

Company Code: 600754/900934

Abbreviated Name: JIN JIANG HOTELS/JIN JIANG B-SHARE

Shanghai Jin Jiang International Hotels Co., Ltd. 2021 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 25 March 2022, the 60th Meeting of the 9th 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 2021 were prepared in accordance with Accounting Standards for Business Enterprises. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued an auditors' report (De Shi Bao (Shen) Zi (22) No. P02353) with standard unmodified opinion for the Company.**
- IV. Mr. Zhang Xiaoqiang, Chairman of the Board and Principal of the Company, Mr. Zhu Qian, Chief Executive Officer ("CEO"), Ms. Shen Li, the person in charge of accounting work and Chief Financial Officer ("CFO"), 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 0.53 (tax included) to every 10 shares held by all shareholders on the basis of 1,070,044,063 shares in total as at 31 December 2021; 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 of shareholders.
In 2021, 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 general meeting of shareholders 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 to 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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List of Documents Available for Inspection	Financial statements with signatures and seals of legal representative, chief financial officer and head of accounting department
	Auditors' report with signatures and seals of accounting firm and certificated accountants
	Original announcement and document released on <i>Shanghai Securities News</i> and <i>Ta Kung Pao</i> during reporting period

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 Group	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.
Shenzhen Jin Jiang	Refers to	Shenzhen Jin Jiang Hotels Management 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
Dongfeng Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Dongfeng 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.

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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.
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.
Jinzhu Catering	Refers to	Shanghai Jinzhu 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.
Jin Jiang Online	Refers to	Shanghai Jin Jiang Online Network Service 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.

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Reporting period, the current period, end of the reporting period, end of the current period	Refers to	1 January 2021 to 31 December 2021, 31 December 2021
Same period of prior year, prior period, end of the prior year	Refers to	1 January 2020 to 31 December 2020, 31 December 2020
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	JINJIANG HOTELS
Legal representative of the Company	Mr. Zhang Xiaoqiang

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	JJIR@jinjianghotels.com	JJIR@jinjianghotels.com

III. Basic introduction

Registered address	4th Floor, No.889 South Yang Gao Road, China (Shanghai) Pilot Free Trade Zone (Region B)
Historical changes in registered address	On 9 December 1994, the registered address was changed from "5th Floor, No. 1017 Laoshan Road West, Pudong (No. 107 Fuzhou Road)" to "No. 180 Jiangxi Road Middle, Shanghai"; On 11 October 1996, the registered address was changed from " No. 180 Jiangxi Road Middle, Shanghai" to "4th Floor, No. 285 Tianmu Road West, Shanghai"; On 13 July 2000, the registered address was changed from "4th Floor, No. 285 Tianmu Road West, Shanghai" to "12th Floor, No. 389 Pudian Road, Shanghai"; On 29 January 2014, the registered address was changed from "12th Floor, No. 389 Pudian Road, Shanghai" to "4th Floor, No.889, South Yang Gao Road, China (Shanghai) Pilot Free Trade Zone (Region B)".
Business address	25th Floor, No.100 Yan'an Road East, Shanghai
Zip code of business address	200002
Internet website address	http://www.jinjianghotels.sh.cn
E-mail	JJIR@jinjianghotels.com

IV. Information disclosure and where this report is placed

Name of newspaper and internet website for the disclosure of this report	Shanghai Securities News (https://www.cnstock.com) Ta Kung Pao (HK) (http://www.takungpao.com)
Internet website address of stock exchange for the disclosure of this report	http://www.sse.com.cn
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. Huang Yiting
Sponsor performing continuous supervision duties during the reporting period	Name	Shenwan Hongyuan Securities Underwriting & Sponsorship Co., Ltd.
	Address	No. 171, Changshu Road, Shanghai
	Name of authorized sponsor representative	Mr. Bao Jianxiang, Ms. Xu Yafen
	Continuous supervision period	23 March 2021 to 31 December 2022

