang International Hotels Co., Ltd., the chairman and president of Louvre Hotels Group (GDL), and the chairman of Radisson Hospitality AB.
Ma Mingju	Used to be the manager of Accounting & Finance Department of Jin Jiang International (Holdings) Co., Ltd., the supervisor of Shanghai Jin Jiang International Hotels (Group) Co., Ltd., the director of Shanghai Jin Jiang Online Network Service Co., Ltd.; currently holding the office of the vice president and general manager of Financial Business Department of Jin Jiang International (Holdings) Co., Ltd., the executive director and CEO of Shanghai Jin Jiang Capital Co., Ltd., the director of Shanghai Jin Jiang International Hotels Co., Ltd., the chairman of Shanghai Jin Jiang International Investment Management Co., Ltd., the chairman of Jin Jiang International Finance Co., Ltd. and the chairman of Radisson Hospitality AB.
Zhou Wei	Used to be the deputy director of the Translation Section of Foreign Affairs Office of Shanghai Municipal Government, the deputy manager of Investment Development Department of Jin Jiang International (Holdings) Co., Ltd., the chief director of Investment Development Department and CIO of Shanghai Jin Jiang International Hotels (Group) Co., Ltd., and the CEO of Shanghai Jin Jiang Louver Asia Hotel Management Co., Ltd.; currently holding the office of the vice president of Jin Jiang International (Holdings) Co., Ltd., the executive director of Shanghai Jin Jiang Capital Co., Ltd., the director of Shanghai Jin Jiang International Hotels Co., Ltd., and the director of Radisson Hospitality AB).
ZHAO JOHN HUAN	In 2013, joined Legend Holdings and founded Hony Capital, used to be the vice chairman of Shanghai Environment Group Co., Ltd, the executive director and executive vice president of Legend Holdings Corporation, CEO of Buford Holding Co., Ltd and Chairman of the Board and Non-Executive Director of Hospital Corporation of China Limited; currently holding the office of the chairman and president of Hony Capital, the non-executive director of Lenovo Group Co., Ltd., the non-executive director of Lenovo Group Co., Ltd., the board chairman and CEO of Buford Holding Co., Ltd, the non-executive director and member of Strategy Committee of China Glass Co., Ltd., the director of Shanghai Jin Jiang International Hotels Co., Ltd., the non-executive director of Zoomlion Heavy Industry and Technology Co., Ltd., non-executive director of ENN Natural Gas Co., Ltd (Original Name: ENN Ecological Holdings Co., Ltd), chairman of the Board and executive director of Goldstream investment Co., Ltd, non-executive director of Sincere Pharmaceutical Co., Ltd., non-executive director of Eros STX Global Corporation.

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Name	Major working experiences
Yu Miaogen	Used to be the general representative and general manager of Shanghai International Trust and Investment Company based in Hamburg, Germany Office, the general manager of Shanghai International Trust and Investment Company Funds Trust Department, the deputy general manager of Shanghai International Trust and Investment Company, and the general manager and chairman of Hua An Fund Management Co., Ltd., currently holding the office of CEO of Rich More Huitong Financial Services (Shanghai) Co., Ltd. and the independent director of Shanghai Jin Jiang International Hotels Co., Ltd.
Xie Rongxing	Used to be the director and chief director of securities trading of Wanguo Securities, the vice president of Juanan Securities, the chief economist of Guotai Junan Securities, the president of Guotai Junan Investment Management Company, the general inspector of Guolian Fund Management, the independent director of Shanghai Waigaoqiao Tax Free Zone Development Co., Ltd., and the independent director of Zhangjiagang Bonded Technology Co., Ltd.; currently holding the office of the lawyer at the Shanghai Taiyuan Law Firm, the vice chairman of Shanghai Finance Association, the social supervisor of RED CROSS Society of China Shanghai Branch, the independent director of Shang Ying Group, the independent director of Jiubai Shanghai Co., Ltd., the independent director of Zhong Fang Co., Ltd., the independent director of Canature Environmental Products Co., Ltd., and the independent director of Shanghai Jin Jiang International Hotels Co., Ltd.
Zhang Fubo	Used to be the assistant to the president of Guotaijunan Securities Co., Ltd., the vice president of Xing'an Securities Co., Ltd., the deputy general manager of Shanghai Securities Co., Ltd., the chairman of Hai Zheng Futures Co., Ltd., the independent director of Tibet's Urban Development and Investment Co., Ltd., the vice chairman of the board and non-executive director of Hong Kong Nine Source Chemical (Group) Co., Ltd.; currently holding the office of the chairman of Jiangsu Shunfeng Photovoltaic Technology Co., Ltd., the chairman of Shunfeng International Clean Energy Limited, the chairman of Wuxi Suntech Co Ltd, chairman of the Board of Shunfeng International Clean Energy Limited, the director of Asia-pacific Resources Development and Investment Co., Ltd., the independent director of Shanghai ShenHua Holdings Co., Ltd., the independent director of M Fund Management Co., Ltd. and the independent director of Shanghai Jin Jiang International Hotels Co., Ltd., independent director of Xuzhou Handler Special Vehicle Company Ltd., independent director of Flying Technology Co., Ltd., independent director of Rofine Technology Co., Ltd..
Sun Chiping	Used to be the president and secretary of the party committee of Industrial and Commercial Bank of China Guangdong Branch, the president and secretary of the party committee of Industrial and Commercial Bank of China Shanghai Branch, the president and secretary of the party committee of Industrial and Commercial Bank of China Jiangsu Branch, and the chairman of ICBC-AXA Assurance Co., Ltd.; currently holding the office of the independent director of Shanghai Jin Jiang International Hotels Co., Ltd.
Wang Guoxing	Used to be the lecturer of Finance and Economics Department of Shanghai University of Finance and Economics, the board secretary of Shanghai Jin Jiang International Hotels Development Co., Ltd., the board secretary, deputy financial controller of Shanghai New Asia (Group) Co., Ltd., the deputy financial controller, and the secretary-general (vice president) of board Executive Committee of Jin Jiang International (Holdings) Co., Ltd.; currently holding the office of vice president of Jin Jiang International (Holdings) Co., Ltd., the chief supervisor of Shanghai Jin Jiang Capital Co., Ltd., the chairman of the board of supervisors of Shanghai Jin Jiang International Hotels Co., Ltd., the chairman of the board of supervisors of Shanghai Jin Jiang Online Network Service Co., Ltd., and the chairman of the board of supervisors of Shanghai Jin Jiang International Travel Co., Ltd.
Xu Zheng	Used to be the deputy manager of Resource Integration Department, deputy director of Internal Audit of Jin Jiang International (Holdings) Co., Ltd., the director of Internal Audit, staff supervisor of Jin Jiang International (Holdings) Co., Ltd., the supervisor of Shanghai Jin Jiang International Hotels Co., Ltd., and the supervisor of Shanghai Jin Jiang Online Network Service Co., Ltd.
Sun Qing	Used to be deputy secretary of the party committee, secretary of committee for discipline inspection and chairman of Trade Union of Shanghai Hongqiao Hotel, the deputy secretary of the party committee, secretary of committee for discipline inspection and chairman of Jin Jiang International Hotel Management Co., Ltd.; currently holding the office of the deputy secretary of the party committee, secretary of committee for discipline inspection and chairman of Trade Union of Shanghai Jin Jiang International Hotels Co., Ltd.

Shanghai Jin Jiang International Hotels Co., Ltd. 2020 annual report

Name	Major working experiences
He Yichi	Used to be the senior associate, audit manager and senior audit manager of PWC, and the senior manager for financial plan of Basf (China) Co., Ltd.; currently holding the office of the supervisor and director of Internal Audit of Shanghai Jin Jiang International Hotels Co. Ltd.
Zhang Xiaoqiang	Used to be the deputy general manager of Hyland Hotel, the general manager of Hongqiao Hotel, the director and CEO of Shanghai Jin Jiang International Hotels Development Co., Ltd., the executive director and vice president of Shanghai Jin Jiang Capital Co., Ltd., and the CEO of Jin Jiang International Hotel Management Co., Ltd., chairman of the Board of Shanghai Jin Jiang Online Network Service Co., Ltd.; currently holding the office of vice president of Jin Jiang International (Holdings) Co., Ltd., the CEO and the deputy of secretary of the party committee of Shanghai Jin Jiang International Hotels Co., Ltd., and the chairman of Shanghai Jin Jiang International Travel Co., Ltd.
Shen Li	Used to be the deputy chief director of Planning & Finance Department of Shanghai New Asia (Group) Co., Ltd., CEO of Jin Jiang Inn Co., Ltd., the CFO of Shanghai Jin Jiang International Hotel Investment Co., Ltd., and the CFO of Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd.; currently holding the office of the CFO and financial controller of Shanghai Jin Jiang International Hotels Co., Ltd.
Hu Min	Used to be the representative for securities affairs and board secretary of Shanghai Jin Jiang International Hotels Development Co., Ltd.; currently holdings the office of vice president and board secretary of Shanghai Jin Jiang International Hotels Co., Ltd.
Xia Min	Used to be the manager of Front Office Department of JC Mandarin Hotel, the deputy executive manager of Jin Jiang Hotel, the deputy general manager of Peaces Hotel, the deputy general manager of Jin Jiang Fairmont Hotel Management Company, and the vice president and vice executive president of Shanghai InterContinental Rower Hotels & Resorts Management Co., Ltd.; currently holding the office of the vice president of Shanghai Jin Jiang International Hotels Co., Ltd.
Hou Lerui	Used to be the assistant of Finance Department of Shanghai Huatong (Group) Co., Ltd., the project analyst of Shanghai Xinhong Investment Management Co., Ltd., the assistant to chief representative of U.S. ADP Company Shanghai Representative Office, the lawyer of AllBright Law Offices, and the assistant to chief director, and deputy chief director of Investment Development Department of Shanghai Jin Jiang International Hotels (Group) Co., Ltd.; currently holding the office of vice present of Shanghai Jin Jiang International Hotels Co., Ltd.

Other descriptions

Applicable    Not Applicable

**(2) Equity incentives granted to the directors and senior management during the reporting period**

Applicable    Not Applicable

**II. Particulars of the incumbent and resigning directors, supervisors and senior management during the reporting period**

**(I) Position assumed in shareholding entities**

√Applicable    □Not Applicable

Name	Name of the shareholding entity	Position	Start date of office term	Expiry date of office term
Yu Minliang	Jin Jiang Capital	Chairman and Executive Director	May 2005	Now
Guo Lijuan	Jin Jiang Capital	Vice Chairman and Executive Director	June 2015	Now
Chen Liming	Jin Jiang Capital	Executive Director	September 2015	Now
		Vice Chairman	July 2016	Now
Ma Mingju	Jin Jiang Capital	Executive Director	January 2019	Now
		CEO	November 2018	Now
Zhou Wei	Jin Jiang Capital	Executive Director	June 2019	Now
Zhao John Huan	Hony Capital	Delegate	May 2011	Now
Wang Guoxing	Jin Jiang Capital	Chairman of the Board of Supervisors	September 2015	Now
Explanation on the positions in the shareholding entity				

**(II) Position assumed in other entities**

Applicable    Not Applicable

Name	Name of the entity	Position	Start date of office term	Expiry date of office term
Yu Minliang	Jin Jiang International	Chairman	June 2003	Now
Guo Lijuan	Jin Jiang International	Director and President	August 2013	Now
Lv Haiyan	Jin Jiang International	Director	June 2003	Now
Chen Liming	Jin Jiang International	Vice Chairman	March 2019	Now
Ma Mingju	Jin Jiang International	Vice President	May 2015	Now
Zhou Wei	Jin Jiang International	Vice President	March 2019	Now
Wang Guoxing	Jin Jiang International	Vice President	May 2015	Now
Xu Zheng	Jin Jiang International	Staff Supervisor	March 2011	Now
		Director of Internal Audit	September 2011	Now
Zhang Xiaoqiang	Jin Jiang International	Vice President	March 2019	Now
Explanation on the positions in the other entities				

**III. Particulars of the emolument and allowance for the directors, supervisors and senior management**

Applicable    Not Applicable

Decision-making process of the emolument and allowance paid to the directors, supervisors and senior management	Allowance for independent directors is provided based on the resolution of general meeting of shareholders. Plans of emolument for senior management are established by the Company and approved by Remuneration and Evaluation Committee of Board of Directors before presenting to the Board of Director.
Basis of emoluments for the directors, supervisors and senior management	Emoluments for the Company's senior management are comprehensively based on scale of operation, value in talent market and accomplishment of annual business objectives.
Actual emoluments and allowance payment for directors, supervisors and senior management	Please refer to (I) Changes in shareholding and emoluments of directors, supervisors and senior management
Total emoluments actually obtained by all directors, supervisors and senior management at the end of the reporting period	RMB 4.158 million

**IV. Change in the Company's directors, supervisors and senior management**

Applicable    Not Applicable

Name	Position	Change	Cause for the change
Zhu Qian	Chief Investment Officer, Secretary General of the Board of Directors	Resign	Work reason

**V. Explanation on penalty imposed by securities regulatory authority in past three years**

Applicable    Not Applicable

**VI. Particulars of employees in the parent company and major subsidiaries****(I) Employee information**

The number of on-job employees of parent company	643
The number of on-job employees of the major subsidiaries	34,429
Total on-job employees	35,072
Number of retirees borne by parent company and main subsidiaries	1,931
Specialty	
Classification of specialty	Headcount
Production and technical personnel	23,990
Sales personnel	1,331
Financial personnel	702
Administrative personnel	9,049
Total	35,072
Degree of education (excluding Louvre Group)	
Education background	Headcount
Graduate or above	111
Undergraduate	3,651
Junior college student	7,170
Secondary technical school	2,766
High school, vocational school and others	16,590
Total	30,288

**(II) Remuneration policy**

Applicable    Not Applicable

The Company follows the distribution principle that gives priority to efficiency with due consideration to fairness. To make adjustment of salary at full capacity, the Company increases employee performance wages through the improvement of business efficiency, in another word, the increase of employee performance wages synchronized with the employee performance contribution. At the same time, in the case of ensuring the employees' income which could be increased with the improvement of business efficiency, the Company will speed up to clarify and perfect the remuneration system to satisfy the needs of the market and the development of the Company, and make the labor costs adapt to the business performance step by step.

The basic method adopted by the Company to distribute the wage: increase the basic salary of general staff mainly based on performance, corporate efficiency, commodity price, industry wage level and other factors, adjust the wage standard and increase the fixed income; meanwhile, strengthen the assessment of the implementation results of the operating budget and try out the distribution method of ultra-budget shared revenue; perform performance award to middle management based on the performance appraisal; strengthen the evaluation and further restrain senior management team and key personnel, and evaluate their performance by balancing the

increase of their income and career development with the Company's career and the growth of employee's income.

**(III) Training programs**

Applicable    Not Applicable

The Company conducts the training to the staffs in the Company and the subsidiaries at different levels and sub-categories. In order to make the annual training targeted and practical, the Company's HR Department shall formulate the annual training plan of the Company according to the training demand research. Training are in the mode of self- cultivation and compulsory combination, online and offline combination. Senior management team shall attend the systemic executive programs including business tour or study in domestic or foreign successful companies and senior trainers of high-end lectures, etc. to open up strategic thinking and to enhance the purpose of business philosophy. The Company invites the experts and professors to give lectures or seminars for the senior management team. The general management team usually attend the basic training through centralized teaching, case sharing and special training. For professional training, accounting, statistics, auditing, human resources and other employees shall participate in continuing education and professional skill training every year. Technical personnel shall participate in promotion, skills training and grading test. To improve user experience, the Company put emphasis on pursuit of innovation and the career development of employees.

**(IV) Outsourcing situation**

Applicable    Not Applicable

Total working hours for labor outsourcing	494,889 hours
Total remuneration for labor outsourcing	RMB 181.64 million

**VII. Others**

Applicable    Not Applicable

## Section IX Corporate Governance

### I. Particulars of the governance of the Company

Applicable    Not Applicable

The Company constantly standardizes its operation in accordance with the *Company Law*, the *Securities Law*, the *Governance Principles of Listed Companies* and other relevant laws and statutes. The operation and management of the Company meet the requirements of the relevant documents on standardization of governance over listed companies issued by the CSRC.

#### 1. On shareholders and general meeting of shareholders

The Company took efforts on providing consultation to and receiving shareholders who visited, sent letters or called, strengthened the investor relationship management in accordance with the *Regulation of Investor Relationship Management*, and further improved the platform for communication with the shareholders. The Company convened and held the general meeting of shareholders and the voting procedures in such meetings strictly in accordance with the *Opinion on Standardization of General Meeting of Shareholders*, and the *Rules of Procedure of the General Meeting of Shareholders* and the *Articles of Association of the Company* prepared by the Company to treat all the shareholders equally, ensuring each shareholder to participate in the meeting and exercise the rights of consultation and voting in full length. The general meeting of shareholders should be witnessed by lawyers on site, with legal opinion about the validity issued by lawyers.

#### 2. On the controlling shareholder and the listed company

The Company and its controlling shareholder strictly carried out the policy of Five Separations in personnel, assets, finance, organization and business with independent accounting, taking independent obligation and risks. During the reporting period, there was no occupation of non-operating funds by controlling shareholder of the Company.

#### 3. On directors and the board of directors

The Company selected its directors by election in strict compliance with the procedures specified in the *Company Law* and the *Articles of Association*. The headcount and structure of the boards of directors of the Company meet the requirements of relevant laws and regulations. All the Company's directors could attend the board meetings earnestly and perform their duties on good faith and diligence in accordance with the *Rules of Procedure of the Directors' Meeting* and other regulations. The board was composed of 11 directors, including 4 independent directors some of whom were assumed by member of Audit & Risk Control Committee and the chief member of Remuneration & Assessment Committee (convener). The Company also set Board Strategic Investment Committee and Nomination Committee.

4. On supervisors and the board of supervisors

The Company's board of supervisors could, based on the *Rules of Procedure of the Supervisors' Meeting* and other regulations, convened and held the supervisors' meetings regularly; sat in at the board meetings earnestly to fulfill its duty to supervise and inspect performance of the directors and senior management as well as the Company's finance and express its independent opinion. The board of supervisors was composed of 4 supervisors, 2 of whom were staff supervisors.

5. On performance evaluation and incentive and restriction system

According to the market principles, the Company set up the fair performance evaluation method, which connected the income of operator with operation results of enterprise and personal performance. Senior management were employed in an open and transparent manner, which obeyed laws and regulations.

6. On the stakeholders of the Company

The Company could fully respect and safeguard the lawful rights and interests of its stakeholders and realize the coordinative balance of the benefits of its shareholders, employees and the society, promoting the sustainable and healthy development of the Company.

7. On information disclosure and transparency

The Company prepared *Information Disclosure Management System* which stipulated the process of information disclosure and responsibility of relevant staff as well as the disclosure of controlling shareholders and subsidiaries, further improving the Company's information disclosure management. The Company disclosed information with publicity, fairness, justice, truthfulness, accuracy, integrity and punctuality in strict accordance with relevant regulations. The Company fulfilled the information disclosure obligation of a listed company and vigorously safeguarded legal rights and interests of the Company and its investors with those of minority shareholders in particular.

8. On the special campaign concerning corporate governance

The Company will, in strict accordance with the requirements of relevant laws and regulations and normative documents as well as the internal regulations and system such as *Articles of Association*, etc., seriously dealing with the special campaign concerning corporate governance, constantly improve the Company's legal person governance structure and internal control regulatory system construction, enhance inside information management and information disclosure responsibility consciousness, promote the Company's operational transparency, comprehensively promote the Company's governance level in both form and substance, so as to enable the Company to keep continuous healthy development in the premise of regularized operation and maintain the legal rights and interests of the Company and all shareholders.

9. Insider registration management

In the 8<sup>th</sup> meeting of the sixth session of the board of directors of the Company discussed and approved the *Insider Information and External Information User Management System*. In order to further improve the corporate insider information management system, in accordance with the *Provisions on the Establishment of the Insider Registration Management System by Listed Companies* issued by the China Securities Regulatory Commission (CSRC Announcement [2011] No. 30), in the 26<sup>th</sup> meeting of the sixth session of the Board of Directors discussed and approved proposal to revise the *Insider Information and External Information User Management System*. The Company registered the information insiders before and after the periodic reports and other significant matters.

Whether there is a significant difference between the requirements of corporate governance and the relevant provisions of the CSRC. If there are significant differences, reasons for such differences should be disclosed.

Applicable     Not Applicable

**II. Brief introduction to general meetings of shareholders**

Conference times	Convening date	Specific reference website publishing the resolution	Disclosure date of the resolution published
The annual general meeting of shareholders in 2019	2020-05-22	<a href="http://www.sse.com.cn">www.sse.com.cn</a>	2020-05-23
First Extraordinary General Meeting of Shareholders in 2020	2020-09-22	<a href="http://www.sse.com.cn">www.sse.com.cn</a>	2020-09-23

Description of general meeting of shareholders

Applicable     Not Applicable

**III. Duty fulfillment of directors**

**(I) Attendance of directors in board meetings and general meetings of shareholders**

Name of director	Independent directors or not	Attendance in board meeting						Attendance in general meeting of shareholders
		Expected attendance frequency in board meetings	Attendance frequency in person	Participation by communications	Entrusted attendance frequency	Times of absence	Consecutive absence from two meetings in person	Attendance frequency at the general meeting of shareholders
Yu Minliang	No	22	22	19	0	0	No	2
Guo Lijuan	No	22	22	19	0	0	No	2
Lv Haiyan	No	22	22	19	0	0	No	0
Chen Liming	No	22	22	19	0	0	No	2
Ma Mingju	No	22	22	19	0	0	No	2
Zhou Wei	No	22	22	19	0	0	No	2

Zhao John Huan	No	22	22	19	0	0	No	0
Yu Miaogen	Yes	22	22	19	0	0	No	2
Xie Rongxing	Yes	22	22	19	0	0	No	2
Zhang Fubo	Yes	22	22	19	0	0	No	1
Sun Chiping	Yes	22	22	19	0	0	No	2

Explanation on consecutive absence from two board meetings in person

Applicable Not Applicable

Number of board meetings held during the year	22
Including: number of on-site meetings	3
Number of meetings held in communication mode	19
Number of meetings held in the combination of on-site mode and communication mode	0

**(II) Disagreement by independent directors on the Company's events**

Applicable Not Applicable

**(III) Others**

Applicable Not Applicable

**IV. Any disagreement events of important advices and recommendations proposed by the special committees under the board of directors in the performance of their duties during the reporting period should be disclosed**

Applicable Not Applicable

During the reporting period, the Company held 14 Audit & Risk Control Committee meetings, 1 Remuneration & Appraisal Committee meeting and 1 Nomination Committee meeting. As the special institutions of the board of directors, all special committees provided important advice and recommendations on the annual report audit, internal control system construction, related party transactions, the auditor selection, and the review of senior management's remuneration.

**V. Explanations on risks of the Company discovered by supervisors**

Applicable Not Applicable

**VI. Explanations on situations that shareholders cannot maintain independence and autonomous operation capacity in the business, personnel, assets, organizations and finance, etc.**

Applicable Not Applicable

If there are horizontal competitions, the Company has corresponding solution measures, work progress and follow-up work plan

Applicable    Not Applicable

**VII. Explanation on the establishment and implementation of the assessment and incentive mechanisms of the senior management during the reporting period**

Applicable    Not Applicable

The Company continued to follow the completion of the annual business objectives established by the board of directors to determine the remuneration. In accordance with market principles, the Company will constantly improve the assessment and incentive mechanisms so that the remuneration of the senior management are consistent with their management level and business performance to fully mobilize and inspire the enthusiasm and creativity of the senior management and insist in efficiency-focused philosophy, maximizing the shareholder's value.

**VIII. Whether the internal control self-assessment report was disclosed or not**

Applicable    Not Applicable

Please refer to the Self-Assessment Report on Internal Control in 2020 disclosed at SSE website ([www.sse.com.cn](http://www.sse.com.cn)).

Explanation of significant deficiencies in internal controls during the reporting period

Applicable    Not Applicable

**IX. Explanation on the internal control audit report**

Applicable    Not Applicable

The Company hired Deloitte Touche Tohmatsu Certified Public Accountants LLP to conduct an independent audit on the effectiveness of the Company's internal control and issued a standard unmodified opinion. Internal control audit report will be disclosed on 31 March 2021 at SSE website ([www.sse.com.cn](http://www.sse.com.cn)).

Whether the internal control self-assessment report was disclosed or not: Yes

Type of opinion on internal control audit report: standard unmodified opinion

**X. Others**

Applicable    Not Applicable

## **Section X Corporate Bond**

Applicable    Not Applicable

## **Section XI Financial Report**

### **I. Auditor's Report**

Applicable       Not Applicable

The financial statements for the year ended 31 December 2020 prepared in accordance with Accounting Standards for Business Enterprises are audited by Deloitte Touche Tohmatsu CPA LLP. CPA Mr.Chen Yan and CPA Miss.Liu Ying signed and issued an auditor's report with unmodified opinion for these financial statements (De Shi Bao Shen Zi (21) No. P02095).

### **II. Financial Statements (Omission)**

### **III. Notes to the Financial Statements (Omission)**

## Section XII Reference files directory

List of documents for reference	Financial report with the signature and seal of the legal representative of the Company, chief financial officer and head of accounting department.
List of documents for reference	Original audit report with the seal of the accounting firm and the signature and seal of the Certified Public Accountant.
List of documents for reference	Original version of the announcement and all Company documents disclosed during the reporting period in the Shanghai Securities Daily and The Ta kung Pao.

Chairman: Yu Minliang  
Shanghai Jinjiang International Hotel Co., Ltd.  
Date of approval of the Board of Directors: 29 March 2021

### Revision Information

Applicable    Not Applicable

## AUDITOR'S REPORT

De Shi Bao (Shen) Zi (21) No. P02095

### TO THE SHAREHOLDERS OF SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.:

#### **1. Opinion**

We have audited the financial statements of Shanghai Jin Jiang International Hotels Co., Ltd. ("the Company"), which comprise the consolidated and Company's balance sheets as at 31 December 2020, and the consolidated and Company's income statements, the consolidated and Company's cash flow statements and the consolidated and Company's statements of changes in shareholders' equity for the year ended 31 December 2020, as well as the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and Company's financial position as at 31 December 2020, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

#### **2. Basis for Opinion**

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities, under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in this report. We are independent of the Company in accordance with the code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined the followings are key audit matters in need of communication in our report.

**3. Key Audit Matters - continued**

**Impairment of goodwill and intangible assets with indefinite useful life**

Description of matters

As stated in the Note (V) 14 and 13 to the financial statements, for the year ended 31 December 2020, the amount of goodwill arising from the Company's acquisition of Groupe du Louvre, Keystone Lodging Holdings Limited, Vienna Hotels Co., Ltd. and Shenzhen Baisuicun Catering Chain Co., Ltd., was RMB 11,451,580,120.90, and the amount of the Company's intangible assets with indefinite useful life was RMB 6,214,163,884.26.

The management conducted an impairment test on the above said goodwill and intangible assets with indefinite useful life at the end of the year. When assessing the recoverable amount of an asset group portfolio of related assets, the management engaged external assessment specialists to assist in determining the present value of future cash flows of the asset group portfolio. Such assessment involves assumptions and estimates on future scenarios of the related asset group portfolio.

As the carrying amounts of the above said goodwill and intangible assets with indefinite useful life have a significant impact on the financial statements, the management needs to make significant estimates about key assumptions when performing impairment tests, and the differences in the estimates of the management may result in significant financial impacts. Therefore, we consider the above said impairment of goodwill and intangible assets with indefinite useful life as key audit matters.

Audit responses

Our audit procedures for the impairment of the above said goodwill and intangible assets with indefinite useful life include:

1. Understand, evaluate and test the key internal controls relevant to the impairment of goodwill and intangible assets with indefinite useful life;
2. Evaluate the appropriateness of the method and model determined by the management for impairment test and the consistency with the test method used previously;
3. Interview with the valuation specialists engaged by the management, review and understand their qualifications and evaluate their independence and competence;
4. Based on the work of valuation specialists, assess the reasonableness and appropriateness of the key assumptions and judgements adopted by the management in impairment test (including but not limited to the analysis of impairment indications, division of asset group or asset group portfolio, selection of key parameters for impairment test etc.);
5. Review the difference between the expected parameters relating to the impairment test in the prior period and the actual parameters to verify the reasonableness of the relevant parameters;
6. Verify the basic data on which the impairment test is based and the accuracy of the calculation for impairment test;
7. Review the management's disclosure of significant information relating to the impairment of goodwill and intangible assets with indefinite useful life.

**3. Key Audit Matters - continued**

**Occurrence and accuracy of income relevant to franchise business**

Description of matters

As stated in Note (V) 36 to the financial statements, in 2020, income relevant to franchise business of the Company was an important indicator for the management's assessment, including the service income of early stage and continuous franchise and labor dispatch income, of which the service income was RMB 740,069,475.11, and the continuous franchise and labor dispatch income totaled up to RMB 2,822,954,285.78. In addition, customers relating to service income of early stage were mainly individual customers who joined for the first time, while the continuous franchise and labor dispatch income needed to be determined according to contractual agreements and based on the actual franchise income and the Company's actual personnel of labor dispatch, which was prone to misstatement. Therefore, we determine the occurrence of franchise service income of early stage and the occurrence and accuracy of continuous franchise and labor dispatch income as key audit matters.

Audit responses

Our audit procedures performed for the assertions associated with the income relevant to franchise business described above include:

1. Understand, evaluate and test the key internal controls relevant to income recognition;
2. For the service income of early stage of franchise, analyze the overall changes and evaluate the reasonableness of the income changes. At the same time, select some samples, examine the franchise contracts and relevant terms, check the bank slips of franchisees' payments, and review the supporting documents of franchisees for service recognition;
3. For the continuous franchise and labor dispatch income, analyze the overall changes and evaluate the reasonableness of income changes; for franchise hotels that recognize continuous franchise and labor dispatch income, check on third-party booking platforms to verify whether the franchise hotels are operating normally;
4. Recalculate the continuous franchise income recorded by the Company in accordance with the income of the franchise hotels and the proportion of franchise fee agreed in the franchise contract; select some samples and check the income of the franchise hotels to the income data from the front desk system of franchisees, review the franchise contracts for the proportion of franchise fee, further check the consistency of continuous franchise income with the amount recognized by franchise hotels; select some samples and check the labor dispatch income to the invoices issued by franchisees, further check the consistency of income with the amount recognized by franchisees.

**4. Other Information**

The management of the Company is responsible for other information. The other information comprises the information included in the 2020 annual report of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

## **5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable the financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **6. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**6. Auditor's Responsibilities for the Audit of the Financial Statements - continued**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu CPA LLP

Shanghai, China

Chinese Certified Public Accountant:

(Partner in Charge)

Chinese Certified Public Accountant:

29 March 2021

*The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. Where the English version does not conform to the Chinese version, the Chinese version prevails.*

AT 31 DECEMBER 2020

## CONSOLIDATED BALANCE SHEET

RMB

Item	Note	31 December 2020	31 December 2019	Item	Note	31 December 2020	31 December 2019
<b>Current Assets:</b>				<b>Current Liabilities:</b>			
Cash and bank balances	(V)1	6,793,091,362.79	5,919,686,146.37	Short-term borrowings	(V)18	1,016,085,319.50	18,640,596.27
Held-for-trading financial assets	(V)2	254,237,956.80	251,624,000.00	Accounts payable	(V)19	1,787,371,141.16	2,006,538,757.20
Accounts receivable	(V)3	1,076,310,781.42	1,157,171,238.89	Derivative financial liabilities		-	939,766.98
Prepayments	(V)4	220,048,228.41	210,544,806.41	Advances from customers	(V)20	5,481,209.40	998,481,194.76
Other receivables	(V)5	629,552,892.40	511,376,068.33	Contract liabilities	(V)21	939,940,644.27	
Inventories	(V)6	72,750,580.47	93,627,876.05	Employee benefits payable	(V)22	913,311,668.85	1,159,157,038.20
Other current assets	(V)7	372,195,728.76	351,988,228.58	Taxes payable	(V)23	475,766,987.74	521,487,473.80
<b>Total Current Assets</b>		<b>9,418,187,531.05</b>	<b>8,496,018,364.63</b>	Other payables	(V)24	1,783,950,729.13	1,693,391,368.58
				Non-current liabilities due within one year	(V)25	895,058,362.90	1,215,062,608.31
				<b>Total current liabilities</b>		<b>7,816,966,062.95</b>	<b>7,613,698,804.10</b>
<b>Non-current Assets:</b>				<b>Non-current Liabilities:</b>			
Long-term equity investments	(V)8	657,222,783.26	502,448,045.78	Long-term borrowings	(V)26	14,540,076,203.12	14,116,412,782.68
Other equity instrument investments	(V)9	47,175,565.45	53,440,521.68	Long-term payables	(V)27	152,172,338.41	256,071,387.24
Other non-current financial assets	(V)10	452,100,000.00	1,198,992,661.09	Long-term employee benefits payable	(V)28	99,640,012.22	89,587,384.84
Fixed assets	(V)11	5,862,697,408.46	6,431,563,396.87	Provisions	(V)29	51,368,852.96	52,189,372.65
Construction in progress	(V)12	459,165,097.25	504,706,124.13	Deferred tax liabilities	(V)16	2,093,326,462.71	2,240,385,052.63
Intangible assets	(V)13	7,211,873,325.87	7,261,019,317.29	Other non-current liabilities	(V)30	176,991,203.94	149,871,893.75
Goodwill	(V)14	11,503,365,924.11	11,380,024,428.75	<b>Total Non-current Liabilities</b>		<b>17,113,575,073.36</b>	<b>16,904,517,873.79</b>
Long-term prepaid expenses	(V)15	1,976,131,675.68	2,265,045,151.00	<b>TOTAL LIABILITIES</b>		<b>24,930,541,136.31</b>	<b>24,518,216,677.89</b>
Deferred tax assets	(V)16	926,602,110.52	679,646,600.28	<b>SHAREHOLDERS' EQUITY:</b>			
Other non-current assets	(V)17	122,040,641.81	101,366,594.28	Share capital	(V)31	957,936,440.00	957,936,440.00
<b>Total Non-current Assets</b>		<b>29,218,374,532.41</b>	<b>30,378,252,841.15</b>	Capital reserve	(V)32	7,865,585,211.86	7,865,128,399.60
				Less: Treasury shares		-	-
				Other comprehensive income (loss)	(V)33	(10,276,626.61)	24,558,710.09
				Surplus reserve	(V)34	659,649,508.50	659,649,508.50
				Retained profits	(V)35	3,236,624,231.69	3,747,848,954.65
				Total shareholders' equity attributable to owners of the Company		12,709,518,765.44	13,255,122,012.84
				Non-controlling interests		996,502,161.71	1,100,932,515.05
				<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>13,706,020,927.15</b>	<b>14,356,054,527.89</b>
<b>TOTAL ASSETS</b>		<b>38,636,562,063.46</b>	<b>38,874,271,205.78</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>38,636,562,063.46</b>	<b>38,874,271,205.78</b>

The accompanying notes form part of the financial statements.

The financial statements from page 6 to page 141 are issued by following leaders:

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_

Person in Charge of the Accounting Body: \_\_\_\_\_

AT 31 DECEMBER 2020

## COMPANY'S BALANCE SHEET

RMB

Item	Note	31 December 2020	31 December 2019	Item	Note	31 December 2020	31 December 2019
<b>Current Assets:</b>				<b>Current Liabilities:</b>			
Cash and bank balances	(XIV)1	767,185,291.46	455,861,836.57	Short-term borrowings	(XIV)16	620,000,000.00	-
Held-for-trading financial assets	(XIV)2	214,412,000.00	251,624,000.00	Accounts payable	(XIV)17	31,336,205.40	43,751,934.05
Accounts receivable	(XIV)3	22,471,734.82	22,279,420.35	Advances from customers		125,966.73	3,380,493.74
Prepayments		1,138,401.09	1,528,508.48	Contract liabilities		2,028,780.08	
Other receivables	(XIV)4	138,057,691.92	158,843,828.29	Employee benefits payable	(XIV)18	18,522,242.51	30,293,828.49
Inventories	(XIV)5	2,338,017.76	3,805,478.68	Taxes payable	(XIV)19	2,239,340.65	1,951,206.44
Other current assets	(XIV)6	4,853,813.12	347,088.09	Other payables	(XIV)20	264,903,899.31	221,278,512.07
<b>Total Current Assets</b>		<b>1,150,456,950.17</b>	<b>894,290,160.46</b>	Non-current liabilities due within one year	(XIV)21	781,000,000.00	1,120,000,000.00
				<b>Total current liabilities</b>		<b>1,720,156,434.68</b>	<b>1,420,655,974.79</b>
<b>Non-current Assets:</b>				<b>Non-current Liabilities:</b>			
Long-term receivables	(XIV)7	10,328,000.00	10,328,000.00	Long-term borrowings	(XIV)21	4,166,000,000.00	4,169,000,000.00
Long-term equity investments	(XIV)8	16,088,970,972.10	16,125,406,507.76	Deferred tax liabilities	(XIV)15	86,711,036.43	82,291,849.60
Other equity instrument investments	(XIV)9	20,526,014.62	23,661,500.00	Other non-current liabilities	(XIV)22	4,467,100.00	2,946,350.00
Other non-current financial assets	(XIV)10	452,100,000.00	398,400,000.00	<b>Total Non-current Liabilities</b>		<b>4,257,178,136.43</b>	<b>4,254,238,199.60</b>
Fixed assets	(XIV)11	74,385,564.84	75,916,334.31	<b>TOTAL LIABILITIES</b>		<b>5,977,334,571.11</b>	<b>5,674,894,174.39</b>
Construction in progress	(XIV)12	44,352,551.01	42,486,587.39				
Intangible assets	(XIV)13	53,915,253.37	58,402,494.29	<b>SHAREHOLDERS' EQUITY:</b>			
Long-term prepaid expenses	(XIV)14	173,734,744.07	184,934,555.75	Share capital		957,936,440.00	957,936,440.00
Other non-current assets		11,700,000.00	-	Capital reserve	(XIV)23	9,190,736,121.08	9,190,279,308.82
<b>Total Non-current Assets</b>		<b>16,930,013,100.01</b>	<b>16,919,535,979.50</b>	Other comprehensive income	(XIV)24	362,767.61	2,797,489.68
				Surplus reserve		659,649,508.50	659,649,508.50
				Retained profits		1,294,450,641.88	1,328,269,218.57
				<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>12,103,135,479.07</b>	<b>12,138,931,965.57</b>
<b>TOTAL ASSETS</b>		<b>18,080,470,050.18</b>	<b>17,813,826,139.96</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>18,080,470,050.18</b>	<b>17,813,826,139.96</b>

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_

Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## CONSOLIDATED INCOME STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2020	Period from 1 January to 31 December 2019
<b>I. Operating income</b>	(V)36	9,897,556,264.41	15,099,024,459.57
Less: Operating costs	(V)36	7,349,970,965.62	1,526,825,107.84
Taxes and levies	(V)38	114,678,720.61	163,851,098.55
Selling expenses	(V)37	675,133,268.93	7,689,122,010.11
Administrative expenses	(V)37	2,296,344,377.77	4,076,925,995.68
Research and development expenses	(V)37	25,908,668.42	27,846,208.31
Financial expenses	(V)39	359,226,134.90	339,131,649.89
Including: Interest expenses		341,492,415.74	368,477,185.70
Interest income		60,960,123.07	79,545,323.26
Add: Other income	(V)40	455,041,024.40	93,605,403.37
Investment income	(V)41	814,001,563.20	241,571,397.58
Including: Income from investment in associates and joint ventures		102,805,710.31	141,548,702.28
Gains from changes in fair values	(V)42	69,559,536.26	117,394,756.97
Gains (losses) from credit impairment	(V)43	(45,851,038.55)	(5,036,609.29)
Gains (losses) from assets impairment	(V)44	(70,463,295.20)	(32,960,668.65)
Gains (losses) from disposal of assets	(V)45	(20,912,736.72)	73,481,530.55
<b>II. Operating profit</b>		277,669,181.55	1,763,378,199.72
Add: Non-operating income	(V)46	72,573,374.23	47,625,524.40
Less: Non-operating expenses	(V)47	46,648,704.11	51,915,595.98
<b>III. Total profit</b>		303,593,851.67	1,759,088,128.14
Less: Income tax expenses	(V)48	63,696,133.36	479,968,663.80
<b>IV. Net profit</b>		239,897,718.31	1,279,119,464.34
Including: Net profit from continuing operations		239,897,718.31	1,279,119,464.34
Net profit attributable to the owners of the Company		110,210,911.66	1,092,499,077.90
Profit or loss attributable to non-controlling interests		129,686,806.65	186,620,386.44
<b>V. Other comprehensive income (loss), net of tax</b>	(V)33	(36,259,862.62)	1,929,784.40
Other comprehensive income (loss) attributable to owners of the Company, net of tax		(34,835,336.70)	2,473,028.88
(I) Other comprehensive income (loss) that cannot be reclassified subsequently to profit or loss		(5,262,245.32)	(8,114,629.81)
1.Changes in net liabilities or assets arising from remeasurement of defined benefit plan		(1,783,520.37)	(6,146,855.32)
2. Changes in fair value of other equity instrument investments		(3,478,724.95)	(1,967,774.49)
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		(29,573,091.38)	10,587,658.69
1.Shares of other comprehensive income (loss) that will be reclassified subsequently into profit or loss by the investee under equity method		(205,909.68)	263,039.74
2.Effective proportion of profit or loss of cash flow hedging		679,447.03	1,186,693.89
3.Translation differences of financial statements denominated in foreign currency		(30,046,628.73)	9,137,925.06
Other comprehensive income (loss) attributable to non-controlling interests, net of tax		(1,424,525.92)	(543,244.48)
<b>VI. Total comprehensive income</b>		203,637,855.69	1,281,049,248.74
Total comprehensive income attributable to owners of the Company		75,375,574.96	1,094,972,106.78
Total comprehensive income attributable to non-controlling interests		128,262,280.73	186,077,141.96
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share	(V)52	0.1151	1.1405
(II) Diluted earnings per share	(V)52	N/A	N/A

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_

Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## COMPANY'S INCOME STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2020	Period from 1 January to 31 December 2019
I. Operating income	(XIV)25	169,288,014.17	304,854,344.17
Less: Operating costs	(XIV)25, 26	186,107,508.70	31,310,517.29
Taxes and levies		1,444,498.37	2,133,611.31
Selling expenses	(XIV)26	8,795,996.84	213,057,237.54
Administrative expenses	(XIV)26	108,507,321.75	88,063,924.76
Financial expenses	(XIV)27	194,738,162.77	207,433,291.22
Including: Interest expenses		198,243,436.04	214,481,074.82
Interest income		4,292,244.27	8,379,376.16
Add: Other income	(XIV)28	64,017,047.70	45,479,747.56
Investment income	(XIV)29	802,215,994.92	831,494,851.35
Including: Income from investment in associates and joint ventures		119,685,543.93	136,080,077.70
Gains from changes in fair values	(XIV)30	16,488,000.00	21,701,000.00
Gains (losses) from credit impairment		(681,952.37)	(170,401.69)
Gains from disposal of assets		6,187.08	91,031.94
II. Operating profit		551,739,803.07	661,451,991.21
Add: Non-operating income		311,316.33	4,065,749.87
Less: Non-operating expenses		296,952.03	733,396.66
III. Total profit		551,754,167.37	664,784,344.42
Less: Income tax expenses		5,203,058.17	3,198,890.62
IV. Net profit		546,551,109.20	661,585,453.80
Including: Net profit from continuing operations		546,551,109.20	661,585,453.80
V. Other comprehensive loss, net of tax	(XIV)24	(2,434,722.07)	(751,324.81)
(I) Other comprehensive loss that cannot be reclassified subsequently to profit or loss		(2,351,614.04)	(840,477.06)
Changes in fair value of other equity instrument investments		(2,351,614.04)	(840,477.06)
(II) Other comprehensive loss that will be reclassified subsequently to profit or loss		(83,108.03)	89,152.25
Shares of other comprehensive income (loss) that will be reclassified subsequently into profit or loss by the investee under equity method		(83,108.03)	89,152.25
VI. Total comprehensive income		544,116,387.13	660,834,128.99

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_

Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## CONSOLIDATED CASH FLOW STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2020	Period from 1 January to 31 December 2019
<b>I. Cash flows from operating activities:</b>			
Cash receipts from the sale of goods and the rendering of services		10,445,707,268.63	15,787,844,983.17
Receipts of taxes refund		-	6,977,426.73
Other cash receipts relating to operating activities	(V)49(1)	585,185,277.06	229,983,301.22
<b>Sub-total of cash inflows from operating activities</b>		<b>11,030,892,545.69</b>	<b>16,024,805,711.12</b>
Cash payments for goods purchased and services received		4,550,776,202.39	3,451,082,367.56
Cash payments to and on behalf of employees		4,182,861,105.74	5,068,644,761.89
Payments of various types of taxes		897,379,000.58	991,515,690.91
Other cash payments relating to operating activities	(V)49(2)	1,248,240,057.41	3,875,644,792.09
<b>Sub-total of cash outflows from operating activities</b>		<b>10,879,256,366.12</b>	<b>13,386,887,612.45</b>
<b>Net cash flows from operating activities</b>	(V)50(1)	<b>151,636,179.57</b>	<b>2,637,918,098.67</b>
<b>II. Cash flows from investing activities:</b>			
Cash receipts from disposal and recovery of investments	(V)49(3)	868,085,429.87	22,315,072.29
Cash receipts from returns on investments		249,126,598.82	237,506,237.58
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		26,177,122.30	98,452,760.49
Net cash receipts from disposal of subsidiaries and other business units	(V)49(4)	628,178,397.24	-
Other cash receipts relating to investing activities		1,266,473.59	3,843,709.97
<b>Sub-total of cash inflows from investing activities</b>		<b>1,772,834,021.82</b>	<b>362,117,780.33</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		714,296,960.08	1,131,841,340.19
Cash payments to acquire investments	(V)49(5)	119,281,008.05	111,800,514.67
Other cash payments relating to investing activities		-	4,400,842.43
<b>Sub-total of cash outflows from investing activities</b>		<b>833,577,968.13</b>	<b>1,248,042,697.29</b>
<b>Net cash flows from investing activities</b>		<b>939,256,053.69</b>	<b>(885,924,916.96)</b>
<b>III. Cash flows from financing activities:</b>			
Cash receipts from borrowings	(V)49(6)	8,613,068,533.82	947,900,038.66
<b>Sub-total of cash inflows from financing activities</b>		<b>8,613,068,533.82</b>	<b>947,900,038.66</b>
Cash repayments of borrowings	(V)49(7)	7,826,851,766.46	2,778,956,020.71
Cash payments for distribution of dividends or profits or settlement of interest expenses		971,996,780.01	1,033,307,399.46
Including: Payments to minority shareholders for distribution of dividends or profits		57,333,806.96	24,803,037.77
Other cash payments relating to financing activities	(V)49(8)	34,448,199.10	330,994,942.71
<b>Sub-total of cash outflows from financing activities</b>		<b>8,833,296,745.57</b>	<b>4,143,258,362.88</b>
<b>Net cash flows from financing activities</b>		<b>(220,228,211.75)</b>	<b>(3,195,358,324.22)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
		<b>4,296,431.39</b>	<b>2,055,216.74</b>
<b>V. Net increase (decrease) in cash and cash equivalents</b>			
		<b>874,960,452.90</b>	<b>(1,441,309,925.77)</b>
Add: Opening balance of cash and cash equivalents	(V)50(2)	<b>5,911,750,154.92</b>	<b>7,353,060,080.69</b>
<b>VI. Closing balance of cash and cash equivalents</b>	(V)50(2)	<b>6,786,710,607.82</b>	<b>5,911,750,154.92</b>