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

(I) Accounting highlights

Unit: RMB

Accounting highlights	2021	2020	Year-on-year changes (%)	2019
Operating income	11,339,134,410.63	9,897,556,264.41	14.56	15,099,024,459.57
Operating income, net of that irrelevant to principal operations and not having a commercial substance	11,338,806,894.48	9,897,441,220.97	14.56	15,098,849,618.51
Net profit attributable to shareholders of the Company	100,621,020.29	110,210,911.66	-8.70	1,092,499,077.90
Net profit attributable to shareholders of the Company, net of non-recurring profit or loss	-121,882,728.71	-669,709,106.77	N/A	892,325,019.73

Net cash flow from operating activities	2,068,952,070.95	151,636,179.57	1,264.42	2,637,918,098.67
	End of 2021	End of 2020	Year-on-year changes (%)	End of 2019
Net assets attributable to shareholders of the Company	16,611,607,379.34	12,709,518,765.44	30.70	13,255,122,012.84
Total assets	48,263,130,694.72	38,636,562,063.46	24.92	38,874,271,205.78
Total equity at the end of the period	1,070,044,063	957,936,440	11.70	957,936,440

(II) Financial indicator highlights

Financial indicator highlights	2021	2020	Year-on-year changes (%)	2019
Basic EPS (RMB/share)	0.0966	0.1151	-16.07	1.1405
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Basic EPS, net of non-recurring profit or loss (RMB/share)	-0.1170	-0.6991	N/A	0.9315
Weighted average ROE (%)	0.65	0.85	Decreased by 0.20%	8.35
Weighted average ROE, net of non-recurring profit or loss (%)	-0.79	-5.19	Increased by 4.40%	6.82

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 2021	31 December 2020
1 USD to RMB	6.3757	6.5249
1 EUR to RMB	7.2197	8.0250
1 HKD to RMB	0.81760	0.84164

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 2021

Unit: RMB

	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sept)	Q4 (Oct-Dec)
Operating income	2,299,707,702.89	2,962,833,252.15	3,086,973,614.41	2,989,619,841.18
Net profit attributable to shareholders of the Company	-182,702,093.36	187,350,522.24	92,120,668.51	3,851,922.90
Net profit attributable to shareholders of the Company, net of non-recurring profit or loss	-161,159,309.98	28,199,454.70	88,445,547.81	-77,368,421.24
Net cash flow from operating activities	-496,203,675.90	1,146,003,481.88	797,848,901.73	621,303,363.24

Description on difference between the quarterly 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	2021	Notes (if applicable)	2020	2019
Profit or loss on disposal of non-current assets	18,467,004.01		-32,270,059.69	68,769,037.40
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)	389,526,208.49	Receipts of government grants	448,263,379.85	90,823,667.03
Income earned from lending funds to non-financial institutions and recognized in profit or loss	440,034.62		222,677.80	

Profit or loss on changes in the fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income on disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, other than those used in the effective hedging activities relating to normal operating business	-57,162,259.14	Profit or loss on changes in fair value of held-for-trading financial assets and minority interest acquisition balance	80,694,520.48	119,837,327.79
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
Other non-operating income or expenses other than the above	24,612,324.88		27,270,736.54	-6,112,025.35
Other profit or loss that meets the definition of non-recurring profit or loss	-61,746,053.52	Depreciation expenses, amortization expenses and rents from the hotels that were closed down due to the COVID-19	336,779,089.68	
Less: Income tax effects	87,174,989.38		71,187,956.49	61,318,013.15
Effects attributable to minority interests, net of tax	4,458,520.96		9,852,369.74	7,935,029.84
Total	222,503,749.00		779,920,018.43	200,174,058.17

Explanation on defining non-recurring profit or loss items illustrated in the *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1—Non-recurring Profit or Loss* as recurring profit or loss items

Applicable Not Applicable

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	254,237,956.80	244,091,956.52	-10,146,000.28	-4,430,000.00
Investment in other equity instruments	47,175,565.45	51,242,467.51	4,066,902.06	1,414,182.42
Other non-current financial assets	452,100,000.00	452,300,000.00	200,000.00	97,795,597.11
Long-term payables	6,576,026.22	61,705,317.54	55,129,291.32	-39,642,259.14
Non-current liabilities due within one year	33,116,083.04	13,336,297.93	-19,779,785.11	0.00
Total	793,205,631.51	822,676,039.50	29,470,407.99	55,137,520.39

XII. Others

Applicable Not Applicable

Section III Management Discussion and Analysis

I. Operation discussion and analysis

Although 2021 brought a complex external environment and backdrop where multiple variables played out in the global economy, the Company, while keeping a stable pace, sought progress to achieve stronger coordination, accelerated reform and integration, better performance of principal operating activities and enhanced core competitiveness in accordance with the work direction of "market-oriented reform, international development, systematic governance, digital transformation, humanistic management and consolidate Party's construction". The Company strived to achieve early warning and dynamic prevention and control of major risks in its operations, and actively responded to the impact of COVID-19 on its operations. At the same time, the Company actively promoted the enabling system construction in China based on further optimized integration at a global strategic height, accelerated the digital transformation, delicacy management and information enabling, and exerted itself to improve its brand, quality and efficiency to facilitate the achievement of high-quality development.

In 2021, the Company realized consolidated operating income of RMB 11,339.13 million, with a year-on-year increase of 14.56%; realized operating profit of RMB 577.41 million, with a year-on-year increase of 107.95%; realized net profit attributable to shareholders of listed company amounting to RMB 100.62 million, with a year-on-year decrease of 8.70%; realized net profit attributable to shareholders of listed company net of non-recurring profit or loss amounting to RMB -121.88 million, with a year-on-year decrease in loss of RMB 547.83 million.

At 31 December 2021, the Company had total assets of RMB 48,263.13 million, an increase of 24.92% comparing to that at prior year end; total liabilities of RMB 30,926.55 million, an increase of 24.05% comparing to that at prior year end; net assets attributable to shareholders of listed company amounting to RMB 16,611.61 million, an increase of 30.70% comparing to that at prior year end; and asset-liability ratio was 64.08%, a decrease of 0.45% comparing to that at prior year end.

In 2021, the Company realized net cash flow from operating activities amounting to RMB 2,068.95 million, a year-on-year increase of 1,264.42%.

During the reporting period, the Company's consolidated operating income enjoyed a year-on-year increase, mainly due to the gradual improvement and recovery of the Company's operations of domestic and overseas limited service hotels; while the net profit attributable to shareholders of listed company suffered from a year-on-year decrease, mainly due to the investment income from disposal of subsidiaries over the same period of prior year.

The total assets enjoyed an increase compared to that at prior year end, mainly due to the completion of private placement of A shares and the implementation of new lease standards; and the net assets attributable to shareholders of listed company enjoyed an increase compared to that at prior year end, mainly due to the completion of private placement of A shares.

The net cash flow from operating activities enjoyed a year-on-year increase, mainly due to the gradual improvement and recovery of the Company's operations of domestic and overseas limited service hotels

Limited Service Hotel Business

1. Overview of global hotel business development

In 2021, the limited service hotel business realized the consolidated operating income of RMB 11,089.68 million, a year-on-year increase of 14.94%; realized operating profit of RMB 634.41 million, a year-on-year increase of 67.92%; realized net profit attributable to the limited service hotel business amounting to RMB -0.9 million, a year-on-year decrease of 102.49%, mainly due to investment income from disposal of subsidiaries over the same period of prior year.

The Company realized domestic operating income of RMB 8,800.15 million, a year-on-year increase of 12.66%; realized overseas operating income of RMB 2,289.53 million, a year-on-year increase of 24.63%. The domestic operating income accounted for 79.35% of the total revenue from hotel business, while the overseas operating income accounted for 20.65% of the total revenue from hotel business.

The consolidated operating income included upfront franchise service fee of RMB 811.92 million, increased by 9.71% on a year-on-year basis, and recurring and labor dispatching service fee of RMB 3,548.69 million, increased by 25.71% on a year-on-year basis.