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_

Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## COMPANY'S CASH FLOW STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2020	Period from 1 January to 31 December 2019
<b>I. Cash flows from operating activities:</b>			
Cash receipts from the sale of goods and the rendering of services		178,230,766.93	328,605,723.56
Receipts of taxes refund		-	-
Other cash receipts relating to operating activities		134,221,097.24	29,050,013.62
<b>Sub-total of cash inflows from operating activities</b>		<b>312,451,864.17</b>	<b>357,655,737.18</b>
Cash payments for goods purchased and services received		127,359,181.55	66,125,679.57
Cash payments to and on behalf of employees		107,102,644.20	108,966,446.75
Payments of various types of taxes		1,471,760.57	6,475,289.18
Other cash payments relating to operating activities		40,290,114.86	157,219,753.30
<b>Sub-total of cash outflows from operating activities</b>		<b>276,223,701.18</b>	<b>338,787,168.80</b>
<b>Net cash flows from operating activities</b>	(XIV)32(1)	<b>36,228,162.99</b>	<b>18,868,568.38</b>
<b>II. Cash flows from investing activities:</b>			
Cash receipts from disposal and recovery of investments	(XIV)31(1)	-	176,521,971.20
Cash receipts from returns on investments	(XIV)31(2)	654,798,666.47	826,272,558.24
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		18,324.22	2,567,072.53
Net cash receipts from disposal of subsidiaries and other business units	(XIV)31(3)	170,436,388.68	-
Other cash receipts relating to investing activities		39,848,358.80	10,843,709.97
<b>Sub-total of cash inflows from investing activities</b>		<b>865,101,738.17</b>	<b>1,016,205,311.94</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		51,587,297.33	63,682,616.97
Cash payments to acquire investments	(XIV)31(4)	43,433,620.24	425,181,771.57
Other cash payments relating to investing activities		-	4,400,842.43
<b>Sub-total of cash outflows from investing activities</b>		<b>95,020,917.57</b>	<b>493,265,230.97</b>
<b>Net cash flows from investing activities</b>		<b>770,080,820.60</b>	<b>522,940,080.97</b>
<b>III. Cash flows from financing activities:</b>			
Cash receipts from borrowings		4,697,000,000.00	800,000,000.00
<b>Sub-total of cash inflows from financing activities</b>		<b>4,697,000,000.00</b>	<b>800,000,000.00</b>
Cash repayments of borrowings		4,419,000,000.00	1,650,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		773,026,772.83	800,325,356.21
<b>Sub-total of cash outflows from financing activities</b>		<b>5,192,026,772.83</b>	<b>2,450,325,356.21</b>
<b>Net cash flows from financing activities</b>		<b>(495,026,772.83)</b>	<b>(1,650,325,356.21)</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		41,244.13	(434,630.98)
<b>V. Net increase (decrease) in cash and cash equivalents</b>		<b>311,323,454.89</b>	<b>(1,108,951,337.84)</b>
Add: Opening balance of cash and cash equivalents	(XIV)32(2)	455,861,836.57	1,564,813,174.41
<b>VI. Closing balance of cash and cash equivalents</b>	(XIV)32(2)	<b>767,185,291.46</b>	<b>455,861,836.57</b>

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_

Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	Period from 1 January to 31 December 2020						
	Attributable to owners of the Company					Non-controlling interests	Total owners' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits		
I. Closing balance of the prior year	957,936,440.00	7,865,128,399.60	24,558,710.09	659,649,508.50	3,747,848,954.65	1,100,932,515.05	14,356,054,527.89
Add: Changes in accounting policies	-	-	-	-	(46,673,770.62)	-	(46,673,770.62)
II. Opening balance of the current year	957,936,440.00	7,865,128,399.60	24,558,710.09	659,649,508.50	3,701,175,184.03	1,100,932,515.05	14,309,380,757.27
III. Changes for the year	-	456,812.26	(34,835,336.70)	-	(464,550,952.34)	(104,430,353.34)	(603,359,830.12)
(I) Total comprehensive income (loss)	-	-	(34,835,336.70)	-	110,210,911.66	128,262,280.73	203,637,855.69
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-
1. Ordinary shares invested by the shareholders	-	-	-	-	-	-	-
2. Capital contribution from non-controlling interests of the subsidiaries	-	-	-	-	-	-	-
3. Capital reduction by non-controlling interests of the subsidiaries	-	-	-	-	-	-	-
4. Acquisition of minority interests	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(574,761,864.00)	(232,692,634.07)	(807,454,498.07)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(574,761,864.00)	(232,692,634.07)	(807,454,498.07)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
(VI) Others	-	456,812.26	-	-	-	-	456,812.26
IV. Closing balance of the current year	957,936,440.00	7,865,585,211.86	(10,276,626.61)	659,649,508.50	3,236,624,231.69	996,502,161.71	13,706,020,927.15

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_ Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - continued

RMB

Item	Period from 1 January to 31 December 2019						
	Attributable to owners of the Company					Non-controlling interests	Total owners' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits		
I. Closing balance of the prior year	957,936,440.00	8,043,687,495.85	254,848,990.02	659,649,508.50	2,705,437,624.54	1,176,482,162.35	13,798,042,221.26
Add: Changes in accounting policies	-	-	(232,763,308.81)	-	524,674,116.21	-	291,910,807.40
II. Opening balance of the current year	957,936,440.00	8,043,687,495.85	22,085,681.21	659,649,508.50	3,230,111,740.75	1,176,482,162.35	14,089,953,028.66
III. Changes for the year	-	(178,559,096.25)	2,473,028.88	-	517,737,213.90	(75,549,647.30)	266,101,499.23
(I) Total comprehensive income	-	-	2,473,028.88	-	1,092,499,077.90	186,077,141.96	1,281,049,248.74
(II) Owners' contributions and reduction in capital	-	(179,392,325.65)	-	-	-	(171,823,751.49)	(351,216,077.14)
1. Ordinary shares invested by the shareholders	-	-	-	-	-	-	-
2. Capital contribution from non-controlling interests of the subsidiaries	-	-	-	-	-	-	-
3. Capital reduction by non-controlling interests of the subsidiaries	-	-	-	-	-	-	-
4. Acquisition of minority interests	-	(179,392,325.65)	-	-	-	(171,823,751.49)	(351,216,077.14)
(III) Profit distribution	-	-	-	-	(574,761,864.00)	(89,803,037.77)	(664,564,901.77)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(574,761,864.00)	(89,803,037.77)	(664,564,901.77)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
(VI) Others	-	833,229.40	-	-	-	-	833,229.40
IV. Closing balance of the current year	957,936,440.00	7,865,128,399.60	24,558,710.09	659,649,508.50	3,747,848,954.65	1,100,932,515.05	14,356,054,527.89

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_ Person in Charge of the Accounting Body: \_\_\_\_\_

FOR THE YEAR ENDED 31 DECEMBER 2020

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

RMB

Item	Period from 1 January to 31 December 2020						Period from 1 January to 31 December 2019					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total owners' equity	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits	Total owners' equity
I. Closing balance of the prior year	957,936,440.00	9,190,279,308.82	2,797,489.68	659,649,508.50	1,328,269,218.57	12,138,931,965.57	957,936,440.00	9,189,446,079.42	1,809,473.42	659,649,508.50	972,729,375.85	11,781,570,877.19
Changes in accounting policies	-	-	-	-	-	-	-	-	1,739,341.07	-	268,716,252.92	270,455,593.99
II. Opening balance of the current year	957,936,440.00	9,190,279,308.82	2,797,489.68	659,649,508.50	1,328,269,218.57	12,138,931,965.57	957,936,440.00	9,189,446,079.42	3,548,814.49	659,649,508.50	1,241,445,628.77	12,052,026,471.18
III. Changes for the year	-	456,812.26	(2,434,722.07)	-	(33,818,576.69)	(35,796,486.50)	-	833,229.40	(751,324.81)	-	86,823,589.80	86,905,494.39
(I) Total comprehensive income (loss)	-	-	(2,434,722.07)	-	546,551,109.20	544,116,387.13	-	-	(751,324.81)	-	661,585,453.80	660,834,128.99
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(574,761,864.00)	(574,761,864.00)	-	-	-	-	(574,761,864.00)	(574,761,864.00)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(574,761,864.00)	(574,761,864.00)	-	-	-	-	(574,761,864.00)	(574,761,864.00)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others (Note)	-	456,812.26	-	-	(5,607,821.89)	(5,151,009.63)	-	833,229.40	-	-	-	833,229.40
IV. Closing balance of the current year	957,936,440.00	9,190,736,121.08	362,767.61	659,649,508.50	1,294,450,641.88	12,103,135,479.07	957,936,440.00	9,190,279,308.82	2,797,489.68	659,649,508.50	1,328,269,218.57	12,138,931,965.57

Note: In 2020, the Company transferred 70% of its equity in Shanghai Jin Jiang Da Hua Hotel Co., Ltd. ("Da Hua Hotel"). Subsequent to this transfer, the Company was unable to exercise control over Da Hua Hotel but could exert significant influence over it. Therefore, it was accounted for as an investment in an associate, with the remaining equity adjusted retroactively as if it had been accounted for under the equity method from the time of acquisition, and the long-term equity investments and retained profits were reduced by RMB 5,607,821.89.

Legal Representative: \_\_\_\_\_ Chief Financial Officer: \_\_\_\_\_ Person in Charge of the Accounting Body: \_\_\_\_\_

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**I. GENERAL INFORMATION**

Shanghai Jin Jiang International Hotels Co., Ltd. (hereinafter "the Company") is a limited company incorporated in Shanghai, the People's Republic of China (the "PRC") on 9 June 1993, headquartered in Shanghai. The Company and its subsidiaries (together, "the Group") are principally engaged in operation and management of limited service hotels, food and cuisine at home and aboard.

The Company holds a business license with which unified social credit identifier is 91310000132203715W. The legal representative is Mr. Yu Minliang.

In June 1993, the Company was established by private placing with total share capital of RMB 235,641,500.

In December 1994, the Company issued 100,000,000 domestically-listed foreign shares (B shares) of RMB 1 per share at premium with the issue price of USD 0.35 per share. On 15 December 1994, these shares commenced listing in Shanghai Stock Exchange and the total share capital of the Company accordingly increased to RMB 335,641,500.

In September 1996, the Company issued public offering of 19,000,000 domestically-listed RMB ordinary shares (A share) of RMB 1 per share at premium with the issue price of RMB 4.90. On 11 October 1996, these A shares, together with 6,000,000 staff owned shares, commenced listing in Shanghai Stock Exchange and the total share capital of the Company accordingly increased to RMB 354,641,500.

In July 1997, the Company capitalized its capital surplus into share capital on a 10:2 proportion, resulting in the increase of total share capital to RMB 425,569,800.

In July 1998, the Company prorated 2 bonus shares for every 10 shares to all shareholders and capitalized its capital surplus into share capital on a 10:1 proportion, resulting in the increase of total share capital to RMB 553,240,740.

In January 2001, upon the approval of China Securities Regulatory Commission, the Company issued additional offering of 50,000,000 domestically-listed RMB ordinary shares (A shares) of RMB 1 per share at premium with the issue price of RMB 10.80. The additional offering commenced listing in Shanghai Stock Exchange started from 19 January 2001 and the total share capital of the Company accordingly increased to RMB 603,240,740.

On 23 January 2006, the share merger reform was carried out. The unlisted A share shareholders of the Company transferred to public A shareholders registered in the book as at the registration date of equity shares (19 January 2006) 3.1 shares for every 10 listed shares. In accordance with the share merger reform program, 49,009,806 shares of non-tradable floating shares were listed on 23 January 2007, 10,065,610 shares of non-tradable floating shares were listed on 21 March 2007, 30,162,037 shares of non-tradable floating shares were listed on 23 January 2008 and 229,151,687 shares of non-tradable floating shares were listed on 23 January 2009. As at 23 January 2009, all shares held by the shareholders formerly holding the unlisted shares were listed, 318,389,140 shares of non-tradable floating shares were listed.

On 29 October 2014, in accordance with China Securities Regulatory Commission regulatory permission to [2014] No. 1129 "On the Approval of Non-public Share Issuance of Shanghai Jin Jiang International Hotel Development CO., LTD.", China Securities Regulatory Commission approved non-public share issuing items of the Company. According to the approval, the Company issued 201,277,000 (A share) non-public issuing shares which have RMB 1 per share at premium with the issue price of RMB 15.08 per share to HongYi (Shanghai) Investment Fund Center LLP ("HongYi Investment Fund") and Shanghai Jin Jiang Capital Company Limited ("Jin Jiang Capital"). Total raised fund is RMB 3,035,257,160. After deducting issuing expenses of RMB 7,001,277, the net raised fund is RMB 3,028,255,883 of which RMB 201,277,000 is included in equity and RMB 2,826,978,883 is included in capital reserve. The total share capital of the Company accordingly increased to RMB 804,517,740.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**I. GENERAL INFORMATION - continued**

On 16 February 2015, the Company's wholly-owned subsidiary, Luxembourg Sailing Investment Co.sarl ("Sailing Investment") entered into an equity acquisition agreement with Star SDL Investment Co S.à r.l. ("Star SDL"), agreeing to acquire all the equity in Star SDL's wholly-owned subsidiary Groupe du Louvre ("GDL"). The equity transfer was completed on 27 February 2015.

On 18 September 2015, the Company entered into an equity acquisition agreement with the former shareholders of Keystone Lodging Holdings Limited ("Keystone") to acquire 81.0034% equity interests in Keystone. The equity delivery was completed on 26 February 2016, and the Company accordingly became the controlling shareholder of Keystone. In January 2018, the Company acquired 12.0001% of minority interests of Keystone. In January 2019, the Company acquired 3.49825% of minority interests of Keystone. As at 31 December 2020, the Company held a total of 96.50175% equity in Keystone.

On 28 April 2016, the Company entered into an Equity Purchase Agreement with Mr. HUANG, Deman to respectively purchase 80% share equity in Vienna Hotels Co., Ltd ("Vienna") and Shenzhen Baisuicun Restaurant Chain Co., Ltd. ("Baisuicun"). On 1 July 2016, the share equity acquisition was completed and the Company became the shareholding company of Vienna and Baisuicun.

On 12 July 2016, in accordance with China Securities Regulatory Commission regulatory permission to [2016] No. 1090 "On the Approval of Non-public Share Issuance of Shanghai Jin Jiang International Hotel Development co., LTD.," China Securities Regulatory Commission approved non-public share issuing items of the Company. According to the approval, the Company issued 153,418,700 (A share) in total with par value RMB 1 at the price of RMB 29.45 per share to Jin Jiang Capital, HongYi Investment Fund, Shanghai Guosheng(Group) Investment Co., Ltd, China Great Wall Asset Management Corporation, HuaAn Future Asset Management (Shanghai) Co., Ltd. and SIG Asset Management Co., Ltd. Total raised fund is RMB 4,518,180,715.00, of which the net raised fund net of issuance expenses and relevant deductible input tax is RMB 4,506,283,900.07 with RMB 153,418,700.00 included in share capital, and RMB 4,352,865,200.07 included in capital reserve. The total share capital of the Company accordingly increased to RMB 957,936,440.00.

As at 31 December 2020, the Company's shares amounted to 957,936,440 shares in total, including 482,007,225 shares held by Jin Jiang Capital, representing 50.32% of the total share capital, and Jin Jiang Hotels Group was the parent company of the Company. Jin Jiang International (Holdings) Co., Ltd. ("Jin Jiang International") was the shareholding company of Jin Jiang Capital and the ultimate holding company of the Company.

On 29 March 2021, Board of Directors of the Company authorized the Company's and consolidated financial statements for issuance.

**II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

Basis of preparation

The Group has adopted the effective *Accounting Standards for Business Enterprises* ("ASBE") and relevant regulations issued by the Ministry of Finance ("MoF"). In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (Revised in 2014).

Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 31 December 2020 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued**

Basis of accounting and principle of measurement

The Group adopts the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are recognized in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or at the fair value of the consideration given to acquire them at the time of acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined according to the above basis.

The capacity of market participants to realize the maximum profit of non-financial assets, or the capacity of other participants who acquired non-financial assets to realize the maximum profit will be considered when measuring fair values of such non-financial assets.

For a financial asset taking the transaction price as its fair value on initial recognition and using valuation techniques involving unobservable inputs in subsequent measurement of fair value, such valuation technique is corrected in the valuation process, as to ensure that the initial recognition result determined by valuation techniques is equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance to the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

**1. Statement of compliance with the ASBE**

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as at 31 December 2020, and the Company's and consolidated results of operations, the Company's and consolidated changes in shareholders' equity and the Company's and consolidated cash flows for the period from 1 January to 31 December 2020.

**2. Accounting period**

The Group adopts the calendar year as its accounting year, i.e. from 1 January to 31 December.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**3. Business cycle**

The Group is principally engaged in operation and management of limited service hotels, food and cuisine at home and abroad. The business cycle is generally less than 12 months, therefore, the Group chooses 12-month as the standard period to compare the liquidity of asset and liability.

**4. Functional currency**

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates, mainly including the Euro, the Indian rupee and the Polish zloty. The Group adopts RMB to prepare its financial statements.

**5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control**

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 A business combination involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained are measured at their respective carrying amounts as recorded by the combining entities on the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination the aggregate face value of shares issued as consideration is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2 A business combination not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquire. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquirer's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control - continued**

5.2 A business combination not involving enterprises under common control and goodwill - continued

When the business combination contract provides that, upon the occurrence of one/multiple future contingencies, the acquirer shall pay an additional consideration for the combination, such contingent consideration as set out in the contract shall be recognized as a liability by the Group as a part of the aggregate consideration transferred in the business combination, and be included in the cost of combination at the fair value at the acquisition date. Within twelve months after the acquisition, if the contingent consideration needs to be adjusted as new or further evidences are obtained in respect of circumstances existed as at the acquisition date, the amount preciously included in the goodwill shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be accounted for in the following ways. Contingent consideration in the nature of a liability shall be measured in accordance with Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement or Accounting Standard for Business Enterprises No. 13 – Contingencies. Any change or adjustment is included in profit or loss for the current period. According to the combination agreement, the Group shall, recognize the obligation to acquire the minority interests in the subsidiaries held by the minority shareholders at a certain consideration as a financial liability, and offset the capital reserve of the Group.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognizes and measures the combination using those provisional values. Any adjustments to those provisional values within twelve months after the acquisition date are treated as if they had been recognized and measured on the acquisition date.

Goodwill arising from a business combination is presented separately in the consolidated financial statements. And it's represented in accordance with the amount of cost less accumulated impairment losses.

**6. Preparation of consolidation financial statements**

Preparation of consolidation financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**6. Preparation of consolidation financial statements - continued**

Preparation of consolidation financial statements - continued

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effects of all intra-group transactions are eliminated on consolidation.

The portion of owners' equity that is not attributable to the Company is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "non-controlling interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against non-controlling interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving enterprises under common control, this should be dealt with based on whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to 'package deal', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be revalued, and the difference between fair value and book value will be recognized in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**7. Determination basis of cash and cash equivalents**

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**8. Translation of transactions and financial statements denominated in foreign currencies**

8.1 Foreign currency transactions

On initial recognition, foreign currency transactions are translated at the spot exchange rate on the date of transaction.

On the balance sheet date, foreign currency monetary items are translated to RMB by using the spot exchange rate on that date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of monetary items classified as at fair value through other comprehensive income are recognized as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies " in shareholder's equity, and in profit or loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the date of the transaction and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit or loss or as other comprehensive income.

8.2 Translation of financial statements denominated in foreign currencies

For the preparation of the consolidated financial statements, foreign currency financial statements of foreign businesses are translated into functional currency reports in the following manner: asset and liability items in the balance sheet are translated by using the spot exchange rates on the balance sheet date; shareholders' equity items are translated by using the spot exchange rates on the dates when the events occur; all items in the income statement and items indicating the distribution of profit are translated by using an exchange rates approximates the actual spot exchange rate on the dates of the transactions. Difference between translated asset and liability items and total amount of shareholders' equity items is recorded as other comprehensive income in shareholders' equity.

Foreign currency cash flows and cash flows of foreign subsidiaries are translated at an exchange rates approximates the actual spot exchange rate on the date of the cash flow. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**8. Translation of transactions and financial statements denominated in foreign currencies - continued**

8.2 Translation of financial statements denominated in foreign currencies - continued

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under owners' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to non-controlling interests and are not recognized in profit or loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

**9. Financial instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

For regular purchase or sale of financial assets, assets to be received or liabilities to be assumed is recognized on the date of transaction, or assets already sold are derecognized on the date of transaction.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. When the Group initially recognizes the accounts receivable that do not contain significant financing components or without considering the financing components in the contract with a term of no more than one year in accordance with the Accounting Standards for Business Enterprises No. 14 - Revenue ("revenue standards"), the initial measurement shall be based the transaction price defined in the revenue standards.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period, using the effective interest rate.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all the contractual terms of the financial asset or financial liability (for example, prepayment, extension, call option or similar options) but shall not consider the expected credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

**9. Financial instruments** - continued

9.1 Classification and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, at fair value through other comprehensive income("FVTOCI") or at fair value through profit or loss("FVTPL").

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost, which include cash and bank balances, accounts receivable, other receivables, as well as entrusted loan and deposits and down payments in other current assets and other non-current assets, etc.

On initial recognition, the Group may irrevocably designate non-trading equity instruments, other than contingent consideration recognized through business combination not involving enterprises under common control, as financial assets at FVTOCI on an individual basis. Such financial assets at FVTOCI are presented as other equity instrument investments.

A financial asset is classified as held-for-trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of selling in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated as a financial guarantee contract and effective as a hedging instrument.

Financial assets measured at FVTPL include those classified as financial assets at FVTPL and those designated as financial assets at FVTPL.

- Financial assets that are not qualified to be classified as financial assets at amortized cost or financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group will irrevocably designate financial assets at FVTPL.

The financial assets at FVTPL are presented as held-for-trading financial assets and those due after one year from the balance sheet date (or with no fixed term) and expected to be held for more than one year are presented as other non-current financial assets.

The financial assets held by the Group are financial assets measured at amortized cost and financial assets measured at FVTPL. In addition, the investment in non-trading equity instruments is designated as financial assets measured at FVTOCI.

9.1.1 Financial assets measured at amortized cost

The financial asset measured at amortized cost is subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.1 Classification and measurement of financial assets - continued

9.1.1 Financial assets measured at amortized cost - continued

The Group recognizes interest income from financial assets classified as financial assets at amortized cost using the effective interest method. The Group calculates and recognizes interest income through book value of financial assets multiplying effective interest, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest through credit adjustment since initial recognition.
- For purchased or originated financial assets without credit impairment incurred while with credit impairment incurred in subsequent periods, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest in subsequent periods. If the credit risk of the financial asset is reduced during subsequent periods and credit impairment does not exist, and the improvement can be related to an event occurring after application of aforesaid provisions, the Group shall calculate and recognize interest income through book value of financial assets multiplying effective interest.

9.1.2 Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

9.1.3 Financial assets designated as at fair value through other comprehensive income ("FVTOCI")

Subsequent to the designation of non-trading equity investments to financial assets at FVTOCI, the changes in fair value of such financial asset is recognized in other comprehensive income. Upon derecognition of the financial asset, the cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-trading equity instrument, revenue from dividends is recognized in profit or loss for the current period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

9.2 Impairment of financial instruments

The Group carries out impairment accounting treatment and recognizes loss allowance for financial assets classified as at amortized cost, lease receivable and contract assets based on expected credit loss ("ECL").

The Group measures loss allowance for all contract assets and accounts receivable arising from transactions regulated by the revenue standard as well as operating lease receivable arising from transactions regulated by Accounting Standard for Business Enterprises No. 21 – Lease, based on the amount of lifetime ECL.

For other financial instruments, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assess changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of lifetime ECL; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Group recognizes credit loss allowance for financial assets at FVTOCI in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.2 Impairment of financial instruments - continued

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

9.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) Actual or expected downgrading of internal credit rating of the debtor;
- (2) Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- (3) An actual or expected significant change in the operating results of the borrower;
- (4) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- (5) Significant changes that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- (6) Significant change in expected performance and repayment behavior of the debtor.

For financial instruments, it is indicated that the credit risk of the financial instrument has increased significantly whenever the contractual payment has past due for more than 30 days (inclusive), regardless whether the credit risk has increased significantly or not according to the above assessment.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have lower credit risk at the balance sheet date. A financial instrument is determined to have lower credit risk if: i) it has a lower risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

9.2.2 Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (1) significant financial difficulty of the issuer or the borrower;
- (2) a breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (4) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.2 Impairment of financial instruments - continued

9.2.2 Credit-impaired financial asset - continued

Based on the internal credit risk management of the Group, when the internally developed or externally obtained information indicates that the debtor of the financial instrument cannot repay the creditors (including the Group) in full amount (without considering any guarantee obtained by the Group), the Group considers that an event of default occurs.

9.2.3 Determination of expected credit loss

The Group recognizes the credit loss on operating lease receivable and entrusted loans in other non-current assets on an individual basis, and accounts receivable, contract assets, other receivables, as well as deposits and down payments in other non-current assets with impairment matrix on a portfolio basis. The Group classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, credit risk rating, the industry of borrower and the location of the borrower, etc.

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For a financial asset, the credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For an operating lease receivable, a credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance date.

9.2.4 Write-off of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

9.3 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.3 Transfer of financial assets - continued

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The Group measures relevant liabilities as follows:

- Where the transferred financial assets are measured at amortized cost, the carrying amount of relevant liabilities is equal to the carrying amount of the transferred financial assets with continuous involvement less the amortized cost of the Group's retained rights (if the Group retains relevant rights due to the transfer of financial assets) plus the amortized cost of the obligations assumed by the group (if the Group assumes relevant obligations due to the transfer of financial assets), and relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- Where the transferred financial assets are measured at fair value, the carrying amount of the relevant liabilities equals to the carrying amount of the transferred financial assets with continuous involvement less the fair value of the rights retained by the Group (if the Group retains relevant rights due to the transfer of financial assets) plus the fair value of the obligations assumed by the group (if the Group assumes the relevant obligations due to the transfer of financial assets), the fair value of the rights and obligations represents the fair value measured on an independent basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the transferred financial assets on the date of derecognition; and (2) the sum of the consideration received from the transfer and the cumulative fair value changes allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss. If the financial assets transferred by the Group are non-trading equity instrument investments designated as at fair value through other comprehensive income, the accumulated gains or losses previously included in other comprehensive income shall be transferred out from other comprehensive income and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts at the date of transfer. The difference between and (1) the sum of the consideration received for the part derecognized and the cumulative fair value changes allocated to the part derecognized which has been previously recognized in other comprehensive income; and (2) the carrying amount allocated to the part derecognized, is recognized in profit or loss. If the financial assets transferred by the Group are non-trading equity instrument investments designated as at fair value through other comprehensive income, the accumulated gains or losses previously included in other comprehensive income shall be transferred out from other comprehensive income and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continue to recognize the transferred financial assets in its entirety and recognize the consideration received as financial liabilities.

9.4 Classification of financial liabilities and equity instruments

On initial recognition, financial instruments or their components issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liabilities and equity instruments.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.4 Classification of financial liabilities and equity instruments - continued

9.4.1 Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.4.1.1 Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. Except that the derivative financial liabilities are presented separately, the financial liabilities at fair value through profit or loss are presented as held-for-trading financial liabilities.

A financial liability is classified as held-for-trading if one of the following conditions is satisfied:

- It has been assumed principally for the purpose of repurchase in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated as a financial guarantee contract and effective as a hedging instrument.

For financial liabilities that meet one of the following conditions, the Group designates them as financial liabilities at fair value through profit or loss upon initial recognition: (1) the designation can eliminate or significantly reduce accounting mismatch; (2) based on the risk management or investment strategy stated in the Group's formal written documents, the Group takes fair value as the basis to manage and evaluate the performance of portfolio of financial liabilities or portfolio of financial assets and financial liability, and reports to key management personnel internally on this basis; (3) qualified hybrid contracts containing embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Gains or losses arising from changes in fair value and dividends or interest expenses related to such financial liabilities are included in profit or loss.

For the financial liabilities designated as at fair value through profit or loss, the changes in fair value caused by changes in the Group's own credit risk are included in other comprehensive income, and other changes in fair value are included in profit or loss. When the financial liabilities are derecognized, the accumulated changes in fair value caused by changes in its own credit risk which have been previously included in other comprehensive income are transferred to retained earnings. Dividends or interest expenses related to such financial liabilities are included in profit or loss. If the treatment of the effect of the changes in credit risk of such financial liabilities using the above method results in or enlarges accounting mismatch in profit or loss, the Group will include all the gains or losses of such financial liabilities (including the effect of changes in its own credit risk) in profit or loss.

For the financial liabilities arising from contingent consideration recognized by the Group as the acquirer in the business combination not under involving enterprises under common control, the Group measures the financial liabilities at fair value, and recognizes the changes in profit or loss.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.4 Classification of financial liabilities and equity instruments - continued

9.4.1 Classification and measurement of financial liabilities - continued

9.4.1.2 Other financial liabilities

Other financial liabilities except for the financial liabilities arising from the transferred financial assets that do not qualify for derecognition or financial liabilities arising from continuing involvement in the transferred financial asset are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

If the Group and the counterparty modify or renegotiate the contract, which does not result in the derecognition of the financial liabilities subsequently measured at the amortized cost, but causes the change of the contractual cash flow, the Group recalculates the carrying amount of the financial liabilities, and includes relevant gains or losses in profit or loss. The recalculated carrying amount of the financial liabilities is determined by the Group based on the present value of the renegotiated or modified contractual cash flow discounted at the original effective interest rate of the financial liabilities. For all costs or expenses arising from the modification or renegotiation of the contract, the Group adjusts the carrying amount of the modified financial liabilities and amortizes them over the remaining period of the modified financial liabilities.

9.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

9.5 Derivatives

Derivative financial instruments include interest rate swaps. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**9. Financial instruments - continued**

9.6 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

9.7 Reclassification of financial instruments

When the Group changes its business model of managing financial assets, it will reclassify all related financial assets that have been affected. All financial liabilities are not reclassified.

For reclassification of financial assets, the Group adopts prospective accounting treatment since the date of reclassification (i.e. the beginning of the first reporting period subsequent to the change of business model that results in the reclassification of financial assets).

Where the Group reclassifies a financial asset at amortized cost to a financial asset at fair value through profit or loss, the financial asset is measured at fair value at the date of reclassification. The difference between the original carrying amount and the fair value is included in profit or loss.

Where the Group reclassifies a financial asset at amortized cost to a financial asset at fair value through other comprehensive income, the financial asset is measured at the fair value at the date of reclassification. The difference between the original carrying amount and the fair value is included in other comprehensive income.

Where the Group reclassifies a financial asset at fair value through other comprehensive income to a financial asset at amortized cost, the accumulated gains or losses previously included in other comprehensive income shall be transferred out, and the fair value of the financial asset at the reclassification date shall be adjusted, and the adjusted amount shall be considered as the new carrying amount as if the financial asset has always been measured at amortized cost. The reclassification of the financial asset does not affect its effective interest rate and the measurement of expected credit loss.

Where the Group reclassifies a financial asset at fair value through other comprehensive income to a financial asset at fair value through profit or loss, the financial asset will continue to be measured at fair value. Meanwhile, accumulated gains or losses which have been previously included in other comprehensive income shall be transferred from other comprehensive income to profit or loss.

Where the Group reclassifies a financial asset at fair value through profit or loss to a financial asset at amortized cost, the fair value at the reclassification date shall be considered as the new carrying amount.

Where the Group reclassifies a financial asset at fair value through profit or loss to a financial asset at fair value through other comprehensive income, the financial asset will continue to be measured at fair value.

Where the Group reclassifies the financial assets at fair value through profit or loss, the effective interest rate shall be determined based on the fair value of the financial assets at the reclassification date.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Inventories**

10.1 Classification of inventories

The Group's inventories include raw materials, finished goods, and goods on hand. The inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

10.2 Valuation method of inventories upon delivery

Upon delivery, cost of inventories is determined using weighted average method.

10.3 Basis for determining net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The Group determines the net realizable value of inventories based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the effect of events occurring after the balance sheet date.

For inventories, the excess of cost over the net realizable value is generally recognized as provision for decline in value of inventories on an item-by-item basis.

After provision for decline in value of inventories has been made, if the circumstances that previously caused inventories to be written down no longer exist which results in the net realizable value is higher than the carrying amount, the amount of the write-down is reversed in profit or loss for the current period; the reversal is limited to the amount originally provided for the decline in value of inventories.

10.4 The stock count system for inventories

The perpetual inventory system is adopted for stock count.

10.5 Amortization methods of low-value consumables and packaging materials

Packaging materials and low-value consumables are amortized on one-off basis. Low-value consumables requisitioned by the newly opened hotels are amortized within 12 months after receipt.

**11. Assets classified as held-for-sale**

Non-current assets and disposal groups are classified as held-for-sale category when the Group recovers the book value through a sale (including an exchange of non-monetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held-for-sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**11. Assets classified as held-for-sale - continued**

When there is loss of control over a subsidiary due to disposal of investments in the subsidiary, and the proposed disposal of investment in the subsidiary satisfies classification criteria of held-for-sale category, the investments in subsidiaries are classified as held-for-sale category as a whole in the company's separate financial statement, and all assets and liabilities of subsidiaries are classified as held-for-sale category in the consolidated financial statements regardless that part of the equity investments are remained after the sale.

The Group measures the non-current assets or disposal groups classified as held-for-sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, the carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current assets held-for-sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period. Losses of assets recognized before being classified as held-for-sale are not reversed.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized. Interest and other costs of liabilities of disposal group classified as held-for-sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

If an asset or a disposal group has been classified as held-for-sale but the recognition criteria for non-current assets held-for-sale are no longer met, the Group shall cease to classify the asset or disposal group as held-for-sale. It shall be measured at the lower of (1) the carrying amount before the asset or disposal group was classified as held-for-sale, adjusted for any depreciation, amortization or impairment that would have been recognized had the asset or disposal group not been classified as held-for-sale; and (2) the recoverable amount at the date of the decision not to sell.

For equity investments in associates or joint ventures that are classified as held-for-sale but the recognition for non-current assets held-for-sale are no longer met, such investments are accounted for retrospectively using the equity method from the date when they classified as held-for-sale. The financial statements for the held-for-sale period are adjusted accordingly.

**12. Long-term equity investments**

12.1 Basis for determining joint control and significant influence over investee

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**12. Long-term equity investments - continued**

12.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree on the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition on the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If not, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method.

The intermediary fees incurred by the absorbing party or acquirer such as audit legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The long-term equity investment acquired other than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standard for Business Enterprises No.22—Financial Instruments; Recognition and Measurement* (ASBE No. 22) and the additional investment cost.

12.3 Subsequent measurement and recognition of profit or loss

12.3.1. A long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**12. Long-term equity investments - continued**

12.3 Subsequent measurement and recognition of profit or loss - continued

12.3.2 A long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

12.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS  
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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**12. Long-term equity investments - continued**

12.4 Disposal of long-term equity investments - continued

Where the Group loses control over an investee due to disposal of part of shares, during the process of preparing separate financial statements, remaining shares after disposal that can exercise joint control or significant influence over the investee, are accounted for under equity method, and adjusted as they are accounted for under equity method since the acquisition date. If remaining shares after disposal cannot exercise joint control or significant influence over the investee, they are accounted for according to recognition and measurement of financial instruments, and the difference between the fair value on the date of losing control and the carrying amount is recognized in profit or loss for the current period. Other comprehensive income recognized under equity method or according to recognition and measurement of financial instruments before the Group controls over the investee, is accounted for on the basis of directly disposed underlying assets and liabilities of the investee at the time of losing control over the investee; while changes in owners' equity recognized in net assets of the investee under equity method except net profit or loss, other comprehensive income and profit distribution before the Group controls over the investee, are carried forward and recognized in profit or loss at the time of losing control over the investee. For remaining shares after disposal that are accounted for under equity method, other comprehensive income and other owners' equity are carried forward proportionately; for remaining shares after disposal that are accounted for according to recognition and measurement of financial instruments, other comprehensive income and other owners' equity are carried forward in whole.

**13. Fixed assets**

13.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures except for above expenditures that included in the cost of fixed asset are recognized in profit or loss in the period in which they are incurred.

13.2 Depreciation methods

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use, except that the land with an uncertain useful life is not depreciated. The depreciation method, useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight line method	20-60	0-10	1.50-5.00
Machinery and equipment	Straight line method	3-20	0-10	4.50-33.33
Transportation vehicles	Straight line method	4-10	5-10	9.00-23.75
Hotels decoration expenses	Straight line method	3-10	0	10.00-33.33

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**13. Fixed assets - continued**

13.3 Recognition, measurement and depreciation method of fixed assets leased under finance leases

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognized for the leased asset.

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the.

13.4 Others

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end. A change in the useful life or estimated net residual value of a fixed asset or the depreciation method used is accounted for as a change in accounting estimate.

**14. Construction in progress**

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

**15. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

NOTES TO THE FINANCIAL STATEMENTS  
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Intangible assets

16.1 Valuation method and useful life of intangible assets

Intangible assets include land use rights, patent and relevant rights and software, beneficial rights of long-term lease, trademark and brand, membership, etc.

An intangible asset is initially measured at cost. An intangible asset with a finite useful life is amortized using the straight-line method over its useful life when the asset is available for use. An intangible asset with an indefinite useful life is not amortized. Amortization method, useful life (year) and residual value of each intangible asset are as follow:

Category	Amortization method	Useful life(years)	Residual value rate (%)
Land use right	Evenly amortized using straight line method by stage	40	0
Beneficial rights of long-term lease	Evenly amortized using straight line method by stage	The remaining lease contract term	0
Trademark	Evenly amortized using straight line method by stage	10	0
Brand	Not amortized	Uncertain	0
Membership	Evenly amortized using straight line method by stage	20	0
Patent, relevant rights and software	Evenly amortized using straight line method by stage	2-15	0

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least at end of the period and makes changes if necessary.

16.2 Research and development expenditure

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. The cost of intangible assets formed in internal development activities only includes the total amount of expenditures from the time point when the capitalization conditions are met to the time when the intangible assets reach the predetermined uses. For the same intangible asset, the expenditures that have been expensed into profit and loss before the capitalization conditions are met in the development process will not be adjusted.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**17. Impairment of long-term assets**

The Group reviews the long-term equity investments, fixed assets, construction in progress, intangible assets with finite useful life, leasehold improvement, decoration expenses and assets related to contract costs, at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

In determining impairment losses on assets related to contract costs, the Group shall first determine impairment losses for other assets related to the contract which have been recognized in accordance with other relevant ASBEs; then, make impairment provision and recognize an impairment loss for the excess of the carrying amount over the difference between (a) the remaining amount of consideration that the Group expects to receive for the transfer of goods or services to which the asset relates; (b) the estimated costs to be incurred to transfer the related goods or services.

Goodwill is tested for impairment at least once at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s) or combination(s) of assets groups, i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the impairment loss of such assets is recognized, it is not reversed in any subsequent period, other than impairment loss of assets related to contract costs. The Group shall, after the impairment has been provided, recognize in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized previously.

**18. Long-term prepaid expenses**

Long-term prepaid expenses are various expenditures incurred but that should be allocated over the current and future periods of more than one year. Long-term prepaid expenses are evenly amortized over the respective beneficial period.

**19. Contract liabilities**

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS  
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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**20. Employee benefits**

20.1 Accounting treatment of short-term compensation

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

20.2 Accounting treatment of post-employment benefits

Post-employment benefits comprise defined contribution plan and defined benefit plan.

During the accounting period in which the employees rendered services to the Group, the contribution payable calculated based on defined contribution plan is recognized as liabilities, and recorded in profit or loss or costs of relevant assets.

Welfare liabilities are attributed to the accounting period in which the employees rendered services to the Group by using projected unit credit method based on the defined benefit plan and are recognized in profit or loss for the current period or in relevant assets cost. Cost of employee benefits generated from the defined benefit plan consist of the following:

- Service cost (current service cost, past service cost and gain and loss from settlement)
- Net interest of net liabilities or net assets based on defined benefit plan (plan-assets interest income, interest expenses of defined benefit plan and interest influenced by assets upper limit), and
- Variation arising from recalculating net liabilities and net assets based on defined benefit plan.

Service cost and net interest of net liabilities or net assets based on defined benefit plan are recognized in profit or loss for the current period or in relevant assets cost. Variation arising from recalculating net liabilities and net assets based on defined benefit plan (actuarial gain and loss, plan-asset rewards deducting the amount recorded in the net interest of net liabilities or net assets based on defined benefit plan, variation influenced by assets upper limit deducting the amount recorded in the net interest of net liabilities or net assets based on defined benefit plan) is recognized in other comprehensive income.

20.3 Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**21. Provisions**

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

**22. Revenue**

22.1 Accounting policies adopted for revenue recognition and measurement

The Group's revenue is mainly from the following business types:

- (1) Hotel room revenue
- (2) Catering revenue
- (3) Early-stage franchise revenue
- (4) Continuous franchise and labor dispatch revenue
- (5) Reservation channel revenue
- (6) Sales of goods
- (7) Membership card revenue

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

If one of the following criteria is met and it is a performance obligation performed over time, the Group recognizes the revenue within a certain period of time according to the progress of the performance:

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (2) the customer is able to control the goods under construction in the course of the Group's performance;
- (3) the goods produced by the Group during the performance of the contract are irreplaceable and the Group has the right to charge for the accumulated part of the contract that has been performed so far during the whole contract period. Otherwise, the Group recognizes revenue at a certain point in time when "control" of the goods or services is transferred to the customer.

For hotel guest room service and continuous franchise and labor dispatch service, the Group adopts output method, i.e. the value of goods or services transferred to customers to determine the appropriate progress of performance. For early-stage franchise service, the Group adopts input method, i.e. the inputs arising from performance obligation performed by the Group to determine the appropriate progress of performance. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**22. Revenue - continued**

22.1 Accounting policies adopted for revenue recognition and measurement - continued

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to single performance obligation according to relative proportion of the stand-alone selling prices of the goods or services promised by single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimates methods consistently in similar circumstances.

Additional purchase options for customers include points rewarded to customers. For additional purchase options that provide customers with significant rights, the Group takes them as single performance obligations and recognizes the corresponding revenue when the customer exercises the purchase option in the future to obtain control of the relevant goods or services, or when the option expires. Where the stand-alone selling price of a customer's additional purchase option is not directly observable, the Group estimates it by taking into account all relevant information such as the difference in the discount that the customer could obtain if the option is exercised and not exercised, and the likelihood of the customer exercising the option.

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the "control" of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is determined according to the established commission amount or proportion.

Where payment is received in advance, the advance payment received shall be recorded as a liability and recognized as revenue when the relevant performance obligation is satisfied. The above amount will be recognized as revenue proportionately in accordance with the model of contractual rights exercised by the customer if (1) the Group's advance payment does not need to be returned, (2) the customer may waive all or part of its contractual rights, and (3) the Group expects to be entitled to the amount related to the contractual rights waived by the customer. Otherwise, the balance of the liabilities is recognized as revenue by the Group only when the possibility of the customer requesting the satisfaction of the remaining performance obligations is extremely remote.

A non-refundable initial expense charged to the customer on (or near) the commencement date of the contract is included in the transaction price. This initial expense is not related to the transfer of the committed goods or services to the customer, but recognized as advances from customers for goods or services to be transferred in the future and recognized as revenue when the goods or services are transferred in the future.

**23. Contract costs**

23.1 Costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognizes such costs as an asset if it expects to recover these costs. The Group amortizes the assets on the same basis as revenue recognition for goods or services to which the assets relate and recognizes them in profit or loss for current period. The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortized to profit or loss within one year. Other costs of obtaining a contract are recognized in profit or loss when they occur, unless they are going to be reimbursed by customers.

NOTES TO THE FINANCIAL STATEMENTS  
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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**23. Contract costs - continued**

23.2 Costs to fulfil a contract

If the costs incurred in fulfilling a contract are not within the scope of other standard other than the revenue standard, the Group shall recognized an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset mentioned above shall be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognized in profit or loss for the period.

**24. Government grant**

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

24.1 Accounting treatment and determining basis of government grant related to assets

The Group's government grants mainly include hotel property supporting subsidy and special supporting fund for innovative projects of Metropolo brand. Since the grants are mainly used in the investment of relevant assets, thus the government grants are related to assets.

A government grant related to an asset is recognized as deferred income, included in other non-current liabilities, and evenly amortized to profit or loss over the useful life of the related asset.

24.2 Accounting treatment and determining basis of government grant related to income

The Group's government grants mainly include business supporting fund, additional deduction of tax and specific supporting subsidy for pandemic. Hence these grants are government grants related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities. A government grant not related to the Group's daily activities is recognized in non-operating income and expenses.

**25. Deferred tax assets/ deferred tax liabilities**

Income tax expense comprises current tax expense and deferred tax expense.

NOTES TO THE FINANCIAL STATEMENTS  
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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**25. Deferred tax assets/ deferred tax liabilities - continued**

25.1 Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

25.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

NOTES TO THE FINANCIAL STATEMENTS  
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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**25. Deferred tax assets/ deferred tax liabilities - continued**

25.3 Offsetting of income taxes

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

**26. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

26.1 Accounting treatment of operating leases

26.1.1 The Group as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the terms of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

26.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

26.2 Accounting treatment of finance leases

26.2.1 The Group as lessee under finance leases

Related accounting treatment refer to Note (III) "13.3 Recognition, measurement and depreciation method of fixed assets leased under finance leases ". Unrecognized finance charges are recognized as finance charge for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred. The net amount of minimum lease payments less unrecognized finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**26. Leases - continued**

26.3 Provisions on the accounting treatment of the COVID-19 pandemic-related rental concessions

If the rent reduction, exemption, deferred payment and other rental concessions, which, directly caused by the COVID-19 pandemic, are agreed upon between the lessee and the lessor based on the existing lease contract, meet all of the following conditions, the Group may choose to adopt the simplified method for accounting treatment:

- (1) The lease consideration subsequent to reduction is reduced or substantially unchanged from that before the reduction, where the lease consideration is either undiscounted or discounted at the rate applied prior to the deduction;
- (2) The reduction is only subject to lease payable before 30 June 2021. Where lease payable increases after 30 June 2021, it remains to meet this condition, while decreases after 30 June 2021, it fails to satisfy this condition;
- (3) Other terms and conditions of the lease are determined to have not changed significantly after considering qualitative and quantitative factors.

The Group may choose to adopt the simplified method for accounting treatment as follows:

*Accounting treatment by the Group as lessee*

For operating leases, the Group continues to recognize the original contractual rentals to related expenses in a manner consistent with the method used before the rental concession. In the event of rent reductions, the Group treats the reduced rent as a contingent rental and charges against operating costs, administrative expenses, selling expenses, etc. in the period of reduction.

For finance leases, the Group continues to recognize unrecognized financing costs as current financing costs at a discount rate consistent with that before the rental concession, and continues to carry out provision, depreciation and other subsequent measurements on assets leased under finance leases at a rate consistent with that before the concession. In the event of rent reductions, the Group treats the reduced rent as a contingent rental and charges against operating costs, administrative expenses, selling expenses, etc. when a concession agreement is reached or original rental payment obligations are discharged in other means, and adjusts long-term payables accordingly. Finance leases that are discounted to current profit or loss at the discount rate before concession should also be adjusted for unrecognized financing costs.

*Accounting treatment by the Group as lessor*

For operating leases, the Group continues to recognize the original contractual rentals as lease income on the same basis as before the rental concession. In the event of rent reductions, the Group treats the reduced rent as a contingent rental and charges against lease income in the period of reduction.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Significant accounting policies

27.1 Changes in accounting policies

Changes in accounting policies and reasons					
<b><i>New Revenue Standard</i></b>					
As of 1 January 2020, the Group adopts the Accounting Standards for Business Enterprises No. 14 - Revenue ("the New Revenue Standard") revised by the Ministry of Finance in 2017.					
The New Revenue Standard introduces the Five-Step Approach for revenue recognition and measurement, and includes more guidelines to specific transactions (or events). Detailed accounting policies of the Group on revenue recognition and measurement are set out in Note (III) 22. The New Revenue Standard requires adjustments to retained earnings and amounts of other relevant items in the financial statements as at the beginning of the year of initial application (1 January 2020) based on accumulative effects of initial application of the Standard, without adjustments to information in the comparable period. In implementing the New Revenue Standard, the Group only adjusts the cumulative effects of contracts that have not yet been completed at the date of initial application. For contractual changes occurring before the beginning of the year in which the New Revenue Standard is initial applied, the Group simplifies the treatment by identifying performed and outstanding performance obligations, determining the transaction price and allocate the transaction price between performed and outstanding performance obligations based on the final arrangements of the contractual changes.					
(1) In addition to providing more extensive disclosure of revenue transactions, the impact of application of the New Revenue Standard on the relevant line items of the consolidated balance sheet at the beginning of the current year is as follows:					
					RMB
Item	Opening balance recognized in accordance with original standards	Reclassification (Note 1)	Reclassification (Note 2)	Remeasurement (Note 3)	Opening balance recognized in accordance with new standards
Other receivables	511,376,068.33	-	(4,796,600.63)	-	506,579,467.70
Inventories	93,627,876.05	-	4,796,600.63	-	98,424,476.68
Deferred tax assets	679,646,600.28	-	-	14,493,458.66	694,140,058.94
Advances from customers	998,481,194.76	(995,297,712.73)	-	-	3,183,482.03
Contract liabilities	-	952,026,090.00	-	61,167,229.28	1,013,193,319.28
Taxes payable	521,487,473.80	43,271,622.73	-	-	564,759,096.53
Retained profits	3,747,848,954.65	-	-	(46,673,770.62)	3,701,175,184.03
<p>Note 1: The Group recognizes the obligation to transfer goods or services to customers for which consideration has been received from customers as contract liabilities in accordance with the New Revenue Standard.</p> <p>Note 2: The Group recognizes the contract performance costs corresponding to outstanding performance obligations as inventories in accordance with the New Revenue Standard.</p> <p>Note 3: For the revenue from franchise contracts at the early stage that are not required to be returned, the Group recognizes them as advances from customers for future transfer of services in accordance with the New Revenue Standard, and recognizes them as revenue when such services are transferred in the future. For those that have not yet met the above revenue recognition criteria as at 1 January 2020, the Group recognizes them as contract liabilities, and adjusts deferred tax assets and retained profits accordingly.</p>					

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

## 27. Significant accounting policies - continued

## 27.1 Changes in accounting policies - continued

Changes in accounting policies and reasons - continued			
<i>New Revenue Standard</i> - continued			
The impact of application of the New Revenue Standard on the relevant items in the balance sheet of the parent company at the beginning of the year is as follows:			
RMB			
Item	Opening balance recognized in accordance with original standards	Remeasurement (Note)	Opening balance recognized in accordance with new standards
Advances from customers	3,380,493.74	(3,247,527.01)	132,966.73
Contract liabilities	-	3,052,675.39	3,052,675.39
Taxes payable	1,951,206.44	194,851.62	2,146,058.06
Note: The Company recognizes the obligation to transfer goods or services to customers for which consideration has been received from customers as contract liabilities in accordance with the New Revenue Standard.			
(2) The impact of the application of the New Revenue Standard on the relevant items in the consolidated financial statements for the year compared to the original revenue standard is as follows:			
Balance sheet			
RMB			
Item	Closing balance recognized in accordance with original standards	Adjustment	Closing balance recognized in accordance with new standards
Other receivables	635,079,710.06	(5,526,817.66)	629,552,892.40
Inventories	67,223,762.81	5,526,817.66	72,750,580.47
Deferred tax assets	913,633,063.70	12,969,046.82	926,602,110.52
Advances from customers	934,321,184.34	(928,839,974.94)	5,481,209.40
Contract liabilities	-	939,940,644.27	939,940,644.27
Taxes payable	431,788,149.75	43,978,837.99	475,766,987.74
Retained profits	3,278,734,692.21	(42,110,460.52)	3,236,624,231.69
Income statement			
RMB			
Item	Amount occurred in 2020 recognized in accordance with original standards	Adjustment	Amount occurred in 2020 recognized in accordance with new standards
Operating costs (Note)	850,617,272.44	6,499,353,693.18	7,349,970,965.62
Selling and administrative expenses (Note)	9,470,831,339.88	(6,499,353,693.18)	2,971,477,646.70
Operating income	9,889,950,779.31	7,605,485.10	9,897,556,264.41
Income tax expenses	61,816,480.76	1,879,652.60	63,696,133.36
Note: Due to the application of the New Revenue Standard, the Group includes depreciation and amortization of assets related to guest room service and hotel operating expenses as contract performance costs and recognizes in operating costs.			

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

## 27. Significant accounting policies - continued

## 27.1 Changes in accounting policies - continued

Changes in accounting policies and reasons - continued			
<i>New Revenue Standard</i> - continued			
(2) The impact of the application of the New Revenue Standard on the relevant items in the consolidated financial statements for the year compared to the original revenue standard is as follows: - continued			
Cash flow statement			
			RMB
Item	Amount occurred in 2020 recognized in accordance with original standards	Adjustment (Note)	Amount occurred in 2020 recognized in accordance with new standards
Cash payments for goods purchased and services received	2,272,838,715.82	2,277,937,486.57	4,550,776,202.39
Other cash payments relating to operating activities	3,526,177,543.98	(2,277,937,486.57)	1,248,240,057.41
Note: Due to the application of the New Revenue Standard, the Group adjusts cash outflows related to guest room service to cash payments for goods purchased and services received.			
The impact of the application of the New Revenue Standard on the relevant items in the financial statements of the parent company for the year is as follows:			
Balance sheet			
			RMB
Item	Closing balance recognized in accordance with original standards	Adjustment (Note)	Closing balance recognized in accordance with new standards
Advances from customers	2,258,538.80	(2,132,572.07)	125,966.73
Contract liabilities	-	2,028,780.08	2,028,780.08
Taxes payable	2,135,548.66	103,791.99	2,239,340.65
Note: The Company recognizes the obligation to transfer goods or services to customers for which consideration has been received from customers as contract liabilities in accordance with the New Revenue Standard.			
Income statement			
			RMB
Item	Amount occurred in 2020 recognized in accordance with original standards	Adjustment (Note)	Amount occurred in 2020 recognized in accordance with new standards
Operating costs	23,026,017.27	163,081,491.43	186,107,508.70
Selling and administrative expenses	280,384,810.02	(163,081,491.43)	117,303,318.59
Note: Due to the application of the New Revenue Standard, the Group includes depreciation and amortization of assets related to guest room service and hotel operating expenses as contract performance costs and recognizes in operating costs.			

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Significant accounting policies - continued

27.1 Changes in accounting policies - continued

Changes in accounting policies and reasons - continued			
<i>New Revenue Standard</i> - continued			
(2) The impact of the application of the New Revenue Standard on the relevant items in the consolidated financial statements for the year compared to the original revenue standard is as follows: - continued			
Cash flow statement			
			RMB
Item	Amount occurred in 2020 recognized in accordance with original standards	Adjustment (Note)	Amount occurred in 2020 recognized in accordance with new standards
Cash payments for goods purchased and services received	63,046,906.62	64,312,274.93	127,359,181.55
Other cash payments relating to operating activities	104,602,389.79	(64,312,274.93)	40,290,114.86
<p>Note: Due to the application of the New Revenue Standard, the Company adjusts cash outflows related to guest room service to cash payments for goods purchased and services received.</p> <p><i>"Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions" (Cai Kuai [2020] No. 10)</i></p> <p>According to Notice by the Ministry of Finance of Issuing the Provisions on the Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (Cai Kuai [2020] No. 10) on 19 June 2020, the simplified method may be adopted for rental concessions related to the COVID-19 pandemic. See Note (III) 26.3 for details. The provisions are effective from the date of issuance and are also applicable to relevant rental concessions between 1 January 2020 and the date of issuance.</p>			

28. Critical accounting estimates and judgements

The Group continuously evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are outlined as below:

28.1 Estimated useful life and estimated net residual value of fixed assets

The management of the Group is responsible for assessing and determining the estimated useful life and estimated net residual value of fixed assets. This estimate is based on the actual useful life and actual net residual value of fixed assets with similar nature and function in the past. In the process of using fixed assets, the economic environment, technical environment and other environments may have a greater impact on the useful life and estimated net residual value of fixed assets. If the estimated useful life and net residual value of fixed assets are different from the original estimate, the management of the Group will make adjustments accordingly.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**28. Critical accounting estimates and judgements - continued**

28.2 Expected beneficial period of leasehold improvement and decoration expenditure of fixed assets under operating lease

The Group operates a number of hotels on leased properties and makes improvements and decorations on them. According to the past experience and available information, the management of the Group amortizes the leasehold improvement and decoration expenditure of the fixed assets under operating lease according to the actual useful life, the remaining operation period and the remaining lease term, whichever is shorter. If the beneficial period of above leasehold improvement and decoration expenditure of fixed assets under operating lease is different from the original estimate, the Group's management will make adjustments accordingly.

28.3 Useful life of land and brands

The management of the Group believes that, the Group-owned foreign land and brands arising from the Group's acquisition of GDL, Keystone and Vienna and Baisuicun will be utilized and will bring about expectant economic interests to the Group in the foreseeable future, thus their useful lives are indefinite, and land is not depreciated and brands are not amortized. However, no matter whether impairment indication of above-mentioned land and brands exists, the management of the Group conducts impairment test annually.

Deferred tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred tax assets are realized or the related deferred tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

The deferred tax assets is recognized to the extent of taxable income that is likely to be obtained to offset tax losses and temporary differences. If it is expected that sufficient taxable income will not be obtained in the future to make use of the economic benefits brought by deductible tax losses and deductible temporary differences, the management of the Group will write down the carrying amount of the deferred tax assets.

As it is impossible to determine whether the relevant deductible tax losses and deductible temporary differences are likely to be reversed, the Group has not recognized deferred tax assets for part of the deductible tax losses and deductible temporary differences. If the actual future profits are more than expected amount, the corresponding adjustment will be made to the deferred tax assets, and recognized in the consolidated income statement for the period in which such circumstance arises.

28.5 Impairment for long-term equity investment, fixed assets, construction in progress, intangible assets with finite useful life, leasehold improvement and decoration expenses

The Group's management assesses at each of the balance sheet date whether long-term investments, fixed assets, land-use right and leasehold improvement have any indication of impairment, in accordance with the accounting policy stated in note (III) 17. The recoverable amount is the higher of an asset's present value of estimated future cash flows and fair value less costs to sell, which is estimated based on the best information available to reflect the amount that is obtainable at each of the balance sheet date from the disposal of the asset (net of the costs to disposal) in an arm's length transaction between parties at a known and willing basis, or the cash that is generated from continuous use of the assets. The estimation is likely to be adjusted in each impairment test.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Critical accounting estimates and judgements - continued

28.6 Impairment of goodwill and intangible assets with indefinite useful life

Goodwill and brands with indefinite useful life are tested for impairment at least once at the end of each year. For the purpose of impairment testing, the Group allocates goodwill and intangible assets with indefinite useful life to relevant portfolio of asset groups. The recoverable amount of the portfolio of asset groups containing goodwill and brands with indefinite useful life shall be determined based at the higher of the present value of expected future cash flow of the portfolio of asset groups and fair value less cost disposal. Accounting estimate are made for calculation.

Details of key assumptions and estimates used in the calculation of recovery by the Group are set out in Note (V) 14. When the actual amount of key assumptions and estimates differs from the previous estimation, the recovery amount of portfolio of asset groups will be affected, which lead to impact over the impairment amount of goodwill and brands with indefinite useful life.

28.7 Long- term employee benefits payable

At the end of each year, the management engages experts to perform actuarial calculation for the defined benefit plans such as the Group's employee retirement welfare plans. Actuarial calculation involves the major estimates of discount rate, long-term inflation rate, wage growth rate, mortality rate etc. If the actual amount of future cash flow differs from the previous estimation, the difference will affect the carrying amount of long-term employee benefit payable.

IV. TAXATION

Major tax types and tax rates

Tax type	Tax basis	Tax rate and simple levy rate
<b>The Company and subsidiaries in China:</b>		
Value added tax	Value added tax ("VAT") on sales is calculated on revenue from principal operations and paid after deducting input VAT on purchases	5%, 6%, 9% or 13%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharges	Turnover tax	3%
Local education surcharges	Turnover tax	2%
Enterprise income tax	Taxable income	9%, 15% or 25% (Note 1)
Property tax	Original cost of taxable property , rental income	1.2%, 12%
<b>Subsidiaries out of China :</b>		
Value added tax	Taxable revenue	20%, 19.6% or 10%
Don mutual des sociétés	Taxable revenue	0.16%
Housing tax	Taxable employee salary	0.45%
Taxed'apprentissage	Taxable employee salary	0.68%
Continuing education tax	Taxable employee salary	0.15%, 1.05% or 1.60%
Enterprise income tax	Taxable income	(Note 2)
Contribution for value added by business(CVAE)	The value added amount of companies in accordance with France Tax Law	0% - 1.5%

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**IV. TAXATION - continued**

**Major tax types and tax rates - continued**

Note 1: Pursuant to the Notice of the People's Government of Tibet Autonomous Region on Issuing Several Provisions of Preferential Policies for Investment Promotion and Capital Introduction of Tibet Autonomous Region (Trial Implementation) (Zang Zheng Fa [2018] No. 25), from 1 January 2018 to 31 December 2020, those engaged in the industries listed in the Catalogue of Encouraged Industries in the Western Region and whose revenue accounts for more than 70% of the total enterprise income shall be subject to the enterprise income tax rate of 15% of the western development. From 1 January 2018 to 31 December 2021, if the operating income in Tibet accounts for more than 40% (inclusive) of the total operating income, the part of the enterprise income tax to be collected by halving shall belong to the local share. Lhasa Jin Jiang Inn Hotel Co., Ltd. is subject to an income tax rate of 9%.

Guangzhou Saiwen Software Development Co., Ltd. was continued to be granted as a High-Tech Enterprise in 2017 and its enterprise income rate remains to be 15% for the three consecutive years since 2018.

Plateno Information Technology (Guangzhou) Co., Ltd. and Guangzhou Qicheng Network Technology Co., Ltd. was granted as a High-Tech Enterprise in 2018 and its enterprise income rate shall be levied at 15% for the three consecutive years since 2018.

Note 2: GDL, a subsidiary outside PRC, is applicable for an income tax rate of 28.92%. In accordance with relevant finance acts of France in 2019, since 2020, the applicable tax rate of GDL will gradually decrease to 25.83% by 2022.

In January 2018, Keystone and its six subsidiaries registered outside of Mainland China (7 Days Group Holdings Limited, 7 Days Inn Group (HK) Limited, Huan Peng Hotel Management (HK) Limited, Plateno Information and Technology Development (HK) Limited, Plateno Supply Chain Management (HK) Limited and Chujian (HK) Limited), became Chinese-funded resident enterprises registered overseas with the approval of the State Administration of Taxation, and were subject to the income tax rate of 25%.

Other than Keystone and its six subsidiaries registered outside of Mainland China, subsidiaries incorporated in Cayman Islands are exempted from enterprise income tax. The income tax rates for subsidiaries incorporated in Hong Kong, Germany, Singapore, Austria, Luxemburg and India are respectively 16.5%, 15%, 17%, 25%, 29.22% and 34.43%.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Cash and bank balances

RMB

Item	31 December 2020			31 December 2019		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			5,267,562.76			7,537,409.48
Bank balances (Note 1):						
RMB			2,404,688,658.96			1,930,800,271.27
USD	13,641,207.34	6.5249	89,007,509.68	16,367,296.94	6.9762	114,181,538.33
EUR	39,957,665.48	8.0250	320,660,265.44	92,703,982.09	7.8155	724,527,972.02
GBP	1,112,947.99	8.9266	9,934,824.94	2,563,425.41	9.1839	23,542,245.94
BRL	6,600,793.00	1.2590	8,310,537.15	300.00	1.7306	519.19
PLN	41,387,755.06	1.7599	72,837,003.15	68,009,265.04	1.8359	124,859,387.11
MAD	1,287,000.00	0.7366	947,973.84	868,818.00	0.7283	632,769.27
IDR	8,387,785,672.00	0.0005	3,904,235.08	11,532,766,462.32	0.0005	5,779,485.76
HKD	8,383,198.36	0.8416	7,055,299.76	16,190,431.15	0.8958	14,503,388.24
KRW	495,000.00	0.0060	2,973.33	91,075,862.00	0.0060	549,112.38
IDR	56,335,000.00	0.0895	5,042,196.44	54,043,685.50	0.0988	5,339,465.57
THB	13,255,422.00	0.2185	2,896,364.03	11,707,043.00	0.2339	2,738,019.41
KES	-	-	-	3,825.35	0.0671	256.86
Deposit in other financial institution (Note 2):						
RMB			3,862,535,958.23			2,964,694,305.54
<b>Total</b>			<b>6,793,091,362.79</b>			<b>5,919,686,146.37</b>

Note 1: The above bank deposits of the Group frozen due to litigation are RMB 2,305,498.09 (Opening balance: RMB 4,947,615.00). The above bank deposits of the Group frozen because they have not been used for a long time are RMB 3,075,256.88 (Opening balance: RMB 1,473,291.45). The above bank deposits of the Group include the guarantee deposit of RMB 1,000,000.00 (Opening balance: RMB 1,515,085.00).

Note 2: Deposit in other financial institution refers to the amount deposited in Jin Jiang International Finance Co., Ltd. (Non-bank financial institution as approved, hereinafter referred to as "Finance Company")

## 2. Held-for-trading financial assets

RMB

Item	31 December 2020	31 December 2019
Held-for-trading financial assets at fair value through profit or loss	254,237,956.80	251,624,000.00
Including: Equity instrument investment (Note)	254,237,956.80	251,624,000.00
<b>Total</b>	<b>254,237,956.80</b>	<b>251,624,000.00</b>

Note: It refers to shares purchased and held by the Group from the open market. The Group recognizes its fair value at the market price on the last trading day before the balance sheet date.

## 3. Accounts receivable

## (1) Disclosure by aging:

RMB

Aging	31 December 2020			31 December 2019		
	Accounts receivable	Bad debt provision	Ratio (%)	Accounts receivable	Bad debt provision	Ratio (%)
Within one year	1,157,598,750.99	92,779,458.88	8.01	1,174,156,457.40	38,324,774.31	3.26
Over one year	155,168,835.69	143,677,346.38	92.59	175,579,500.82	154,239,945.02	87.85
<b>Total</b>	<b>1,312,767,586.68</b>	<b>236,456,805.26</b>	<b>18.01</b>	<b>1,349,735,958.22</b>	<b>192,564,719.33</b>	<b>14.27</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 3. Accounts receivable - continued

(2) Disclosure by categories based on bad debt provision method:

RMB

Category	31 December 2020				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts on a portfolio basis					
Including:					
Client Portfolio of GDL	526,983,735.22	40.14	178,786,166.19	33.93	348,197,569.03
Client Portfolio of Plateno	273,116,673.67	20.81	6,890,259.53	2.52	266,226,414.14
Client Portfolio of Vienna	201,545,438.24	15.35	16,528,193.72	8.20	185,017,244.52
Client Portfolio of Metropolo	311,121,739.55	23.70	34,252,185.82	11.01	276,869,553.73
<b>Total</b>	<b>1,312,767,586.68</b>	<b>100.00</b>	<b>236,456,805.26</b>	<b>18.01</b>	<b>1,076,310,781.42</b>

RMB

Category	31 December 2019				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts on a portfolio basis					
Including:					
Client Portfolio of GDL	743,682,081.31	55.10	136,329,933.30	18.33	607,352,148.01
Client Portfolio of Plateno	166,016,409.74	12.30	6,198,006.70	3.73	159,818,403.04
Client Portfolio of Vienna	156,112,901.55	11.56	17,501,338.41	11.21	138,611,563.14
Client Portfolio of Metropolo	283,924,565.62	21.04	32,535,440.92	11.46	251,389,124.70
<b>Total</b>	<b>1,349,735,958.22</b>	<b>100.00</b>	<b>192,564,719.33</b>	<b>14.27</b>	<b>1,157,171,238.89</b>

As part of the Group's credit risk management, the Group classifies accounts receivable into the four categories as mentioned above. The above four categories of accounts receivable involve a large number of clients. The Group uses the aging analysis method to assess the expected credit loss of accounts receivable on a portfolio basis. Clients of different portfolios have the same risk characteristics. The aging information of clients in each portfolio can reflect the solvency of such clients. The credit risk and credit loss of accounts receivables of each portfolio are as follows:

## Client Portfolio of GDL:

RMB

Aging	31 December 2020				31 December 2019			
	Expected average loss rate (%)	Book balance	Provision for loss	Book value	Expected average loss rate (%)	Book balance	Provision for loss	Book value
Within 3 months	14.33	335,540,957.05	48,070,452.34	287,470,504.71	2.52	533,501,254.08	13,432,375.64	520,068,878.44
3-12 months	37.85	79,780,880.62	30,196,210.93	49,584,669.69	14.45	77,082,862.23	11,139,148.46	65,943,713.77
Over 12 months	90.02	111,661,897.55	100,519,502.92	11,142,394.63	83.97	133,097,965.00	111,758,409.20	21,339,555.80
<b>Total</b>		<b>526,983,735.22</b>	<b>178,786,166.19</b>	<b>348,197,569.03</b>		<b>743,682,081.31</b>	<b>136,329,933.30</b>	<b>607,352,148.01</b>

## Client Portfolio of Plateno:

RMB

Aging	31 December 2020				31 December 2019			
	Expected average loss rate (%)	Book balance	Provision for loss	Book value	Expected average loss rate (%)	Book balance	Provision for loss	Book value
Within 6 months	1.11	263,980,629.70	2,940,644.01	261,039,985.69	1.13	160,524,140.99	1,812,168.77	158,711,972.22
6-12 months	14.31	5,645,097.22	807,763.44	4,837,333.78	26.79	1,511,257.12	404,826.30	1,106,430.82
Over 12 months	90.00	3,490,946.75	3,141,852.08	349,094.67	100.00	3,981,011.63	3,981,011.63	-
<b>Total</b>		<b>273,116,673.67</b>	<b>6,890,259.53</b>	<b>266,226,414.14</b>		<b>166,016,409.74</b>	<b>6,198,006.70</b>	<b>159,818,403.04</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 3. Accounts receivable - continued

(2) Disclosure by categories based on bad debt provision method: - continued

## Client Portfolio of Vienna:

RMB

Aging	31 December 2020			31 December 2019				
	Expected average loss rate (%)	Book balance	Provision for loss	Book value	Expected average loss rate (%)	Book balance	Provision for loss	Book value
Within 6 months	2.25	163,073,557.84	3,671,937.15	159,401,620.69	2.17	124,847,182.79	2,708,734.82	122,138,447.97
6-12 months	4.66	26,867,390.24	1,251,766.41	25,615,623.83	4.37	17,224,993.50	751,878.33	16,473,115.17
Over 12 months	100.00	11,604,490.16	11,604,490.16	-	100.00	14,040,725.26	14,040,725.26	-
<b>Total</b>		<b>201,545,438.24</b>	<b>16,528,193.72</b>	<b>185,017,244.52</b>		<b>156,112,901.55</b>	<b>17,501,338.41</b>	<b>138,611,563.14</b>

## Client Portfolio of Metropolo:

RMB

Aging	31 December 2020			31 December 2019				
	Expected average loss rate (%)	Book balance	Provision for loss	Book value	Expected average loss rate (%)	Book balance	Provision for loss	Book value
Within 6 months	0.99	269,155,894.83	2,651,522.71	266,504,372.12	1.97	246,889,115.73	4,862,112.87	242,027,002.86
6-12 months	23.53	13,554,343.50	3,189,161.89	10,365,181.61	25.55	12,575,650.96	3,213,529.12	9,362,121.84
Over 12 months	100.00	28,411,501.22	28,411,501.22	-	100.00	24,459,798.93	24,459,798.93	-
<b>Total</b>		<b>311,121,739.55</b>	<b>34,252,185.82</b>	<b>276,869,553.73</b>		<b>283,924,565.62</b>	<b>32,535,440.92</b>	<b>251,389,124.70</b>

(3) Details of provision for bad debts

At the end of the year, the credit risk and expected credit loss of accounts receivable are as follows:

RMB

Closing balance	Non-credit-impaired	Credit-impaired	Total
Book balance	1,157,598,751.00	155,168,835.68	1,312,767,586.68
Expected credit loss	92,779,458.88	143,677,346.38	236,456,805.26
Book value	1,064,819,292.12	11,491,489.30	1,076,310,781.42

Changes in provision for impairment

RMB

Provision for impairment	Total
Balance at 31 December 2019	192,564,719.33
Provision for expected credit loss	109,674,780.87
Reversal of expected credit loss	(62,656,098.23)
Write-off	(1,075,497.12)
Decrease due to changes in scope of consolidation	(47,405.92)
Translation reserve	(2,003,693.67)
Balance at 31 December 2020	236,456,805.26

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 3. Accounts receivable - continued

(4) Top five entities with the largest balances of accounts receivable

RMB

Name of entity	Relationship with the Group	Amount	Proportion of the amount to the total accounts receivable (%)	Bad debt provision amount
Shanghai Jin Jiang International E-Commerce Co., Ltd.	Related party	86,336,478.61	6.58	894,596.87
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	Related party	46,519,776.38	3.54	670,011.82
Hangzhou DoBe Culture Creative Co. Ltd.	The third party	27,087,644.56	2.06	266,847.23
Shanghai WeLink Hotel Management Co., Ltd.	Related party	23,603,549.42	1.80	262,934.58
Beijing Kuxun Technology Co., Ltd.	The third party	15,547,232.12	1.19	173,190.26
<b>Total</b>		<b>199,094,681.09</b>	<b>15.17</b>	<b>2,267,580.76</b>

## 4. Prepayments

(1) The aging analysis of prepayments is as follows:

RMB

Aging	31 December 2020		31 December 2019	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	220,048,228.41	100.00	210,544,806.41	100.00
<b>Total</b>	<b>220,048,228.41</b>	<b>100.00</b>	<b>210,544,806.41</b>	<b>100.00</b>

(2) Top five entities with the largest balances of prepayments

RMB

Name of entity	Relationship with the Group	Closing balance	Reasons for outstanding
Nanjing Heshi Jewelry Co., Ltd.	The third party	5,898,683.91	Prepaid rental
Beijing Hantang International Hotel Management Co., Ltd.	The third party	3,816,641.88	Prepaid rental
Guangzhou Chenxin Investment Consulting Co., Ltd.	The third party	3,676,184.60	Prepaid rental
Xinjiang Jianda Investment Management Co., Ltd.	The third party	3,508,790.09	Prepaid rental
Guangzhou Hongpu Investment Co., Ltd.	The third party	3,071,774.73	Prepaid rental
<b>Total</b>		<b>19,972,075.21</b>	

## 5. Other receivables

## 5.1 Disclosure by categories

RMB

Item	31 December 2020	31 December 2019
Interest receivable	6,662,141.98	11,558,867.45
Dividends receivable	26,473,856.43	17,782,989.25
Other receivables	596,416,893.99	482,034,211.63
<b>Total</b>	<b>629,552,892.40</b>	<b>511,376,068.33</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 5. Other receivables - continued

## 5.2 Interest receivable

## (1) Categories of interest receivable

Name of entity	RMB	
	31 December 2020	31 December 2019
Time deposits at banks	3,494,965.40	6,830,199.01
Time deposits at Finance Company	3,158,344.50	4,727,073.44
Others	205,839.86	198,602.78
Less: Bad debt provision	197,007.78	197,007.78
<b>Total</b>	<b>6,662,141.98</b>	<b>11,558,867.45</b>

## (2) Details of provision for bad debts

As at 31 December 2020, the credit risk of interest receivable has not increased significantly since the initial recognition. The Group's provision of loss based on 12-month ECL is not significant.

## 5.3 Dividends receivable

Item	RMB	
	31 December 2020	31 December 2019
Dividends receivable with aging of less than 1 year		
(1) Hangzhou KENTUCKY FRIED CHICKEN Co., Ltd.	11,408,151.43	9,664,809.41
(2) Suzhou KENTUCKY FRIED CHICKEN Co., Ltd.	7,606,919.94	-
(3) Wuxi KENTUCKY FRIED CHICKEN Co., Ltd.	6,898,359.18	7,492,439.65
(4) GDL's equity investment	560,425.88	625,740.19
<b>Total</b>	<b>26,473,856.43</b>	<b>17,782,989.25</b>

## (1) Details of provision for bad debts

As at 31 December 2020, the credit risk of dividends receivable has not increased significantly since the initial recognition. The Group's provision of loss based on 12-month ECL is not significant.

## 5.4 Other receivables

## (1) Other receivables by nature:

Nature	RMB	
	31 December 2020	31 December 2019
Deposits and guarantees	250,082,262.12	247,516,084.48
Business working capital	13,099,874.94	10,079,008.82
Prepaid overseas social insurance	34,629,934.07	4,113,703.03
Equity transfer payment (Note VI (1))	3,671,820.96	-
Advances and others	294,933,001.90	220,325,415.30
<b>Total</b>	<b>596,416,893.99</b>	<b>482,034,211.63</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 5. Other receivables - continued

## 5.4 Other receivables - continued

## (2) Details of provision for bad debts

As at 31 December 2020, the credit risk and expected credit loss of other receivables are as follows:

RMB

Internal credit rating	31 December 2020				31 December 2019			
	12- month ECL	Lifetime ECL (Non-credit-impaired)	Lifetime ECL (Credit-impaired)	Total	12- month ECL	Lifetime ECL (Non-credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Normal	548,687,084.98	-	-	548,687,084.98	467,841,499.78	-	-	467,841,499.78
Attention	-	-	-	-	-	-	-	-
Loss	-	-	53,418,632.54	53,418,632.54	-	-	53,820,974.66	53,820,974.66
Total book balance	548,687,084.98	-	53,418,632.54	602,105,717.52	467,841,499.78	-	53,820,974.66	521,662,474.44
Less: Provision for impairment	-	-	53,418,632.54	53,418,632.54	-	-	53,820,974.66	53,820,974.66
Book value	548,687,084.98	-	-	548,687,084.98	467,841,499.78	-	-	467,841,499.78

## (3) Details of bad debt provisions

RMB

Item	31 December 2019	Provision	Reversal	Write-off	Translation reserve	31 December 2020
Bad debt provision	53,820,974.66	-	(1,167,644.09)	(42,563.60)	807,865.57	53,418,632.54

## Changes in provision for impairment of other receivables

RMB

Bad debt provision	Phrase I	Phrase II	Phrase III	Total
	12- month ECL	Lifetime ECL (Non-credit-impaired)	Lifetime ECL (Credit-impaired)	
Balance at 1 January 2020	-	-	53,820,974.66	53,820,974.66
Provision	-	-	-	-
Reversal	-	-	(1,167,644.09)	(1,167,644.09)
Write-off	-	-	(42,563.60)	(42,563.60)
Translation reserve	-	-	807,865.57	807,865.57
Balance at 31 December 2020	-	-	53,418,632.54	53,418,632.54

## (4) Top five entities with the largest balances of other receivables

RMB

Name of entity	Nature	Relation with the Company	Closing balance	Aging	Proportion of the amount to the closing balance of other receivables (%)	Closing balance of bad debt provision
Hangzhou Qianjiang Xincheng Asset Operation and Management Investment Co., Ltd (Note )	Deposits and guarantees	The third party	15,516,524.00	Over 3 years	2.39	-
Shenzhen Futian Huanqing Industrial Co., Ltd.	Deposits and guarantees	The third party	8,489,647.00	2-3 years	1.31	-
Shenzhen Shashiwei Industrial Corporation	Deposits and guarantees	The third party	6,177,600.00	Over 3 years	0.95	-
Xi'an Tianhao Industrial Co., Ltd.	Guarantees	The third party	5,000,000.00	Over 3 years	0.77	-
Guangzhou Zhi Yin Industrial Investment Co., Ltd.	Deposits and guarantees	The third party	3,270,000.00	Over 2 years	0.50	-
<b>Total</b>			<b>38,453,771.00</b>		<b>5.92</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 6. Inventories

## (1) Category of inventories

RMB

Item	31 December 2020			31 December 2019		
	Book balance	Provision for the decline in value	Book value	Book balance	Provision for the decline in value	Book value
Raw materials	40,902,545.54	-	40,902,545.54	43,650,975.28	-	43,650,975.28
Finished goods	171,069.95	-	171,069.95	129,814.87	-	129,814.87
Goods on hand	26,017,883.20	-	26,017,883.20	49,847,085.90	-	49,847,085.90
Contract performance cost	5,659,081.78	-	5,659,081.78			
<b>Total</b>	<b>72,750,580.47</b>	<b>-</b>	<b>72,750,580.47</b>	<b>93,627,876.05</b>	<b>-</b>	<b>93,627,876.05</b>

## 7. Other current assets

RMB

Item	31 December 2020	31 December 2019
Deferred expenses	29,706,501.29	34,987,673.54
Prepaid tax	341,249,085.60	314,565,440.92
Entrusted loans	5,543,803.80	6,743,803.80
Others	1,240,141.87	1,235,114.12
Less: Provision for impairment	5,543,803.80	5,543,803.80
<b>Total</b>	<b>372,195,728.76</b>	<b>351,988,228.58</b>

## (1) Entrusted loans for which provision for impairment are made on an individual basis

As at 31 December 2020, the Group made a full provision for impairment on the entrusted loan to its subsidiary associate, Ganzi Holy Shambhala Tourism Investment Co., Ltd., based on individual assets.

SHANGHAI JINJIANG INTERNATIONAL HOTELS CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Long-term equity investments

Investee	31 December 2019	Changes for the year									31 December 2020	Closing balance of provision for impairment
		Additional capital contribution	Reduced investment	Other changes	Investment income	Adjustment on other comprehensive income	Other changes in equity	Cash dividends or profit distribution	Provision for impairment	Translation reserve		
<b>Joint ventures</b>												
Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd. (Note 5)	-	574,000.00	-	-	132,496.84	-	-	-	-	-	706,496.84	-
<b>Associates</b>												
Shanghai Kentucky Fried Chicken Co., Ltd.	231,768,688.51	-	-	-	117,530,157.12	-	456,812.26	(130,914,044.18)	-	-	218,841,613.71	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	89,999,667.10	-	-	-	416,676.64	-	-	-	-	-	90,416,343.74	-
Da Hua Hotel (Note 4)	-	-	-	73,044,166.58	(2,634,675.74)	-	-	-	-	-	70,409,490.84	-
Shanghai Qicheng Network Technology Co., Ltd.	50,887,914.90	-	-	-	(1,374,396.06)	-	-	-	-	-	49,513,518.84	-
Shanghai New Asia Fuli Hua Catering Co., Ltd.	34,559,779.85	-	-	-	2,980,609.39	(83,108.03)	-	(7,462,000.00)	-	-	29,995,281.21	-
Shanghai Xinjin Hotel Management Co., Ltd.	5,104,410.72	-	-	-	(2,156,063.55)	-	-	-	-	-	2,948,347.17	-
Shanghai Yoshinoya Co., Ltd. (Note 1)	622,507.05	-	-	-	(622,507.05)	-	-	-	-	-	-	-
Shanghai Jing An Bakery Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-
SNC Angers Montpellier Villeneuve Rennes Invest Hotels	7,247,200.77	-	-	-	454,196.73	-	-	-	-	201,587.36	7,902,984.86	-
SNC Chaville Bx Arles	6,207,179.06	-	-	-	(849,908.93)	-	-	-	-	153,758.88	5,511,029.01	-
SNC Rouen Annecy	5,670,379.26	-	-	-	(535,079.37)	-	-	(1,670.36)	-	143,609.67	5,277,239.20	-
SNC Bayeux Bergerac Blagnac	4,930,362.42	-	-	-	249,831.87	-	-	(222,715.14)	-	132,598.93	5,090,078.08	-
Guangzhou Wo Qu Apartment Management Co., Ltd.	13,250,896.35	-	-	-	(4,794,030.61)	-	-	-	-	-	8,456,865.74	-
Guangzhou Wormhole Network Technology Co., Ltd.	2,534,017.60	-	-	-	-	-	-	-	-	-	2,534,017.60	-
Guangzhou Fulunzi Information Technology Co., Ltd.	2,191,681.67	-	-	-	215,412.00	-	-	-	-	-	2,407,093.67	-
Guangzhou Chuangbianzhe Entry-Exit Service Co., Ltd.	1,634,838.02	-	-	-	(117,658.48)	-	-	-	-	-	1,517,179.54	-
Guangzhou Qinyou Commercial Services Co., Ltd.	1,492,154.30	-	-	-	(41,541.91)	-	-	-	-	-	1,450,612.39	-
Guangzhou Muximei Internet Service Co., Ltd.	1,413,863.06	-	-	-	(15,358.36)	-	-	-	-	-	1,398,504.70	-
Guangzhou Yaji Hotel Management Co., Ltd.	885,684.65	-	-	-	(45,188.57)	-	-	-	-	-	840,496.08	-
Guangzhou Xiaopang Information Technology Co., Ltd.	407,253.77	-	-	-	3,230.46	-	-	-	-	-	410,484.23	-
Ganzi Holy Shambhala Tourism Investment Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	(3,057,262.29)
Guangzhou Leji Information Technology Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	(1,801,815.71)
Shenzhen Fifth Space Apartment Hotel Management Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	(1,645,279.95)
Guangzhou Yule Network Co., Ltd. (Note 3)	483,216.31	-	(443,502.47)	-	(39,713.84)	-	-	-	-	-	-	-
Guangzhou Danke Network Technology Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-
Tianjin Jin Jiang Inn Co., Ltd. (Note 4)	-	-	-	39,379,848.66	(388,996.84)	-	-	-	-	-	38,990,851.82	-
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd. (Note 4)	-	-	-	28,473,045.70	(747,470.65)	-	-	-	-	-	27,725,575.05	-
Tianjin Hu Jin Hotel Investment Co., Ltd. (Note 4)	-	-	-	24,333,573.99	51,128.64	-	-	-	-	-	24,384,702.63	-
Shenyang Songhuajiang Jin Jiang Inn Co., Ltd. (Note 4)	-	-	-	15,826,618.63	(39,224.40)	-	-	-	-	-	15,787,394.23	-
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd. (Note 4)	-	-	-	16,030,690.98	(393,559.09)	-	-	-	-	-	15,637,131.89	-
Changchun Jinlv Investment and Management Co., Ltd. (Note 4)	-	-	-	4,752,589.41	70,109.32	-	-	-	-	-	4,822,698.73	-
Others	41,156,350.41	-	-	-	(4,502,765.25)	(122,801.65)	-	(10,647,015.39)	-	(1,637,016.66)	24,246,751.46	-
<b>Total</b>	<b>502,448,045.78</b>	<b>574,000.00</b>	<b>(443,502.47)</b>	<b>201,840,533.95</b>	<b>102,805,710.31</b>	<b>(205,909.68)</b>	<b>456,812.26</b>	<b>(149,247,445.07)</b>	<b>-</b>	<b>(1,005,461.82)</b>	<b>657,222,783.26</b>	<b>(6,504,357.95)</b>

Note 1: Due to the continuous losses of Shanghai Jing An Bakery Co., Ltd., Guangzhou Danke Network Technology Co., Ltd. and Shanghai Yoshinoya Co., Ltd., the Group's long-term equity investments in them have been reduced to nil.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 8. Long-term equity investments - continued

Note 2: Guangzhou Leji Information Technology Co., Ltd., Shenzhen Fifth Space Apartment Hotel Management Co., Ltd. and Ganzi Holy Shambhala Tourism Investment Co., Ltd. have discontinued the operations. The Group has made full provision for impairment of the long-term equity investments.

Note 3: In 2020, the Group recovered the amount of long-term equity investments in Guangzhou Yule Network Co., Ltd.

Note 4: In 2020, the Group transferred its 51% equity in Tianjin Jin Jiang Inn Co., Ltd., 70% equity in Shenyang Songhuajiang Jin Jiang Inn Co., Ltd., 70% equity in Changchun Jinlv Investment and Management Co., Ltd., 51% equity in Zhenjiang Jingkou Jin Jiang Inn Co., Ltd., 70% equity in Tianjin Hu Jin Hotel Investment Co., Ltd., 70% equity in Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd. and 70% equity in Da Hua Hotel. After the above equity transfer, the Group was unable to exercise control, but only exerted significant influence over the above companies. Thus, investments in the above companies were accounted for as investments in associates. See Note VI (1) for details.

Note 5: In 2020, the Group set up a new joint venture, Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.

## 9. Other equity instrument investments

## (1) Information of other equity instrument investments

RMB

Item	31 December 2020	31 December 2019
Agricultural Bank of China (Note)	13,659,000.00	16,051,500.00
Shanghai Trade Center Company Limited	5,067,014.62	4,820,000.00
Yangtze River United Development (Group) Co., Ltd.	1,800,000.00	2,790,000.00
Jin Jiang Commodities	18,241.19	110,000.00
GDL's equity investment	26,131,309.64	29,169,021.68
Keystone's equity investment	500,000.00	500,000.00
<b>Total</b>	<b>47,175,565.45</b>	<b>53,440,521.68</b>

Note: The Group purchased and held 4,350,000 shares of Agricultural Bank of China (stock code: 601288) from the open market. The shares are unrestricted and the Group recognized their fair value at the closing price of the last trading day before the balance sheet date.

## (2) Information of non-trading equity instruments investments

RMB

Item	Dividend income recognized in the current year	Accumulated gain (loss)	Amount transferred from other comprehensive income to retained earnings	Reason for designated to be measured at FVTOCI	Reason for transfer of other comprehensive income into retained earnings
Agricultural Bank of China	791,265.00	(2,916,314.67)	-	Held for long term and not for trading purposes	-
Shanghai Trade Center Company Limited	-	(120,685.38)	-	Held for long term and not for trading purposes	-
Yangtze River United Development (Group) Co., Ltd.	-	1,100,000.00	-	Held for long term and not for trading purposes	-
Jin Jiang Commodities	-	(1,451,232.76)	-	Held for long term and not for trading purposes	-
GDL's equity investment	2,130,057.39	25,659,348.79	-	Held for long term and not for trading purposes	-
Keystone's equity investment	-	(3,850,000.00)	-	Held for long term and not for trading purposes	-
<b>Total</b>	<b>2,921,322.39</b>	<b>18,421,115.98</b>	<b>-</b>		

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 10. Other non-current financial assets

RMB

Item	31 December 2020	31 December 2019
Hangzhou Kentucky Fried Chicken Co., Ltd.	276,000,000.00	249,000,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	117,900,000.00	101,700,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,200,000.00	47,700,000.00
Tongcheng-Elong Holdings Limited (Note)	-	800,592,661.09
<b>Total</b>	<b>452,100,000.00</b>	<b>1,198,992,661.09</b>

Note: The Group's subsidiary Keystone holds shares of Tongcheng-Elong Holdings Limited through Ocean BT L.P. As at 31 December 2020, the Group has disposed of all the shares held by it and paid fund management fees of RMB 57,225,820.25.

## 11. Fixed assets

## (1) Information of fixed assets

RMB

Item	Overseas land and land use right (Note)	Buildings	Machinery and equipment	Transportation vehicles	Hotels decorations	Total
<b>I. Original carrying amount</b>						
1. Opening balance	1,339,115,887.26	8,843,918,198.63	3,215,387,183.78	21,220,861.75	703,083,760.02	14,122,725,891.44
2. Addition						
(1) Purchase	3,118,186.79	43,323,632.88	78,653,821.05	-	6,077,289.59	131,172,930.31
(2) Transferred from construction in progress	-	75,163,418.50	64,559,114.58	-	44,396,893.40	184,119,426.48
3. Deduction						
(1) Disposal or retirement	(566,929.52)	(31,717,434.02)	(110,074,886.84)	(9,790,172.60)	(11,555,527.70)	(163,704,950.68)
(2) Completion of settlement	-	-	(2,622,621.70)	-	-	(2,622,621.70)
(3) Decrease due to changes in scope of consolidation (Note VI (1))	-	(395,341,451.49)	(88,210,111.54)	(308,737.00)	(62,201,754.86)	(546,062,054.89)
(4) Other deductions	-	-	-	-	-	-
4. Translation reserve	21,525,868.34	105,331,238.89	18,405,344.15	-	1,246,349.32	146,508,800.70
5. Closing balance	<b>1,363,193,012.87</b>	<b>8,640,677,603.39</b>	<b>3,176,097,843.48</b>	<b>11,121,952.15</b>	<b>681,047,009.77</b>	<b>13,872,137,421.66</b>
<b>II. Accumulated depreciation</b>						
1. Opening balance	49,623,747.69	4,711,705,268.94	2,430,208,377.25	18,553,939.00	480,114,880.81	7,690,206,213.69
2. Addition						
(1) Charge for the year	1,588,092.43	281,554,778.03	214,354,296.11	909,335.81	70,316,255.63	568,722,758.01
(2) Other additions	-	-	-	-	-	-
3. Deduction						
(1) Disposal or retirement	(465,802.79)	(22,753,763.94)	(91,548,935.94)	(9,464,117.92)	(9,511,007.69)	(133,743,628.28)
(2) Decrease due to changes in scope of consolidation (Note VI (1))	-	(140,473,891.40)	(77,001,296.61)	(292,080.98)	(58,860,689.20)	(276,627,958.19)
4. Translation reserve	(9,060,854.70)	82,822,607.79	16,388,159.83	-	(1,822,631.88)	88,327,281.04
5. Closing balance	<b>41,685,182.63</b>	<b>4,912,854,999.42</b>	<b>2,492,400,600.64</b>	<b>9,707,075.91</b>	<b>480,236,807.67</b>	<b>7,936,884,666.27</b>
<b>III. Provision for impairment</b>						
1. Opening balance	-	-	956,280.88	-	-	956,280.88
2. Addition	-	70,463,295.20	-	-	-	70,463,295.20
3. Disposal or retirement	-	-	-	-	-	-
4. Translation reserve	-	1,135,770.85	-	-	-	1,135,770.85
5. Closing balance	-	<b>71,599,066.05</b>	<b>956,280.88</b>	-	-	<b>72,555,346.93</b>
<b>IV. Book value</b>						
1. Closing balance	<b>1,321,507,830.24</b>	<b>3,656,223,537.92</b>	<b>682,740,961.96</b>	<b>1,414,876.24</b>	<b>200,810,202.10</b>	<b>5,862,697,408.46</b>
2. Opening balance	<b>1,289,492,139.57</b>	<b>4,132,212,929.69</b>	<b>784,222,525.65</b>	<b>2,666,922.75</b>	<b>222,968,879.21</b>	<b>6,431,563,396.87</b>

Note: During the reporting period, the amount increased in depreciation was mainly from overseas land and land use rights under finance lease.

## (2) Fixed assets held under finance lease

At 31 December 2020, original carrying amount of the overseas land and land use rights, buildings and machinery and equipment leased by the Group through finance lease was RMB 979,582,057.50.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Fixed assets - continued

(3) Pledged fixed assets

At 31 December 2020, the subsidiaries' buildings with net book value of RMB 202,132,808.05 were pledged for long-term borrowings. Details are set out in Note V (26) note 2.

12. Construction in progress

(1) Construction in progress is as follows:

RMB

Item	31 December 2020			31 December 2019		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
<b>I. Decoration of fixed assets</b>						
<b>Construction in progress of Hotels Investment</b>						
Shanghai Longcao Road Project of Jin Jiang	68,217,767.32	-	68,217,767.32	18,919,431.81	-	18,919,431.81
Renovation of Suzhou Industrial Park Tongyuan Road "Jin Jiang Inn"	21,965,473.21	-	21,965,473.21	19,573,260.29	-	19,573,260.29
Renovation of Jiaozhou Road "Innovation Center"	10,944,702.64	-	10,944,702.64	32,022,043.39	-	32,022,043.39
Renovation of Dalian Lianhe Road "Jin Jiang Inn"	2,112,076.14	-	2,112,076.14	-	-	-
Renovation of Shanghai Minhang Hotel "Metropolo Business"	144,655.96	-	144,655.96	-	-	-
Renovation of Shanghai Mengzi Road "Metropolo Hotel"	107,660.74	-	107,660.74	17,141.93	-	17,141.93
Renovation of Huaihai Road Campanile	30,873.10	-	30,873.10	88,307.38	-	88,307.38
Renovation of Dongguan Hongwei Road "Jin Jiang Inn"	9,433.96	-	9,433.96	-	-	-
Renovation of Shanghai People's Square "Magnotel"	586.20	-	586.20	586.20	-	586.20
Renovation of Tianjin Railway Station "Magnotel"	-	-	-	3,618,694.92	-	3,618,694.92
Renovation of Changchun FAW Dongfeng Street "Magnotel"	-	-	-	3,056,636.97	-	3,056,636.97
Renovation of Wuxi Huishan District Government "Magnotel"	-	-	-	2,788,317.61	-	2,788,317.61
Renovation of Xuzhou Sudi North Road "Magnotel"	-	-	-	2,621,226.70	-	2,621,226.70
Renovation of Xi'an Dongguan "Magnotel"	-	-	-	2,434,916.93	-	2,434,916.93
Other renovation projects of Hotel Investment	4,903,745.61	(4,127,415.28)	776,330.33	4,895,081.41	(4,127,415.28)	767,666.13
<b>Subtotal</b>	<b>108,436,974.88</b>	<b>(4,127,415.28)</b>	<b>104,309,559.60</b>	<b>90,035,645.54</b>	<b>(4,127,415.28)</b>	<b>85,908,230.26</b>
<b>GDL's construction in progress</b>						
Renovation and system development of Louvre Hôtels Group	53,421,470.03	-	53,421,470.03	81,420,808.27	-	81,420,808.27
Renovation of Hôtelière du marché de Rungis	39,542,546.38	-	39,542,546.38	41,417,261.26	-	41,417,261.26
Renovation of Bleu Joinville	31,860,211.88	-	31,860,211.88	2,375,561.16	-	2,375,561.16
Renovation of Hôtels du pont de Suresnes	7,980,287.11	-	7,980,287.11	8,038,305.60	-	8,038,305.60
Renovation of Groupe du Louvre	7,075,128.90	-	7,075,128.90	4,535,029.85	-	4,535,029.85
Renovation of LWIH Property Holding Poland	7,611,317.33	(1,198,942.86)	6,412,374.47	7,671,179.12	(1,167,643.35)	6,503,535.77
Renovation of Aston Lock H. Ltd (Birmingham)	4,987,687.11	-	4,987,687.11	5,873,275.97	-	5,873,275.97
Renovation of Hôtel du Chateau (Fontainebleau)	3,048,466.14	-	3,048,466.14	11,211,246.83	-	11,211,246.83
Renovation of Hôtelière de Magny (Disney)	1,487,037.40	-	1,487,037.40	2,370,882.96	-	2,370,882.96
Renovation of Sarovar	1,199,529.90	-	1,199,529.90	1,307,194.91	-	1,307,194.91
Renovation of Hôtel Grill Nice l'Arenas	1,189,484.84	-	1,189,484.84	999,235.43	-	999,235.43
Renovation of Bleu Aix en Provence Galice	996,911.32	-	996,911.32	3,024,601.16	-	3,024,601.16
Renovation of Roissy Invest Hôtels	895,094.14	-	895,094.14	2,159,139.65	-	2,159,139.65
Renovation of Louvre Hotele Group	867,139.84	-	867,139.84	904,611.41	-	904,611.41
Renovation of Hôtel Gril Bagnolet	290,103.75	-	290,103.75	1,533,601.49	-	1,533,601.49
Renovation of Cambourget	197,395.26	-	197,395.26	329,161.58	-	329,161.58
Renovation of Hôtel Paris Flandres (La Villette)	128,660.25	-	128,660.25	552,927.09	-	552,927.09
Renovation of Hotel GE Katowice	123,180.23	-	123,180.23	8,250,521.07	-	8,250,521.07
Renovation of Hotel Gaasperpark BV (Amsterdam)	78,014.15	-	78,014.15	637,931.04	-	637,931.04
Renovation of Hotel Veldhoven BV (Eindhoven)	68,974.88	-	68,974.88	305,593.79	-	305,593.79
Renovation of Hôtel Grill Paris Ermont Sannois	64,123.76	-	64,123.76	37,398.50	-	37,398.50
Renovation of Hotel GE Towarowa Warszawa (Varsovie)	53,992.99	-	53,992.99	1,600,791.22	-	1,600,791.22
Renovation of Hotelimmo Antwerpen (Anvers)	34,592.08	-	34,592.08	269,016.23	-	269,016.23
Renovation of Hôtel Gril Torey - Marne La Vallée	20,064.59	-	20,064.59	124,891.92	-	124,891.92
Renovation of Gestion Hotel Argenteuil	6,921.56	-	6,921.56	-	-	-
Renovation of Golden Tulip Bordeaux	-	-	-	24,845.01	-	24,845.01
GDL's other construction in progress	69,626,902.62	-	69,626,902.62	45,575,792.19	-	45,575,792.19
<b>Subtotal</b>	<b>232,855,238.44</b>	<b>(1,198,942.86)</b>	<b>231,656,295.58</b>	<b>232,550,804.71</b>	<b>(1,167,643.35)</b>	<b>231,383,161.36</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 12. Construction in progress - continued

(1) Construction in progress is as follows: - continued

RMB

Item	31 December 2020			31 December 2019		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
<b>Keystone's construction in progress</b>						
Construction of commercial properties	26,358,868.15	-	26,358,868.15	25,128,472.73	-	25,128,472.73
Renovation of 7 Days Inn under direct-sale store	10,833,576.20	-	10,833,576.20	10,176,427.66	-	10,176,427.66
Reception desk management software of Lotus Hotel	2,600,420.00	(2,600,420.00)	-	2,600,420.00	(2,600,420.00)	-
Keystone's other construction in progress	254,565.94	(80,000.00)	174,565.94	5,026,778.53	(80,000.00)	4,946,778.53
<b>Subtotal</b>	<b>40,047,430.29</b>	<b>(2,680,420.00)</b>	<b>37,367,010.29</b>	<b>42,932,098.92</b>	<b>(2,680,420.00)</b>	<b>40,251,678.92</b>
<b>Construction in progress of Vienna</b>						
Renovation of Shanghai Nujiang Road "Vienna International"	9,481,034.30	-	9,481,034.30	4,685,740.98	-	4,685,740.98
Renovation of Qingyuan Lianjiang Road "Vienna Classic"	5,827,130.93	-	5,827,130.93	5,100,300.50	-	5,100,300.50
Renovation of Shenzhen Airport 1 <sup>st</sup> Road "Vienna Best Sleep"	4,765,686.30	-	4,765,686.30	5,790,953.14	-	5,790,953.14
Renovation of Shenzhen Airong Road "Vienna Classic"	3,284,788.83	-	3,284,788.83	163,962.00	-	163,962.00
Renovation of Taiyuan South Station "Vienna International"	2,475,975.73	-	2,475,975.73	169,104.60	-	169,104.60
Renovation of Foshan Nanhai Avenue "Vienna International"	2,379,690.50	-	2,379,690.50	2,288,256.88	-	2,288,256.88
Renovation of Dongguan Liaobu "Vienna International"	2,055,045.86	-	2,055,045.86	2,116,710.29	-	2,116,710.29
Renovation of Shenzhen Henggang Xincheng "Vienna"	1,701,591.87	-	1,701,591.87	976,512.47	-	976,512.47
Renovation of Hangzhou Wulin Square "Vienna International"	1,489,763.77	-	1,489,763.77	1,491,508.31	-	1,491,508.31
Renovation of Shenzhen Bay "Vienna Classic"	1,395,172.72	-	1,395,172.72	1,341,919.89	-	1,341,919.89
Renovation of Shanghai Songjiang "Vienna International"	1,387,190.93	-	1,387,190.93	1,387,190.93	-	1,387,190.93
Renovation of Shanghai Putuo Branch "Vienna"	1,276,914.95	-	1,276,914.95	-	-	-
Renovation of Shenzhen Yousong "Vienna"	746,462.06	-	746,462.06	151,462.06	-	151,462.06
Renovation of Shenzhen Tanglang "Vienna Best Sleep"	662,920.30	-	662,920.30	662,920.30	-	662,920.30
Renovation of Shenzhen Shajing "Vienna International"	290,349.89	-	290,349.89	2,127,819.04	-	2,127,819.04
Other renovations of Vienna	307,129.54	-	307,129.54	4,154,125.26	-	4,154,125.26
<b>Subtotal</b>	<b>39,526,848.48</b>	<b>-</b>	<b>39,526,848.48</b>	<b>32,608,486.65</b>	<b>-</b>	<b>32,608,486.65</b>
<b>Construction in progress of Baisuicun</b>						
Renovation of head office of Baisuicun	723,900.00	-	723,900.00	-	-	-
Renovation of Shanghai Nujiang Road	264,411.00	-	264,411.00	82,053.00	-	82,053.00
Other projects of Baisuicun	71,500.00	-	71,500.00	-	-	-
<b>Subtotal</b>	<b>1,059,811.00</b>	<b>-</b>	<b>1,059,811.00</b>	<b>82,053.00</b>	<b>-</b>	<b>82,053.00</b>
<b>Other construction in progress</b>						
Renovation of Magnotel Inn Radisson RED	35,864,142.48	-	35,864,142.48	11,969,855.68	-	11,969,855.68
Renovation of Shanghai Xinzhuang Innovation Center	6,816.01	-	6,816.01	53,019,198.07	-	53,019,198.07
Renovation of Shanghai Wuning Road La Perle	72,477.05	-	72,477.05	20,951,936.43	-	20,951,936.43
Renovation of Beijing Guang'anmen Campanile	-	-	-	14,771,993.42	-	14,771,993.42
Other renovations	9,302,136.76	-	9,302,136.76	13,759,530.34	-	13,759,530.34
<b>Subtotal</b>	<b>45,245,572.30</b>	<b>-</b>	<b>45,245,572.30</b>	<b>114,472,513.94</b>	<b>-</b>	<b>114,472,513.94</b>
<b>Total</b>	<b>467,171,875.39</b>	<b>(8,006,778.14)</b>	<b>459,165,097.25</b>	<b>512,681,602.76</b>	<b>(7,975,478.63)</b>	<b>504,706,124.13</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 12. Construction in progress - continued

## (2) Movements of significant construction in progress:

Item	31 December 2019	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Other changes for the year	Translation reserve	31 December 2020	Cumulative amount of interest capitalization	Including: amount of interest capitalization for the year	Ratio of interest capitalization (%)	RMB
												Source of fund
Shanghai Longcao Road Project of Jin Jiang	18,919,431.81	49,298,335.51	-	-	-	-	-	68,217,767.32	-	-	-	Self-financing
Renovation of Magnotel Inn "Radisson RED"	11,969,855.68	23,978,574.98	-	-	(84,288.18)	-	-	35,864,142.48	-	-	-	Self-financing
Renovation of Suzhou Industrial Park Tongyuan Road "Jin Jiang Inn"	19,573,260.29	2,392,212.92	-	-	-	-	-	21,965,473.21	-	-	-	Self-financing
Renovation of Jiaozhou Road "Innovation Center"	32,022,043.39	8,909,588.78	(6,634,259.34)	(7,101.18)	(23,345,569.01)	-	-	10,944,702.64	-	-	-	Self-financing
Jin Jiang Global Procurement Platform	8,717,150.61	-	-	-	-	(757,780.50)	-	7,959,370.11	-	-	-	Self-financing
Renovation of Dalian Lianhe Road "Jin Jiang Inn"	-	2,112,076.14	-	-	-	-	-	2,112,076.14	-	-	-	Self-financing
Renovation of Shanghai Wuning Road "La Perle"	20,951,936.43	2,599,306.72	(8,240,751.69)	-	(15,238,014.41)	-	-	72,477.05	-	-	-	Self-financing
Renovation of Shanghai Xinzhuang "Innovation Center"	53,019,198.07	-	(27,085,754.38)	-	-	(25,926,627.68)	-	6,816.01	-	-	-	Self-financing
Renovation of Beijing Guang'anmen "Campanile"	14,771,993.42	422,257.86	(2,121,194.77)	-	(13,073,056.51)	-	-	-	-	-	-	Self-financing
Renovation of Wuxi Huishan District Government "Magnotel"	2,788,317.61	-	(184,570.79)	-	(2,510,266.68)	(93,480.14)	-	-	-	-	-	Self-financing
Renovation of Xi'an Dongguan "Magnotel"	2,434,916.93	74,980.17	(216,399.80)	-	(2,293,497.30)	-	-	-	-	-	-	Self-financing
Renovation of Xuzhou Sudi North Road "Magnotel"	2,621,226.70	269,291.09	(2,890,517.79)	-	-	-	-	-	-	-	-	Self-financing
Renovation of Changchun FAW Dongfeng Street "Magnotel"	3,056,636.97	-	(393,797.41)	-	(2,319,306.34)	(343,533.22)	-	-	-	-	-	Self-financing
Renovation of Tianjin Railway Station "Magnotel"	3,618,694.92	747,758.51	(4,366,453.43)	-	-	-	-	-	-	-	-	Self-financing
Renovation of Shanghai Nujiang Road "Vienna International"	4,685,740.98	7,832,270.09	(2,722,427.83)	-	(314,548.94)	-	-	9,481,034.30	-	-	-	Self-financing
Renovation of Qingyuan Lianjiang Road "Vienna Classic"	5,100,300.50	3,080,658.04	(463,389.37)	-	(1,890,438.24)	-	-	5,827,130.93	-	-	-	Self-financing
Renovation of Shenzhen Airport Road "Vienna Best Sleep"	5,790,953.14	10,531,870.94	-	-	(11,557,137.78)	-	-	4,765,686.30	-	-	-	Self-financing
Renovation of Shenzhen Airong Road "Vienna Classic"	163,962.00	3,213,123.36	(38,323.89)	-	(53,972.64)	-	-	3,284,788.83	-	-	-	Self-financing
Renovation of Taiyuan South Station "Vienna International"	169,104.60	2,593,806.73	(67,726.55)	-	(219,209.05)	-	-	2,475,975.73	-	-	-	Self-financing
Renovation of Foshan Nanhai Avenue "Vienna International"	2,288,256.88	190,568.15	-	-	(99,134.53)	-	-	2,379,690.50	-	-	-	Self-financing
Renovation of Dongguan Liaobu "Vienna International"	2,116,710.29	607,038.54	-	-	(668,702.97)	-	-	2,055,045.86	-	-	-	Self-financing
Renovation of Shenzhen Henggang Xincheng "Vienna"	976,512.47	1,083,681.66	(106,194.66)	-	(252,407.60)	-	-	1,701,591.87	-	-	-	Self-financing
Renovation of Hangzhou Wulin Square "Vienna International"	1,491,508.31	1,204,696.26	(342,049.67)	-	(864,391.13)	-	-	1,489,763.77	-	-	-	Self-financing
Renovation of Shenzhen Bay "Vienna Classic"	1,341,919.89	262,455.75	(7,798.17)	-	(201,404.75)	-	-	1,395,172.72	-	-	-	Self-financing
Renovation of Shanghai Putuo Branch "Vienna"	-	1,437,091.94	(160,176.99)	-	-	-	-	1,276,914.95	-	-	-	Self-financing
Renovation of Shenzhen Yousong "Vienna"	151,462.06	642,402.91	-	-	(47,402.91)	-	-	746,462.06	-	-	-	Self-financing
Renovation of Shenzhen Shajing "Vienna International"	2,127,819.04	1,477,533.47	-	-	(3,315,002.62)	-	-	290,349.89	-	-	-	Self-financing

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 12. Construction in progress - continued

## (2) Movements of significant construction in progress: - continued

RMB												
Item	31 December 2019	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Other changes for the year	Translation reserve	31 December 2020	Cumulative amount of interest capitalization	Including: amount of interest capitalization for the year	Ratio of interest capitalization (%)	Source of fund
Renovation and system development of Louvre Hôtels Group	81,420,808.28	57,736,699.19	(8,655,879.20)	(70,184,172.87)	-	(8,599,754.67)	1,703,769.30	53,421,470.03	-	-	-	Self-financing
Renovation of Hôtelière du marché de Rungis	41,417,261.25	12,673,643.58	(15,611,227.61)	-	-	-	1,062,869.16	39,542,546.38	-	-	-	Self-financing
Renovation of Bleu Joinville	2,375,561.16	30,087,132.65	(1,132,863.30)	-	-	-	530,381.37	31,860,211.88	-	-	-	Self-financing
Renovation of Hôtels du pont de Suresnes	8,038,305.60	250,002.88	(519,155.47)	-	-	-	211,134.10	7,980,287.11	-	-	-	Self-financing
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	4,535,029.85	3,180,372.20	(800,202.86)	-	-	-	159,929.71	7,075,128.90	-	-	-	Self-financing
Renovation of LWH Property Holding Poland	6,503,535.77	329,793.66	(373,287.64)	-	-	-	(47,667.32)	6,412,374.47	-	-	-	Self-financing
Renovation of Aston Lock H. Ltd (Birmingham)	5,873,275.97	693,652.95	(1,411,227.58)	-	-	-	(168,014.23)	4,987,687.11	-	-	-	Self-financing
Renovation of Hôtel du Château (Fontainebleau)	11,211,246.83	1,318,180.86	(9,647,234.12)	-	-	-	166,272.57	3,048,466.14	-	-	-	Self-financing
Renovation of Hôtelière de Magny (Disney)	2,370,882.96	929,523.12	(1,861,893.36)	-	-	-	48,524.68	1,487,037.40	-	-	-	Self-financing
Renovation of Sarovar	1,307,194.91	27,383.72	(11,395.99)	-	-	-	(123,652.74)	1,199,529.90	-	-	-	Self-financing
Renovation of Hôtel Grill Nice l'Arenas	999,235.43	990,045.48	(829,174.31)	-	-	-	29,378.24	1,189,484.84	-	-	-	Self-financing
Renovation of Bleu Aix en Provence Galice	3,024,601.16	130,358.65	(2,205,673.84)	-	-	-	47,625.35	996,911.32	-	-	-	Self-financing
Renovation of Roissy Invest Hôtels	2,159,139.65	839,290.24	(2,140,243.45)	-	-	-	36,907.70	895,094.14	-	-	-	Self-financing
Renovation of Louvre Hotele Group	904,611.41	-	-	-	-	-	(37,471.57)	867,139.84	-	-	-	Self-financing
Renovation of Hôtel Gril Bagnolet	1,533,601.49	261,808.76	(1,526,038.14)	-	-	-	20,731.64	290,103.75	-	-	-	Self-financing
Renovation of Cambourget	329,161.58	126,778.15	(265,137.71)	-	-	-	6,593.24	197,395.26	-	-	-	Self-financing
Renovation of Hôtel Paris Flandres (La Villette)	552,927.09	115,690.49	(547,813.69)	-	-	-	7,856.36	128,660.25	-	-	-	Self-financing
Renovation of Hotel GE Katowice	8,250,521.07	773,316.46	(8,637,165.05)	-	-	-	(263,492.25)	123,180.23	-	-	-	Self-financing
Renovation of Hotel Gaasperpark BV (Amsterdam)	637,931.04	612,052.48	(1,179,916.38)	-	-	-	7,947.01	78,014.15	-	-	-	Self-financing
Renovation of Hotel Veldhoven BV (Eindhoven)	305,593.79	475,078.32	(716,005.48)	-	-	-	4,308.25	68,974.88	-	-	-	Self-financing
Renovation of Hôtel Grill Paris Ermont Sannois	37,398.50	63,106.57	(37,791.84)	-	-	-	1,410.53	64,123.76	-	-	-	Self-financing
Renovation of Hotel GE Towarowa Warszawa (Varsovie)	1,600,791.22	214,640.79	(1,710,012.92)	-	-	-	(51,426.10)	53,992.99	-	-	-	Self-financing
Renovation of Hôtel Gril Torcy - Marne La Vallée	124,891.92	19,746.30	(126,205.48)	-	-	-	1,631.85	20,064.59	-	-	-	Self-financing
Construction of commercial properties	25,128,472.73	1,230,395.42	-	-	-	-	-	26,358,868.15	-	-	-	Self-financing
Chain Store-IU Simplification and Upgrading Project	-	23,588,375.36	-	-	(20,824,061.83)	-	-	2,764,313.53	-	-	-	Self-financing
Upgrading Project of Ordinary Guest Room of "7 Days" Chain Store	47,825.06	24,001,016.39	-	-	(21,453,704.75)	-	-	2,595,136.70	-	-	-	Self-financing
Innovation of "7 Days" Chain Store	4,844,286.61	12,574,234.50	(214,266.47)	-	(16,306,381.93)	-	-	897,872.71	-	-	-	Self-financing
Reconstruction Project of "7 Tup" Chain Store	1,402,333.24	28,888,891.13	-	-	(29,596,953.86)	-	-	694,270.51	-	-	-	Self-financing
Superior Room Project of "7 Days" Chain Store	3,881,982.75	-	-	-	-	-	-	3,881,982.75	-	-	-	Self-financing
Other overseas renovation and system development	45,869,653.40	61,082,730.81	(23,406,497.40)	(14,400,837.54)	-	(71,079.30)	594,446.29	69,668,416.26	-	-	-	Self-financing
Other domestic renovation and system development	17,149,149.42	125,548,869.17	(44,511,330.66)	(5,530,619.59)	(85,300,427.31)	(1,351,716.38)	-	6,003,924.65	-	-	-	Self-financing
<b>Total</b>	<b>504,706,124.13</b>	<b>513,724,390.80</b>	<b>(184,119,426.48)</b>	<b>(90,122,731.18)</b>	<b>(251,829,281.27)</b>	<b>(37,143,971.89)</b>	<b>3,949,993.14</b>	<b>459,165,097.25</b>	-	-	-	-

(3) In the reporting period, the provision for impairment of the Group's construction in progress increased by RMB 31,299.51 due to the translation difference.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 13. Intangible assets

RMB

Item	Land use rights	Beneficial right of long-term leases	Trademark and brand (Note)	Membership	Patent, relevant rights and software	Total
I. Original carrying amount						
1. Opening balance	363,605,118.73	508,306,133.19	6,163,957,552.00	335,600,000.00	1,194,983,496.57	8,566,452,300.49
2. Addition						
(1) Purchase	-	9,082,607.73	-	-	37,504,747.24	46,587,354.97
(2) Transfer from construction in progress	-	-	-	-	90,122,731.18	90,122,731.18
3. Deduction						
(1) Disposal	-	-	-	-	(2,927,238.80)	(2,927,238.80)
(2) Decrease due to changes in scope of consolidation (Note VI (1))	(46,497,129.00)	-	-	-	(426,043.18)	(46,923,172.18)
4. Translation reserve	-	1,568,199.29	51,593,457.26	-	176,956.35	53,338,612.90
5. Closing balance	<b>317,107,989.73</b>	<b>518,956,940.21</b>	<b>6,215,551,009.26</b>	<b>335,600,000.00</b>	<b>1,319,434,649.36</b>	<b>8,706,650,588.56</b>
II. Accumulated amortization						
1. Opening balance	192,317,198.99	261,608,570.30	994,875.47	62,915,000.00	787,277,155.08	1,305,112,799.84
2. Addition						
(1) Provision	33,662,803.48	35,760,986.70	266,500.18	12,701,841.83	125,965,033.36	208,357,165.55
3. Deduction						
(1) Disposal	-	-	-	-	(2,867,038.98)	(2,867,038.98)
(2) Decrease due to changes in scope of consolidation (Note VI (1))	(15,277,887.90)	-	-	-	(421,433.49)	(15,699,321.39)
4. Translation reserve	-	115,052.54	24,536.41	-	(586,114.64)	(446,525.69)
5. Closing balance	<b>210,702,114.57</b>	<b>297,484,609.54</b>	<b>1,285,912.06</b>	<b>75,616,841.83</b>	<b>909,367,601.33</b>	<b>1,494,457,079.33</b>
III. Provision for impairment						
1. Opening balance	-	-	-	-	320,183.36	320,183.36
2. Addition	-	-	-	-	-	-
3. Deduction	-	-	-	-	-	-
4. Closing balance	-	-	-	-	<b>320,183.36</b>	<b>320,183.36</b>
IV. Book value						
1. Closing balance	<b>106,405,875.16</b>	<b>221,472,330.67</b>	<b>6,214,265,097.20</b>	<b>259,983,158.17</b>	<b>409,746,864.67</b>	<b>7,211,873,325.87</b>
2. Opening balance	<b>171,287,919.74</b>	<b>246,697,562.89</b>	<b>6,162,962,676.53</b>	<b>272,685,000.00</b>	<b>407,386,158.13</b>	<b>7,261,019,317.29</b>

Note: The Group believes that other than the trademark of Baisuicun (amortized over ten years), the trademark and brands will be utilized and will bring about expectant economic interests to the Group in the foreseeable future, thus their useful lives are indefinite. At 31 December 2020, brands with indefinite useful life was RMB 6,214,163,884.26.

## 14. Goodwill

## (1) Original carrying amount of goodwill

RMB

Name of the investee and item resulting in goodwill	31 December 2019	Deduction	Translation reserve	31 December 2020
Keystone	5,766,874,767.03	-	-	5,766,874,767.03
GDL	4,892,547,147.95	-	123,341,495.36	5,015,888,643.31
Vienna and Baisuicun	668,816,710.56	-	-	668,816,710.56
Smartel	51,785,803.21	-	-	51,785,803.21
Shanxi Jinguang Inn Management Co., Ltd. ("Jinguang Inn")	40,171,417.85	-	-	40,171,417.85
Shenzhen Duzhuhua Inn Management Co., Ltd. ("Duzhuhua")	3,740,756.59	-	-	3,740,756.59
<b>Total</b>	<b>11,423,936,603.19</b>	<b>-</b>	<b>123,341,495.36</b>	<b>11,547,278,098.55</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 14. Goodwill - continued

## (2) Provision of goodwill impairment

RMB

Name of the investee and item resulting in goodwill	31 December 2019	Provision	31 December 2020
Jinguang Inn	40,171,417.85	-	40,171,417.85
Duzhijhua	3,740,756.59	-	3,740,756.59
<b>Total</b>	<b>43,912,174.44</b>	<b>-</b>	<b>43,912,174.44</b>

Allocation of goodwill to portfolios of asset groups

The Group classified reporting segments based on operation segments. For the purpose of impairment test, the Group allocates the goodwill to six portfolios of asset groups, including one operation and management segment of overseas limited hotel services and five other operation and management segments of domestic limited hotel services. At 31 December 2020, carrying amount and impairment allowance for the goodwill allocated to the six portfolios of asset groups are as follows:

RMB

	Cost	Impairment provision	Net value
Foreign operation and management of limited service hotels segment-Keystone	5,766,874,767.03	-	5,766,874,767.03
Foreign operation and management of limited service hotels segment -GDL	5,015,888,643.31	-	5,015,888,643.31
Foreign operation and management of limited service hotels segment - Vienna and Baisuicun	668,816,710.56	-	668,816,710.56
Foreign operation and management of limited service hotels segment – Smartel	51,785,803.21	-	51,785,803.21
Foreign operation and management of limited service hotels segment- Jinguang Inn	40,171,417.85	(40,171,417.85)	-
Foreign operation and management of limited service hotels segment- Duzhijhua	3,740,756.59	(3,740,756.59)	-
<b>Total</b>	<b>11,547,278,098.55</b>	<b>(43,912,174.44)</b>	<b>11,503,365,924.11</b>

Key assumption and basis for determining the recoverable amount of the above portfolios of asset groups:

A. Portfolio of asset group: GDL

Recoverable amount of asset group portfolio GDL is determined based on the present value of future cash flows and assessment results of MKG Hospitality, an independent third party assessment institution. Future cash flow is determined according to the financial budget for the period from 2021 to 2025 approved by the management. Key assumptions used for the estimation of the present value of future cash flow are: estimated changes in room revenue (room revenue in 2021 is expected to reach approximately 85% of that in 2019, and the compound growth rate of room revenue from 2021 to 2025 will be 5.8% and will reach approximately 1.4% after 2025) and discount rate (directly-operated: approximately 8.45%, franchise hotels: approximately 14.4%), based on the historical result of the asset group portfolio and estimated development market. Among them, room revenue growth rate after 2025 is determined by the inflation rate of the country where the subordinate hotel is operated in.

B. Portfolio of asset group: Keystone

Recoverable amount of Keystone asset group portfolio was determined based on the present value of estimated future cash flows. The recoverable amount was determined based on the assessment results from an independent assessment institution Shanghai Orient Appraisal Co., Ltd. Future cash flow is determined according to the financial budget for the period from 2021 to 2025 approved by the management. Key assumptions used in the estimation of present value of future cash flows are: the estimated hotel business revenue growth rate (revenue in 2021 is expected to reach approximately 99% of that in 2019, and the compound growth rate of revenue from 2021 to 2025 will be 12% and will reach approximately 2% after 2025) and pre-tax discount rate approximately 14.9%, based on the historical results of the asset group portfolio and estimated market development. Among them, hotel business revenue growth rate after 2025 is determined by the inflation rate.

The management believes any reasonable change of above assumptions will not lead to carrying amount of Keystone asset group portfolio exceeding its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 14. Goodwill - continued

(2) Provision of goodwill impairment - continued

C. Portfolio of asset group: Vienna and Baisuicun

Recoverable amount of Vienna and Baisuicun asset group portfolio was determined based on the present value of estimated future cash flows. The recoverable amount was determined based on the assessment results from an independent assessment institution Shanghai Orient Appraisal Co., Ltd. Future cash flow is determined according to the financial budget for the period from 2021 to 2025 approved by the management. Key assumptions used in the present value of future cash flows are: the estimated hotel business revenue growth rate (revenue in 2021 is expected to reach approximately 95% of that in 2019, and the compound growth rate of revenue from 2021 to 2025 will be 5% and will reach approximately 2% after 2025) and pre-tax discount rate approximately 17.56% based on the historical results of the asset group portfolio and estimated market development. Among them, hotel business revenue growth rate after 2025 is determined by the inflation rate.

The management believes any reasonable change of above assumptions will not lead to carrying amount of Vienna and Baisuicun asset group portfolio exceeding its recoverable amount.

D. Portfolio of asset group: Smartel

Recoverable amount of Smartel was determined based on the net amount of fair value less the disposal cost. Key assumptions used in the estimation of fair value and disposal cost are: based on the estimated disposal price of properties held in this asset group portfolio in light of the disposal price of properties in the market with the same category.

The management believes any reasonable change of above assumptions will not lead to carrying amount of Smartel asset group portfolio exceeding its recoverable amount.

E. Portfolio of asset group: Jinguang Inn and Duzhuhua

For Jinguang Inn and Duzhuhua asset group portfolios, the management made the provision for the amount of goodwill in full based on the recoverable amount of the asset group portfolio.

## 15. Long-term prepaid expenses

RMB

Item	31 December 2019	Addition (Note 1)	Amortization	Other deduction (Note 2)	Translation reserve	31 December 2020
Leasehold improvement of fixed assets	1,808,996,156.53	155,980,375.85	(334,932,346.93)	(14,071,719.67)	2,063,750.43	1,618,036,216.21
Leasehold decoration of fixed assets	424,826,852.07	112,907,947.25	(191,150,712.68)	(15,221,402.08)	-	331,362,684.56
Prepaid rental and others	31,222,142.40	-	(288,431.36)	(4,200,936.13)	-	26,732,774.91
<b>Total</b>	<b>2,265,045,151.00</b>	<b>268,888,323.10</b>	<b>(526,371,490.97)</b>	<b>(33,494,057.88)</b>	<b>2,063,750.43</b>	<b>1,976,131,675.68</b>

Note 1: The addition includes long-term prepaid expenses of RMB 251,829,281.27 transferred from construction in progress after completion, RMB 8,448,801.18 increased from purchase, and RMB 8,610,240.65 increased by completion settlement.

Note 2: Other deduction includes deduction of long-term prepaid expenses of RMB 20,576,467.54 due to completion settlement, decrease of RMB 4,200,936.13 due to transfer of prepaid rental for over one year and disposal of long-term prepaid expenses amounting to RMB 8,716,654.21.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 16. Deferred tax assets/ liabilities

(1) Deferred tax assets before offsetting are set below:

RMB

Item	31 December 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	334,333,469.70	84,496,389.07	369,558,759.95	93,293,699.74
Deferred income on membership points and advances of membership	42,439,749.30	10,609,937.32	45,395,747.09	11,348,936.78
Operating lease expenses	485,007,469.70	121,251,867.42	463,111,482.99	115,777,870.75
Government grants	8,559,752.80	2,139,938.20	3,366,002.80	841,500.70
Provision for impairment of assets	162,915,931.57	41,315,926.79	92,681,841.13	23,170,460.28
Provision for loss of credit	92,309,669.91	23,077,417.48	107,155,850.53	26,788,962.63
Depreciation differences of fixed assets between tax base and accounting base	5,851,203.01	1,462,800.75	9,885,370.84	2,471,342.71
Deductible losses	3,247,532,219.56	828,001,620.37	2,316,165,895.32	592,538,057.18
Capitalized expenses	16,908.75	4,227.19	50,828.52	12,707.13
Accrued expenses	67,250,392.54	16,812,598.14	50,136,043.07	12,534,010.77
Changes in fair value of held-for-trading financial assets included in gains or losses from changes in fair value	56,469,338.94	14,117,334.73	19,257,338.94	4,814,334.74
Changes in fair value of other equity instruments recognized in other comprehensive income	7,238,232.80	1,809,558.20	5,209,473.95	1,302,368.49
Long-term contract liabilities related to franchise service	50,228,686.35	12,969,046.82	-	-
Others	21,756,535.74	5,441,116.40	78,102,120.07	20,281,751.48
<b>Total</b>	<b>4,581,909,560.67</b>	<b>1,163,509,778.88</b>	<b>3,560,076,755.20</b>	<b>905,176,003.38</b>

(2) Deferred tax liabilities before offsetting are set below:

RMB

Item	31 December 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instruments recognized in other comprehensive income	-	-	1,198,485.33	299,621.33
Changes in fair value of other non-current financial assets included in gains or losses from changes in fair value	430,588,337.23	107,647,084.31	528,120,998.32	132,030,249.58
Adjustment of fair value of assets derived from business combination not involving enterprises under common control	8,550,085,207.09	2,170,126,066.73	8,936,554,333.70	2,287,900,266.07
Finance lease expenses	78,633,023.49	20,303,046.65	83,516,808.47	21,564,039.95
Depreciation differences of fixed assets between tax base and accounting base	58,374,985.06	15,072,421.14	93,169,080.35	24,056,256.55
Others	66,183,480.97	17,085,512.24	259,816.99	64,022.25
<b>Total</b>	<b>9,183,865,033.84</b>	<b>2,330,234,131.07</b>	<b>9,642,819,523.16</b>	<b>2,465,914,455.73</b>

(3) Deferred tax assets or liabilities after offsetting are presented on a net basis as below:

RMB

Item	31 December 2020		31 December 2019	
	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or Deferred tax liabilities after offsetting	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or Deferred tax liabilities after offsetting
Deferred tax assets	236,907,668.36	926,602,110.52	225,529,403.10	679,646,600.28
Deferred tax liabilities	236,907,668.36	2,093,326,462.71	225,529,403.10	2,240,385,052.63

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 16. Deferred tax assets/ liabilities - continued

(4) Details of unrecognized deferred tax assets:

Item	RMB	
	31 December 2020	31 December 2019
Deductible losses	1,182,892,678.37	1,214,627,384.04
Deductible temporary differences	30,544,131.73	34,427,207.97
<b>Total</b>	<b>1,213,436,810.10</b>	<b>1,249,054,592.01</b>

(5) Deductible losses where no deferred tax assets are recognized will expire as follows:

	RMB	
	31 December 2020	31 December 2019
2020	-	184,649,024.60
2021	184,216,729.64	179,345,892.79
2022	237,536,783.12	248,285,275.19
2023	143,726,112.51	227,290,269.86
2024	314,697,142.02	375,056,921.60
2025	33,119,175.00	-
2028 and subsequent years	269,596,736.08	-
<b>Total</b>	<b>1,182,892,678.37</b>	<b>1,214,627,384.04</b>

## 17. Other non-current assets

Item	31 December 2020			31 December 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Rental for use of underground buildings	48,393,721.53	-	48,393,721.53	51,326,031.26	-	51,326,031.26
Down payments and deposits	47,839,452.53	-	47,839,452.53	46,615,363.02	-	46,615,363.02
Entrusted loans	25,325,200.00	-	25,325,200.00	3,425,200.00	-	3,425,200.00
Others	482,267.75	-	482,267.75	-	-	-
<b>Total</b>	<b>122,040,641.81</b>	<b>-</b>	<b>122,040,641.81</b>	<b>101,366,594.28</b>	<b>-</b>	<b>101,366,594.28</b>

(1) Details of provision for bad debts

At 31 December 2020, the Group entrusted Finance Company to issue an entrusted loan of RMB 11,700,000.00 to Da Hua Hotel with a loan term from 29 June 2020 to 28 June 2023, carrying an annual interest rate of 1.15%; the Group entrusted Finance Company to issue an entrusted loan of RMB 9,000,000.00 to Shanghai Dishuihu Jin Jiang Inn Co. Ltd. with a loan term from 30 June 2020 to 29 June 2023, carrying an annual interest rate of 1.15%; the Group entrusted Bank of Communications Co., Ltd. to issue an entrusted loan of RMB 1,200,000.00 to Shanghai Xinjin Hotel Management Co., Ltd. with a loan term from 30 November 2020 to 10 November 2022, carrying an annual interest rate of 4.25%; the Group entrusted Finance Company to issue an entrusted loan of RMB 3,425,200.00 to Shanghai Yoshinoya Co., Ltd. with a loan term from 29 July 2019 to 28 July 2022, carried an annual interest rate of 2.1%. The Group's provision for ECL measured for the above entrusted loans on an individual asset basis was not significant.

As at 31 December 2020, the credit risk and expected credit loss of down payments and deposits in other non-current assets are as follows:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 17. Other non-current assets - continued

## (1) Details of provision for bad debts - continued

Internal credit rating	31 December 2020			
	12-month ECL	Lifetime ECL (Non-credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Normal	47,839,452.53	-	-	47,839,452.53
Loss	-	-	-	-
Total book balance	47,839,452.53	-	-	47,839,452.53
Provision for impairment	-	-	-	-
<b>Book value</b>	<b>47,839,452.53</b>	-	-	<b>47,839,452.53</b>

## 18. Short-term borrowings

Short-term borrowings by category:

Item	31 December 2020		31 December 2019
Credit borrowings - other financial institution (Note 1)	21,500,000.00		10,500,000.00
Credit borrowings - bank (Note 2)	994,585,319.50		8,140,596.27
<b>Total</b>	<b>1,016,085,319.50</b>		<b>18,640,596.27</b>

Note 1: As at 31 December 2020, the Group's subsidiaries had credit borrowings totaling up to RMB 21,500,000.00 financed from Finance Company with an annual interest rate of 3.60%.

Note 2: As at 31 December 2020, the Group had credit borrowings of RMB 300,000,000.00 financed from Shanghai Pudong Development Bank Zhabei Sub-branch with a borrowing period from 30 March 2020 to 29 March 2021; the Group had credit borrowings of RMB 270,000,000.00 financed from Shanghai Pudong Development Bank Zhabei Sub-branch with a borrowing period from 1 April 2020 to 31 March 2021; the annual interest rate was the prime rate of the one-year loan as published by the Nation Interbank Funding Center minus 90 basis points, which was 3.15%.

As at 31 December 2020, the Group had credit borrowings of RMB 50,000,000.00 financed from Bank of Shanghai Xuhui Sub-branch with a borrowing period from 28 February 2020 to 22 February 2021; the annual interest rate is the prime rate of the one-year loan as published by the Nation Interbank Funding Center minus 125 basis points, which is 2.80%.

As at 31 December 2020, the Group's overseas subsidiaries had credit borrowings equivalent to RMB 321,000,000.00 financed from BNP Paribas with a borrowing period from 30 June 2020 to 30 June 2021, which carried an annual interest rate of 0.50%.

As at 31 December 2020, the Group's overseas subsidiaries had credit borrowings equivalent to RMB 2,006,250.00 financed from HSBC Bank with a borrowing period from 31 October 2020 to 31 October 2021, which carried an annual interest rate of 0.50%.

As at 31 December 2020, the Group's overseas subsidiaries had bank overdraft borrowings equivalent to RMB 51,579,069.50 financed from overseas banks, which carried floating interest and annual interest rate was the three-month EUR Inter Bank Offered Rate plus 70 basis points.

## 19. Accounts payable

Details of accounts payable are as follows:

Item	31 December 2020		31 December 2019
Payables for operation	1,445,757,507.82		1,609,964,707.14
Payables for construction	341,613,633.34		396,574,050.06
<b>Total</b>	<b>1,787,371,141.16</b>		<b>2,006,538,757.20</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 20. Advances from customers

Details of advances from customers are as follows:

Item	31 December 2020	31 December 2019
Membership card receipts in advance	-	283,509,803.88
Advances for room fee / rental	5,481,209.40	84,238,802.59
Advance for sales proceeds and related deposits	-	295,513,130.14
Advance for franchise	-	313,278,690.67
Others	-	21,940,767.48
<b>Total</b>	<b>5,481,209.40</b>	<b>998,481,194.76</b>

RMB

## 21. Contract liabilities

Details of contract liabilities are as follows:

Item	31 December 2020	31 December 2019
Contract liabilities related to membership card income (Note 1)	235,396,408.56	-
Contract liabilities related to hotel room and catering services (Note 2)	63,430,051.33	-
Contract liabilities related to sales proceeds (Note 3)	81,440,212.85	-
Contract liabilities related to franchise service (Note 2)	549,322,732.05	-
Others	10,351,239.48	-
<b>Total</b>	<b>939,940,644.27</b>	<b>-</b>

RMB

Note 1: The Group sells membership cards to customers and promises that they can enjoy relevant membership benefits over a period of time in the future, accordingly, generating a contract liability to the Group. A contract liability related to membership card income is recognized when the sales transaction occurs.

Note 2: Income related to hotel room and franchise service is recognized over a period of time. The Group recognizes payment received during the transaction as a contract liability and transfers it to revenue during the service period.

Income related to catering is recognized when food is provided to the customer. The Group recognizes the transaction price received as a contract liability until the food is provided to the customer.

Note 3: Income related to the sales proceeds is recognized when the control over goods is transferred to the customer (that is, when the goods are delivered to the customer). The Group recognizes the transaction price received as a contract liability until the goods are delivered.

The carrying amount of contract liabilities at the beginning of the year has been recognized as revenue in the current year, and the carrying amount of contract liabilities at the end of the year will be recognized as revenue in the next year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 22. Employee benefits payable

## (1) List of employee benefits payable

RMB

Item	31 December 2019	Addition	Reduction	Translation reserve	31 December 2020
1. Short-term benefits	990,227,278.40	3,854,255,956.57	(4,085,690,245.18)	7,527,660.21	766,320,650.00
2. Domestic post-employment benefits-defined contribution plan	153,832,515.88	66,382,411.00	(80,034,683.46)	-	140,180,243.42
3. Termination benefits	15,097,243.92	6,523,216.40	(14,809,684.89)	-	6,810,775.43
<b>Total</b>	<b>1,159,157,038.20</b>	<b>3,927,161,583.97</b>	<b>(4,180,534,613.53)</b>	<b>7,527,660.21</b>	<b>913,311,668.85</b>

## (2) List of short-term employee benefits payable

RMB

Item	31 December 2019	Addition	Reduction	Translation reserve	31 December 2020
1. Wages or salaries, bonus, allowance, subsidies	783,449,504.08	3,375,873,312.85	(3,658,682,732.39)	3,830,111.80	504,470,196.34
2. Staff welfare	603,056.95	99,872,193.51	(99,511,524.99)	-	963,725.47
3. Domestic social insurance	28,310,939.17	80,966,792.29	(85,933,772.05)	-	23,343,959.41
Including: Medical insurance	17,679,042.32	67,611,842.14	(73,366,992.07)	-	11,923,892.39
Work-related injury insurance	4,308,990.27	2,254,662.00	(1,755,077.59)	-	4,808,574.68
Maternity insurance	6,322,906.58	11,100,288.15	(10,811,702.39)	-	6,611,492.34
4. Domestic housing fund	71,938,080.57	82,896,534.64	(82,148,027.18)	-	72,686,588.03
5. Overseas social insurance	103,744,627.59	200,163,624.58	(143,297,680.89)	3,697,548.41	164,308,119.69
6. Labor union and education fund	2,172,302.22	14,483,498.70	(16,116,507.68)	-	539,293.24
7. Others	8,767.82	-	-	-	8,767.82
<b>Total</b>	<b>990,227,278.40</b>	<b>3,854,255,956.57</b>	<b>(4,085,690,245.18)</b>	<b>7,527,660.21</b>	<b>766,320,650.00</b>

## (3) Domestic post-employment benefits - defined contribution plan

RMB

Item	31 December 2019	Addition	Reduction	Translation reserve	31 December 2020
1. Pension insurance	153,352,599.92	62,541,855.59	(76,151,536.65)	-	139,742,918.86
2. Unemployment insurance	479,915.96	3,840,555.41	(3,883,146.81)	-	437,324.56
<b>Total</b>	<b>153,832,515.88</b>	<b>66,382,411.00</b>	<b>(80,034,683.46)</b>	<b>-</b>	<b>140,180,243.42</b>

The Company and its domestic subsidiaries participate, as required, in the pension insurance and unemployment plan established by government institutions. According to such plans, the Company and its domestic subsidiaries contribute monthly to such plans based on certain rates of the employees' monthly average salaries last year. Except for above monthly contributions, the Company and its domestic subsidiaries assume no further payment obligations. The related expenditures are either charged to profit or loss or included in cost of related assets in the period when they are incurred.

In accordance with Notice of the Temporary Reduction and Exemption of Enterprises' Social Insurance Contributions (Ren She Bu Fa [2020] No. 11) which provides for the temporary reduction and exemption of enterprises' contributions to basic pension insurance, unemployment insurance, and work-related injury insurance schemes (hereinafter referred to as "three social insurance schemes") as of February 2020, micro, small and medium-sized enterprises are exempt from employers' contributions to three social insurance schemes. Therefore, in current year, three social insurance schemes contributed by the Company and its domestic subsidiaries were significantly decreased as compared with that in 2019.

The Company and its domestic subsidiaries shall contribute RMB 62,541,855.59 and RMB 3,840,555.41 to pension insurance and unemployment insurance plan respectively in 2020. As at 31 December 2020, the Company and its domestic subsidiaries have outstanding contributions to pension insurance and unemployment insurance plans that is due as of the reporting period amounting to RMB 139,742,918.86 and RMB 437,324.56 respectively

NOTES TO THE FINANCIAL STATEMENTS  
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## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 23. Taxes payable

RMB

Item	31 December 2020	31 December 2019
Value added tax	140,650,705.59	139,843,756.25
Enterprise income tax	275,913,026.85	306,117,307.65
Property tax	5,047,313.50	9,179,214.51
Other domestic taxes	28,081,686.15	27,230,406.53
Other foreign taxes	26,074,255.65	39,116,788.86
<b>Total</b>	<b>475,766,987.74</b>	<b>521,487,473.80</b>

## 24. Other payables

## 24.1 Disclosure by categories

RMB

Item	31 December 2020	31 December 2019
Other payables	1,530,316,680.37	1,612,223,557.64
Interest payable	12,688,447.97	15,623,216.65
Dividends payable	240,945,600.79	65,544,594.29
<b>Total</b>	<b>1,783,950,729.13</b>	<b>1,693,391,368.58</b>

## 24.2 Other payables

(1) Details of other payables are as follows:

RMB

Item	31 December 2020	31 December 2019
Agency fund	894,751,883.39	873,538,936.43
Down payments and deposits	305,583,091.05	309,809,705.90
Accrued expenses	171,662,933.05	236,211,734.07
Accrued taxes for replacement of significant assets and attached transactions	58,623,448.29	58,623,448.29
Payment for project cooperation	30,000,000.00	30,000,000.00
Payment for acquisition of minority interests of Keystone	4,450,000.00	35,609,620.24
Others	65,245,324.59	68,430,112.71
<b>Total</b>	<b>1,530,316,680.37</b>	<b>1,612,223,557.64</b>

(2) Explanations of other payables aging over 1 year with significant amount

As at 31 December 2020, other payables aging over 1 year with significant amount include:

The final accrued taxes for replacement of significant assets and attached transactions, which are determined subsequent to the completion of relevant tax filing, amount to RMB 58,623,448.29.

The Group's subsidiary Keystone shall pay the rest project cooperation amounting to RMB 30,000,000.00, which arises from amount received by Keystone in 2013 from third party for cooperated property development project. As at 31 December 2020, the cooperated project was not launched yet, hence the amount would be used for cooperated project expenditures in the future.

The Group had outstanding balances of RMB 4,450,000.00 from the acquisition of minority interest in Keystone.

(3) Except for item (2), other payables of the Group mainly include accrued expenses, collection for others, down payments and deposits, etc., which are related to daily operation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 24. Other payables - continued

## 24.3 Interest payable

Item	31 December 2020	31 December 2019
Interest payable for long-term borrowings	12,073,395.19	15,593,776.63
Interest payable for short-term borrowings	615,052.78	29,440.02
<b>Total</b>	<b>12,688,447.97</b>	<b>15,623,216.65</b>

RMB

## 24.4 Dividends payable

Name of entity	31 December 2020	31 December 2019
Dividends payable to A share shareholders	586,773.69	544,594.29
Dividends payable to minority shareholders of Vienna	129,551,831.52	65,000,000.00
Dividends payable to minority shareholders of Jin Jiang Inn Hotel Co. Ltd.	28,753,600.00	-
Dividends payable to minority shareholders of Keystone	82,053,395.58	-
<b>Total</b>	<b>240,945,600.79</b>	<b>65,544,594.29</b>

RMB

## 25. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

Item	31 December 2020	31 December 2019
Long-term borrowings due within one year (Note(V)26)	837,818,420.86	1,200,073,357.92
Long-term payables due within one year (Note(V)27)	33,116,083.04	-
finance lease payables due within one year (Note(V)27)	24,123,859.00	14,989,250.39
<b>Total</b>	<b>895,058,362.90</b>	<b>1,215,062,608.31</b>

RMB

## 26. Long-term borrowings

Item	31 December 2020	31 December 2019
Pledged borrowings (Note 1)	2,459,000,000.00	4,059,000,000.00
Mortgage borrowings (Note 2)	54,225,621.01	57,008,904.43
Credit borrowings (Note 3)	5,621,619,002.97	5,365,614,236.17
Guaranteed borrowings (Note 4)	7,238,550,000.00	5,830,363,000.00
Entrusted borrowings (Note 5)	4,500,000.00	4,500,000.00
<b>Total (Note 6)</b>	<b>15,377,894,623.98</b>	<b>15,316,486,140.60</b>
Less: Long-term borrowings due within 1 year	837,818,420.86	1,200,073,357.92
Long-term borrowings due after one year	<b>14,540,076,203.12</b>	<b>14,116,412,782.68</b>

RMB

Note 1: As at 31 December 2020, the Group obtained borrowing of RMB 2,459,000,000.00 from Export-Import Bank of China, of which RMB 700,000,000.00 is due within one year. Such borrowing was pledged by 81.0034% equity of Keystone. The term of the borrowing is from 18 February 2016 to 18 February 2022. The annual interest rate is floating, and the weighted average financing cost is 3.60%.

Note 2: As at 31 December 2020, the subsidiary of the Group obtained borrowing of RMB 54,225,621.01 from overseas banks, including borrowing due within one year of RMB 8,154,878.29. The relevant subsidiary pledged its fixed assets for collateral, details are set out in Note (V) 51. The term of the borrowing is from 31 September 2013 to 31 March 2023, and annual interest rate is the three-month interest rate of Poland Inter Bank Offered Rate plus 270 basis points.

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**V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**

**26. Long-term borrowings - continued**

Note 3: As at 31 December 2020, the Group's subsidiary Sailing Investment obtained borrowing of EUR 250,000,000.00 or RMB 2,006,250,000.00 from related party Master Melon Capital with the term from 15 May 2017 to 10 May 2022, and annual financing cost of 1.17%.

As at 31 December 2020, the Group's subsidiary obtained borrowing of RMB 972,094,002.97 from the overseas bank, among which the borrowing of RMB 12,558,542.57 is due within one year.

As at 31 December 2020, the Group's borrowing obtained from Finance Company is RMB 2,642,275,000.00 with an annual rate of 3.325% and 3.60%, among which borrowing of RMB 100,055,000.00 is due within one year.

As at 31 December 2020, the Group obtained credit borrowing of RMB 1,000,000.00 from Construction Bank with the term from 11 February 2020 to 10 February 2023. The annual interest rate is the loan prime rate for one-year loans published by the National Interbank Loan Center minus 45 basis points, at 3.70%. The Group will repay RMB 1,000,000.00 on 21 June 2021.

Note 4: As at 31 December 2020, the Group's subsidiary Sailing Investment obtained borrowing of EUR 249,000,000.00 or RMB 1,998,225,000.00 from Bank of China Shanghai Branch. The term is from 17 November 2017 to 29 April 2022, the annual interest rate is 1.10% and the management fee rate is 0.20%. The borrowing obtained from Bank of China Paris Branch is EUR 20,000,000.00 or RMB 160,500,000.00. The term is from 17 November 2017 to 29 April 2022, the annual interest rate is 1.20% and the management fee rate is 0.10%. The borrowing obtained from Bank of Communications Frankfurt Branch is EUR 330,000,000.00 or RMB 2,672,325,000.00. The term is from 17 November 2017 to 16 November 2022, and the interest rate for the first three years is 1.00% and EURIBOR plus 100 basis points for the last two years. The weighted average interest rate for the reporting period is 1.00% and the management fee rate is 0.30%, among which, the borrowing of RMB 16,050,000.00 is due within one year. The above borrowings are all guaranteed by Jin Jiang International (Group) Co., Ltd.

As at 31 December 2020, the Group's subsidiary Sailing Investment obtained guaranteed borrowing of EUR 300,000,000.00 or RMB 2,407,500,000.00 from China Minsheng Bank Shanghai Branch with the term from 23 September 2020 to 23 September 2023, and interest rate of 1.00%.

Note 5: As at 31 December 2020, Shenyang Jinfu Hotel Investment Management Co., Ltd. (a subsidiary of Hotel Investment) obtained borrowing of RMB 4,500,000.00 from Shenyang Nonstaples Group with the term from 24 April 2020 to 24 April 2023 and annual interest rate of 1.2%.

Note 6: As at 31 December 2020, RMB 7,860,310,769.56 of the Group's long-term borrowings (including the portion due within one year) carries at floating interest rate.

NOTES TO THE FINANCIAL STATEMENTS  
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## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 27. Long-term payables

(1) Nature of long-term payables are as follows

Item	RMB	
	31 December 2020	31 December 2019
Finance lease (Note 1)	162,280,996.19	161,546,663.10
Payment for acquisition of GT SEA	7,334,850.00	7,526,326.46
Payment for acquisition of minority interests of Hôtels et Préférence (Note 2)	6,576,026.22	6,411,910.34
Payment for acquisition of minority interests of Sarovar (Note 3)	33,116,083.04	95,521,029.23
Others	104,325.00	54,708.50
Less: Long-term payables due within one year	57,239,942.04	14,989,250.39
<b>Total</b>	<b>152,172,338.41</b>	<b>256,071,387.24</b>

(2) Details of long-term finance lease payables are as follows

	RMB
	31 December 2020
1st year subsequent to the balance sheet date	24,236,544.00
2nd year subsequent to the balance sheet date	10,703,189.63
3rd year subsequent to the balance sheet date	13,763,132.65
4-5th year subsequent to the balance sheet date	102,043,294.68
Subsequent periods	11,817,215.15
<b>Total minimum lease payment</b>	<b>162,562,380.30</b>
Less: Unrecognized finance lease expenses	281,384.09
<b>Finance lease payables (Note 1)</b>	<b>162,280,996.21</b>
Including: due within one year	24,123,859.00
due after one year	138,157,137.21

There is no guarantee from third party for the Group's finance lease.

Note 1: Finance lease payables of RMB 137,631,027.82 are carried at floating interest rate.

Note 2: It represents the outstanding payment for the equity of Hôtels et Préférence acquired by GDL, a subsidiary of the Group. It is determined based on the EBITDA of Hôtels et Préférence for the prior year and its enterprise value before the minority shareholders proposed to exercise their options. As at 31 December 2020, the above amount is equivalent to RMB 6,576,026.22.

Note 3: It represents the 74% equity of Sarovar acquired by GDL, a subsidiary of the Group. According to the equity acquisition agreement, the minority shareholders of Sarovar can start to exercise their rights in March 2020 and require GDL to acquire the remaining 26% equity. The consideration of the acquisition is determined based on the profit before interest, taxes, depreciation and amortization for the 12-month before the minority shareholders of Sarovar exercise their rights. As at 31 December 2020, the fair value of the above consideration is equivalent to RMB 33,116,083.04, which the Group expects to pay within one year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 28. Long-term employee benefits payable

## (1) Long-term employee benefits payable

RMB

Item	31 December 2020	31 December 2019
Post-employment benefits - Net liabilities derived from defined benefit plan	99,640,012.22	89,587,384.84
<b>Total</b>	<b>99,640,012.22</b>	<b>89,587,384.84</b>

Note: It represents a supplemental pension plan provided by GDL for its regular employees. It is determined by GDL on the basis of the geographical location, industry, and salary agreement, length of service and salary levels of employees.

## (2) Changes in defined benefit plan

RMB

Item	2020	2019
I. Opening balance	89,587,384.84	73,647,828.79
II. Defined benefit costs recognized in profit or loss for the current period	7,970,856.97	9,297,195.99
1. Current service cost	7,347,807.42	8,256,134.55
2. Net interest	623,049.55	1,041,061.44
III. Other defined benefit costs recognized in other comprehensive income	2,508,467.47	9,374,493.40
1. Actuarial income	2,508,467.47	9,374,493.40
IV. Consideration paid at settlement	(2,326,492.21)	(2,812,208.30)
V. Translation difference arising on translation of financial statements denominated in foreign currencies	1,899,795.15	80,074.96
VI. Closing balance	<b>99,640,012.22</b>	<b>89,587,384.84</b>

Explanations on the defined benefit plan and its risk and its influence on the GDL's future cash flows, time and uncertainty:

GDL employs SPAC, an actuarial service provider, to evaluate the present value of aforementioned post-employment benefit plan by adopting the expected cumulative welfare unit method. According to the plan, current payment standard, inflation rate and mortality are taken into account to assume the future cash outflow, and the present value is determined by the discount rate. Furthermore, the discount rate is calculated based on the yield rate of high-quality corporate bonds, which match the term and currency of the defined benefit plan on the balance sheet date, in an active market. GDL employs SPAC, an actuarial service provider, to evaluate the present value of aforementioned post-recognized the liabilities according to the actuarial results, and the relevant actuarial gain and loss are recognized in other comprehensive income (reversal to profit or loss in the subsequent accounting periods is prohibited). The past service cost is recognized in profit or loss for the current period while the plan is revised. Net interest is calculated by multiplying net liabilities or assets arising from defined benefit plan by an appropriate discount rate.

Significant actuarial assumptions encompassing discount rate, inflation rate and mortality are utilized to determine the present value of liabilities arising from the defined benefit plan. During the year, the discount rate is 0.40% and the inflation rate is 1.50%. The mortality is determined by assuming the life expectancy since retirement of male employees aged 65 and female employees aged 60. The expected increase rate of salaries of headquarters employees in GDL is 3%. The expected increase rate of salaries of hotel employees is 2.5%. After retirement, the employees' social welfare will be unaffected (ages ranging from 60 to 65; the retiring age depends on occupation and date of birth). General staff, clerical staff and directors are assumed to start their careers since the age of 20, 22 and 23.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 28. Long-term employee benefits payable - continued

## (2) Changes in defined benefit plan - continued

The following sensitivity analysis is based on reasonable changes incurred at end of the reporting period (all of other assumption remain unchanged):

- If the discount rate increases (decreases) by 0.50%, the present value of defined benefit plan will be decreased by RMB 6,488,619.79 (increased by RMB 7,188,901.09).
- If the inflation rate increases (decreases) by 0.50%, the present value of defined benefit plan will be increased by RMB 187,342.13 (decreased by RMB 175,014.52).
- If the expected growth rate of salary increases (decreases) by 0.50%, the present value of defined benefit plan will be increased by RMB 4,769,506.48 (decreased by RMB 4,342,259.38).

As some assumptions may be correlated, and one assumption cannot be changed in isolation, so the above sensitivity analysis may not reflect the actual movement in present value of defined benefit plan.

The calculation method for defined benefit plan liabilities in the above sensitivity analysis is identical with that in the balance sheet.

There were no significant changes in the method and assumption for sensitivity analysis comparing with prior year.

## 29. Provisions

Item	RMB	
	31 December 2020	31 December 2019
Pending litigation (Note1)	18,153,905.46	25,846,764.48
Provision for operating risks(Note 2)	30,193,674.51	26,342,608.17
Loss of long-term lease	3,021,272.99	-
<b>Total</b>	<b>51,368,852.96</b>	<b>52,189,372.65</b>

Note 1: At the end of the reporting period, the Group's subsidiary GDL was faced with charges against labor disputes. Therefore, GDL's management made a provision of RMB 8,493,428.46, based on the estimation of the possible verdict.

The Group's subsidiary Keystone is prosecuted due to matters such as contract disputes, house leasing and personnel disputes. Keystone's management made a provision of RMB 9,660,477.00 based on the estimation of the possible verdict.

Note 2: It is mainly related to the Group's subsidiary GDL's claim estimated loss for disputes with third parties incurred in the operating activities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 30. Other non-current liabilities

RMB

Item	31 December 2020	31 December 2019
Long-term contract liabilities related to Membership credit (Note)	67,559,407.04	68,091,103.61
Government grants	55,390,178.33	3,366,002.80
Long-term contract liabilities related to franchise service (Note V (21))	52,774,727.25	70,877,849.76
Loss of long-term lease	-	6,534,278.32
Others	1,266,891.32	1,002,659.26
<b>Total</b>	<b>176,991,203.94</b>	<b>149,871,893.75</b>

Note: The Group's membership points plan provides customers with benefits that are only available if they stay in the Group's hotel rooms. The promise to provide loyalty plan points to customers is a single performance obligation, and therefore the Group incurs a contractual liability. A contract liability related to the membership points plan is recognized upon occurrence of guest room revenue.

Projects involving government grants:

RMB

Item	31 December 2019	Additions	Amount recognized in profit or loss	31 December 2020	Related to asset/income
Metropolo brand innovation project special support funds	3,299,350.00	10,500,000.00	(5,306,250.00)	8,493,100.00	Related to asset
GDLHotel property support subsidy	-	46,846,418.06	-	46,846,418.06	Related to asset
Others	66,652.80	-	(15,992.53)	50,660.27	Related to asset
<b>Total</b>	<b>3,366,002.80</b>	<b>57,346,418.06</b>	<b>(5,322,242.53)</b>	<b>55,390,178.33</b>	

## 31. Share capital

RMB

	31 December 2019	Change for the year					31 December 2020
		Non-public issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	117,848,242.00	-	-	-	-	-	117,848,242.00
3. Other domestic shares	15,244,482.00	-	-	-	-	-	15,244,482.00
4. Other foreign shares	20,325,976.00	-	-	-	-	-	20,325,976.00
Total restricted tradable shares	153,418,700.00	-	-	-	-	-	153,418,700.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	648,517,740.00	-	-	-	-	-	648,517,740.00
2. Foreign capital shares listed domestically	156,000,000.00	-	-	-	-	-	156,000,000.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	804,517,740.00	-	-	-	-	-	804,517,740.00
III. Total shares	<b>957,936,440.00</b>	-	-	-	-	-	<b>957,936,440.00</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 31. Share capital - continued

RMB

	31 December 2018	Change for the year					31 December 2019
		Non-public issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	117,848,242.00	-	-	-	-	-	117,848,242.00
3. Other domestic shares	15,244,482.00	-	-	-	-	-	15,244,482.00
4. Other foreign shares	20,325,976.00	-	-	-	-	-	20,325,976.00
Total restricted tradable shares	153,418,700.00	-	-	-	-	-	153,418,700.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	648,517,740.00	-	-	-	-	-	648,517,740.00
2. Foreign capital shares listed domestically	156,000,000.00	-	-	-	-	-	156,000,000.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	804,517,740.00	-	-	-	-	-	804,517,740.00
III. Total shares	<b>957,936,440.00</b>	-	-	-	-	-	<b>957,936,440.00</b>

## 32. Capital reserve

RMB

Item	31 December 2019	Addition	Reduction	31 December 2020
Share premium	7,735,393,526.58	-	-	7,735,393,526.58
Including: Capital contributed by investors	7,785,762,028.07	-	-	7,785,762,028.07
Differences derived from business combination involving enterprises under common control	1,027,136,210.91	-	-	1,027,136,210.91
Equity transactions with minority shareholders	(1,077,504,712.40)	-	-	(1,077,504,712.40)
Other capital reserve	129,734,873.02	456,812.26	-	130,191,685.28
Including: Transfer from capital reserve under the previous accounting system	163,502,812.00	-	-	163,502,812.00
Other changes in owners' equity of investors except net profit or loss, other comprehensive income and profit appropriation (Note)	(33,767,938.98)	456,812.26	-	(33,311,126.72)
<b>Total</b>	<b>7,865,128,399.60</b>	<b>456,812.26</b>	-	<b>7,865,585,211.86</b>

Note: It is due to the Group's share of the increase in capital reserve of associates.

RMB

Item	31 December 2018	Addition	Reduction	31 December 2019
Share premium	7,914,785,852.23	-	(179,392,325.65)	7,735,393,526.58
Including: Capital contributed by investors	7,785,762,028.07	-	-	7,785,762,028.07
Differences derived from business combination involving enterprises under common control	1,027,136,210.91	-	-	1,027,136,210.91
Equity transactions with minority shareholders	(898,112,386.75)	-	(179,392,325.65)	(1,077,504,712.40)
Other capital reserve	128,901,643.62	833,229.40	-	129,734,873.02
Including: Transfer from capital reserve under the previous accounting system	163,502,812.00	-	-	163,502,812.00
Other changes in owners' equity of investors except net profit or loss, other comprehensive income and profit appropriation (Note)	(34,601,168.38)	833,229.40	-	(33,767,938.98)
<b>Total</b>	<b>8,043,687,495.85</b>	<b>833,229.40</b>	<b>(179,392,325.65)</b>	<b>7,865,128,399.60</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 33. Other comprehensive income (loss)

RMB

Item	31 December 2019	Amount incurred in the current year					31 December 2020
		Amount before income tax	Less: Previously recognized in other comprehensive income and transferred to profit or loss in the current period	Less: Income tax expenses	Amount attributable to owners of the parent company after tax	Amount attributable to minority shareholders after tax	
I Other comprehensive income that will not be reclassified subsequently to profit or loss							
Changes in net liability or asset arising from remeasurement of defined benefit plan	(15,627,954.35)	(2,508,467.47)	-	(724,947.10)	(1,783,520.37)	-	(17,411,474.72)
Changes in fair value of other equity instruments	20,519,417.34	(4,285,535.99)	-	(806,811.04)	(3,478,724.95)	-	17,040,692.39
II Other comprehensive income that will be reclassified subsequently to profit or loss							
Shares of other comprehensive income in the investee that will be subsequently reclassified to profit or loss under equity method	1,777,348.67	(205,909.68)	-	-	(205,909.68)	-	1,571,438.99
Effective proportion of profit or loss of cash flow hedging	3,986,870.07	955,621.70	-	276,174.67	679,447.03	-	4,666,317.10
Translation difference	13,903,028.36	(31,471,154.65)	-	-	(30,046,628.73)	(1,424,525.92)	(16,143,600.37)
<b>Total</b>	<b>24,558,710.09</b>	<b>(37,515,446.09)</b>	<b>-</b>	<b>(1,255,583.47)</b>	<b>(34,835,336.70)</b>	<b>(1,424,525.92)</b>	<b>(10,276,626.61)</b>

RMB

Item	31 December 2018	Changes in account policies	1 January 2019	Amount incurred in the prior year					31 December 2019
				Amount before income tax	Less: Previously recognized in other comprehensive income and transferred to profit or loss in the current period	Less: Income tax expenses	Amount attributable to owners of the parent company after tax	Amount attributable to minority shareholders after tax	
I Other comprehensive income that will not be reclassified subsequently to profit or loss									
Including: Changes in net liability or asset arising from remeasurement of defined benefit plan	(9,481,099.03)	-	(9,481,099.03)	(9,374,493.40)	-	(3,227,638.08)	(6,146,855.32)	-	(15,627,954.35)
Changes in fair value of other equity instruments	-	22,487,191.83	22,487,191.83	(2,294,338.27)	-	(326,563.78)	(1,967,774.49)	-	20,519,417.34
II Other comprehensive income that will be reclassified subsequently to profit or loss									
Including: Profit or loss arising from changes in fair value of available-for-sale financial assets	255,250,500.64	(255,250,500.64)	-	-	-	-	-	-	-
Shares of other comprehensive income in the investee that will be subsequently reclassified to profit or loss under equity method	1,514,308.93	-	1,514,308.93	263,039.74	-	-	263,039.74	-	1,777,348.67
Effective proportion of profit or loss of cash flow hedging	2,800,176.18		2,800,176.18	1,808,940.86	-	622,246.97	1,186,693.89	-	3,986,870.07
Translation difference	4,765,103.30		4,765,103.30	8,594,680.58	-	-	9,137,925.06	(543,244.48)	13,903,028.36
<b>Total</b>	<b>254,848,990.02</b>	<b>(232,763,308.81)</b>	<b>22,085,681.21</b>	<b>(1,002,170.49)</b>	<b>-</b>	<b>(2,931,954.89)</b>	<b>2,473,028.88</b>	<b>(543,244.48)</b>	<b>24,558,710.09</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 34. Surplus reserve

	RMB			
Item	31 December 2019	Addition	Reduction	31 December 2020
Statutory surplus reserve	478,968,220.00	-	-	478,968,220.00
Discretionary surplus reserve	180,681,288.50	-	-	180,681,288.50
<b>Total</b>	<b>659,649,508.50</b>	-	-	<b>659,649,508.50</b>

	RMB			
Item	31 December 2018	Addition	Reduction	31 December 2019
Statutory surplus reserve	478,968,220.00	-	-	478,968,220.00
Discretionary surplus reserve	180,681,288.50	-	-	180,681,288.50
<b>Total</b>	<b>659,649,508.50</b>	-	-	<b>659,649,508.50</b>

Pursuant to the PRC Company Law and Article of Association, the Company appropriates 10% of net profit for the year as statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's registered share capital, any further appropriation is optional. As at 31 December 2020, the Company's statutory surplus reserve has reached 50% of its share capital. The statutory surplus reserve can be utilized to offset prior years' losses or capitalized into share capital upon approval. The discretionary surplus reserve fund can be utilized to offset prior years' losses or capitalized into share capital upon approval.

## 35. Retained profits

	RMB	
Item	2020	2019
At 31 December 2019	<b>3,747,848,954.65</b>	<b>2,705,437,624.54</b>
Add: Changes in accounting policies	(46,673,770.62)	524,674,116.21
At 1 January 2020	<b>3,701,175,184.03</b>	<b>3,230,111,740.75</b>
Add: Net profit attributable to owners of the parent company	110,210,911.66	1,092,499,077.90
Less: Appropriation to statutory surplus reserve	-	-
Dividends payable on ordinary shares	574,761,864.00	574,761,864.00
At 31 December 2020	<b>3,236,624,231.69</b>	<b>3,747,848,954.65</b>

## (1) Cash dividends approved at the general meeting of shareholders

On 22 May 2020, the general meeting of shareholders of the Company approved the profit distribution proposal to distribute cash dividends of RMB 0.60 per share based on issued shares of 957,936,440 (at par value RMB 1), with a total cash dividends of RMB 574,761,864.00.

## (2) Profit distribution after the balance sheet date

On 29 March 2021, the board of directors meeting approved a resolution, which proposed to distribute cash dividends to all shareholders at RMB 0.058 per share based on the issued share of 957,936,440 (at par value RMB 1). The proposed cash dividends amounted to RMB 55,560,313.52. The proposal is yet to be approved by general meeting of shareholders.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 36. Operating income and operating costs

## (1) Operating income and operating costs

RMB

Item	2020		2019	
	Income	Cost	Income	Cost
Principal business	9,897,441,220.97	7,349,970,965.62	15,098,849,618.51	1,526,825,107.84
Other business	115,043.44	-	174,841.06	-
<b>Total</b>	<b>9,897,556,264.41</b>	<b>7,349,970,965.62</b>	<b>15,099,024,459.57</b>	<b>1,526,825,107.84</b>

## (2) Operating income

RMB

Category	Domestic limited service hotels operation and management	Overseas limited service hotels operation and management aboard	Food and catering business	Others	Total
<b>Income generated from contracts with customers</b>					
Hotel rooms	3,309,816,746.27	1,088,851,178.77	-	-	4,398,667,925.04
Catering Services	227,410,991.85	317,004,396.23	247,736,420.20	-	792,151,808.28
Sales of goods	449,892,441.20	-	-	-	449,892,441.20
Service of early stage	727,565,148.50	12,504,326.61	-	-	740,069,475.11
Continuous franchise income and income from labor dispatch services	2,418,384,945.82	404,569,339.96	-	-	2,822,954,285.78
Reservation channel	109,227,137.54	-	-	-	109,227,137.54
Membership cards income	271,752,627.76	-	-	-	271,752,627.76
Others	174,151,279.76	14,129,118.90	1,305,589.05	115,043.44	189,701,031.15
<b>Leasing income</b>					
Lease of properties	123,139,532.55	-	-	-	123,139,532.55
<b>Total</b>	<b>7,811,340,851.25</b>	<b>1,837,058,360.47</b>	<b>249,042,009.25</b>	<b>115,043.44</b>	<b>9,897,556,264.41</b>

The Group's revenue is derived from the following types of business.

**Hotel room service income:** For hotel room services provided by the Group, hotel room service income is recognized according to the performance progress during the period of providing relevant services.

**Catering income:** For catering services provided by the Group, income is recognized at the point when the catering services are provided to customers.

**Service income of the early stage:** the service fee of the early stage franchise of is the revenue recognized by the Group for the services provided to the franchisees before the opening of the franchised hotel. The service provided by the Group in the early stage includes the franchise consulting service, decorative design services and engineering consultancy services. The Group recognizes the service income of the early stage according to the performance progress during the period of providing relevant services.

**Continuous franchise income and income from labor dispatch services:** It represents the income from the Group's granting of the franchisee's right to use the Group's hotel brand, dispatching employees to provide hotel operation support services and other operational support services to the franchisee after the opening of the franchised hotel. For continuous franchise and labor dispatch services provided by the Group, continuous franchise income is recognized according to the performance progress during the period in which relevant services are provided.

**Service income of reservation channels:** For reservation channels services provided by the Group, service income of reservation channels is recognized according to the performance progress during the period of providing relevant services.

**Income from sales of goods:** For sales of goods by the Group, income is recognized at the point when control of the related goods is transferred to the customer.

**Membership cards income:** For sales of membership cards by the Group, membership cards income is recognized on a straight-line basis during the validity period of the membership card.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 36. Operating income and operating costs - continued

## (3) Operating income by area

RMB

Item	2020	2019
Domestic regions of China	8,060,497,903.94	11,002,474,452.57
Including: Shanghai	1,200,830,418.44	1,584,722,779.95
Regions other than Shanghai	6,859,667,485.50	9,417,751,672.62
Overseas regions	1,837,058,360.47	4,096,550,007.00
<b>Total</b>	<b>9,897,556,264.41</b>	<b>15,099,024,459.57</b>

## (4) Operating income and costs of limited service hotels operation and management at home and aboard

RMB

Item	2020		2019	
	Operating income	Operating cost	Operating income	Operating cost
Hotel rooms	4,398,667,925.04	4,749,231,544.75	7,482,322,305.53	-
Catering Services	544,415,388.08	295,585,087.21	1,170,142,175.34	552,055,491.29
Sales of goods	449,892,441.20	275,321,483.90	1,050,780,533.10	737,651,778.58
Service of early stage	740,069,475.11	368,193,984.89	902,258,725.90	-
Service of continuous franchise and labor dispatch	2,822,954,285.78	1,300,210,005.44	3,407,802,622.26	-
Reservation channel	109,227,137.54	-	145,428,119.54	-
Membership cards income	271,752,627.76	35,077,685.18	347,659,022.24	-
Lease of properties	123,139,532.55	65,639,858.08	136,789,013.84	71,883,659.18
Others	188,280,398.66	52,243,925.03	202,741,102.80	45,123,916.74
<b>Total</b>	<b>9,648,399,211.72</b>	<b>7,141,503,574.48</b>	<b>14,845,923,620.55</b>	<b>1,406,714,845.79</b>

## (5) Operating income and costs of catering business

RMB

Item	2020		2019	
	Operating income	Operating cost	Operating income	Operating cost
Chain restaurants	16,155,531.67	11,684,914.78	25,849,749.63	14,349,686.82
Groups meal	189,041,094.34	168,838,552.62	188,995,431.13	82,832,626.61
Sales of food	42,539,794.19	27,305,818.04	36,785,881.05	22,479,619.60
Others	1,305,589.05	638,105.70	1,294,936.15	448,329.02
<b>Total</b>	<b>249,042,009.25</b>	<b>208,467,391.14</b>	<b>252,925,997.96</b>	<b>120,110,262.05</b>

## 37. Costs and expenses by nature

RMB

Item	2020	2019
Cost of goods	586,295,111.59	1,520,557,038.85
Employee benefits	3,934,509,391.39	5,026,435,732.20
Including: Wages or salaries	3,375,873,312.85	4,017,745,375.41
Social insurance and housing fund	437,757,169.93	838,265,210.41
Welfare and other expenses	120,878,908.61	170,425,146.38
Energy fees and materials consumption	415,393,712.06	918,966,968.72
Depreciation and amortization	1,303,451,414.53	1,387,234,831.04
Operating lease expense	1,741,580,477.19	1,840,350,345.42
Repair and maintenance fee	319,540,810.28	487,846,332.06
Others	2,046,586,363.70	2,139,328,073.65
<b>Total operating cost, selling expenses, administrative expenses and R&amp;D expenses</b>	<b>10,347,357,280.74</b>	<b>13,320,719,321.94</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 38. Taxes and levies

RMB

Item	2020	2019
Urban maintenance and construction tax	14,915,533.46	25,262,825.40
Education surcharges	10,520,980.54	17,385,024.88
Property tax	86,345,841.90	117,434,163.38
Stamp duty and others	2,896,364.71	3,769,084.89
<b>Total</b>	<b>114,678,720.61</b>	<b>163,851,098.55</b>

## 39. Financial expenses

RMB

Item	2020	2019
Interest expenses	341,492,415.74	368,477,185.70
Less: Interest income	60,960,123.07	79,545,323.26
Foreign exchange differences	38,330,008.58	768,115.77
Others	40,363,833.65	49,431,671.68
<b>Total</b>	<b>359,226,134.90</b>	<b>339,131,649.89</b>

## 40. Other income

(1) Details of other income are as follows:

RMB

Item	2020	2019	Amount recognized in non-recurring profit or loss of the period
Government grants	437,429,152.17	84,289,220.11	437,429,152.17
Tax-related subsidy	17,611,872.23	9,316,183.26	-
<b>Total</b>	<b>455,041,024.40</b>	<b>93,605,403.37</b>	437,429,152.17

(2) Government grants recognized in profit or loss are as follows:

RMB

Item	2020	2019	Related to assets/Related to income
Pandemic-specific support subsidy	309,560,429.08	-	Related to income
Tax deduction/ refund	62,451,129.64	1,106,017.36	Related to income
Project and industry support funds	60,095,350.92	81,461,142.72	Related to assets/ income
Metropolo brand innovation project special support funds	5,306,250.00	1,706,050.00	Related to assets
Others	15,992.53	16,010.03	Related to assets/ income
<b>Total</b>	<b>437,429,152.17</b>	<b>84,289,220.11</b>	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 41. Investment income

RMB

Item	2020	2019
Investment income from long-term equity investments under equity method	102,805,710.31	141,548,702.28
Dividends income from held-for-trading financial assets, investments in other equity instruments and other non-current assets during the holding period	108,136,128.84	97,407,063.44
Investment income from disposal of subsidiary	590,625,768.70	-
Investment income from disposal of other non-current financial assets	11,192,563.46	-
Investment income from disposal of long-term equity investments	822,971.13	
Investment income from disposal of held-for-trading financial assets	-	2,384,771.20
Others	418,420.76	230,860.66
<b>Total</b>	<b>814,001,563.20</b>	<b>241,571,397.58</b>

## 42. Gains from changes in fair value

RMB

Item	2020	2019
Changes in fair value of other non-current financial assets	51,574,385.07	111,980,307.44
Changes in fair value of held-for-trading financial assets	(37,212,000.00)	3,101,000.00
Changes in fair value of balance of payment for acquisition of minority interests in Sarovar and Hôtels et Préférence (Note (V) 27)	55,197,151.19	2,313,449.53
<b>Total</b>	<b>69,559,536.26</b>	<b>117,394,756.97</b>

## 43. Losses from credit impairment

RMB

Item	2020	2019
Bad debt losses of accounts receivable	47,018,682.64	9,638,364.19
Bad debt losses (reversal) of other receivables	(1,167,644.09)	(4,601,754.90)
<b>Total</b>	<b>45,851,038.55</b>	<b>5,036,609.29</b>

## 44. Losses from assets impairment

RMB

Item	2020	2019
I. Written-down (reversal) of inventories	-	(2,650.36)
II. Losses from long-term equity investments impairment	-	1,645,279.95
III. Losses from fixed assets impairment	70,463,295.20	-
IV. Losses from long-term prepaid expenses impairment	-	30,997,855.70
V. Losses from intangible assets impairment	-	320,183.36
<b>Total</b>	<b>70,463,295.20</b>	<b>32,960,668.65</b>

## 45. Gains (losses) from disposal of assets

RMB

Item	2020	2019
Gains (losses) from disposal of fixed assets	(20,849,848.20)	73,481,530.55
Losses from disposal of intangible assets	(62,888.52)	-
<b>Total</b>	<b>(20,912,736.72)</b>	<b>73,481,530.55</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 46. Non-operating income

(1) Details of non-operating income are as follows:

Item	RMB		
	2020	2019	Amount recognized in non-recurring profit or loss of the period
Income from claims	27,207,177.48	18,841,016.91	27,207,177.48
Government grants	10,834,227.68	6,534,446.92	10,834,227.68
Payables exempted	15,919,577.18	8,911,003.47	15,919,577.18
Others	18,612,391.89	13,339,057.10	18,612,391.89
<b>Total</b>	<b>72,573,374.23</b>	<b>47,625,524.40</b>	<b>72,573,374.23</b>

(2) Government grants recognized in profit or loss are as follows:

Item	RMB		
	2020	2019	Related to assets/related to income
Local economic support subsidy	6,662,000.00	-	Related to income
Innovation awards	912,199.97	1,050,000.00	Related to income
Taxes refund	326,390.85	4,295,477.62	Related to income
Local economic support subsidy	46,005.70	206,980.54	Related to income
Others	2,887,631.16	981,988.76	Related to income
<b>Total</b>	<b>10,834,227.68</b>	<b>6,534,446.92</b>	

## 47. Non-operating expenses

Item	RMB		
	2020	2019	Amount recognized in non-recurring profit or loss of the period
Losses on retirement of non-current assets	12,186,369.70	4,716,771.15	12,186,369.70
Losses from project termination	2,353,514.60	7,981,859.60	2,353,514.60
Penalty expenses	9,642,024.39	3,383,851.09	9,642,024.39
Accidents and claimant loss	1,553,596.18	6,305,611.80	1,553,596.18
Donations	68,825.00	910,018.57	68,825.00
Others	20,844,374.24	28,617,483.77	20,844,374.24
<b>Total</b>	<b>46,648,704.11</b>	<b>51,915,595.98</b>	<b>46,648,704.11</b>

## 48. Income tax expenses

Item	RMB	
	2020	2019
Current income tax calculated according to tax laws and relevant regulations	430,474,144.10	525,341,945.83
Additional tax paid in respect of the prior year	9,082,423.63	15,015,453.02
Deferred income tax expenses	(385,116,570.20)	(84,495,049.21)
Enterprise VAT	9,256,135.83	24,106,314.16
<b>Total</b>	<b>63,696,133.36</b>	<b>479,968,663.80</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 48. Income tax expenses - continued

Reconciliation of income tax expenses to the accounting profit is as follows:

	RMB	
	2020	2019
Total profit	303,593,851.67	1,759,088,128.14
Income tax expenses calculated at tax rate of 25%	75,898,462.92	439,772,032.04
Effects of subsidiaries using different tax rates and others	(25,677,656.95)	(7,201,785.93)
Effects of adjusting of prior period	9,082,423.63	15,015,453.02
Effects of non-taxable income	(82,435,558.10)	(66,656,742.49)
Effects of costs, expenses or losses that are not deductible	9,186,971.23	10,978,424.78
Effect of utilizing deductible temporary difference or deductible loss of unrecognized deferred assets in prior year	(37,424,985.65)	(20,017,340.80)
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	60,469,652.62	86,107,981.85
Changes in opening balance of deferred income assets/liabilities due to adjustment of tax rates (Note 2)	47,654,721.80	3,890,905.71
Tax effect of enterprise VAT (Note 1)	6,942,101.86	18,079,735.62
Income tax expenses	<b>63,696,133.36</b>	<b>479,968,663.80</b>

Note 1: In accordance with tax laws of France, enterprise VAT can be deducted before income tax. The impact on income tax expenses calculated at the 25% tax rate is presented here.

Note 2: As GDL, a subsidiary of the Group, expects to utilize deductible losses in a later year than originally anticipated, GDL adjusts its deferred tax assets/liabilities at the tax rate for the year in which the taxable income is expected to be realized, as described in Note (IV).

## 49. Notes to items in the cash flow statements

## (1) Other cash receipts relating to operating activities

	RMB	
Item	2020	2019
Government grants	437,701,100.87	64,857,507.00
Interest income	65,856,848.54	76,007,892.30
Others	81,627,327.65	89,117,901.92
<b>Total</b>	<b>585,185,277.06</b>	<b>229,983,301.22</b>

## (2) Other cash payments relating to operating activities

	RMB	
Item	2020	2019
Rental expenses	121,024,328.53	1,905,073,656.56
Other payments in administrative expenses and selling expenses	1,086,851,895.23	1,921,139,463.85
Payment of bank charges	40,363,833.65	49,431,671.68
<b>Total</b>	<b>1,248,240,057.41</b>	<b>3,875,644,792.09</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 49. Notes to items in the cash flow statements - continued

## (3) Cash receipts from disposals and recovery of investments

RMB

Item	2020	2019
Amount recovered from disposal of other non-current financial assets	866,885,429.87	-
Recovery of entrusted loans	1,200,000.00	-
Others	-	22,315,072.29
<b>Total</b>	<b>868,085,429.87</b>	<b>22,315,072.29</b>

## (4) Net cash receipts from disposals of subsidiaries and other business units

RMB

Item	Amount
Cash or cash equivalents from disposals of subsidiaries	633,823,514.81
Less: Cash and cash equivalents held by subsidiaries at the date when control is lost	5,645,117.57
<b>Net cash receipts from disposals of subsidiaries</b>	<b>628,178,397.24</b>

## (5) Cash payments to acquire investments

RMB

Item	2020	2019
Fund management fees paid by Keystone	57,225,820.25	-
Acquisition of held-for-trading financial assets	39,581,187.80	-
Payment for entrusted loans	21,900,000.00	5,225,200.00
Payments from long-term equity investments	574,000.00	90,000,000.00
Acquisition of investments in other equity instruments	-	16,575,314.67
<b>Total</b>	<b>119,281,008.05</b>	<b>111,800,514.67</b>

## (6) Cash receipts from borrowings

RMB

Item	2020	2019
Borrowings from Finance Company	3,145,970,000.00	939,940,000.00
Borrowings from banks	5,197,098,533.82	7,960,038.66
Entrusted borrowings from Jin Jiang International	270,000,000.00	-
<b>Total</b>	<b>8,613,068,533.82</b>	<b>947,900,038.66</b>

## (7) Cash repayments of borrowings

RMB

Item	2020	2019
Repayments of borrowings to bank	5,668,851,766.46	2,606,926,020.71
Repayments of borrowings to Finance Company	1,888,000,000.00	172,030,000.00
Repayment of Jin Jiang International's Entrusted borrowings	270,000,000.00	-
<b>Total</b>	<b>7,826,851,766.46</b>	<b>2,778,956,020.71</b>

## (8) Other cash payments relating to financing activities

RMB

Item	2020	2019
Payment for acquisition of minority interests of Keystone	31,159,620.24	318,606,456.90
Repayments of finance lease	3,288,578.86	12,388,485.81
<b>Total</b>	<b>34,448,199.10</b>	<b>330,994,942.71</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 50. Supplementary information to cash flow statement

## (1) Supplementary information to cash flow statement

RMB

Supplementary information	2020	2019
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	239,897,718.31	1,279,119,464.34
Add: Provision for impairment of assets	70,463,295.20	32,960,668.65
Losses from credit impairment	45,851,038.55	5,036,609.29
Depreciation of fixed assets	568,722,758.01	596,649,562.25
Amortization of intangible assets	208,357,165.55	237,321,646.02
Amortization of long-term prepaid expenses	526,371,490.97	553,263,622.77
Loss (gain) on disposal of fixed assets, intangible assets and other long-term assets	20,912,736.72	(73,481,530.55)
Loss on retirement of non-current assets	12,186,369.70	4,721,049.15
Loss (less: gains) on changes in fair value	(69,559,536.26)	(117,394,756.97)
Financial expenses	341,492,415.74	421,971,465.20
Investment loss (income)	(814,001,563.20)	(241,571,397.58)
Decrease (increase) in deferred tax assets	(224,622,944.45)	(42,169,803.28)
Increase (decrease) in deferred tax liabilities	(169,947,124.26)	(42,325,245.93)
Decrease (increase) in inventories	20,740,512.42	(8,185,875.95)
Decrease (increase) in operating receivables	(170,413,478.45)	(84,997,515.16)
Increase (decrease) in operating payables	(454,814,674.98)	117,000,136.42
Net cash flow from operating activities	<b>151,636,179.57</b>	<b>2,637,918,098.67</b>
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Capital transferred from debts	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under finance lease	-	-
<b>3. Net changes in cash and cash equivalents</b>		
Cash at end of the year	6,786,710,607.82	5,911,750,154.92
Less: Cash at beginning of the year	5,911,750,154.92	7,353,060,080.69
Add: Cash equivalents at end of the year	-	-
Less: Cash equivalents at beginning of the year	-	-
Net increase (decrease) in cash and cash equivalents	874,960,452.90	(1,441,309,925.77)

## (2) Composition of cash and cash equivalents

RMB

Item	31 December 2020	31 December 2019
I. Cash	6,786,710,607.82	5,911,750,154.92
Including: Cash on hand	5,267,562.76	7,537,409.48
Bank deposits that can be readily withdrawn on	6,781,443,045.06	5,904,212,745.44
Other cash and bank balances that can be readily	-	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	6,786,710,607.82	5,911,750,154.92

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

## 51. Assets with restricted ownership or right of use

RMB

Item	Closing book value	Reason of restriction
Cash and bank balances (Note (V)1(Note 1))	2,305,498.09	Frozen due to litigation
Cash and bank balances (Note (V)1(Note 1))	3,075,256.88	Frozen due to long-term
Cash and bank balances (Note (V)1(Note 1))	1,000,000.00	Guarantee deposit
Net assets of Keystone (Note (V)26(Note1))	3,456,820,130.75	Pledged
Fixed assets (Note (V)11(3))	202,132,808.05	Mortgaged

## 52. Calculation of basic earnings per share and diluted earnings per share

When calculating basic earnings per share, the net profit attributable to ordinary shareholders is as follows:

RMB

	2020	2019
Net profit attributable to ordinary shareholders	110,210,911.66	1,092,499,077.90
Including: Net profit attributable to continuous	110,210,911.66	1,092,499,077.90

When calculating basic earnings per share, the denominator is the weighted average of issued ordinary shares, details are as follows:

RMB

	2020	2019
Number of ordinary shares issued at beginning and	957,936,440.00	957,936,440.00

Earnings per share

RMB

	2020	2019
Calculated based on net profit attributable to the		
Basic earnings per share	0.1151	1.1405
Diluted earnings per share (Note )	N/A	N/A
Calculated based on net profit of continuous		
Basic earnings per share	0.1151	1.1405
Diluted earnings per share (Note)	N/A	N/A

Note: The Group holds no diluted ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## VI. CHANGES OF THE SCOPE OF CONSOLIDATION

## 1. Disposal of subsidiaries

## (1) Disposal of subsidiaries through single transaction

RMB										
No.	Name of the subsidiary	Sales proceeds	Proportion of equity interest disposed (%)	Method of disposal	Disposal date	The basis of determining disposal date	Proportion of the retained interests on disposal date (%)	Amounts recognized in profit or loss from re-measuring retained interests in accord with its fair value	Key factors and assumptions used in determining the fair value on disposal date	Cumulative gain reclassified from other comprehensive income to profit or loss on disposal
1	Da Hua Hotel(Note 2)	170,436,388.68	70.00	Transfer by agreement	2020/3/31	Change in control	30.00	75,423,298.58	Asset-Based method	-
2	Xi'an Jin Jiang Inn Co., Ltd.(Note 1)	75,193,051.99	100.00	Public listed transfer	2020/1/8	Change in control	-	-	-	-
3	Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.(Note 3)	66,437,106.63	70.00	Transfer by agreement	2020/3/31	Change in control	30.00	30,317,905.02	Asset-Based method	-
4	Zhengzhou Jin Jiang Inn Co., Ltd.(Note 1)	60,168,475.98	100.00	Public listed transfer	2020/1/8	Change in control	-	-	-	-
5	Tianjin Hedongqu Jin Jiang Inn Co., Ltd.(Note 4)	57,423,833.10	100.00	Transfer by agreement	2020/3/31	Change in control	-	-	-	-
6	Tianjin Hu Jin Hotel Investment Co. Ltd. (Note 3)	56,778,339.30	70.00	Transfer by agreement	2020/6/30	Change in control	30.00	11,024,255.29	Asset-Based method	-
7	Ningbo Jinbo Hotel Co., Ltd.(Note 6)	45,367,793.67	100.00	Transfer by agreement	2020/3/31	Change in control	-	-	-	-
8	Tianjin Jin Jiang Inn Co., Ltd.(Note 5)	40,987,189.43	51.00	Transfer by agreement	2020/6/30	Change in control	49.00	15,338,792.35	Asset-Based method	-
9	Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.(Note 5)	36,928,776.80	70.00	Transfer by agreement	2020/6/30	Change in control	30.00	6,576,392.38	Asset-Based method	-
10	Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.(Note 5)	16,685,004.90	51.00	Transfer by agreement	2020/6/30	Change in control	49.00	11,997,939.41	Asset-Based method	-
11	Changchun Jin Jiang Inn Investment and Management Co., Ltd.(Note 5)	11,089,375.29	70.00	Transfer by agreement	2020/6/30	Change in control	30.00	1,663,316.25	Asset-Based method	-

NOTES TO THE FINANCIAL STATEMENTS  
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**VI. CHANGES OF THE SCOPE OF CONSOLIDATION - continued**

**1. Disposal of subsidiaries - continued**

(1) Disposal of subsidiaries through single transaction - continued

Note 1: During the reporting period, Shanghai Jin Jiang International Hotels Investment Co. Ltd. ("Hotels Investment"), a subsidiary of the Group, transferred its 100% equity interest in Xi'an Jin Jiang Inn Co., Ltd. and 100% equity interest in Zhengzhou Jin Jiang Inn Co., Ltd. to Shanghai Guanglv Enterprise Management Co., Ltd., a related party. After this transfer, Xi'an Jin Jiang Inn Co., Ltd. and Zhengzhou Jin Jiang Inn Co., Ltd. were no longer included in the scope of the Group's consolidated financial statements.

Note 2: During the reporting period, the Company transferred its 70% equity interest in Da Hua Hotel to Shanghai Jin Jiang International Investment Management Co., Ltd. ("Jin Jiang International Investment"), a related party. After this transfer, the Company is unable to exercise control over it, but can exercise significant influence over it, so it is no longer included in the scope of the Group's consolidated financial statements and is accounted for as an investment in an associate.

Note 3: During the reporting period, Jin Jiang Inn Hotel Co. Ltd. ("Jin Jiang Inn"), a subsidiary of the Group, transferred its 70% equity interest in Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd. and 70% equity interest in Tianjin Hu Jin Hotels Investment Co. Ltd. to Jin Jiang Capital, a related party. After this transfer, the Company is unable to exercise control over the above companies, but can exercise significant influence over the above companies, so the above companies are no longer included in the scope of the Group's consolidated financial statements and are accounted for as an investment in associates.

Note 4: During the reporting period, Hotels Investment, a subsidiary of the Group, transferred its 100% equity interest in Tianjin Hedongqu Jin Jiang Inn Co., Ltd. to Jin Jiang Capital, a related party. After this transfer, Tianjin Hedongqu Jin Jiang Inn Co., Ltd. were no longer included in the scope of the Group's consolidated financial statements.

Note 5: During the reporting period, Hotels Investment, a subsidiary of the Group, transferred its 70% equity interest in Shenyang Songhuajiang Jin Jiang Inn Co., Ltd., 51% equity interest in Tianjin Jin Jiang Inn Co., Ltd., 70% equity interest in Changchun Jin Jiang Inn Investment and Management Co., Ltd. and 51% equity interest in Zhenjiang Jingkou Jin Jiang Inn Co., Ltd. to Jin Jiang Capital, a related party. After this transfer, the Company is unable to exercise control over the above companies, but can exercise significant influence over the above companies, so the above companies are no longer included in the scope of the Group's consolidated financial statements and are accounted for as an investment in associates.

Note 6: During the reporting period, Jin Jiang Inn, a subsidiary of the Group, transferred its 100% equity interest in Ningbo Jinbo Hotel Co., Ltd. to Jin Jiang Capital, a related party. After this transfer, Ningbo Jinbo Hotel Co., Ltd. were no longer included in the scope of the Group's consolidated financial statements.

Shanghai Orient Appraisal Co., Ltd. has appraised the fair value of the equity interest in the above transaction and issued an appraisal report. The disposal price of the above-mentioned equity interests was recognized on the basis of the corresponding appraised value. As at 31 December 2020, the Group has obtained RMB 633,823,514.81 for the equity transfer. The fair value of the remaining equity interest at the date the Group loses control of the relevant subsidiaries mentioned above is recognized based on the appraised value and the remaining shareholding ratio.

**2. Incorporate of new subsidiaries**

In 2020, the Company established a wholly-owned subsidiary, Shanghai Jin Jiang Metropolo Hotel Management Co. Ltd. ("New Metropolo"), through the spin-off of a wholly-owned subsidiary, Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. ("Louvre Asia").

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## VII. EQUITY IN OTHER ENTITIES

## 1. Interest in subsidiaries

## (1) Major subsidiaries of the Group

No.	Name of subsidiaries	Principal place of business and registered address	Nature of business	Shareholding proportion (%)		Methods of acquisition
				Direct	Indirect	
1	Shanghai Jin Jiang International Catering Investment Co., Ltd. ("Catering Investment")	PRC	Service	100.00	-	Subsidiaries set up or invested by the Group
2	Hotels Investment	PRC	Service	100.00	-	Subsidiaries acquired through a business combination involving enterprises under common control
3	Jin Jiang Inn	PRC	Service	100.00	-	Subsidiaries acquired through a business combination involving enterprises under common control
4	Shanghai Jin Lu investment management Co., Ltd. ("Jin Lu investment")	PRC	Service	100.00	-	Subsidiaries set up or invested by the Group
5	Smart Hotel Management Co., Ltd. ("Smartel")	PRC	Service	100.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
6	Shanghai Food and Beverage Serving Equipment Co., Ltd. ("Food and Beverage Serving Equipment")	PRC	Trading	100.00	-	Subsidiaries set up or invested by the Group
7	Louvre Asia	PRC	Service	100.00	-	Subsidiaries set up or invested by the Group
8	New Metropolo	PRC	Service	100.00	-	Subsidiaries set up or invested by the Group
9	Shanghai Jinpan Hotel Co., Ltd. ("Jinpan Hotel")	PRC	Service	100.00	-	Subsidiaries set up or invested by the Group
10	Shanghai Minhang Hotel Co., Ltd. ("Minhang Hotel")	PRC	Service	98.25	1.75	Subsidiaries set up or invested by the Group
11	Shenzhen Jin Jang Hotel Management Co. Ltd.	PRC	Service	100.00	-	Subsidiaries set up or invested by the Group
12	Shanghai Jin Jiang International Food & Catering Management Co., Ltd. ("Jin Jiang Food") (Note 1)	PRC	Service	18.00	82.00	Subsidiaries set up or invested by the Group
13	Shanghai New Asia Food Co., Ltd. ("New Asia Food") (Note 1)	PRC	Producing	5.00	95.00	Subsidiaries set up or invested by the Group
14	Shanghai New Asia Food Sales Co., Ltd. (Note 2)	PRC	Trading	-	100.00	Subsidiaries set up or invested by the Group
15	Shanghai Jin Jiang Tung Lok Catering Management Inc. ("Tung Lok Catering") (Note 1)	PRC	Service	-	51.00	Subsidiaries set up or invested by the Group
16	Shanghai Jinzhu Catering Management Co., Ltd. ("Jinzhu Catering") (Note 1)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
17	Shanghai Jinya Catering Management Co., Ltd. ("Jinya Catering") (Note 1)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
18	Shanghai Jinqi Hotels Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
19	Shanghai Jinbei Investment Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
20	Shanghai Jinzhen Investment Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
21	Shenyang Jinfu Hotel Investment Management Co., Ltd. (Note 3)	PRC	Service	-	55.00	Subsidiaries set up or invested by the Group
22	Xi'an Jinhu Hotels Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
23	Shanghai Jinzhang Hotel Investment Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
24	Jiaxing Jin Hu Hotel Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
25	Zhoushan Shenjiamen Jin Jiang Inn Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
26	Tianjin Jinjin Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
27	Shanghai Jinpu Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
28	Nanjing Hujin Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## VII. EQUITY IN OTHER ENTITIES - continued

## 1. Interest in subsidiaries - continued

## (1) Major subsidiaries of the Group - continued

No.	Name of subsidiaries	Principal place of business and registered address	Nature of business	Shareholding proportion (%)		Methods of acquisition
				Direct	Indirect	
29	Kunshan Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
30	Changzhou Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
31	Xi'an Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
32	Changchun Jin Jiang Inn Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
33	Wuhan Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
34	Jinhua Jin Jiang Inn Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
35	Shenzhen Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
36	Shenyang Wenhualu Jingkou Jin Jiang Inn Co., Ltd. (note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
37	Fuzhou Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
38	Changzhou Jinning Hotels Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
39	Ma'anshan Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
40	Hefei Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
41	Hohhot Jinlv Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
42	Kunming Hujin Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
43	Changzhou Jin Jiang Inn Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
44	Xining Jinlv Inn Investment (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
45	Qingdao Jin Jiang Inn Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
46	Shanxi Goldmet Inn Management Co., Ltd. ("Jinguang Inn") (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
47	Shanghai Jinle Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
48	Suzhou New District Jinshi Hotels Co., Ltd. (Note 4)	PRC	Service	-	60.00	Subsidiaries acquired through a business combination involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## VII. EQUITY IN OTHER ENTITIES - continued

## 1. Interest in subsidiaries - continued

## (1) Major subsidiaries of the Group - continued

No.	Name of subsidiaries	Principal place of business and registered address	Nature of business	Shareholding proportion (%)		Methods of acquisition
				Direct	Indirect	
49	Shanghai Jinhong Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
50	Wuxi Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
51	Beijing Jin Jiang Inn Hotels Investment and Management Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
52	Shanghai Jinhai Hotel Co., Ltd.(Note 4)	PRC	Service	-	70.00	Subsidiaries acquired through a business combination involving enterprises under common control
53	Shanghai Jinhua Hotel Co., Ltd. (Note 4)	PRC	Service	-	80.00	Subsidiaries acquired through a business combination involving enterprises under common control
54	Yangzhou Jinyang Hotel Co., Ltd. (Note 4)	PRC	Service	-	75.00	Subsidiaries acquired through a business combination involving enterprises under common control
55	Huai'an Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
56	Shanghai Jinya Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
57	Hangzhou Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
58	Chongqing Jin Jiang Inn Hotel Investment Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
59	Chengdu Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
60	Shanghai Jinning Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
61	Shanghai Jinmin Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
62	Nanchang Ruzilu Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
63	Nanchang West Nanjing Road Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
64	Shenyang Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
65	Jiaxing Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
66	Nanning Jin Jiang Inn Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
67	Shanghai Lin Qing Hotel Co., Ltd.(Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
68	Shanghai Jin Feng Hotel Co., Ltd. (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
69	Lhasa Jin Jiang Inn Hotel Co., Ltd.(Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## VII. EQUITY IN OTHER ENTITIES - continued

## 1. Interest in subsidiaries - continued

## (1) Major subsidiaries of the Group - continued

No.	Name of subsidiaries	Principal place of business and registered address	Nature of business	Shareholding proportion (%)		Methods of acquisition
				Direct	Indirect	
70	Shanghai Yujin Hotels Management Co., Ltd.(Note 4)	PRC	Service	-	60.00	Subsidiaries acquired through a business combination involving enterprises under common control
71	Shenzhen Duzhijhua Inn Management Co., Ltd. ("Duzhijhua") ("City Inn") (Note 4)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
72	Lushan Jin Jiang International Hotel Investment Co., Ltd. (Note 3)	PRC	Service	-	60.00	Subsidiaries set up or invested by the Group
73	Yili Jinlv Hotels Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
74	Shanghai Jinxian Hotels Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
75	Hangzhou Jinche Inn Hotels Investment and Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
76	Tianjin Jintai Hotels Management Co., Ltd (Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
77	Shanghai Jin Jiang Brand Management Co., Ltd.(Note 3)	PRC	Service	-	100.00	Subsidiaries set up or invested by the Group
78	Shanghai Jin Jiang Inn (Hong Kong) Co., Ltd. (Note 5)	Hong Kong	Investment	-	100.00	Subsidiaries set up or invested by the Group
79	Sailing Investment (Note 5)	Luxembourg	Investment	-	100.00	Subsidiaries set up or invested by the Group
80	GDL(Note 5)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
81	Louvre Hôtels Group(Note 5, 6)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
82	Keystone(Note 7)	PRC	Service	96.50175	-	Subsidiaries acquired through a business combination not involving enterprises under common control
83	7 Days Hotel (Shenzhen) Co., Ltd. (Note 8)	PRC	Service	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
84	7 Days Four Seasons (Guangzhou) Co., Ltd. (Note 8)	PRC	Service	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
85	Plateno Investment Limited (Note 8)	PRC	Investment	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
86	Plateno Group Limited (Note 8)	PRC	Investment	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
87	7 Days Group Holdings Limited (Note 8)	PRC	Investment	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
88	Vienna (Note 9)	PRC	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
89	Baisuicun (Note 10)	PRC	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**VII. EQUITY IN OTHER ENTITIES - continued**

**1. Interest in subsidiaries - continued**

(1) Major subsidiaries of the Group - continued

Note 1: Subsidiaries of Catering Investment.

Note 2: Subsidiaries of New Asia Food.

Note 3: Subsidiaries of Hotel Investment.

Note 4: Subsidiaries of Jin Jiang Inn.

Note 5: Subsidiaries of Jin Lu Investment

Note 6: Louvre Hôtels Group has 330 subsidiaries including 289 wholly-owned subsidiaries: 247 registered in France, 14 in Poland, 14 in Netherlands, 12 in Britain, 12 in German, 8 in Spain and the rest 23 in other countries.

Note 7: Keystone has 107 subsidiaries including 72 wholly-owned subsidiaries: 70 registered in Mainland China and the rest 37 out of Mainland China.

Note 8: Subsidiaries of Keystone.

Note 9: Vienna has 27 subsidiaries in total, all of which are wholly-owned subsidiaries.

Note 10: Baisuicun has 2 subsidiaries in total, all of which are wholly-owned subsidiaries.

(2) Significant non-wholly subsidiaries

RMB

Name of subsidiaries	Minority shareholding (%)	Profit or loss attributable to minority interests for the year	Declared dividends to minority interests for the year	Closing balance of minority interests
Keystone	3.49825	93,817,323.95	(116,977,101.94)	299,446,006.65
Vienna	20.00	60,072,148.44	(71,245,535.83)	157,257,116.04
Longevity Village	20.00	1,178,017.08	-	3,682,214.21

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## VII. EQUITY IN OTHER ENTITIES - continued

## 1. Interest in subsidiaries - continued

## (3) Significant financial information of significant non-wholly subsidiaries

RMB

Name of subsidiaries	31 December 2020						31 December 2019					
	Current assets	None-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	None-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Keystone	3,559,161,657.17	3,606,466,024.38	7,165,627,681.55	2,145,391,046.48	602,578,404.57	2,747,969,451.05	2,803,654,099.57	4,481,664,023.80	7,285,318,123.37	2,341,531,077.16	650,165,946.32	2,991,697,023.48
Vienna	1,626,027,504.55	768,483,455.59	2,394,510,960.14	1,582,822,192.04	25,403,187.89	1,608,225,379.93	1,536,062,889.23	808,000,718.77	2,344,063,608.00	1,478,943,026.82	22,968,064.00	1,501,911,090.82
Longevity Village	61,876,648.10	27,576,610.97	89,453,259.07	71,042,188.03	-	71,042,188.03	79,822,043.33	36,377,613.02	116,199,656.35	87,147,192.27	-	87,147,192.27

Name of subsidiaries	2020				2019			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Keystone	2,837,928,242.83	241,369,698.33	241,014,232.53	(58,441,262.98)	4,497,920,821.27	590,506,559.86	586,989,192.11	813,940,886.23
Vienna	2,717,481,522.55	300,360,742.18	300,360,742.18	369,099,750.93	3,143,930,731.76	321,052,380.66	321,052,380.66	512,529,982.28
Longevity Village	246,599,548.17	5,890,085.41	5,890,085.41	2,003,641.32	376,094,653.46	16,108,721.75	16,108,721.75	30,535,995.66

## 2. Equity in joint ventures and associates

## (1) Summary financial information of insignificant joint ventures and associates

RMB

	31 December 2020/2020	31 December 2019/2019
<b>Joint ventures:</b>		
Total carrying amount of investments	706,496.84	-
Total amounts calculated based on shareholding proportions		
-- Net profit (loss)	132,496.84	-
-- Total comprehensive income (loss)	132,496.84	-
<b>Associates:</b>		
Total carrying amount of investments	656,516,286.42	502,448,045.78
Total amounts calculated based on shareholding proportions		
--Net profit	102,673,213.47	141,548,702.28
-- Other comprehensive income (loss)	(205,909.68)	263,039.74
-- Total comprehensive income (loss)	102,467,303.79	141,811,742.02

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

The Group's major financial instruments include cash and bank balance, held-for-trading financial assets, accounts receivable, investments in other equity instruments, other non-current financial assets, derivative financial liabilities, account payables, borrowings and long-term payables etc. Details of these financial instruments are disclosed in Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are controlled at a certain level.

Item	Closing balance	Opening balance
<b>FVTPL</b>		
Held-for-trading financial assets	254,237,956.80	251,624,000.00
Other non-current financial assets	452,100,000.00	1,198,992,661.09
<b>FVTOCI</b>		
Investments in other equity instruments	47,175,565.45	53,440,521.68
<b>At amortized cost</b>		
Cash and bank balances	6,793,091,362.79	5,919,686,146.37
Accounts receivable	1,076,310,781.42	1,157,171,238.89
Other receivables	581,823,083.39	497,183,356.48
Other current assets	-	1,200,000.00
Other non-current assets	73,164,652.53	50,040,563.02
<b>Financial liabilities</b>		
<b>FVTPL</b>		
Derivative financial liabilities	-	939,766.98
Long-term payables	6,576,026.22	101,932,939.57
Other non-current liabilities due within one year	33,116,083.04	-
<b>At amortized cost</b>		
Short-term borrowings	1,016,085,319.50	18,640,596.27
Accounts payable	1,787,371,141.16	2,006,538,757.20
Other payables	1,783,950,729.13	1,693,391,368.58
Non-current liabilities due within one year	861,942,279.86	1,215,062,608.31
Long-term borrowings	14,540,076,203.12	14,116,412,782.68
Long-term payables	145,596,312.19	154,138,447.67

The Group adopts sensitivity analysis techniques to analyze how the entity's profit or loss for the period or owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

**1. Risk management objectives and policies**

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued****1. Risk management objectives and policies - continued**1.1 Market risk1.1.1. Currency risk

Currency risk is the risk of fluctuation in the fair value or future cash flow because of changes in foreign exchange rates. As the Company and its subsidiaries in China mainly operated in Mainland China and its principal businesses are denominated and settled in RMB, the majority of transactions, assets and liabilities are recorded in RMB. As at 31 December 2020, the Company and its domestic subsidiaries have foreign currency balance concentrated at certain cash and bank balances. The Company and its subsidiaries in China are exposed to foreign currency risks mainly associated with USD. The Company and its subsidiaries in China closely monitors the influence on the Group's currency risks incurred by fluctuations in foreign exchange rate, and considers that foreign currency risk is limited due to limited transactions denominated in foreign currencies.

GDL, the Group's subsidiaries out of China, mainly operate in Europe with Euro as the settlement currency for its principal operating activities, and then Euro is the unit for most transactions, assets and liabilities. As at 31 December 2020, the exposure to the foreign currency risk of GDL is primarily associated with certain cash and bank balances in GBP and PLN. GDL closely monitors the foreign currency risks of the Group incurred by fluctuations in foreign exchange rate. Due to the limited foreign currency settlement, GDL believes that the current foreign currency risk has no significant impact on its business operation.

1.1.2. Interest rate risk

Interest rate risk refers the risk of fluctuation in the fair value or future cash flow due to changes in interest rates. The Group's risk of changes in cash flows of financial instruments due to changes in interest rates is mainly related to floating rate borrowings and payables to finance leases. The Group's policy is to maintain the floating interest rate on these borrowings and payables so as to eliminate the risk of changes in the fair value of interest rates.

Sensitivity analysis on interest rate risk

Interest rate risk sensitivity analysis is based on the assumption that changes in market interest rates affect the interest income or expense of variable rate financial instruments.

On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss and shareholders' equity for 2020 and 2019:

Change in interest rate	31 December 2020/2020		31 December 2019/2019	
	Effect on total profit	Effect on shareholders' equity	Effect on total profit	Effect on shareholders' equity
25% increase	(10,062)	(7,346)	(17,374)	(12,705)
25% decrease	10,062	7,346	17,374	12,705

RMB'000

1.1.3. Other price risk

Other price risk is the risk except for foreign currency and interest rate risk. The Group is mainly exposed to the other price risk including held-for-trading financial assets and other non-current financial assets. The Group minimizes the equity security price risks by holding a portfolio of equity securities with different risks.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued****1. Risk management objectives and policies - continued**1.1 Market risk - continued1.1.3. Other price risk - continuedSensitivity analysis on other price risk

The Group is exposed to the price risk arising from financial assets which are measured at fair value. As at 31 December 2019, where all other variables keep constant, according to the possible changes in the value of securities, a 10% increase (decrease) in equity instrument price will result in an increase (decrease) amounting to RMB 25,423,795.68 in total profit of the Group and an increase (decrease) amounting to RMB 20,092,271.76 in shareholders' equity of the Group.

The fair values of certain financial instruments are determined by using the general pricing model based on discounted cash flow analysis or by other valuation techniques. As the valuation technique itself is based on certain valuation assumptions, the valuation result is significantly sensitive to the valuation assumptions. Changes in the valuation assumptions may have the following impact:

Change in interest rate	31 December 2020/2020	
	Effect on total profit	Effect on shareholders' equity
1% increase in discount rate	(12,200)	(9,150)
1% decrease in discount rate	12,500	9,375

RMB'000

1.2 Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from: cash and bank balances (Note V, 1), accounts receivable (Note V, 3), other receivables (Note V, 5), other current assets (Note V, 7) and other non-current assets (Note V, 17), etc. On the balance sheet date, the carrying amount of the Group's financial assets reflects the maximum exposure to risks.

In order to minimize the credit risk, the Group controls credit limits, performs credit approvals and other monitoring procedures (including controlling cash flows of franchise hotels in China, etc.) to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks and finance companies with high credit ratings.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued****1. Risk management objectives and policies - continued****1.3 Liquidity risk - continued**

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

	RMB			
	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	1,043,960,658.05	-	-	1,043,960,658.05
Accounts payable	1,787,371,141.16	-	-	1,787,371,141.16
Dividends payable	240,945,600.79	-	-	240,945,600.79
Other payables	1,530,316,680.37	-	-	1,530,316,680.37
Long-term payables (including: non-current liabilities due within one year)	57,351,631.23	140,781,283.20	11,817,215.15	209,950,129.58
Long-term borrowings (including: non-current liabilities due within one year)	1,087,692,414.29	14,842,391,767.70	-	15,930,084,181.99

Above table is prepared based on undiscounted cash flow of the Group's financial liabilities on the possible earliest repayment day, considering the cash flows of the principal and interest. The undiscounted amount arises from the interest rate at the end of the financial reporting, and the contract will expire at the earliest demanded repayment day if the interest flow is based on a floating interest rate.

**2. Transfer of financial assets**

In the current year, the Group has no financial assets that have been transferred but not derecognized as a whole or financial assets that have been derecognized as a whole but with continuous involvement of the transferor.

**IX. DISCLOSURE OF FAIR VALUE****1. Closing fair value of assets and liabilities measured at fair value**

	RMB			
	Fair value at 31 December 2020			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
Continuous fair value measurement				
Held-for-trading financial assets	254,237,956.80	-	-	254,237,956.80
Other non-current financial assets	-	-	452,100,000.00	452,100,000.00
Investments in other equity instruments	13,659,000.00	-	33,516,565.45	47,175,565.45
Total assets continuously measured at fair value	267,896,956.80	-	485,616,565.45	753,513,522.25
Long-term payables	-	-	6,576,026.22	6,576,026.22
Non-current liabilities due within one year	-	-	33,116,083.04	33,116,083.04
Total liabilities continuously measured at fair value	-	-	39,692,109.26	39,692,109.26

**2. Basis for determining the market price of continuous level 1 fair value measurement items**

The fair value at the end of the reporting period was determined based on quoted prices in the open market as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**IX. DISCLOSURE OF FAIR VALUE - continued****3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items**

	Fair value at 31 December 2020	Valuation technique	Inputs	Weighted average
Long-term payables- Hôtels et Préférence	6,576,026.22	Discounted cash flow method	Discount rate	3.9%
Non-current liabilities due within one year- Sarovar	33,116,083.04	Discounted cash flow method	Discount rate	10%
Other non-current financial assets- Hangzhou Kentucky Fried Chicken Co., Ltd.	276,000,000.00	Discounted cash flow method	Discount rate	11.23%
			Revenue growth rate	2.9%
Other non-current financial assets- Suzhou Kentucky Fried Chicken Co., Ltd.	117,900,000.00	Discounted cash flow method	Discount rate	11.23%
			Revenue growth rate	2.9%
Other non-current financial assets- Wuxi Kentucky Fried Chicken Co., Ltd.	58,200,000.00	Discounted cash flow method	Discount rate	11.23%
			Revenue growth rate	2.9%
Equity investment in GDL	26,131,309.64	Discounted cash flow method	Discount rate	10%

**4. Fair value of financial assets and financial liabilities not measured at fair value**

For the Group's current assets and current liabilities that are not measured at fair value, the book value of the financial assets and the financial liabilities approximate to the fair value.

**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****1. Basic information of parent company**

Name of parent company	Registered address	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)	Proportion of the Company's voting power held by the parent company (%)
Jin Jiang Capital	Room316-318, No.24 Yangxin East Road, Pudong District, Shanghai, PRC	Hotel Investment, hotel management and others	RMB 5,566 million	50.32	50.32
Description of the parent company of the Company					
On 6 June 1995, Jin Jiang Capital was restructured from Shanghai New Asia Group Co., Ltd in the PRC, principal operation of which included hotels investment, food and others. On 15 December 2006, Jin Jiang Capital share (Stock Code: 02006) was approved to list in Hong Kong Stock Exchange. Its parent company and ultimate holding company is Jin Jiang International.					

The ultimate holding party is Jin Jiang International.

**2. Basic information of subsidiaries**

The general information and other related information of the subsidiaries is set out in note (VII) 1.

**3. Basic information of joint ventures and associate**

The general information and other related information of joint ventures and associate is set out in Note (V) 8.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**

**4. Basic information of other related parties**

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Shanghai Jin Jiang Capital Co., Ltd. Xin Jin Jiang Hotel	Component of parent company
Shanghai Jin Jiang Capital Co., Ltd. New Asia Hotel	Component of parent company
Shanghai Jin Jiang Capital Co., Ltd. Xincheng Hotel	Component of parent company
Shanghai Jin Jiang Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang International Hotel Co., Ltd.	Fellow subsidiary
Cypress Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang Jinmen Hotel Co., Ltd.	Fellow subsidiary
Shanghai Hongqiao Hotel Co., Ltd.	Fellow subsidiary
Shanghai Hotel Co., Ltd.	Fellow subsidiary
Jinshajiang Hotel Co., Ltd.	Fellow subsidiary
Shanghai Peace Hotel Co., Ltd.	Fellow subsidiary
Wuhan Jin Jiang Hotel Co., Ltd.	Fellow subsidiary
Marvel Hotel Shanghai	Fellow subsidiary
Sofitel Shanghai Hyland Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jianguo Hotel Co., Ltd.	Fellow subsidiary
Shanghai MAGNOTEL Hotel Co., Ltd.	Fellow subsidiary
Finance Company	Fellow subsidiary
Shanghai New Asia Plaza Great Wall Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Fellow subsidiary
Jin Jiang International Hotel Management Co., Ltd.	Fellow subsidiary
Shanghai Hua Ting Guest House Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang International Industrial Investment Co., Ltd. Xin Jin Jiang Hotel	Fellow subsidiary
Xi'an Xijing International Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jing An Hotel	Fellow subsidiary
Ningbo Jinbo Hotel Co., Ltd.	Fellow subsidiary
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	Fellow subsidiary, associate
Tianjin Hu Jin Hotel Investment Co., Ltd.	Fellow subsidiary, associate
Tianjin Hedongqu Jin Jiang Inn Co., Ltd.	Fellow subsidiary
Tianjin Jin Jiang Inn Co., Ltd.	Fellow subsidiary, associate
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	Fellow subsidiary, associate
Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.	Fellow subsidiary, associate
Changchun Jin Jiang Inn Investment and Management Co., Ltd.	Fellow subsidiary, associate
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	Fellow subsidiary
Shanghai Xintiantian Cold Logistics Co., Ltd.	Fellow subsidiary
Kunming Jin Jiang Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang Online Network Service Co., Ltd.	Fellow subsidiary
Shanghai Jing An Bakery Co., Ltd.	Fellow subsidiary, associate
Les Roches Jin Jiang International Hotel Management College	Associates of parent company

**(Together, Jin Jiang Capital and all above entities named as "Jin Jiang Capital and subsidiaries")**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**

**4. Basic information of other related parties - continued**

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Shanghai Longshen Business Service Co., Ltd.	Subsidiary of ultimate holding company
Jiaozhou Resort Hotel of Shanghai Food Group	Subsidiary of ultimate holding company
Shanghai Jin Jiang Amusement Park	Subsidiary of ultimate holding company
Shanghai Jin Jiang Property Management Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Gengjie Investment Management Co., Ltd.	Subsidiary of ultimate holding company
Hong Kong Jin Jiang Travel Co., Ltd.	Subsidiary of ultimate holding company
Shanghai East Jin Jiang Hotel Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Meat Company	Subsidiary of ultimate holding company
Shanghai Jin Jiang International Investment Management Co., LTD	Subsidiary of ultimate holding company
Shanghai Jin Jiang International E-Commerce Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Hua Ting Hotel and Towers Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Hunan Egg Products Company	Subsidiary of ultimate holding company
Pictet Huitong Network Technology (Shanghai) Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Jin Jiang International Electronic Commerce Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Jinshe Zhongchuang Space Management Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Jin Jiang Supermarket Co., Ltd.	Subsidiary of ultimate holding company
Da Hua Hotel	Subsidiary of ultimate holding company, associate
Xi'an Jin Jiang Inn Co., Ltd.	Subsidiary of ultimate holding company
Zhengzhou Jin Jiang Inn Co., Ltd.	Subsidiary of ultimate holding company
Radisson Hotels Asia Pacific Investments Pte Ltd.	Subsidiary of ultimate holding company
Jin Jiang International (Holdings) Co., Ltd.	
Liangyi Building Restaurant	Subsidiary of ultimate holding company
Jin Jiang International (Holdings) Co., Ltd.	
Shanghai Liangyi Building	Subsidiary of ultimate holding company
Shanghai Catering Service School	Subsidiary of ultimate holding company
The Kunlun Jiang An Co., Ltd.	Subsidiary of ultimate holding company
The Kunlun Beijing Management Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Xinlianyi Building Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Guanglv Enterprise Management Co., Ltd.	Joint venture of the ultimate holding company

**(Together, Jin Jiang International and all above entities named as "Jin Jiang International and subsidiaries")**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****4. Basic information of other related parties - continued**

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Shanghai Xinjin Hotel Management Co., Ltd.	Associate

(Above entities are collectively referred to as "Related parties of Hotel Investment")

Shanghai Yoshinoya Co., Ltd.	Associate
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(Above entities are collectively referred to as "Related parties of Catering Investment")

GOLDEN TULIP MENA	Associate
GOLDEN TULIP SOUTHERN ASIA LTD	Associate

(Above entities are collectively referred to as "Related parties of GDL")

Ganzi Shengdi Xiang Ba La Tourism Investment Co., Ltd.	Associate
Guangzhou Muximei Internet Service Co., Ltd.	Associate
Guangzhou Yaji Hotel Management Co., Ltd.	Associate
Guangzhou WO Qu Apartment Management Co., Ltd.	Associate

(Together, all above entities named as "Related parties of Keystone")

**5. Related party transactions**

(1) Purchases or sales of goods, rendering or receipts of services

Purchases of goods/receipts of services

RMB

Related party	Transaction	2020	2019
1. Purchases of goods			
Jin Jiang International and subsidiaries	Purchasing of membership package	18,881,595.16	15,361,176.58
Jin Jiang Capital and subsidiaries	Purchase of hotel commodities and food	4,193,401.39	5,799,712.97
Jin Jiang International and subsidiaries	Purchase of hotel commodities and food	9,600.00	21,040.98
	<b>Subtotal</b>	<b>23,084,596.55</b>	<b>21,181,930.53</b>
2. Receipts of services			
Jin Jiang International and subsidiaries	Booking service fee	10,419,705.32	15,436,297.95
	<b>Subtotal</b>	<b>10,419,705.32</b>	<b>15,436,297.95</b>
Jin Jiang International and subsidiaries	Technology system service fees	-	2,392,123.68
	<b>Subtotal</b>	<b>-</b>	<b>2,392,123.68</b>
Jin Jiang Capital and subsidiaries	Payment of labor compensation and social insurance premiums for borrowed qualified personnel	45,002,495.15	60,475,538.82
	<b>Subtotal</b>	<b>45,002,495.15</b>	<b>60,475,538.82</b>
3. Other out-flows			
Jin Jiang International and subsidiaries	Share of brand management fee	1,801,509.45	-
	<b>Subtotal</b>	<b>1,801,509.45</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

## (1) Purchases or sales of goods, rendering or receipts of services - continued

## Sales of goods/rendering of services

RMB

Related party	Transaction	2020	2019
1. Income from accounting for room charges			
Jin Jiang International and subsidiaries	Income from accounting for room charges	18,376,269.07	28,757,446.25
	<b>Subtotal</b>	<b>18,376,269.07</b>	<b>28,757,446.25</b>
2. Design and promotion of membership gift			
Jin Jiang International and subsidiaries	Design and promotion of membership gift	47,060,568.12	36,742,630.56
	<b>Subtotal</b>	<b>47,060,568.12</b>	<b>36,742,630.56</b>
3. Income from cooperation with hotel goods supply chain			
Jin Jiang Capital and subsidiaries	Income from cooperation with hotel goods supply chain	48,409,292.57	-
	<b>Subtotal</b>	<b>48,409,292.57</b>	<b>-</b>
4. Mooncakes OEM			
Jin Jiang Capital and subsidiaries	Mooncakes OEM	521,748.23	1,466,701.06
Jin Jiang International and subsidiaries	Mooncakes OEM	602,913.56	1,278,289.41
	<b>Subtotal</b>	<b>1,124,661.79</b>	<b>2,744,990.47</b>
5. Sales of goods and foods			
Jin Jiang International and subsidiaries	Sales of goods of limited - service business hotels	-	69,850.32
	<b>Subtotal</b>	<b>-</b>	<b>69,850.32</b>
Jin Jiang Capital and subsidiaries	Sales of foods	3,925,642.31	2,832,763.77
Jin Jiang International and subsidiaries	Sales of foods	531,453.66	367,370.77
	<b>Subtotal</b>	<b>4,457,095.97</b>	<b>3,200,134.54</b>
6. Income from group meals			
Jin Jiang Capital and subsidiaries	Income from group meals	4,367,143.39	4,546,313.21
Jin Jiang International and subsidiaries	Income from group meals	2,212,146.23	5,856,943.40
	<b>Subtotal</b>	<b>6,579,289.62</b>	<b>10,403,256.61</b>
7. Management fee income			
Jin Jiang International and subsidiaries	Income from limited service hotel management fee	45,491.49	99,939.06
	<b>Subtotal</b>	<b>45,491.49</b>	<b>99,939.06</b>

## (2) Related party lease

The Group as lessor:

RMB

Lessee	Asset for lease	Lease income recognized in the year	Lease income recognized in the prior year
Shanghai Jin Jiang International Electronic Commerce Co., Ltd.	Office area	1,299,416.15	320,564.71
Related parties of Keystone	Office area	877,499.59	94,339.62
Les Roches Jin Jiang International Hotel Management College	Office area	60,775.32	243,101.26
<b>Subtotal</b>		<b>2,237,691.06</b>	<b>658,005.59</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

## 5. Related party transactions - continued

## (2) Related party lease - continued

The Group as lessee:

RMB

Lessor	Asset for lease	Lease expenses recognized in the year	Lease expenses recognized in the prior year
Jin Jiang Capital	Operation area	28,708,571.41	28,708,571.43
Marvel Hotel Shanghai	Operation area	9,483,198.52	11,885,714.29
Jinshajiang Hotel Co., Ltd.	Operation area	18,072,352.83	22,919,352.11
Jin Jiang International and subsidiaries	Operation and office area	3,646,514.36	4,390,131.56
Shanghai Hunan Egg Products Company	Operation area	10,660,825.80	10,292,358.95
Shanghai Gengjie Investment Management Co., Ltd.	Operation and office area	10,387,857.12	10,276,666.58
Shanghai Hua Ting Guest House Co., Ltd.	Operation area	8,140,161.66	8,140,161.78
Shanghai MAGNOTEL Hotel Co., Ltd.	Operation area	8,459,299.25	8,459,299.19
Shanghai Jin Jiang Online Network Service Co., Ltd.	Operation area	6,600,744.04	7,361,742.10
Shanghai Jing An Hotel	Operation area	4,275,802.86	4,275,802.86
Shanghai Jin Jiang Hotel Co., Ltd.	Operation area	4,236,131.60	4,236,131.64
Shanghai Jin Jiang Amusement Park	Operation area	3,589,709.21	3,597,685.90
Shanghai Jin Jiang Hotel Co., Ltd.	Restaurant and staff accommodation	2,784,838.11	2,637,034.37
Shanghai Catering Service School	Operation area	2,217,260.91	2,119,641.86
Shanghai East Jin Jiang Hotel Co., Ltd.	Operation area	1,612,547.32	-
Shanghai Jin Jiang Property Management Co., Ltd.	Operation and office area	591,790.80	204,971.97
Shanghai Jin Jiang International Investment Management Co., Ltd.	Office area	-	343,691.43
<b>Subtotal</b>		<b>123,467,605.80</b>	<b>129,848,958.02</b>

## (3) Guarantees with related parties

The Group as the guaranteed party:

RMB

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether the guarantee has been fulfilled completely
Jin Jiang International	Sailing Investment	2,158,725,000.00	2017/11/17	2022/4/29	N
Jin Jiang International	Sailing Investment	2,672,325,000.00	2017/11/17	2022/11/16	N

## (4) Amount due to/from related parties

RMB

Related party	Amount	Commencement date	Maturity Date	Remark
<b>Borrowed from</b>				
Finance Company	6,000,000.00	2019/5/16	2020/5/15	Credit borrowings
Finance Company	6,000,000.00	2020/11/11	2021/11/11	Credit borrowings
Finance Company	4,500,000.00	2019/7/8	2020/7/7	Credit borrowings
Finance Company	4,500,000.00	2020/7/6	2021/7/5	Credit borrowings
Finance Company	6,000,000.00	2020/4/20	2021/4/9	Credit borrowings
Finance Company	5,000,000.00	2020/8/10	2021/2/9	Credit borrowings
Finance Company	5,000,000.00	2020/8/10	2021/2/9	Credit borrowings
Finance Company	110,000,000.00	2020/12/1	2021/2/11	Credit borrowings
Jin Jiang International	110,000,000.00	2020/11/12	2020/11/17	Entrusted borrowings
Jin Jiang International	160,000,000.00	2020/11/12	2020/11/17	Entrusted borrowings
Finance Company	7,935,000.00	2019/12/26	2022/12/25	Credit borrowings
Finance Company	7,935,000.00	2017/4/11	2020/4/10	Credit borrowings
Finance Company	4,965,000.00	2017/11/6	2020/11/5	Credit borrowings
Finance Company	1,000,000.00	2017/11/13	2020/11/5	Credit borrowings
Finance Company	1,000,000.00	2017/11/17	2020/11/5	Credit borrowings
Finance Company	2,500,000.00	2017/12/4	2020/11/5	Credit borrowings

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

## 5. Related party transactions - continued

## (4) Amount due to/from related parties - continued

RMB

Related party	Amount	Commencement date	Maturity Date	Remark
<b>Borrowed from - continued</b>				
Finance Company	500,000.00	2017/12/14	2020/11/5	Credit borrowings
Finance Company	7,935,000.00	2020/9/29	2023/9/28	Credit borrowings
Finance Company	11,565,000.00	2020/11/3	2023/11/2	Credit borrowings
Finance Company	1,000,000.00	2018/1/15	2020/11/5	Credit borrowings
Finance Company	300,000.00	2018/1/31	2020/11/5	Credit borrowings
Finance Company	300,000.00	2018/1/13	2020/11/5	Credit borrowings
Finance Company	6,985,000.00	2018/5/11	2021/5/10	Credit borrowings
Finance Company	1,000,000.00	2018/6/1	2021/5/10	Credit borrowings
Finance Company	1,000,000.00	2018/6/14	2021/5/10	Credit borrowings
Finance Company	1,000,000.00	2018/6/28	2021/5/10	Credit borrowings
Finance Company	4,920,000.00	2019/10/10	2022/10/9	Credit borrowings
Finance Company	2,965,000.00	2017/1/12	2020/1/11	Credit borrowings
Finance Company	2,970,000.00	2020/1/9	2023/1/8	Credit borrowings
Finance Company	120,000,000.00	2019/5/16	2022/5/15	Credit borrowings
Finance Company	110,000,000.00	2020/11/17	2023/11/16	Credit borrowings
Finance Company	70,000,000.00	2017/12/27	2020/3/2	Credit borrowings
Finance Company	370,000,000.00	2018/1/5	2020/2/13	Credit borrowings
Finance Company	300,000,000.00	2020/2/14	2020/4/1	Credit borrowings
Finance Company	70,000,000.00	2020/2/14	2020/4/2	Credit borrowings
Finance Company	130,000,000.00	2019/4/22	2020/2/13	Credit borrowings
Finance Company	130,000,000.00	2020/2/14	2020/4/2	Credit borrowings
Finance Company	100,000,000.00	2019/4/22	2020/4/2	Credit borrowings
Finance Company	160,000,000.00	2019/4/22	2020/11/12	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/12/15	Credit borrowings
Finance Company	200,000,000.00	2020/6/12	2022/4/21	Credit borrowings
Finance Company	400,000,000.00	2019/12/6	2020/4/2	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/6/20	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/12/20	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2022/6/20	Credit borrowings
Finance Company	50,000,000.00	2020/6/12	2022/12/5	Credit borrowings
Finance Company	500,000,000.00	2020/8/14	2022/12/5	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2021/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2021/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2022/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2022/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2023/6/15	Credit borrowings
Finance Company	550,000,000.00	2020/9/28	2023/9/27	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2021/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2023/6/15	Credit borrowings
Finance Company	457,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2021/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2023/6/15	Credit borrowings
Finance Company	390,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	160,000,000.00	2020/11/17	2023/11/3	Credit borrowings
Master Melon Capital	2,006,250,000.00	2017/5/15	2022/5/10	Credit borrowings
<b>Subtotal</b>	<b>6,938,025,000.00</b>			

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

## (4) Amount due to/from related parties - continued

Related party	Amount	Commencement date	Maturity Date	Remark
<b>Lend to</b>				
Shanghai Xinjin Hotel Management Co., Ltd.	1,200,000.00	2019/11/6	2020/11/5	Entrusted Loans
Shanghai Xinjin Hotel Management Co., Ltd.	1,200,000.00	2020/11/30	2022/11/10	Entrusted Loans
Shanghai Yoshinoya Co., Ltd.	3,425,200.00	2019/7/29	2022/7/28	Entrusted Loans
Da Hua Hotel	11,700,000.00	2020/6/29	2023/6/28	Entrusted Loans
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	9,000,000.00	2020/6/30	2023/6/29	Entrusted Loans
<b>Subtotal</b>	<b>26,525,200.00</b>			

Interest expenses between the Group and related parties are as below:

Item	RMB	
	2020	2019
Interest expenses	46,249,836.36	36,517,169.79
Interest income	42,197,932.86	36,945,719.69
Investment income	222,677.80	150,840.79

The Group has deposited a part of settlement capital or idle capital in Finance Company The closing balance and transactions are as below:

Finance Company	RMB	
	2020	2019
Closing balance of deposits	3,862,535,958.23	2,964,694,305.54

Finance Company	RMB	
	2020	2019
Accumulative amount of deposits at Finance Company	25,228,192,253.95	30,459,081,818.58

Finance Company	RMB	
	2020	2019
Accumulative amount of deposits withdrawn from Finance Company	24,330,350,601.26	30,485,881,445.02

## (5) Transfer of related party assets

Related party	Content of transactions	2020	2019
Jin Jiang International Investment	Equity Transfer	170,436,388.68	-
Jin Jiang Capital	Equity Transfer	331,697,419.12	-
Shanghai Guanglv Enterprise Management Co., Ltd.	Equity Transfer	135,361,527.97	-
<b>Total</b>		<b>637,495,335.77</b>	-

Information on the Group's equity transfer is detailed in Note (VI) 1.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

## (6) Compensation of key management personnel

RMB

	2020	2019
Compensation of key management personnel (Note)	3,758,000.00	5,184,400.00

Note: Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Chief Information Officer, Vice President, Secretary General of the Board, Secretary of the Board, person in charge of finance, and other personnel determine by the Board of Directors. Compensation for key management personnel includes monetary, physical and other forms of salaries, welfare, bonuses, and special benefits.

## (7) Other related party transactions

During the year, the Group entered into the "Hotel Rooms and Related Services Buyout Agreement" and the supplemental agreement with Jin Jiang International, under which Jin Jiang International bought out from the Group the hotel rooms and related services requisitioned in accordance with the needs of the governments of various regions for the prevention and control of the COVID-19 pandemic, and the above transaction affected the operating income in the amount of RMB 275,806,709.43.

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**6. Receivables and payables with related parties**

## (1) Receivables

RMB

Item	Related party	31 December 2020		31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jin Jiang Capital and subsidiaries	48,898,067.07	-	2,319,985.08	-
Accounts receivable	Jin Jiang International and subsidiaries	110,208,163.83	-	122,508,470.98	-
Accounts receivable	RELATED PARTIES OF GDL	-	-	4,728,377.50	-
Accounts receivable	Related parties of Keystone	280,936.01	-	-	-
<b>Subtotal</b>		<b>159,387,166.91</b>	<b>-</b>	<b>129,556,833.56</b>	<b>-</b>
Other receivables	Jin Jiang Capital and subsidiaries	24,085,807.25	-	2,893,805.56	-
Other receivables	Jin Jiang International and subsidiaries	12,806,231.97	-	56,116.65	-
Other receivables	RELATED PARTIES OF GDL	8,016,975.00	7,824,375.00	7,393,463.00	7,393,463.00
Other receivables	Related parties of Keystone	72,786.85	-	3,128,564.57	-
<b>Subtotal</b>		<b>44,981,801.07</b>	<b>7,824,375.00</b>	<b>13,471,949.78</b>	<b>7,393,463.00</b>
Prepayments	Jin Jiang Capital and subsidiaries	19,680.00	-	1,303,214.33	-
Prepayments	Jin Jiang International and subsidiaries	1,068,639.89	-	980,532.40	-
Prepayments	Shanghai Gengjie Investment Management Co., Ltd.	-	-	2,885,000.00	-
<b>Subtotal</b>		<b>1,088,319.89</b>	<b>-</b>	<b>5,168,746.73</b>	<b>-</b>
Interest receivable	Jin Jiang Capital and subsidiaries	3,161,507.00	-	4,727,073.44	-
Interest receivable	Jin Jiang International and subsidiaries	4,111.25	-	-	-
Interest receivable	Related parties of Hotel Investment	1,595.00	-	1,595.00	-
<b>Subtotal</b>		<b>3,167,213.25</b>	<b>-</b>	<b>4,728,668.44</b>	<b>-</b>
Other current assets	Related parties of Keystone	5,543,803.80	5,543,803.80	5,543,803.80	5,543,803.80
Other current assets	Related parties of Hotel Investment	-	-	1,200,000.00	-
<b>Subtotal</b>		<b>5,543,803.80</b>	<b>5,543,803.80</b>	<b>6,743,803.80</b>	<b>5,543,803.80</b>
Other non-current assets	Related parties of Catering Investment	3,425,200.00	-	3,425,200.00	-
Other non-current assets	Jin Jiang International and subsidiaries	11,700,000.00	-	-	-
Other non-current assets	Jin Jiang Capital and subsidiaries	9,000,000.00	-	-	-
Other non-current assets	Related parties of Hotel Investment	1,200,000.00	-	-	-
<b>Subtotal</b>		<b>25,325,200.00</b>	<b>-</b>	<b>3,425,200.00</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****6. Receivables and payables with related parties - continued**

## (2) Payables

		RMB	
Item	Related party	31 December 2020	31 December 2019
Accounts payable	Jin Jiang Capital and subsidiaries	776,946.90	1,515,541.11
Accounts payable	Jin Jiang International and subsidiaries	21,584,728.12	1,315,623.30
Accounts payable	Related parties of Keystone	475,034.42	623,510.70
<b>Subtotal</b>		<b>22,836,709.44</b>	<b>3,454,675.11</b>
Other payables	Jin Jiang Capital and subsidiaries	63,819,372.84	10,041,079.54
Other payables	Jin Jiang International and subsidiaries	13,641,802.01	1,974,755.79
Other payables	Related parties of Keystone	-	12,667,783.53
<b>Subtotal</b>		<b>77,461,174.85</b>	<b>24,683,618.86</b>
Interest payable	Jin Jiang Capital and subsidiaries	2,750,822.78	1,692,464.10
Interest payable	Related parties of Hotels Investment	1,650.00	1,650.00
<b>Subtotal</b>		<b>2,752,472.78</b>	<b>1,694,114.10</b>

**XI. COMMITMENTS AND CONTINGENCIES****1. Significant commitments**

## (1) Capital commitments

		RMB'000	
		31 December 2020	31 December 2019
Capital commitments that have been entered into agreements but have not been recognized in the financial statements			
-Commitments for the acquisition of long-term assets		38,433	65,157
<b>Total</b>		<b>38,433</b>	<b>65,157</b>

## (2) Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

		RMB'000	
		31 December 2020	31 December 2019
Minimum lease payments under non-cancellable operating leases:			
1 <sup>st</sup> year subsequent to the balance sheet date		1,832,899	1,740,865
2 <sup>nd</sup> year subsequent to the balance sheet date		1,702,555	1,672,531
Subsequent years		10,634,939	9,278,509
<b>Total</b>		<b>14,170,393</b>	<b>12,691,905</b>

**2. Fulfillment of prior commitments**

During the reporting period, the capital commitments and operating lease commitments of the Group have been fully achieved.

**3. Contingencies**

At the end of reporting period, the Group has no significant contingencies.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**XII. EVENTS AFTER THE BALANCE SHEET DATE**

**1. Profit distribution after the balance sheet date**

Please refer to Note V, 35 (2) for details of profit distribution.

**2. Non-public Share Issuance**

On 28 January 2021, the Group received China Securities Regulatory Commission regulatory permission to [2021] No. 208 "On the Approval of Non-public Share Issuance of Shanghai Jin Jiang International Hotel Development CO., LTD.", China Securities Regulatory Commission approved not more than 150 million non-public share issuance of the Company. On 9 March 2021, the Group has received a remittance from the lead underwriter, Shenwan Hongyuan Financing Services Co., Ltd, to the RMB special account of Shanghai Pudong Branch of China Construction Bank Corporation Limited in the amount of RMB 4,978,299,985.86 (The total amount of raised funds is RMB 4,999,999,985.80, net of the underwriting and sponsorship fees). The registration and custody of the non-public share issuance was completed on 19 March 2021 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

**XIII. OTHER SIGNIFICANT EVENTS**

**1. Segment reporting**

According to internal organization and management structure and internal reporting system, the Group identifies four operation segments on basis of business type. The management of Group assigns resources and assesses achievement according to periodical assessment on operation segments. On the basis of business nature, the Group identified four reporting segments based on business nature, which include limited service hotels management and operation business in Mainland China, limited service hotels management and operation business other than Mainland China, food and catering business and other business. The major products and labor services provided by reporting segments are hotel service of Metropolo Hotel, domestic hotel services of Plateno Group hotels, domestic hotel services of Vienna and overseas hotel services, catering services and other businesses.

Segment information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment for the reporting to the management, which shall keep consistent with the accounting and measurement basis for preparing the financial statements.

Transfer price among segments is decided according to market price and indirect expenses are allocated to segments by revenue proportion.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**XIII. OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued**

Segment reporting information for the period from 1 January 2020 to 31 December 2020 is as follows:

	RMB					
	Operation and management of limited-service hotels in Mainland China	Operation and management of overseas limited-service hotels	Food and catering business	Others	Offsetting between segments	Total
Operating income						
Revenue arising from external transactions	7,811,340,851.25	1,837,058,360.47	249,042,009.25	115,043.44	-	9,897,556,264.41
Revenue arising from inter-segment transactions	808,371.96	13,630,430.00	2,512,306.64	914,285.76	(17,865,394.36)	-
Total operating income of segments	7,812,149,223.21	1,850,688,790.47	251,554,315.89	1,029,329.20	(17,865,394.36)	9,897,556,264.41
Operating cost						
Cost arising from external transactions	5,561,742,791.61	1,419,294,081.65	208,467,391.14	-	-	7,189,504,264.40
Cost arising from inter-segment transactions	914,285.76	-	1,034,948.10	-	(1,949,233.86)	-
Total operating cost of segments	5,562,657,077.37	1,419,294,081.65	209,502,339.24	-	(1,949,233.86)	7,189,504,264.40
Less: Taxes and levies	46,131,743.10	66,855,448.93	1,217,744.43	473,784.15	-	114,678,720.61
Selling expenses	384,350,619.02	266,365,400.86	24,798,201.41	-	(380,952.36)	675,133,268.93
Administrative expenses	1,410,888,044.92	843,419,338.61	14,098,875.37	22,370,924.97	(15,535,208.14)	2,275,241,975.73
Research and development expenses	25,908,668.42	-	-	-	-	25,908,668.42
Financial expenses	(14,195,950.86)	176,725,584.24	2,340,181.81	194,356,319.71	-	359,226,134.90
Losses from assets impairment	-	70,463,295.20	-	-	-	70,463,295.20
Losses from credit impairment	1,393,585.84	44,457,452.71	-	-	-	45,851,038.55
Add: Gains or losses from changes in fair values	(2,125,614.93)	55,197,151.19	53,700,000.00	(37,212,000.00)	-	69,559,536.26
Investment income	591,659,750.42	(2,857,924.59)	211,518,792.92	13,680,944.45	-	814,001,563.20
Income (loss) from disposal of assets	(7,358,984.51)	(13,553,752.21)	-	-	-	(20,912,736.72)
Other income	394,991,860.79	3,739,959.07	7,934,907.94	48,374,296.60	-	455,041,024.40
Carrying amount of operating profit of segments	1,372,182,447.17	(994,366,378.27)	272,750,674.49	(191,328,458.58)	-	459,238,284.81
Non-operating income	61,861,207.09	10,669,247.28	32,283.70	10,636.16	-	72,573,374.23
Non-operating expenses	11,236,283.07	35,322,091.03	87,940.76	2,389.25	-	46,648,704.11
Carrying amount of total profit of segments	1,422,807,371.19	(1,019,019,222.02)	272,695,017.43	(191,320,211.67)	-	485,162,954.93
Income tax	318,014,984.24	(209,280,696.05)	17,142,470.26	(8,221,941.83)	-	117,654,816.62
Net carrying amount of profit of segments	1,104,792,386.95	(809,738,525.97)	255,552,547.17	(183,098,269.84)	-	367,508,138.31
Less: Amortization of the balance between fair value of identifiable assets of the acquiree exceeding its carrying amount at the acquisition date (Note)	85,379,565.14	42,230,854.86	-	-	-	127,610,420.00
Net profit	1,019,412,821.81	(851,969,380.83)	255,552,547.17	(183,098,269.84)	-	239,897,718.31
Profit or loss attributable to minority interests	149,846,756.04	(18,675,990.43)	(1,483,958.96)	-	-	129,686,806.65
Net profit attributable to owners of the parent company	869,566,065.77	(833,293,390.40)	257,036,506.13	(183,098,269.84)	-	110,210,911.66

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**XIII. OTHER SIGNIFICANT EVENTS** - continued**1. Segment reporting** - continued

Segment reporting information for the period from 1 January 2020 to 31 December 2020 is as follows: - continued

	RMB					
	Operation and management of limited-service hotels in Mainland China	Operation and management of overseas limited-service hotels	Food and catering business	Others	Offsetting between segments	Total
Total assets	23,115,488,097.44	13,622,881,206.33	810,832,889.57	1,487,410,994.64	(400,051,124.52)	38,636,562,063.46
Including: Carrying amount of segment assets	14,044,809,467.70	6,337,522,364.63	561,995,994.65	1,346,774,635.22	(400,051,124.52)	21,891,051,337.68
Carrying amount of long-term equity investment of segments	219,721,446.31	48,028,082.61	248,836,894.92	140,636,359.42	-	657,222,783.26
Balance of amortized amount of fair value of net identifiable assets exceeding its carrying amount at the acquisition date (note)	2,363,479,902.63	2,221,442,115.78	-	-	-	4,584,922,018.41
Goodwill	6,487,477,280.80	5,015,888,643.31	-	-	-	11,503,365,924.11
Total liabilities	6,167,014,346.28	12,947,976,892.54	224,564,284.33	5,777,295,248.25	(186,309,635.09)	24,930,541,136.31
Including: Carrying amount of segment liabilities	5,576,144,370.63	12,355,563,806.36	224,564,284.33	5,777,295,248.25	(186,309,635.09)	23,747,258,074.48
Balance of amortized amount of fair value of net identifiable liabilities exceeding its carrying amount at the acquisition date (note)	590,869,975.65	592,413,086.18	-	-	-	1,183,283,061.83
Supplemental information:	-	-	-	-	-	-
Depreciation	242,241,963.80	324,839,416.41	925,861.87	715,515.93	-	568,722,758.01
Amortization	650,931,087.58	80,878,314.88	130,356.24	2,788,897.82	-	734,728,656.52
Interest income	54,928,505.48	1,484,770.48	360,825.66	4,186,021.45	-	60,960,123.07
Interest expenses	4,717,255.51	136,018,381.10	2,554,354.01	198,202,425.12	-	341,492,415.74
Impairment losses recognized in the current period	1,393,585.84	114,920,747.91	-	-	-	116,314,333.75
Investment income (loss) from long-term equity investments under equity method	(11,073,601.62)	(5,183,724.95)	119,888,259.46	(825,222.58)	-	102,805,710.31
Amount of long-term equity investments under equity method	219,721,446.31	48,028,082.61	248,836,894.92	140,636,359.42	-	657,222,783.26
Non-current assets except for long-term equity investment	15,709,552,056.49	12,325,337,581.24	464,419,182.71	286,036,021.62	(224,193,092.91)	28,561,151,749.15
Capital expenditure	388,219,538.34	311,487,431.25	177,703.22	48,804.45	-	699,933,477.26
Including: Expenditure arising from construction in progress	340,793,362.49	172,931,028.31	-	-	-	513,724,390.80
Expenditure arising from acquisition of fixed assets	43,304,698.85	87,641,723.79	177,703.22	48,804.45	-	131,172,930.31
Expenditure arising from acquisition of intangible assets	1,399,305.83	45,188,049.14	-	-	-	46,587,354.97
Expenditure arising from acquisition of long-term prepaid expenses	2,722,171.17	5,726,630.01	-	-	-	8,448,801.18

Note: The amounts represent amortized amounts of fair value of identifiable assets and liabilities exceeding their book value during the reporting period and relevant balance thereof at the end of the reporting period under the Group's acquisition of segments not involving enterprises under common control or the segment's acquisition of subsidiaries not involving enterprises under common control.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**XIII. OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued**

Segment reporting information for the period from 1 January 2019 to 31 December 2019 is as follows:

	RMB					
	Operation and management of limited-service hotels in Mainland China	Operation and management of overseas limited-service hotels	Food and catering business	Others	Offsetting between segments	Total
Operating income						
Revenue arising from external transactions	10,749,373,613.55	4,096,550,007.00	252,925,997.96	174,841.06	-	15,099,024,459.57
Revenue arising from inter-segment transactions	807,516.98	6,289,368.60	3,529,124.91	914,285.76	(11,540,296.25)	-
Total operating income of segments	10,750,181,130.53	4,102,839,375.60	256,455,122.87	1,089,126.82	(11,540,296.25)	15,099,024,459.57
Operating cost						
Cost arising from external transactions	1,096,771,301.36	309,943,544.43	120,110,262.05	-	-	1,526,825,107.84
Cost arising from inter-segment transactions	-	-	2,046,105.99	-	(2,046,105.99)	-
Total operating cost of segments	1,096,771,301.36	309,943,544.43	122,156,368.04	-	(2,046,105.99)	1,526,825,107.84
Less: Taxes and levies	66,989,931.76	95,511,872.43	858,968.12	490,326.24	-	163,851,098.55
Selling expenses	5,393,289,721.19	2,190,092,530.66	32,489,667.26	-	(1,295,238.14)	7,614,576,680.97
Administrative expenses	2,835,196,687.48	970,381,390.11	110,015,736.93	28,324,408.83	(8,198,952.12)	3,935,719,271.23
Research and development expenses	27,846,208.31	-	-	-	-	27,846,208.31
Financial expenses	(31,070,203.77)	163,409,316.46	2,088,249.57	206,792,863.73	(2,088,576.10)	339,131,649.89
Losses from assets impairment	32,960,668.65	-	-	-	-	32,960,668.65
Losses from credit impairment	9,578,944.40	(4,542,335.11)	-	-	-	5,036,609.29
Add: Gains or losses from changes in fair values	93,380,307.44	2,313,449.53	18,600,000.00	3,101,000.00	-	117,394,756.97
Investment income	(4,100,825.45)	14,260,182.71	218,666,173.31	14,834,443.11	(2,088,576.10)	241,571,397.58
Income from disposal of assets	69,879,117.07	3,901,257.47	(298,067.99)	(776.00)	-	73,481,530.55
Other income	38,918,626.91	9,092,580.02	1,891,409.31	43,702,787.13	-	93,605,403.37
Carrying amount of operating profit of segments	1,516,695,097.12	407,610,526.35	227,705,647.58	(172,881,017.74)	-	1,979,130,253.31
Non-operating income	41,160,180.22	2,439,722.55	171,822.22	3,853,799.41	-	47,625,524.40
Non-operating expenses	14,115,890.19	37,570,937.27	26,748.38	202,020.14	-	51,915,595.98
Carrying amount of total profit of segments	1,543,739,387.15	372,479,311.63	227,850,721.42	(169,229,238.47)	-	1,974,840,181.73
Income tax	413,106,812.26	176,337,323.19	6,256,297.12	(1,451,109.38)	-	594,249,323.19
Net carrying amount of profit of segments	1,130,632,574.89	196,141,988.44	221,594,424.30	(167,778,129.09)	-	1,380,590,858.54
Less: Amortization of the balance between fair value of identifiable assets of the acquiree exceeding its carrying amount at the acquisition date (Note)	114,985,959.29	(13,514,565.09)	-	-	-	101,471,394.20
Net profit	1,015,646,615.60	209,656,553.53	221,594,424.30	(167,778,129.09)	-	1,279,119,464.34
Profit or loss attributable to minority interests	179,623,618.20	7,799,634.05	(802,865.81)	-	-	186,620,386.44
Net profit attributable to owners of the parent company	836,022,997.40	201,856,919.48	222,397,290.11	(167,778,129.09)	-	1,092,499,077.90

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**XIII. OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued**

Segment reporting information for the period from 1 January 2019 to 31 December 2019 is as follows: - continued

	RMB					
	Operation and management of limited-service hotels in Mainland China	Operation and management of overseas limited-service hotels	Food and catering business	Others	Offsetting between segments	Total
Total assets	23,259,517,731.63	14,039,424,115.50	758,264,588.89	1,296,364,517.72	(479,299,747.96)	38,874,271,205.78
Including: Carrying amount of segment assets	14,265,323,111.56	6,851,191,421.58	491,313,613.49	1,155,476,935.69	(479,299,747.96)	22,284,005,334.36
Carrying amount of long-term equity investment of segments	29,398,016.44	65,211,471.91	266,950,975.40	140,887,582.03	-	502,448,045.78
Balance of amortized amount of fair value of net identifiable assets exceeding its carrying amount at the acquisition date (note)	2,477,319,322.83	2,230,474,074.06	-	-	-	4,707,793,396.89
Goodwill	6,487,477,280.80	4,892,547,147.95	-	-	-	11,380,024,428.75
Total liabilities	6,556,705,664.85	12,425,650,595.87	201,730,703.91	5,550,492,151.24	(216,362,437.98)	24,518,216,677.89
Including: Carrying amount of segment liabilities	5,937,375,834.16	11,827,241,752.11	201,730,703.91	5,550,492,151.24	(216,362,437.98)	23,300,478,003.44
Balance of amortized amount of fair value of net identifiable liabilities exceeding its carrying amount at the acquisition date (note)	619,329,830.69	598,408,843.76	-	-	-	1,217,738,674.45
Supplemental information:	-	-	-	-	-	-
Depreciation	281,135,393.10	313,412,368.80	1,282,594.24	819,206.11	-	596,649,562.25
Amortization	728,446,591.72	59,943,258.71	141,051.89	2,054,366.47	-	790,585,268.79
Interest income	67,386,498.42	3,394,026.82	462,309.45	8,302,488.57	-	79,545,323.26
Interest expenses	17,100,961.09	136,743,797.55	2,375,526.34	214,345,476.82	(2,088,576.10)	368,477,185.70
Impairment losses recognized in the current period	42,539,613.05	(4,542,335.11)	-	-	-	37,997,277.94
Investment income (loss) from long-term equity investments under equity method	(4,225,896.44)	10,625,307.71	138,352,279.70	(3,202,988.69)	-	141,548,702.28
Amount of long-term equity investments under equity method	29,398,016.44	65,211,471.91	266,950,975.40	140,887,582.03	-	502,448,045.78
Non-current assets except for long-term equity investment	17,263,731,293.52	12,115,923,905.23	412,783,821.43	361,497,677.54	(278,131,902.35)	29,875,804,795.37
Capital expenditure	529,142,264.48	383,957,341.09	205,214.82	14,575,667.81	-	927,880,488.20
Including: Expenditure arising from construction in progress	463,904,709.02	210,523,409.06	-	14,498,894.69	-	688,927,012.77
Expenditure arising from acquisition of fixed assets	50,434,349.25	162,636,745.56	205,214.82	76,773.12	-	213,353,082.75
Expenditure arising from acquisition of intangible assets	14,218,335.93	2,630,452.10	-	-	-	16,848,788.03
Expenditure arising from acquisition of long-term prepaid expenses	584,870.28	8,166,734.37	-	-	-	8,751,604.65

Note: The amounts represent amortized amounts of fair value of identifiable assets and liabilities exceeding their book value during the reporting period and relevant balance thereof at the end of the reporting period under the Group's acquisition of segments not involving enterprises under common control or the segment's acquisition of subsidiaries not involving enterprises under common control.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**XIII. OTHER SIGNIFICANT EVENTS - continued**

2. **Principal business of the Group includes hotel operation and management, food and catering service etc. The business of the Group is highly diversified and the Group does not rely on any specific customers.**

**XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS****1. Cash and bank balances**

RMB

Item	31 December 2020			31 December 2019		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			120,253.88			272,251.20
Bank balances:						
RMB			593,908,610.04			323,491,622.03
USD	368,587.83	6.5249	2,404,998.73	332,493.06	6.9762	2,319,538.09
Deposit in other financial institutions (Note):						
RMB			170,751,428.81			129,778,425.25
<b>Total</b>	<b>368,587.83</b>		<b>767,185,291.46</b>	<b>332,493.06</b>		<b>455,861,836.57</b>

Note: Deposit in other financial institution represents the amount deposited in Finance Company

**2. Held-for-trading financial assets**

RMB

Item	31 December 2020	31 December 2019
Held-for-trading financial assets at FVTPL	214,412,000.00	251,624,000.00
Including: Equity instrument investments	214,412,000.00	251,624,000.00
<b>Total</b>	<b>214,412,000.00</b>	<b>251,624,000.00</b>

Note: The Company purchased and held 44,300,000 shares of Bank of Beijing (Stock Code: 601169) from the open market, which are unrestricted shares. The Group recognized its fair value of RMB 214,412,000.00 at the closing price of the last trading day in 2020.

**3. Accounts receivable**

- (1) Disclosure by aging:

RMB

Aging	31 December 2020			31 December 2019		
	Accounts receivable	Bad debt provision	Proportion (%)	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	22,714,716.62	242,981.80	1.07	22,408,998.66	129,578.31	0.58
Over 1 year	920,475.46	920,475.46	100.00	351,926.58	351,926.58	100.00
<b>Total</b>	<b>23,635,192.08</b>	<b>1,163,457.26</b>	<b>4.92</b>	<b>22,760,925.24</b>	<b>481,504.89</b>	<b>2.12</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 3. Accounts receivable - continued

(2) Disclosure by bad debt provision method:

RMB

Category	31 December 2020				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision by portfolio	23,635,192.08	100.00	1,163,457.26	4.92	22,471,734.82
Including:					
Metropolo client portfolio	23,635,192.08	100.00	1,163,457.26	4.92	22,471,734.82
<b>Total</b>	<b>23,635,192.08</b>	<b>100.00</b>	<b>1,163,457.26</b>	<b>4.92</b>	<b>22,471,734.82</b>

RMB

Category	31 December 2019				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision by portfolio	22,760,925.24	100.00	481,504.89	2.12	22,279,420.35
Including					
Metropolo client portfolio	22,760,925.24	100.00	481,504.89	2.12	22,279,420.35
<b>Total</b>	<b>22,760,925.24</b>	<b>100.00</b>	<b>481,504.89</b>	<b>2.12</b>	<b>22,279,420.35</b>

RMB

Aging	31 December 2020				31 December 2019			
	Expected average loss rate (%)	Book balance	Impairment provision	Book value	Expected average loss rate (%)	Book balance	Impairment provision	Book value
Within 6 months	0.02	21,384,385.86	3,579.77	21,380,806.09	0.00	21,473,423.65	170.30	21,473,253.35
6-12 months	18.00	1,330,330.76	239,402.03	1,090,928.73	13.83	935,575.01	129,408.01	806,167.00
Over 12 months	100.00	920,475.46	920,475.46	-	100.00	351,926.58	351,926.58	-
<b>Total</b>		<b>23,635,192.08</b>	<b>1,163,457.26</b>	<b>22,471,734.82</b>		<b>22,760,925.24</b>	<b>481,504.89</b>	<b>22,279,420.35</b>

(3) Bad debt provision

Credit risk and expected credit loss of accounts receivable at the year-end:

RMB

Closing balance	Non-credit impaired	Credit impaired	Total
Book balance	22,714,716.62	920,475.46	23,635,192.08
Expected credit impairment	242,981.80	920,475.46	1,163,457.26
Book value	22,471,734.82	-	22,471,734.82

Changes in impairment provision:

RMB

Impairment provision	Total
At 1 January 2020	481,504.89
Provision	681,952.37
Reversal	-
At 31 December 2020	1,163,457.26

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 4. Other receivables

## 4.1 Disclosure by category

Other receivables	31 December 2020	31 December 2019
Interest receivable	4,111.25	-
Dividends receivable	25,913,430.55	17,157,249.06
Other receivables	112,140,150.12	141,686,579.23
<b>Total</b>	<b>138,057,691.92</b>	<b>158,843,828.29</b>

RMB

## 4.2 Dividends receivable

Item	31 December 2020	31 December 2019
Dividends receivable aging within 1 year		
(1) Hangzhou KFC Co., Ltd.	11,408,151.43	9,664,809.41
(2) Suzhou KFC Co., Ltd.	7,606,919.94	-
(3) Wuxi KFC Co., Ltd.	6,898,359.18	7,492,439.65
<b>Total</b>	<b>25,913,430.55</b>	<b>17,157,249.06</b>

RMB

## (1) Bad debt provision

As of 31 December 2020, the credit risk of dividends receivable has not increased significantly since initial recognition. The amount of loss allowance measured at 12-month ECL is not significant.

## 4.3 Other receivables

## (1) Other receivables by nature

Nature	31 December 2020	31 December 2019
Advance for related parties	107,928,549.37	137,758,626.91
Down payments and deposits	273,853.35	280,853.35
Business working capital	179,200.00	179,176.15
Others	3,758,547.40	3,467,922.82
<b>Total</b>	<b>112,140,150.12</b>	<b>141,686,579.23</b>

RMB

## (2) Bad debt provision

As of 31 December 2020, the credit risk and ECL of other receivables are as follows:

Internal credit rating	31 December 2020				31 December 2019			
	12-month ECL	Lifetime ECL (Non-credit impaired)	Lifetime ECL (credit impaired)	Total	12-month ECL	Lifetime ECL (Non-credit impaired)	Lifetime ECL (credit impaired)	Total
Normal	111,960,950.12	-	-	111,960,950.12	141,507,403.08	-	-	141,507,403.08
Attention	-	-	-	-	-	-	-	-
Loss	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
Book balance	111,960,950.12	-	606,265.93	112,567,216.05	141,507,403.08	-	606,265.93	142,113,669.01
Less: Loss provision	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
<b>Book value</b>	<b>111,960,950.12</b>	<b>-</b>	<b>-</b>	<b>111,960,950.12</b>	<b>141,507,403.08</b>	<b>-</b>	<b>-</b>	<b>141,507,403.08</b>

RMB

There is no change in the bad debt provision of other receivables this year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 4. Other receivables - continued

## 4.3 Other receivables - continued

## (3) Top five entities with the largest closing balances of other receivables

						RMB
Name	Nature	Relationship with the Company	Amount	Aging	Proportion of the amount to the balance of other receivables (%)	Closing balance of bad debt provision
Jinya Catering	Advance for related parties	Subsidiary	47,900,000.00	Over 3 years	42.48	-
Minhang Hotel	Advance for related parties	Subsidiary	14,869,252.68	Over 3 years	13.19	-
Vienna	Advance for related parties	Subsidiary	11,694,080.51	Within 1 year	10.37	-
New Metropolo	Advance for related parties	Subsidiary	9,954,741.70	Within 1 year	8.83	-
Jin Jiang Inn	Advance for related parties	Subsidiary	8,544,422.33	Within 1 year	7.58	-
<b>Total</b>			<b>92,962,497.22</b>		<b>82.45</b>	<b>-</b>

## 5. Inventories

Item	31 December 2020			31 December 2019		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Raw material	1,249,077.53	-	1,249,077.53	1,185,639.07	-	1,185,639.07
Goods on hand	1,088,940.23	-	1,088,940.23	2,619,839.61	-	2,619,839.61
<b>Total</b>	<b>2,338,017.76</b>	<b>-</b>	<b>2,338,017.76</b>	<b>3,805,478.68</b>	<b>-</b>	<b>3,805,478.68</b>

## 6. Other current assets

			RMB
Item	31 December 2020	31 December 2019	
VAT	3,857,402.49	-	
Prepaid expenses	996,410.63	347,088.09	
<b>Total</b>	<b>4,853,813.12</b>	<b>347,088.09</b>	

## 7. Long-term receivables

			RMB
	31 December 2020	31 December 2019	
Appropriation from related parties (Note)	10,328,000.00	10,328,000.00	
<b>Total</b>	<b>10,328,000.00</b>	<b>10,328,000.00</b>	

Note: It is the liquidity appropriation receivable by the Company from wholly-owned subsidiary, New Asia Food. The Company makes bad debt provision on an individual basis, which is not significant.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 8. Long-term equity investments

(1) The classification and summary of long-term equity investment are as follows:

Item	31 December 2020	31 December 2019
Investments in subsidiaries	15,701,549,017.76	15,720,241,757.40
Investments in joint ventures	706,496.84	-
Investments in associates	388,766,757.50	407,216,050.36
<b>Total</b>	<b>16,091,022,272.10</b>	<b>16,127,457,807.76</b>
Less: Provision for impairment loss of long-term equity investments	2,051,300.00	2,051,300.00
<b>Net amount of long-term equity investments</b>	<b>16,088,970,972.10</b>	<b>16,125,406,507.76</b>

RMB

(2) Movements of provision for impairment of long-term equity investments for the reporting period:

Investee	31 December 2019	Addition	Reduction	31 December 2020
Subsidiary				
Shanghai Food and Beverage Serving Equipment Co., Ltd.	2,051,300.00	-	-	2,051,300.00
<b>Total</b>	<b>2,051,300.00</b>	<b>-</b>	<b>-</b>	<b>2,051,300.00</b>

RMB

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 8. Long-term equity investments - continued

(3) Details of long-term equity investments in subsidiary are as follows:

								RMB
Investee	Accounting method	31 December 2019	Changes	31 December 2020	Shareholding proportion in the investee (%)	Voting right proportion in the investee (%)	Explanation on the inconsistency between the shareholding proportion and the voting right proportion in the investee	Closing balance of impairment provision
<b>Subsidiary</b>								
Keystone	Cost method	9,688,534,453.53	-	9,688,534,453.53	96.50175	96.50175	N/A	-
Vienna	Cost method	1,748,800,000.00	-	1,748,800,000.00	80.00	80.00	N/A	-
Baisuicun	Cost method	800,000.00	-	800,000.00	80.00	80.00	N/A	-
Hotels Investment	Cost method	2,033,088,660.71	-	2,033,088,660.71	100.00	100.00	N/A	-
Smartel	Cost method	1,286,345,057.89	-	1,286,345,057.89	100.00	100.00	N/A	-
Jin Jiang Inn	Cost method	377,261,176.09	-	377,261,176.09	100.00	100.00	N/A	-
Jin Lu investment	Cost method	350,000,000.00	-	350,000,000.00	100.00	100.00	N/A	-
Catering Investment	Cost method	149,804,836.13	-	149,804,836.13	100.00	100.00	N/A	-
Louvre Asia (Note VI (2))	Cost method	50,000,000.00	(43,000,000.00)	7,000,000.00	100.00	100.00	N/A	-
Da Hua Hotel (Note2)	Cost method	18,692,739.64	(18,692,739.64)	-	-	-	-	-
Minhang Hotel	Cost method	5,505,600.00	-	5,505,600.00	98.25	100.00	Note 1	-
Jinpan Hotel	Cost method	5,000,000.00	-	5,000,000.00	100.00	100.00	N/A	-
Jin Jiang Food	Cost method	3,269,783.41	-	3,269,783.41	18.00	100.00	Note 1	-
Food and Beverage Serving Equipment	Cost method	2,051,300.00	-	2,051,300.00	100.00	100.00	N/A	2,051,300.00
New Asia Food	Cost method	1,088,150.00	-	1,088,150.00	5.00	100.00	Note 1	-
New Metropolo (Note VI (2))	Cost method	-	43,000,000.00	43,000,000.00	100.00	100.00	N/A	-
<b>Total</b>		<b>15,720,241,757.40</b>	<b>(18,692,739.64)</b>	<b>15,701,549,017.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,051,300.00</b>

Note 1: The Company and Catering Investment hold shares proportion of Minhang Hotel at 98.25% and 1.75% respectively. The Company and Catering Investment hold shares proportion of New Asia Food at 5% and 95% respectively. The Company and its subsidiary Catering Investment respectively hold 18% and 82% interests in Jin Jiang Food.

Note 2: In 2020, the Company transferred 70% of its equity interest in Da Hua Hotel. After this transfer, the Company still accounted for Da Hua Hotel as an investment in an associate and retroactively adjusted the remaining equity interest as if it had been accounted for under the equity method from the time of acquisition.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 8. Long-term equity investments - continued

(4) Details of long-term equity investments in joint ventures and associates are as follow:

Investee	31/12/2019	Additional investments	Movements for the year				31/12/2020	Closing balance of impairment provision
			Investment income or loss under equity method	Cash dividend or profit declared	Adjustment of other comprehensive income	Other changes in equity		
<b>Joint ventures (Note)</b>								
Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	-	574,000.00	132,496.84	-	-	-	706,496.84	-
<b>Associates (Note)</b>								
Shanghai Kentucky Fried Chicken Co., Ltd.	231,768,688.51	-	117,530,157.12	(130,914,044.18)	-	456,812.26	218,841,613.71	-
Shanghai New Asia Fulihua Catering Co., Ltd.	34,559,779.85	-	2,980,609.39	(7,462,000.00)	(83,108.03)	-	29,995,281.21	-
Shanghai Qicheng Network Technology Co., Ltd.	50,887,914.90	-	(1,374,396.06)	-	-	-	49,513,518.84	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	89,999,667.10	-	416,676.64	-	-	-	90,416,343.74	-
Da Hua Hotel	-	-	-	-	-	-	-	-
<b>Total</b>	<b>407,216,050.36</b>	<b>574,000.00</b>	<b>119,685,543.93</b>	<b>(138,376,044.18)</b>	<b>(83,108.03)</b>	<b>456,812.26</b>	<b>389,473,254.34</b>	<b>-</b>

Note 1: The investee in which the Company has a long-term equity investment is not exposed to restriction on the transfer of funds to the Company.

Note 2: As at 31 December 2020, the book value of the net assets of Da Hua Hotel was less than zero, therefore, the balance of the Company's long-term equity investment in it was zero.

## 9. Other equity instrument investments

(1) Investments in other equity instruments

Item	31 December 2020	31 December 2019
Agricultural Bank of China (Note)	13,659,000.00	16,051,500.00
Shanghai Business Center Co., Ltd.	5,067,014.62	4,820,000.00
Yangtze River United Development (Group) Co., Ltd.	1,800,000.00	2,790,000.00
<b>Total</b>	<b>20,526,014.62</b>	<b>23,661,500.00</b>

Note: The Company purchased and held 4,350,000 shares of Agricultural Bank (stock code: 601288) from the open market, which are unrestricted shares. The Company recognized its fair value of RMB 13,659,000.00 based on the closing price of the last trading day of 2020.

(2) Investments in unquoted equity instruments

Item	Dividends income recognized in the current year	Accumulated gains (losses)	Amount transfer to retained earnings from other comprehensive income	Reason for designation as FVTOIC	Reason for transfer to retained earnings from other comprehensive income
Agricultural Bank of China	791,265.00	(2,916,314.67)	-	Purpose for long-term holding but not for trading	-
Shanghai Business Center Co., Ltd.	-	(120,685.38)	-	Purpose for long-term holding but not for trading	-
Yangtze River United Development (Group) Co., Ltd.	-	1,100,000.00	-	Purpose for long-term holding but not for trading	-
<b>Total</b>	<b>791,265.00</b>	<b>(1,937,000.05)</b>	<b>-</b>		<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 10. Other non-current financial assets

RMB

Item	31 December 2020	31 December 2019
Hangzhou Kentucky Fried Chicken Co., Ltd.	276,000,000.00	249,000,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	117,900,000.00	101,700,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,200,000.00	47,700,000.00
<b>Total</b>	<b>452,100,000.00</b>	<b>398,400,000.00</b>

## 11. Fixed assets

Fixed assets

RMB

Item	Buildings	Equipment	Transportation vehicles	Decoration	Total
<b>I. Original carrying amount</b>					
1.31 December 2019	56,538,721.71	101,088,905.71	1,419,719.51	19,565,060.73	178,612,407.66
2. Addition					
(1) Purchase	-	3,649,051.70	-	-	3,649,051.70
(2) Transferred-in from construction in progress	-	10,189,499.17	-	1,953,511.82	12,143,010.99
(3) Transferred-in based on allocation	-	2,141,930.29	-	-	2,141,930.29
3. Reduction					
(1) Disposal or retirement	-	(1,328,623.80)	-	-	(1,328,623.80)
(2) Construction completion adjustment	-	86,693.20		(2,140.17)	84,553.03
4.31 December 2020	56,538,721.71	115,827,456.27	1,419,719.51	21,516,432.38	195,302,329.87
<b>II. Accumulated depreciation</b>					
1.31 December 2019	24,775,793.88	57,575,857.65	1,282,769.39	19,061,652.43	102,696,073.35
2. Addition	3,106,663.54	13,392,942.27	1,043.76	1,262,135.67	17,762,785.24
3. Transferred-in based on allocation	-	1,676,107.73	-	-	1,676,107.73
4. Reduction					
(1) Disposal or retirement	-	(1,218,201.29)	-	-	(1,218,201.29)
4.31 December 2020	27,882,457.42	71,426,706.36	1,283,813.15	20,323,788.10	120,916,765.03
<b>III. Provision for impairment loss</b>					
1.31 December 2019	-	-	-	-	-
2. Addition	-	-	-	-	-
3. Reduction	-	-	-	-	-
4.31 December 2020	-	-	-	-	-
<b>IV. Book value</b>					
1.31 December 2020	28,656,264.29	44,400,749.91	135,906.36	1,192,644.28	74,385,564.84
2.31 December 2019	31,762,927.83	43,513,048.06	136,950.12	503,408.30	75,916,334.31

## 12. Construction in progress

(1) Details of construction in progress are as follows:

RMB

Item	31 December 2020			31 December 2019		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Renovation of Shanghai Wuning Road "Radisson RED"	72,477.05	-	72,477.05	20,951,936.43	-	20,951,936.43
Renovation of "La Perle" Magnolia	35,864,142.48	-	35,864,142.48	11,969,855.68	-	11,969,855.68
Other renovations	8,415,931.48	-	8,415,931.48	9,564,795.28	-	9,564,795.28
<b>Total</b>	<b>44,352,551.01</b>	<b>-</b>	<b>44,352,551.01</b>	<b>42,486,587.39</b>	<b>-</b>	<b>42,486,587.39</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 12. Construction in progress - continued

## (2) Movement of significant construction in progress

RMB

Item	Budget	31/12/2019	Addition	Completion adjustment for the current year	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	31/12/2021	Accumulated capitalized interest	Including: Capitalized interest for the current year	Interest capitalization rate for the current year (%)	Capital Source
Renovation of Shanghai Wuning Road "Radisson RED"	27,133,000.00	20,951,936.43	2,599,306.72	-	(8,240,751.69)	-	(15,238,014.41)	72,477.05	-	-	-	Self-financing
Renovation of "La Perle" Magnolia	39,281,500.00	11,969,855.68	23,978,574.98	-	-	-	(84,288.18)	35,864,142.48	-	-	-	Self-financing
Other renovations	-	9,564,795.28	17,654,206.63	(757,780.50)	(3,902,259.30)	(405,132.06)	(13,737,898.57)	8,415,931.48	-	-	-	Self-financing
<b>Total</b>		<b>42,486,587.39</b>	<b>44,232,088.33</b>	<b>(757,780.50)</b>	<b>(12,143,010.99)</b>	<b>(405,132.06)</b>	<b>(29,060,201.16)</b>	<b>44,352,551.01</b>	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 13. Intangible assets

RMB

Item	Land use rights	Others	Total
I. Original carrying amount			
1.31 December 2019	91,847,425.45	14,452,735.89	106,300,161.34
2. Additions			
(1) Transfer from construction in progress	-	405,132.06	405,132.06
3.31 December 2020	91,847,425.45	14,857,867.95	106,705,293.40
II. Accumulated amortization			
1.31 December 2019	44,159,446.12	3,738,220.93	47,897,667.05
2. Addition			
(1) Provision	2,342,405.79	2,549,967.19	4,892,372.98
3.31 December 2020	46,501,851.91	6,288,188.12	52,790,040.03
III. Provision for impairment losses			
1.31 December 2019	-	-	-
2. Addition	-	-	-
3. Reduction	-	-	-
4.31 December 2020	-	-	-
IV. Book value			
1.31 December 2020	45,345,573.54	8,569,679.83	53,915,253.37
2.31 December 2019	47,687,979.33	10,714,514.96	58,402,494.29

## 14. Long-term prepaid expenses

RMB

Item	31 December 2019	Additions (Note 1)	Amortization	Other reductions (Note 2)	31 December 2020
Decoration of operating-lease fixed assets	44,422,675.84	15,595,583.75	(17,765,816.64)	(4,950,693.52)	37,301,749.43
Improvement of operating-lease fixed assets	140,511,879.91	13,642,537.47	(17,721,422.74)	-	136,432,994.64
<b>Total</b>	<b>184,934,555.75</b>	<b>29,238,121.22</b>	<b>(35,487,239.38)</b>	<b>(4,950,693.52)</b>	<b>173,734,744.07</b>

Note 1: The additions in long-term prepaid expenses this year include the completion and transfer from construction in progress of RMB 29,060,201.16 and the acquisition of RMB 177,920.06.

Note 2: Other reductions in long-term prepaid expenses include the reduction of RMB 4,950,693.52 as a result of adjustments to completion settlement.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 15. Deferred tax assets/deferred tax liabilities

## (1) Deferred tax assets before offsetting

RMB

Item	31 December 2020		31 December 2019	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Employee benefits payable	13,567,104.12	3,391,776.03	14,958,612.64	3,739,653.16
Provision for asset impairment	-	-	5,000,000.00	1,250,000.00
Provision for credit impairment	1,769,865.24	442,466.31	1,087,912.87	271,978.18
Government grants	4,467,100.00	1,116,775.00	2,946,350.00	736,587.50
Advance for deferred income of membership cards and membership points	281,993.75	70,498.43	272,707.48	68,176.88
Operating lease expenses	5,251,789.49	1,312,947.37	5,396,502.32	1,349,125.58
Changes in fair value of financial assets at FVTPL	56,469,338.94	14,117,334.73	19,257,338.94	4,814,334.74
Changes in fair value of held-for-trading financial assets included in gains and losses from changes in fair value	1,937,000.05	484,250.01	-	-
<b>Total</b>	<b>83,744,191.59</b>	<b>20,936,047.88</b>	<b>48,919,424.25</b>	<b>12,229,856.04</b>

## (2) Deferred tax liabilities before offsetting

RMB

Item	31 December 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instruments included in other comprehensive income	-	-	1,198,485.33	299,621.33
Changes in fair value of other non-current financial assets included in profit or loss	430,588,337.23	107,647,084.31	376,888,337.23	94,222,084.31
<b>Total</b>	<b>430,588,337.23</b>	<b>107,647,084.31</b>	<b>378,086,822.56</b>	<b>94,521,705.64</b>

## (3) Deferred tax assets or liabilities are offset and the net amount is presented below:

RMB

Item	31 December 2020		31 December 2019	
	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or deferred tax liabilities after offsetting	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or deferred tax liabilities after offsetting
Deferred tax assets	20,936,047.88	-	12,229,856.04	-
Deferred tax liabilities	20,936,047.88	86,711,036.43	12,229,856.04	82,291,849.60

## 16. Short-term borrowings

RMB

Item	31 December 2020	31 December 2019
Credit borrowings - Bank(Note)	620,000,000.00	-
<b>Total</b>	<b>620,000,000.00</b>	<b>-</b>

Note: As at 31 December 2020, the Group obtained credit borrowings of RMB 300,000,000.00 financed from Shanghai Pudong Development Bank Zhabei Sub-branch with a borrowing period from 30 March 2020 to 29 March 2021; the Group had credit borrowings of RMB 270,000,000.00 financed from Shanghai Pudong Development Bank Zhabei Sub-branch with a borrowing period from 1 April 2020 to 31 March 2021; the annual interest rate is the prime rate of the one-year loan as published by the Nation Interbank Funding Center minus 90 basis points, which is 3.15%.

As at 31 December 2020, the Group obtained credit borrowings of RMB 50,000,000.00 financed from Bank of Shanghai Xuhui Sub-branch with a borrowing period from 28 February 2020 to 22 February 2021; the annual interest rate is the prime rate of the one-year loan as published by the Nation Interbank Funding Center minus 125 basis points, which is 2.80%.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 17. Accounts payable

Details of accounts payable are as follows:

Item	31 December 2020	31 December 2019
Operating payables	8,229,248.95	11,492,819.37
Payables for projects	23,106,956.45	32,259,114.68
<b>Total</b>	<b>31,336,205.40</b>	<b>43,751,934.05</b>

RMB

## 18. Employee benefits payable

## (1) List of employee benefits payable

Item	31 December 2019	Addition	Reduction	31 December 2020
1. Short-term employee benefits payable	23,396,744.45	89,032,511.32	(99,627,006.03)	12,802,249.74
2. Post-employment benefits-Defined Contribution Plan	282,121.06	5,332,642.11	(5,118,224.88)	496,538.29
3. Termination compensation	6,614,962.98	965,904.79	(2,357,413.29)	5,223,454.48
<b>Total</b>	<b>30,293,828.49</b>	<b>95,331,058.22</b>	<b>(107,102,644.20)</b>	<b>18,522,242.51</b>

RMB

## (2) List of short-term employee benefits payable

Item	31 December 2019	Addition	Reduction	31 December 2020
1. Wages or salaries, bonus, allowance, subsidies	22,812,287.10	68,648,491.85	(79,471,147.04)	11,989,631.91
2. Staff welfare	-	5,170,860.74	(5,170,860.74)	-
3. Social security	17,159.69	6,088,020.47	(5,929,287.85)	175,892.31
Including: Medical insurance	16,517.08	5,934,483.03	(5,779,712.53)	171,287.58
Work injury insurance	405.17	41,542.35	(37,580.23)	4,367.29
Maternity insurance	237.44	111,995.09	(111,995.09)	237.44
4. Housing fund	19,300.00	7,312,378.70	(7,126,900.70)	204,778.00
5. Labor union and staff education fund	547,997.66	1,812,759.56	(1,928,809.70)	431,947.52
<b>Total</b>	<b>23,396,744.45</b>	<b>89,032,511.32</b>	<b>(99,627,006.03)</b>	<b>12,802,249.74</b>

RMB

## (3) Defined contribution plan

Item	31 December 2019	Addition	Reduction	31 December 2020
1. Pension insurance	277,305.18	5,250,768.90	(5,044,090.20)	483,983.88
2. Unemployment insurance	4,815.88	81,873.21	(74,134.68)	12,554.41
<b>Total</b>	<b>282,121.06</b>	<b>5,332,642.11</b>	<b>(5,118,224.88)</b>	<b>496,538.29</b>

RMB

The Company participates, as required, in the pension insurance and unemployment plan established by government institutions. According to such plans, the Company contributes monthly to such plans based on the certain proportion of employee's monthly average salary in the previous year. Except for above monthly contributions, the Company does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

In accordance with Notice of the Temporary Reduction and Exemption of Enterprises' Social Insurance Contributions (No. 11 [2020], Ministry of Human Resources and Social Security), which provides for the temporary reduction and exemption of enterprises' contributions to basic pension insurance, unemployment insurance, and work-related injury insurance schemes (hereinafter referred to as "three social insurance schemes as of February 2020, exempts micro, small and medium-sized enterprises from employers' contributions to three social insurance schemes. Therefore, in current year, three social insurance schemes contributed by the Company and its domestic subsidiaries were significantly decreased as compared with 2019.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 18. Employee benefits payable - continued

In this year, the Group should contribute pension insurance and unemployment plans amounting to RMB 5,250,768.90 and 81,873.21 (2019: RMB 11,965,768.22 and RMB 283,487.64). As at 31 December 2019, the Group has outstanding contributions to pension insurance and unemployment plans that is due as of the reporting period amounting to RMB 483,983.88 and RMB 12,554.41 (31 December 2019: RMB 277,305.18 and RMB 4,815.88). The related payables have been paid after the reporting period.

## 19. Taxes payable

Item	31 December 2020	31 December 2019
Enterprise income tax	1,357,272.85	1,357,272.85
Individual income tax	616,961.37	493,874.16
Property tax	252,704.44	-
Others	12,401.99	100,059.43
<b>Total</b>	<b>2,239,340.65</b>	<b>1,951,206.44</b>

## 20. Other payables

## 20.1 Disclosure by categories

Other payables	31 December 2020	31 December 2019
Interest payable	5,849,364.58	5,954,027.69
Dividends payable	586,773.69	544,594.29
Other payables	258,467,761.04	214,779,890.09
<b>Total</b>	<b>264,903,899.31</b>	<b>221,278,512.07</b>

## 20.2 Other payables

(1) Details of other payables are as follows:

Item	31 December 2020	31 December 2019
Amounts due to/from related parties	158,749,076.99	81,792,736.40
Accrued taxes for replacement of significant assets and attached transactions	58,623,448.29	58,623,448.29
Accrued expenses	6,527,649.08	13,925,298.47
Balance payment for acquisition of minority interest in Keystone	4,450,000.00	35,609,620.24
Others	30,117,586.68	24,828,786.69
<b>Total</b>	<b>258,467,761.04</b>	<b>214,779,890.09</b>

(2) Explanation of other payables with a large amount aged over 1 year at the end of the reporting period

At 31 December 2020, other payables with a large amount aged over 1 year include:

The final accrued taxes for replacement of significant assets and attached transactions, which are determined subsequent to the completion of relevant tax filing, amount to RMB 58,623,448.29.

The Group had outstanding balances of RMB 4,450,000.00 from the acquisition of minority interest in Keystone, a subsidiary of the Group.

(3) Except for the items mentioned in (2), the Company's other payables were mainly accrued expenses related to daily operation, down payments and deposits.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 21. Long-term borrowings

RMB

Item	31 December 2020	31 December 2019
Pledged borrowing - Bank (Note 1)	2,459,000,000.00	4,059,000,000.00
Credit borrowings - Bank (Note 2)	1,000,000.00	-
Credit borrowings - Other financial institution (Note 2)	2,487,000,000.00	1,230,000,000.00
<b>Total</b>	<b>4,947,000,000.00</b>	<b>5,289,000,000.00</b>
Less: Long-term borrowings due within one year	781,000,000.00	1,120,000,000.00
Long-term borrowings due after one year	4,166,000,000.00	4,169,000,000.00

Note 1: As at 31 December 2020, the Company has borrowed RMB 2,459,000,000.00 from the Export-import Bank of China Co., Ltd., of which RMB 700,000,000.00 is due within one year. It is pledged with 81.0034% equity of its subsidiary Keystone. The loan term is from 18 February 2016 to 18 February 2022 with floating interest rate, and with weighted average financing costs of 3.60% for this reporting period.

Note 2: As at 31 December 2020, the Group obtained credit borrowing of RMB 1,000,000.00 from China Construction Bank with the term from 11 February 2020 to 10 February 2023. The annual interest rate is the loan prime rate for one-year loans published by the National Interbank Loans Center minus 45 basis points, at 3.70%. The Group will repay RMB 1,000,000.00 on 21 June 2021.

As at the end of the reporting period, the Company has borrowed RMB 2,487,000,000.00 from Finance Company, with an annual interest rate of 3.325% and 3.60% from 22 April 2019 to 3 November 2023, of which RMB 80,000,000.00 is due within one year.

## 22. Other non-current liabilities

RMB

Item	31 December 2020	31 December 2019
Government grants	4,467,100.00	2,946,350.00
<b>Total</b>	<b>4,467,100.00</b>	<b>2,946,350.00</b>

Items with government grants:

RMB

Item	31/12/2019	Addition	Included in profit or loss	31/12/2020	Related to assets/ Related to income
Metropolo brand innovation project special support funds	2,946,350.00	5,500,000.00	(3,979,250.00)	4,467,100.00	Related to assets
<b>Total</b>	<b>2,946,350.00</b>	<b>5,500,000.00</b>	<b>(3,979,250.00)</b>	<b>4,467,100.00</b>	

## 23. Capital reserve

RMB

Item	31 December 2019	Addition	Reduction	31 December 2020
Capital premium	9,085,391,183.30	-	-	9,085,391,183.30
Including: Capital contributed by investors	7,785,762,028.28	-	-	7,785,762,028.28
Differences derived from subsidiaries acquired through a business combination involving enterprises under common control	1,299,629,155.02	-	-	1,299,629,155.02
Other capital reserve	104,888,125.52	456,812.26	-	105,344,937.78
Including: Transfer from capital reserve under the previous accounting system	138,656,064.50	-	-	138,656,064.50
Other changes in owners' equity of investors except net profit or loss, other comprehensive income and profit appropriation	(33,767,938.98)	456,812.26	-	(33,311,126.72)
<b>Total</b>	<b>9,190,279,308.82</b>	<b>456,812.26</b>	<b>-</b>	<b>9,190,736,121.08</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 24. Other comprehensive income

RMB

Item	31 December 2019	2020			31 December 2020
		Amount incurred for current period before tax	Less: Income tax expenses	Attributable to owners of the Company after tax	
(I) Other comprehensive income (loss) that cannot be subsequently reclassified to profit or loss	898,864.01	(3,135,485.38)	(783,871.34)	(2,351,614.04)	(1,452,750.03)
Changes in fair value of other equity instruments	898,864.01	(3,135,485.38)	(783,871.34)	(2,351,614.04)	(1,452,750.03)
(II) Other comprehensive income that will be reclassified to profit or loss	1,898,625.67	(83,108.03)	-	(83,108.03)	1,815,517.64
Including: Shares of other comprehensive income in the investee that will be reclassified to profit or loss under equity method	1,898,625.67	(83,108.03)	-	(83,108.03)	1,815,517.64
<b>Total</b>	<b>2,797,489.68</b>	<b>(3,218,593.41)</b>	<b>(783,871.34)</b>	<b>(2,434,722.07)</b>	<b>362,767.61</b>

## 25. Operating income and operating costs

## (1) Operating income and operating costs

RMB

Business	2020		2019	
	Income	Cost	Income	Cost
Principal business	168,373,728.41	186,107,508.70	303,877,082.91	31,310,517.29
Other business	914,285.76	-	977,261.26	-
<b>Total</b>	<b>169,288,014.17</b>	<b>186,107,508.70</b>	<b>304,854,344.17</b>	<b>31,310,517.29</b>

## (2) Principal business (by category)

RMB

Business	2020		2019	
	Operating income	Operating costs	Operating income	Operating costs
Limited service hotel operation and management				
Including: Hotel room	140,516,405.50	168,259,371.30	258,277,500.78	-
Catering services	7,365,369.28	5,013,989.66	15,775,352.92	13,776,817.38
Sales of goods	10,142,274.41	9,573,000.87	15,280,309.01	14,605,999.04
Lease business	7,333,164.21	1,777,411.78	9,962,937.25	1,729,414.41
Others	3,016,515.01	1,483,735.09	4,580,982.95	1,198,286.46
<b>Total</b>	<b>168,373,728.41</b>	<b>186,107,508.70</b>	<b>303,877,082.91</b>	<b>31,310,517.29</b>

## 26. Costs and expenses by nature

RMB

Item	2020	2019
Cost of goods sold	14,586,990.53	23,262,402.22
Employee benefits	95,331,058.22	97,713,964.45
Including: Wages and salaries	68,648,491.85	64,059,005.52
Social insurance and housing fund	18,733,041.28	23,437,459.61
Welfare and other expenses	7,949,525.09	10,217,499.32
Energy and material consumption	20,176,458.28	24,950,626.95
Depreciation and amortization	58,142,397.59	53,771,180.70
Operating lease expenses	29,384,729.48	29,215,490.20
Repair and maintenance expense	4,172,776.99	4,448,680.48
Agency expense	3,064,040.03	3,893,993.58
Advertising expense	5,757,493.12	17,051,954.15
Others	72,794,883.05	78,123,386.86
<b>Total of good costs, selling expense and administrative expense</b>	<b>303,410,827.29</b>	<b>332,431,679.59</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 27. Financial expenses

RMB

Item	2020	2019
Interest expenses	198,243,436.04	214,481,074.82
Less: Interest income	4,292,244.27	8,379,376.16
Foreign exchange difference	(41,244.13)	434,630.98
Others	828,215.13	896,961.58
<b>Total</b>	<b>194,738,162.77</b>	<b>207,433,291.22</b>

## 28. Other income

RMB

Item	2020	2019	Related to assets/ related to income
Financial support fund	7,450,115.31	43,549,166.00	Related to income
Pandemic-specific support subsidy	52,369,064.33	-	Related to income
Metropolo brand innovation project special support funds	3,979,250.00	787,050.00	Related to assets
Tax-related subsidy	218,618.06	1,143,531.56	Related to income
<b>Total</b>	<b>64,017,047.70</b>	<b>45,479,747.56</b>	

## 29. Investment income

## (1) Details of investment income

RMB

Item	2020	2019
Investment income from long-term equity investments under equity method	119,685,543.93	136,080,077.70
Investment income from long-term equity investments under cost method	419,107,326.08	597,089,218.03
Dividends income from held-for-trading financial assets, investments in other equity instruments and other non-current assets during the holding period	105,868,251.95	93,714,388.82
Investment income from disposal of subsidiaries	157,351,470.93	-
Investment income from disposal of held-for-trading financial assets	-	2,384,771.20
Others	203,402.03	2,226,395.60
<b>Total</b>	<b>802,215,994.92</b>	<b>831,494,851.35</b>

## 30. Gains (losses) from changes in fair value

RMB

Item	2020	2019
Changes in fair value of other non-current financial assets	53,700,000.00	18,600,000.00
Changes in fair value of held-for-trading financial assets	(37,212,000.00)	3,101,000.00
<b>Total</b>	<b>16,488,000.00</b>	<b>21,701,000.00</b>

## 31. Notes to items in the cash flow statement

## (1) Cash receipts from disposals and recovery of investments

RMB

Item	2020	2019
Recovery of entrusted loan	-	160,000,000.00
Sales of held-for-trading financial assets	-	16,521,971.20
<b>Total</b>	<b>-</b>	<b>176,521,971.20</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 31. Notes to items in the cash flow statement - continued

## (2) Cash receipts from investment income

Item	2020	2019
Dividends received	654,733,260.22	824,183,982.14
Interest on entrusted loans received	65,406.25	2,088,576.10
<b>Total</b>	<b>654,798,666.47</b>	<b>826,272,558.24</b>

## (3) Net cash receipts from disposals of subsidiaries and other business units

Item	2020	2019
Net cash receipts from disposals of subsidiaries	170,436,388.68	-

## (4) Cash payments relating to investing activities

Item	2020	2019
Payments for acquisition of minority interest in Keystone	31,159,620.24	318,606,456.90
Payments of entrusted loans	11,700,000.00	-
Payments for long-term equity investments	574,000.00	90,000,000.00
Acquisition of other equity instrument investments	-	16,575,314.67
<b>Total</b>	<b>43,433,620.24</b>	<b>425,181,771.57</b>

RMB

## 32. Supplementary information to the cash flow statement

## (1) Supplementary information to the cash flow statement

Supplementary information	2020	2019
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	546,551,109.20	661,585,453.80
Add: Provision for asset impairment	681,952.37	170,401.69
Depreciation of fixed assets	17,762,785.24	16,005,499.66
Amortization of intangible assets	4,892,372.98	4,074,959.12
Amortization of long-term prepaid expenses	35,487,239.38	33,690,721.92
Loss (gain) on disposal of fixed assets, intangible assets and other long-term assets	92,098.29	(3,518,282.05)
Loss (gain) on changes in fair value	(16,488,000.00)	(21,701,000.00)
Financial expenses	198,243,436.04	214,481,074.82
Losses (gains) arising from investments	(802,215,994.92)	(831,494,851.35)
Decrease (increase) in deferred tax assets	5,203,058.17	6,368,569.96
Decrease (increase) in inventories	1,467,460.92	(25,871.00)
Decrease (increase) in operating receivables	(13,346,640.22)	(15,955,509.15)
Increase (decrease) in operating payables	57,897,285.54	(44,812,599.04)
Net cash flow from operating activities	36,228,162.99	18,868,568.38
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Fixed assets for finance lease	-	-
<b>3. Net changes in cash and cash equivalents:</b>		
Cash at the end of year	767,185,291.46	455,861,836.57
Less: Cash at the beginning of year	455,861,836.57	1,564,813,174.41
Add: Cash equivalents at the end of year	-	-
Less: Cash equivalents at the beginning of year	-	-
Net increase (decrease) in cash and cash equivalents	311,323,454.89	(1,108,951,337.84)

RMB

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 32. Supplementary information to the cash flow statement - continued

## (2) Composition of cash and cash equivalents

RMB		
Item	31 December 2020	31 December 2019
I. Cash	767,185,291.46	455,861,836.57
Including: Cash on hand	120,253.88	272,251.20
Bank deposits that can be readily withdrawn	767,065,037.58	455,589,585.37
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	767,185,291.46	455,861,836.57

## 33. Related party relationships and transactions

(1) Basic information and relevant information of subsidiaries and associates of the Company are referred to Note (XIV) 8. Basic information and relevant information of other related parties are referred to Note (X).

(2) Related party transactions relating to purchase and sales of goods, rendering and receipts of service

Purchases of goods/receipts of services

		RMB	
Related parties	Transactions	2020	2019
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Purchase of hotel commodities	10,519.74	12,778.20
Jin Jiang Inn	Purchase of commodities	-	1,161,578.96
Shanghai Jin Jiang International Electronic Commerce Co., Ltd.	Purchase of membership package	1,021,898.57	1,891,385.77
<b>Subtotal</b>		<b>1,032,418.31</b>	<b>3,065,742.93</b>

(3) Related parity lease

The Company as lessor:

		RMB	
Lessee	Asset for lease	Lease income recognized in the year	Lease income recognized in prior year
Jinya Catering	Logistics Center, Gonghe Branch Sales Store	380,952.36	380,952.40
Minhang Hotel	Store	914,285.76	914,285.76
<b>Subtotal</b>		<b>1,295,238.12</b>	<b>1,295,238.16</b>

The Company as lessee:

		RMB	
Lesser	Asset for lease	Lease expenses recognized in the year	Lease expenses recognized in the prior year
Shanghai Hua Ting Guest House Co., Ltd.	Operation area	8,140,161.66	8,140,161.78
Shanghai MAGNOTEL Hotel Co., Ltd.	Operation area	8,459,299.25	8,459,299.19
Jin Jiang Capital	Operation area	28,708,571.41	28,708,571.43
Marvel Hotel Shanghai	Operation area	9,483,198.52	11,885,714.29
Jin Jiang International	Office and operation area	2,582,240.04	2,793,720.08
Jin Jiang International Investment Management Co., Ltd.	Office area	-	343,691.43
Shanghai Jin Min Hotel Co., Ltd.	Office area	427,419.60	426,564.60
Shanghai Jin Jiang Property Management Co., Ltd.	Office area	149,988.60	204,971.97
<b>Subtotal</b>		<b>57,950,879.08</b>	<b>60,962,694.77</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 33. Related party relationships and transactions - continued

## (4) Guarantees with related parties

The Group as the guaranteed party:

RMB

Related party	Guaranteed amount	Commencement date	Maturity Date	Whether the guarantee has been fulfilled completely
GDL	481,500,000.00	2020/9/29	2023/9/29	N
GDL	481,500,000.00	2020/11/13	2023/11/13	N
GDL	240,750,000.00	2020/11/13	2023/11/13	N
Sailing Investment	2,407,500,000.00	2020/9/24	2023/9/23	N

## (5) Amount due to/from related parties

Amount incurred in 2020 and balance at 31 December 2020:

RMB

Related party	Amount	Commencement date	Maturity Date	Remark
<b>Borrowed from</b>				
Finance Company	70,000,000.00	2017/12/27	2020/3/2	Credit borrowings
Finance Company	370,000,000.00	2018/1/5	2020/2/13	Credit borrowings
Finance Company	300,000,000.00	2020/2/14	2020/4/1	Credit borrowings
Finance Company	70,000,000.00	2020/2/14	2020/4/2	Credit borrowings
Finance Company	130,000,000.00	2019/4/22	2020/2/13	Credit borrowings
Finance Company	130,000,000.00	2020/2/14	2020/4/2	Credit borrowings
Finance Company	100,000,000.00	2019/4/22	2020/4/2	Credit borrowings
Finance Company	160,000,000.00	2019/4/22	2020/11/12	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/12/15	Credit borrowings
Finance Company	200,000,000.00	2020/6/12	2022/4/21	Credit borrowings
Finance Company	400,000,000.00	2019/12/6	2020/4/2	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/6/20	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2021/12/20	Credit borrowings
Finance Company	10,000,000.00	2020/6/12	2022/6/20	Credit borrowings
Finance Company	50,000,000.00	2020/6/12	2022/12/5	Credit borrowings
Finance Company	500,000,000.00	2020/8/14	2022/12/5	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2021/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2021/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2022/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2022/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/9/28	2023/6/15	Credit borrowings
Finance Company	550,000,000.00	2020/9/28	2023/9/27	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2021/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2023/6/15	Credit borrowings
Finance Company	457,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2021/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/6/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2022/12/15	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2023/6/15	Credit borrowings
Finance Company	390,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	160,000,000.00	2020/11/17	2023/11/3	Credit borrowings
Jin Jiang International	160,000,000.00	2020/11/12	2020/11/17	Entrusted borrowings
<b>Subtotal</b>	<b>4,377,000,000.00</b>			

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 33. Related party relationships and transactions - continued

## (5) Amount due to/from related parties - continued

Related party	Amount	Commencement date	Maturity Date	Remark
<b>Lend to</b>				
Da Hua Hotel	11,700,000.00	2020/6/29	2023/6/28	Entrusted loans
<b>Subtotal</b>	<b>11,700,000.00</b>			

Interest expenses and interest income arising from amount due to/from related parties:

Item	2020	2019	RMB
Interest expenses	39,356,144.55	31,028,810.17	
Interest income	3,202,154.58	6,701,390.55	
Investment income	65,582.53	-	

The company has deposited a part of settlement capital or idle capital in Finance Company The closing balance and transaction amount are as below:

Finance Company	31 December 2020	31 December 2019	RMB
Closing balance of deposits	170,751,428.81	129,778,425.25	

Finance Company	2020	2019	RMB
Accumulative amount of deposits at Finance Company	4,864,445,683.49	2,622,505,889.32	
Accumulative amount of deposits withdrawn from Finance Company	4,823,472,679.93	3,648,418,963.29	

## (6) Transfer of related party assets

Related party	Content of transactions	2020	2019
Jin Jiang International Investment	Equity Transfer	170,436,388.68	-

See Note (VI) 1 for details of the Company's equity transfer.

## (7) The Company has no other related party transactions during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

## 33. Related party relationships and transactions - continued

## (8) Receivables and payables to related parties

## i) Receivables

RMB

Item	Related party	31 December 2020		31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jin Jiang International and subsidiaries	4,464,522.73	-	6,991,714.82	-
Accounts receivable	Jin Jiang Inn	2,315,226.76	-	-	-
Accounts receivable	Jinya Catering	1,279,313.54	-	1,340,538.84	-
Accounts receivable	Vienna	433,301.22	-	-	-
<b>Subtotal</b>		<b>8,492,364.25</b>	<b>-</b>	<b>8,332,253.66</b>	<b>-</b>
Other receivables	Jin Jiang Capital and subsidiaries	6,350.00	-	40,974.14	-
Other receivables	Jin Jiang Inn	8,544,422.33	-	9,214,117.54	-
Other receivables	Hotels Investment	1,661,761.56	-	1,408,312.43	-
Other receivables	New Metropolo	9,954,741.70	-	-	-
Other receivables	Jin Jiang International and subsidiaries	1,248,242.34	-	40,047,514.30	-
Other receivables	Minhang Hotel	14,869,252.68	-	15,035,252.68	-
Other receivables	Louvre Asia	5,500,000.00	-	11,325,816.46	-
Other receivables	Catering Investment	29,088.33	-	29,088.33	-
Other receivables	Jinya Catering	47,900,000.00	-	47,900,000.00	-
Other receivables	New Asia Food	19,867.90	-	-	-
Other receivables	Food and Beverage Serving Equipment	6,500,742.02	-	5,707,955.21	-
Other receivables	Vienna	11,694,080.51	-	7,049,595.82	-
<b>Subtotal</b>		<b>107,928,549.37</b>	<b>-</b>	<b>137,758,626.91</b>	<b>-</b>
Interest receivable	Jin Jiang International and subsidiaries	4,111.25	-	-	-
<b>Subtotal</b>		<b>4,111.25</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term receivables	New Asia Food	10,328,000.00	-	10,328,000.00	-
<b>Subtotal</b>		<b>10,328,000.00</b>	<b>-</b>	<b>10,328,000.00</b>	<b>-</b>
Other non-current assets	Jin Jiang International and subsidiaries	11,700,000.00	-	-	-
<b>Subtotal</b>		<b>11,700,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ii) Payables

RMB

Item	Related party	31 December 2020	31 December 2019
Accounts payable	Jin Jiang International and subsidiaries	105,354.58	1,349,588.74
Accounts payable	International Foods	38,221.44	-
<b>Subtotal</b>		<b>143,576.02</b>	<b>1,349,588.74</b>
Other payables	Jin Jiang International and subsidiaries	826,510.40	2,218,400.82
Other payables	Jin Jiang Capital and subsidiaries	33,695,540.31	5,673,097.58
Other payables	Marvel Hotel Shanghai	4,749,868.02	896,536.28
Other payables	Shanghai MAGNOTEL Hotel Co., Ltd.	8,418,606.37	29,208.00
Other payables	Jin Jiang Inn	85,005,192.92	48,276,073.42
Other payables	Hotels Investment	7,876,340.51	7,764,046.76
Other payables	Louvre Asia	-	8,942,420.88
Other payables	New Metropolo	9,701,981.58	-
Other payables	GDL	7,051,888.00	7,051,888.00
Other payables	Vienna	1,423,148.88	941,064.66
<b>Subtotal</b>		<b>158,749,076.99</b>	<b>81,792,736.40</b>
Interest payable	Finance Company	2,551,931.25	1,489,127.69
<b>Subtotal</b>		<b>2,551,931.25</b>	<b>1,489,127.69</b>

\* \* \* END OF THE FINANCIAL STATEMENTS \* \* \*

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**1. Breakdown of Non-Recurring Profit or Loss for the Period**

RMB

Item	2020	2019
Profit (loss) on disposal of non-current assets	(32,270,059.69)	68,769,037.40
Tax refunds or reductions with ultra vires approval or without official approval documents	-	-
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	448,263,379.85	90,823,667.03
Income earned from lending funds to non-financial institutions and recognized in profit or loss	222,677.80	-
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	-	-
Profit or loss on exchange of non-monetary assets	-	-
Profit or loss on entrusted investments or assets management	-	-
Impairment losses on assets due to force majeure events, e.g. natural disasters	-	-
Profit or loss on debt restructuring	-	-
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	-
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction	-	-
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	-	-
Profit or loss arising from contingencies other than those related to normal operating business	-	-
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	80,694,520.48	119,837,327.79
Reversal of provision for accounts receivable that are tested for impairment losses individually	-	-
Profit or loss on entrusted loans	-	-
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	-
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations	-	(3,890,905.71)
Custodian fees earned from entrusted operation	-	-
Other non-operating income or expenses other than the above	27,270,736.54	(6,112,025.35)
Gains or losses on disposal of subsidiaries	590,625,768.70	-
Other profit and loss items that meet the definition of non-recurring profit or loss (Note)	(253,846,679.02)	-
Tax effects	(71,187,956.49)	(61,318,013.15)
Effects attributable to minority interests	(9,852,369.74)	(7,935,029.84)
Total	779,920,018.43	200,174,058.17

Note: It represents losses incurred during the mandatory closure of the Group's hotels by the local government due to the impact of the COVID-19 pandemic.

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**1. Breakdown of Non-Recurring Profit or Loss for the Period - continued**

Preparation basis of the breakdown of non-recurring profit or loss

According to "Explanatory Notice No. 1 of Information Disclosure for Public Offering Securities – Non-recurring Profit or Loss [2008]" issued by China Securities Regulatory Commission, non-recurring profit or loss arises from the transactions or events that is not directly related to daily operations, or the transactions or events that are associated with normal operations but may affect the investors' proper judgments on the performance and profitability of the Company due to their special and incidental nature.

**2. Return on Net Assets and Earnings Per Share ("EPS")**

The return rate on net assets and EPS have been prepared by Shanghai Jin Jiang International Hotels Co., Ltd ("Jin Jiang") in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2012) issued by China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return rate on net assets (%)	Earnings per share	
		Basic EPS	Diluted EPS (Note)
Net profit attributable to ordinary equity holders of the Company	0.85	0.1151	N/A
Net profit attributable to ordinary equity holders of the Company after deducting non-recurring profit or loss	(5.19)	(0.6991)	N/A

Note: The Company has no diluted potential ordinary shares.

SUPPLEMENTARY INFORMATIONS  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**

The Company prepared accompanying summarized accounting statements and room operation statement for the segment of limited service hotels for the purpose to make it user-friendly for the accounting statements users to read and compare figures in the movements of assets and liabilities on 31 December 2020 and 31 December 2019, and the operating results, cash flows and segments room operation of limited service hotels for the period from 1 January 2020 to 31 December 2020 and 1 January 2019 to 31 December 2019. The summarized accounting statements and room operation statement for the segment of limited service hotels do not offset the balances of transactions between the segment of limited service hotels and other business segments of the Company and the following statements are only for reference to the accounting statement users.

**Summarized Balance Sheet for the Segment of Limited Service Hotels**

RMB

Item	31 December 2020	31 December 2019	Item	31 December 2020	31 December 2019
<b>Current Assets:</b>			<b>Current Liabilities:</b>		
Cash and bank balances	6,053,841,923.59	5,494,760,465.97	Short-term borrowings	374,585,319.50	8,140,596.27
Held-for-trading financial assets	39,825,956.80	-	Derivative financial liabilities	-	939,766.98
Accounts receivable	1,062,264,320.40	1,134,407,343.59	Accounts payable	1,745,889,747.58	1,963,492,513.30
Prepayments	219,860,539.48	210,080,920.13	Receipts in advance	5,481,209.40	990,228,812.25
Other receivables	623,868,790.40	501,260,162.71	Contract liabilities	932,343,409.44	
Inventories	69,279,719.62	89,425,512.66	Employee benefits payable	887,491,015.70	1,122,643,918.90
Other current assets	366,788,886.83	358,685,147.89	Taxes payable	468,870,738.46	518,684,618.43
			Other payables	1,770,682,407.66	1,665,082,260.86
			Non-current liabilities due within one year	104,003,362.90	72,312,599.56
<b>Total Current Assets</b>	<b>8,435,730,137.12</b>	<b>7,788,619,552.95</b>	<b>Total Current Liabilities</b>	<b>6,289,347,210.64</b>	<b>6,341,525,086.55</b>
<b>Non-current Assets:</b>			<b>Non-current Liabilities:</b>		
Other equity instrument investments	26,649,550.82	29,779,021.68	Long-term borrowings	10,338,856,203.12	9,924,857,782.68
Other non-current financial assets	-	800,592,661.09	Long-term payables	152,172,338.41	256,071,387.24
Long-term receivables	-	-	Long-term employee benefits payable	99,640,012.22	89,587,384.84
Long-term equity investments	267,749,528.92	94,609,488.35	Provisions	51,368,852.96	52,189,372.65
Investment properties	-	-	Deferred tax liabilities	2,006,615,426.28	2,158,093,203.01
Fixed assets	5,833,181,846.23	6,400,673,543.45	Other non-current liabilities	176,991,195.19	149,871,893.75
Construction in progress	451,205,727.14	495,988,973.52	<b>Total Non-current Liabilities</b>	<b>12,825,644,028.18</b>	<b>12,630,671,024.17</b>
Intangible assets	7,194,768,546.84	7,241,024,418.78	<b>TOTAL LIABILITIES</b>	<b>19,114,991,238.82</b>	<b>18,972,196,110.72</b>
Goodwill	11,503,365,924.11	11,380,024,428.75	<b>SHAREHOLDERS' EQUITY:</b>		
Long-term prepaid expenses	1,992,368,168.78	2,281,205,866.40	Share capital	3,134,882,875.13	3,166,586,811.68
Deferred tax assets	926,434,432.00	678,322,347.88	Capital reserve	4,011,763,808.50	4,011,763,808.50
Other non-current assets	106,915,441.81	97,941,394.28	Other comprehensive income	(314,953,677.16)	(282,553,062.53)
			Surplus reserve	165,038,712.59	159,648,807.47
			Retained profits	4,161,158,830.44	4,455,592,662.30
			Contribution from the parent company	5,629,691,001.14	5,866,803,650.29
			Total owners' equity attributable to the segment of limited service hotels	16,787,581,550.64	17,377,842,677.71
			Minority interests	835,796,514.31	938,742,908.70
<b>Total Non-current Assets</b>	<b>28,302,639,166.65</b>	<b>29,500,162,144.18</b>	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,623,378,064.95</b>	<b>18,316,585,586.41</b>
<b>TOTAL ASSETS</b>	<b>36,738,369,303.77</b>	<b>37,288,781,697.13</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>36,738,369,303.77</b>	<b>37,288,781,697.13</b>

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 20203. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels  
- continued

## Summarized Income Statement for the Segment of Limited Service Hotels

RMB

Item	2020	2019
<b>I. Total operating income</b>	9,649,207,583.68	14,846,731,137.53
Self-owned and rented hotels	5,174,021,656.35	8,959,817,593.60
Franchised and managed hotels	4,350,005,481.11	5,721,797,282.68
Others	125,180,446.22	165,116,261.25
<b>Total operating income</b>	<b>9,649,207,583.68</b>	<b>14,846,731,137.53</b>
Less: Taxes and levies	112,987,192.03	162,501,804.19
<b>Net operating income</b>	<b>9,536,220,391.65</b>	<b>14,684,229,333.34</b>
Operating costs and expenses		
Costs for Self-owned and rented hotels		
Rental	1,692,950,431.67	1,904,374,454.87
Energy	513,165,205.41	684,245,466.95
Labor cost for self-owned and rented hotels	1,896,055,853.83	2,331,109,957.36
Labor cost for franchised and managed hotels	1,235,103,360.04	1,174,880,101.08
Other costs for franchised and managed hotels	544,127,682.83	942,713,922.97
Depreciation	551,811,822.42	577,207,308.39
Amortization	608,662,457.38	618,392,727.82
Consumptions, food and beverage	607,760,290.27	953,585,085.45
Others	687,020,482.50	926,804,365.07
<b>Total operation costs of hotels</b>	<b>8,336,657,586.35</b>	<b>10,113,313,389.96</b>
Sales and marketing expenses	517,512,948.03	959,572,912.73
General administrative and management expenses	1,307,312,163.88	2,011,744,938.02
Start-up expenses	5,026,265.34	2,330,831.38
<b>Total operating costs and expenses</b>	<b>10,166,508,963.60</b>	<b>13,086,962,072.09</b>
<b>II. Operating profit</b>	<b>(630,288,571.95)</b>	<b>1,597,267,261.25</b>
Investment income	588,801,825.83	10,159,357.26
Interest income	56,413,275.96	70,780,525.24
Interest expenses	140,735,636.61	153,844,758.64
Impairment losses of long-term assets	70,463,295.20	32,960,668.65
Non-operating income	473,028,426.12	163,760,932.00
Non-operating expenses	69,237,262.71	50,056,275.22
Gains (losses) from changes in fair value of unrecognized warrants	53,071,536.26	95,693,756.97
Foreign exchange gains (losses)	(38,371,251.79)	(333,485.02)
<b>III. Total profit</b>	<b>222,219,045.91</b>	<b>1,700,466,645.19</b>
Income tax expenses	54,775,604.93	475,163,476.06
<b>IV. Net profit</b>	<b>167,443,440.98</b>	<b>1,225,303,169.13</b>
Less: Profit attributable to minority interests	131,170,765.61	187,423,252.25
Net profit attributable to segments of limited service hotels	<b>36,272,675.37</b>	<b>1,037,879,916.88</b>
<b>V. Other comprehensive income (loss), net of tax</b>	<b>(62,438,093.59)</b>	<b>6,549,507.13</b>
Other comprehensive income (loss) attributable to owners of the Company, net of tax	<b>(56,272,106.80)</b>	<b>6,328,131.11</b>
(I) Other comprehensive income (loss) that cannot be subsequently reclassified to profit or loss	(2,910,631.28)	(7,274,152.75)
1. Changes from remeasurement of net liabilities or assets from defined benefit plans	(1,783,520.37)	(6,146,855.32)
2. Changes in fair value of investments in other equity instruments	(1,127,110.91)	(1,127,297.43)
(II) Other comprehensive income (loss) that will be reclassified to profit or loss	(53,361,475.52)	13,602,283.86
1. Share of other comprehensive income of the investee that will be reclassified to profit or loss under the equity method	(122,801.65)	173,887.49
2. Effective portion of profit or loss from cash flow hedges	679,447.03	1,186,693.89
3. Translation differences of financial statements denominated in foreign currencies	(53,918,120.90)	12,241,702.48
Other comprehensive income attributable to minority interests, net of tax	<b>(6,165,986.79)</b>	<b>221,376.02</b>
<b>VI. Total comprehensive income (loss):</b>	<b>105,005,347.39</b>	<b>1,231,852,676.26</b>
Total comprehensive income (loss) attributable to owners of the Company	<b>(19,999,431.43)</b>	<b>1,044,208,047.99</b>
Total comprehensive income (loss) attributable to minority interests	<b>125,004,778.82</b>	<b>187,644,628.27</b>

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**  
- continued**Summarized Cash Flow Statement for the Segment of Limited Service Hotels**

RMB

Item	Period from 1 January to 31 December 2020	Period from 1 January to 31 December 2019
<b>I. Cash Flows from Operating Activities:</b>		
Cash receipts from the sale of goods and the rendering of services	10,117,145,083.82	15,332,891,197.53
Receipts of tax refunds	-	6,977,426.73
Other cash receipts relating to operating activities	632,195,959.60	277,677,079.29
<b>Sub-total of cash inflows from operating activities</b>	<b>10,749,341,043.42</b>	<b>15,617,545,703.55</b>
Cash payments for goods purchased and services received	3,741,550,209.00	3,663,312,508.78
Cash payments to and on behalf of employees	3,989,732,492.20	4,885,939,643.59
Payments of various types of taxes	872,202,584.34	970,634,870.95
Other cash payments relating to operating activities	1,971,474,158.86	3,589,846,702.63
<b>Sub-total of cash outflows from operating activities</b>	<b>10,574,959,444.40</b>	<b>13,109,733,725.95</b>
<b>Net Cash Flow from Operating Activities</b>	<b>174,381,599.02</b>	<b>2,507,811,977.60</b>
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from disposals and recovery of investments	868,085,429.87	5,793,101.09
Cash receipts from investment income	17,904,063.37	10,509,835.57
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	21,020,093.25	69,898,193.12
Net cash receipts from disposals of subsidiaries and other business units	433,965,809.58	-
Net cash receipts from acquisition of subsidiaries and other business units	-	-
Other cash receipts relating to investing activities	1,266,473.59	-
<b>Sub-total of cash inflows from investing activities</b>	<b>1,342,241,869.66</b>	<b>86,201,129.78</b>
Net cash payments for acquisitions of subsidiaries and other business units	-	-
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	742,936,503.93	921,580,065.87
Cash payments to acquire investments	107,007,008.05	1,800,000.00
Other cash payments relating to investing activities	-	-
<b>Sub-total of cash outflows from investing activities</b>	<b>849,943,511.98</b>	<b>923,380,065.87</b>
<b>Net Cash Flow from Investing Activities</b>	<b>492,298,357.68</b>	<b>(837,178,936.09)</b>
<b>III. Cash Flows from Financing Activities:</b>		
Cash receipts from capital contributions	3,867,098,533.82	137,960,038.66
Including: cash receipts from capital contributions from minority owners of subsidiaries	11,983,009.15	-
Cash receipts from borrowings	<b>3,879,081,542.97</b>	<b>137,960,038.66</b>
Other cash receipts relating to financing activities	3,369,851,766.46	1,276,926,020.71
<b>Sub-total of cash inflows from financing activities</b>	<b>619,094,129.42</b>	<b>828,554,986.19</b>
Cash repayments of borrowings	57,333,806.96	24,803,037.77
Cash payments for distribution of dividends or profits or settlement of interest expenses	3,324,130.35	42,910,286.84
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	<b>3,992,270,026.23</b>	<b>2,148,391,293.74</b>
Other cash payments relating to financing activities	<b>(113,188,483.26)</b>	<b>(2,010,431,255.08)</b>
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>6,630,135.66</b>	<b>12,229,180.14</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>560,121,609.10</b>	<b>(327,569,033.43)</b>
Add: Opening Balance of Cash and Cash Equivalents	<b>5,487,339,559.52</b>	<b>5,814,908,592.95</b>
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>6,047,461,168.62</b>	<b>5,487,339,559.52</b>

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**  
- continued**EBITDA Statement for the Segment of Limited Service Hotels**

RMB

Item	Period from 1 January to 31 December 2020	Period from 1 January to 31 December 2019
Net profit attributable to segments of limited service hotels	36,272,675.37	1,037,879,916.88
Interest income	(56,413,275.96)	(70,780,525.24)
Interest expenses	140,735,636.61	153,844,758.64
Income tax expenses	54,775,604.93	475,163,476.06
Depreciation	567,081,380.21	594,547,761.90
Amortization	731,809,402.46	788,389,850.43
<b>EBITDA</b>	<b>1,474,261,423.62</b>	<b>2,979,045,238.67</b>
<b>Share of operating income for EBITDA (%)</b>	<b>15.28</b>	<b>20.07</b>
Gain (loss) on exchange differences	38,371,251.79	333,485.02
Start-up expenses	5,026,265.34	2,330,831.38
<b>Adjusted EBITDA</b>	<b>1,517,658,940.75</b>	<b>2,981,709,555.07</b>
<b>Adjusted share of operating income for EBITDA (%)</b>	<b>15.73</b>	<b>20.08</b>

**Costs and Expenses Statement for the Segment of Limited Service Hotels**

RMB

Item	Period from 1 January to 31 December 2020		Period from 1 January to 31 December 2019	
	Amount	Share in operating income (%)	Amount	Share in operating income (%)
Operating income	<b>9,649,207,583.68</b>	<b>100.00</b>	<b>14,846,731,137.53</b>	<b>100.00</b>
Hotel operating costs	8,336,657,586.35	86.40	10,113,313,389.96	68.12
Sales and marketing expenses	517,512,948.03	5.36	959,572,912.73	6.46
General administrative and management expenses	1,307,312,163.88	13.55	2,011,744,938.02	13.55
Start-up expenses	5,026,265.34	0.05	2,330,831.38	0.02
<b>Total operating costs and expenses</b>	<b>10,166,508,963.60</b>	<b>105.36</b>	<b>13,086,962,072.09</b>	<b>88.15</b>

SUPPLEMENTARY INFORMATIONS  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**  
- continued**Hotel Operating Data of Mid-scale Hotels and Economic Hotels Brands Started up at Home and Abroad**

Brand	Net hotels in operation in 2020	Total hotels in operation as at 31 December 2020
<b>1. Mid-scale hotels</b>	<b>859</b>	<b>4,422</b>
Including: Jin Jiang Metropolo	32	139
Lavande Hotels	149	719
James Joyce Coffetel	86	324
Xana Hotel	77	326
Hampton	48	159
Chonpines	-32	86
Vienna International	265	693
Vienna Classic Hotel	-47	164
Vienna Hotel	107	988
Vienna 3 Best Hotel	50	269
Golden Tulip Hotels	-35	241
Kyriad	68	129
Others	91	185
<b>2. Economic hotels</b>	<b>33</b>	<b>4,984</b>
Including: Jin Jiang Inn	-41	1,017
7 Days Hotels	-153	2,042
IU	43	268
Pai Hotel	112	420
Magnotel	62	151
Première Classe	7	250
Campanile	-19	361
Kyriad Hotels	23	318
Sarovar Management	4	91
Others	-5	66
<b>Total</b>	<b>892</b>	<b>9,406</b>

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**  
- continued**Hotel Operating Data of Limited Service Hotels at Home**

	As at 31 December 2019	As at 30 September 2020	As at 31 December 2020
<b>Total hotels in operation:</b>			
Self-owned and rented hotels	698	641	641
Franchised and managed hotels	6,523	7,186	7,497
<b>Total</b>	<b>7,221</b>	<b>7,827</b>	<b>8,138</b>
<b>Total hotel rooms in operation:</b>			
Self-owned and rented hotels	89,634	82,316	82,374
Franchised and managed hotels	649,461	707,371	735,015
<b>Total</b>	<b>739,095</b>	<b>789,687</b>	<b>817,389</b>
<b>Total hotels including pre-opening:</b>			
Self-owned and rented hotels	711	662	658
Franchised and managed hotels	10,957	12,119	12,454
<b>Total</b>	<b>11,668</b>	<b>12,781</b>	<b>13,112</b>
<b>Total rooms including pre-opening:</b>			
Self-owned and rented hotels	91,286	84,677	84,307
Franchised and managed hotels	1,118,019	1,205,907	1,234,456
<b>Total</b>	<b>1,209,305</b>	<b>1,290,584</b>	<b>1,318,763</b>

	Fourth quarter in 2019	Third quarter in 2020	Fourth quarter in 2020
<b>Occupancy rate (as a percentage)</b>			
Self-owned and rented hotels	72.21	73.43	72.78
Franchised and managed hotels	73.56	73.72	72.90
<b>Total hotels in operation</b>	<b>73.39</b>	<b>73.69</b>	<b>72.88</b>
<b>Average room rate (in RMB/room)</b>			
Self-owned and rented hotels	205.25	174.95	184.09
Franchised and managed hotels	212.17	198.81	209.59
<b>Total hotels in operation</b>	<b>211.30</b>	<b>196.22</b>	<b>206.92</b>
<b>RevPAR (in RMB/room)</b>			
Self-owned and rented hotels	148.21	128.47	133.98
Franchised and managed hotels	156.07	146.56	152.79
<b>Total hotels in operation</b>	<b>155.07</b>	<b>144.59</b>	<b>150.80</b>

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**  
- continued**Comparison of RevRAP of the Domestic Hotels in Operation for Over 18 Months as at 31 December 2020 with the Same Period in Prior Year**

	Hotels in operation for over 18 months		Increase/Decrease on year-on-year basis (%)
	January - December 2020	January - December 2019	
<b>Mid-scale hotels</b>			
<b>Average occupancy rate (%)</b>	<b>69.88</b>	<b>80.95</b>	<b>-11.07</b>
Including: Direct	70.60	82.97	-12.37
Franchised	69.77	80.65	-10.88
<b>Average room rate (in RMB/room)</b>	<b>242.18</b>	<b>269.18</b>	<b>-10.03</b>
Including: Direct	282.24	338.71	-16.67
Franchised	236.28	258.51	-8.60
<b>RevPAR (in RMB/room)</b>	<b>169.24</b>	<b>217.90</b>	<b>-22.33</b>
Including: Direct	199.26	281.03	-29.10
Franchised	164.85	208.49	-20.93
<b>Economic hotels</b>			
<b>Average occupancy rate (%)</b>	<b>58.25</b>	<b>73.13</b>	<b>-14.88</b>
Including: Direct	59.02	72.39	-13.37
Franchised	57.62	73.73	-16.11
<b>Average room rate (in RMB/room)</b>	<b>149.73</b>	<b>173.82</b>	<b>-13.86</b>
Including: Direct	154.10	172.58	-10.71
Franchised	146.12	174.80	-16.41
<b>RevPAR(in RMB/room)</b>	<b>87.22</b>	<b>127.11</b>	<b>-31.38</b>
Including: Direct	90.95	124.93	-27.20
Franchised	84.19	128.88	-34.68
<b>Total</b>			
<b>Average occupancy rate (%)</b>	<b>64.70</b>	<b>77.40</b>	<b>-12.70</b>
Including: Direct	62.05	75.13	-13.08
Franchised	65.68	78.25	-12.57
<b>Average room rate (in RMB/room)</b>	<b>205.15</b>	<b>228.28</b>	<b>-10.13</b>
Including: Direct	192.25	220.19	-12.69
Franchised	209.63	231.20	-9.33
<b>RevPAR(in RMB/room)</b>	<b>132.73</b>	<b>176.69</b>	<b>-24.88</b>
Including: Direct	119.29	165.43	-27.89
Franchised	137.68	180.91	-23.90

SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**  
- continued**Hotel Operating Data of Limited Service Hotels at Abroad**

	As at 31 December 2019	As at 30 September 2020	As at 31 December 2020
<b>Total hotels in operation:</b>			
Self-owned and rented hotels	291	293	293
Franchised and managed hotels	1,002	997	975
<b>Total</b>	<b>1,293</b>	<b>1,290</b>	<b>1,268</b>
<b>Total hotel rooms in operation:</b>			
Self-owned and rented hotels	22,709	23,074	23,203
Franchised and managed hotels	83,373	83,360	78,904
<b>Total</b>	<b>106,082</b>	<b>106,434</b>	<b>102,107</b>
<b>Total hotels including pre-opening:</b>			
Self-owned and rented hotels	295	303	294
Franchised and managed hotels	1,095	1,082	1,052
<b>Total</b>	<b>1,390</b>	<b>1,385</b>	<b>1,346</b>
<b>Total rooms including pre-opening:</b>			
Self-owned and rented hotels	23,226	24,318	23,215
Franchised and managed hotels	94,159	93,178	88,538
<b>Total</b>	<b>117,385</b>	<b>117,496</b>	<b>111,753</b>

	Fourth quarter in 2019	Third quarter in 2020	Fourth quarter in 2020
<b>Occupancy rate (as a percentage)</b>			
Self-owned and rented hotels	68.00	43.45	27.70
Franchised and managed hotels	61.46	44.93	34.71
<b>Total hotels in operation</b>	<b>63.02</b>	<b>44.56</b>	<b>34.14</b>
<b>Average room rate (in EUR/room)</b>			
Self-owned and rented hotels	56.45	53.68	46.73
Franchised and managed hotels	57.85	55.53	54.75
<b>Total hotels in operation</b>	<b>57.49</b>	<b>55.07</b>	<b>48.69</b>
<b>RevPAR (in EUR/room)</b>			
Self-owned and rented hotels	38.39	23.32	12.94
Franchised and managed hotels	35.55	24.95	19.00
<b>Total hotels in operation</b>	<b>36.23</b>	<b>24.54</b>	<b>16.62</b>