In 2021, the Company newly opened 1,763 hotels, exited from 239 previously operated hotels, and transferred 317 hotels from opening to preparation, with a net increase of 1,207 new hotels, including a decrease of 17 directly operated hotels. As of 31 December 2021, 10,613 hotels with 1,019,377 rooms in total have been opened for business.

As of 31 December 2021, 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	5,517	51.98	615,114	60.34

Budget hotel	5,096	48.02	404,263	39.66
Total number of hotels	10,613	100.00	1,019,377	100.00
Including: Directly operated hotels	921	8.68	101,990	10.01
Franchise hotels	9,692	91.32	917,387	89.99

As of 31 December 2021, the number of contracted hotels reached 15,373, and the number of contracted rooms was 1,484,588 in total.

As of 31 December 2021, the Company's contracted limited service chain hotels were located in 335 prefecture-level cities and counties and cities directly under the jurisdiction of the province in 31 provinces, autonomous regions and municipalities in Mainland China,, and 61 countries or regions outside Mainland China.

2. Operation of limited service chain hotels by region

(1) Operation in Mainland China

From January to February 2021, the operations of the Company's domestic limited service chain hotels were slightly affected by the local COVID-19 outbreaks, the "Celebrating New Year in Place" policy and other prevention and control policies, accordingly slowing down the resumption. With the normalization of pandemic prevention and control in the territory, the order of life and production gradually returned to the right track for more leisure travel and business travel consumption demands obviously since March so as to increase the confidence in the domestic hotel market and RevPAR gradually. In April and May, the overall average RevPAR of the Company's domestic limited service chain hotels surpassed that for the same period of 2019 while the overall average RevPAR in June decreased to 91.81% of that for the same period of 2019 as affected by the local pandemic outbreaks to the operations of hotels in some areas of China from the late-May to Mid-June. In July, overall average RevPAR rebounded to 98.25% of that over the same period in 2019. However, since the end of July, due to repeated COVID-19 outbreaks from place to place, both leisure travel and business travel consumption demand were restricted, with August and November being more affected by the pandemic. When the situation relatively went well, RevPAR quickly rebounded as demand was rapidly released, with full-year RevPAR recovered to 87.45% of that over the same period in 2019, an increase of 15.33% comparing with that of 2020.

In 2021, for limited service chain hotel business in Mainland China, the Company realized consolidated operating income of RMB 8,800.15 million, a year-on-year increase of 12.66%; realized net profit attributable to owners of the Company amounting to RMB 443.74 million, a year-on-year decrease of

48.97%; realized net profit attributable to the Company net of non-recurring profit or loss amounting to RMB 365.75 million, a year-on-year increase of RMB 413.46 million; the consolidated operating income included upfront service fee of RMB 800.61 million, a year-on-year increase of 10.04%, and recurring and labor dispatching service fee of RMB 3,062.92 million, a year-on-year increase of 26.65%.

The table below presents the number of the Company's hotels and rooms for limited service in Mainland China as of 31 December 2021:

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	30	4,050	394	34,988	32	4,230	561	51,622
Tianjin	1	10	1,388	189	17,248	10	1,388	304	27,793
Hebei	11	5	659	433	33,089	5	659	702	56,629
Shanxi	11	21	2,670	177	13,782	21	2,670	282	22,963
Inner Mongolia	12	1	123	119	11,138	1	123	185	17,315
Liaoning	14	25	3,278	174	15,437	25	3,278	268	24,305
Jilin	9	11	1,444	79	7,776	11	1,444	134	12,911
Heilongjiang	12	8	813	102	8,956	8	813	145	13,084
Shanghai	1	59	8,438	227	27,077	64	9,045	288	33,385
Jiangsu	13	52	6,122	684	64,717	54	6,330	964	90,067
Zhejiang	11	28	3,925	264	29,061	28	3,925	373	40,443
Anhui	16	10	1,221	282	26,305	10	1,221	430	40,032
Fujian	9	14	1,665	134	13,702	15	1,780	216	22,444
Jiangxi	11	20	2,259	351	33,867	21	2,360	546	53,406
Shandong	17	13	1,551	636	53,897	13	1,551	1,087	95,051
Henan	17	8	1,052	337	29,186	8	1,052	540	49,040
Hubei	14	35	4,362	352	34,126	36	4,429	589	57,413
Hunan	14	40	4,228	391	43,032	41	4,309	619	68,048
Guangdong	21	116	16,278	1,413	156,490	120	16,721	2,035	221,332
Guangxi	14	13	1,935	254	30,506	13	1,935	383	44,056
Hainan	4	7	867	78	8,978	7	867	113	12,945
Chongqing	1	11	1,234	227	18,563	11	1,234	315	26,616
Sichuan	21	34	3,852	408	35,007	35	3,951	633	56,489
Guizhou	9	15	1,391	224	21,307	16	1,524	357	34,815
Yunnan	16	8	773	147	14,504	8	773	254	25,173
Tibet	6	2	214	35	3,579	2	214	66	6,959
Shaanxi	10	17	1,379	247	22,561	17	1,379	387	35,330
Gansu	14	5	469	116	9,408	5	469	207	18,024
Qinghai	6	4	240	69	6,029	4	240	103	9,186
Ningxia	5	2	314	49	3,888	2	314	77	6,761
Xinjiang	14	5	552	134	11,697	6	679	238	22,295

Total	335	629	78,746	8,726	839,901	649	80,907	13,401	1,295,932
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The following table sets out the RevPAR of mid-priced hotels and budget hotels in Mainland China from January to December 2021:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	January to December 2021	January to December 2020	January to December 2021	January to December 2020	January to December 2021	January to December 2020	Year-on-year change (%)
Mid-priced hotel	246.17	233.22	67.90	66.45	167.15	154.97	7.86
Budget hotel	152.75	140.54	58.76	53.61	89.76	75.34	19.14
Average	213.54	196.47	64.40	60.69	137.52	119.24	15.33

Note: In 2021, the RevPAR of the mid-priced hotels in China, the RevPAR of the budget hotels in China and the overall average RevPAR in China have respectively resumed to 82.46%, 78.10% and 87.45% of that for the same period of 2019.

The following table sets out the RevPAR of mid-priced hotels and budget hotels in Mainland China from October to December 2021:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	October to December 2021	October to December 2020	October to December 2021	October to December 2020	October to December 2021	October to December 2020	Year-on-year change (%)
Mid-priced hotel	245.77	243.76	65.90	77.66	161.96	189.30	-14.44
Budget hotel	152.47	147.49	55.68	66.31	84.90	97.80	-13.19
Average	215.36	206.92	62.18	72.88	133.91	150.80	-11.20

Note: In the fourth quarter of 2021, the RevPAR of the mid-priced hotels in China, the RevPAR of the budget hotels in China and the overall average RevPAR in China have respectively resumed to 81.92%, 77.86% and 86.36% of that for the same period of 2019.

(2) Overseas business information

The major European countries introduced pandemic prevention and control measures in early 2021 and devoted greater efforts to vaccination since the second quarter of the same year, so the pandemic was somewhat under control and RevPAR also become higher and higher slowly. From the end of June, major countries gradually adopted more liberal policies and even released strict pandemic prevention and control measures, recovering the market to some degree. In the face of the market fluctuation, Groupe du Louvre continued to apply active and robust solutions. In terms of financial resources, Groupe du Louvre reduced liquidity risk and finance costs through debt structure optimization and debt restructuring, and actively applied for a series of government subsidies such as government-guaranteed low-interest loans, salary subsidies and social security reductions, while further controlling costs, cutting expenses and reducing operating expenses; in terms of strategic operations, Groupe du Louvre prepared

for the accelerated development subsequent to the pandemic by initiating re-image of the brands, products upgrading and conceptual innovation one by one and actively advancing the optimization of its own hotel assets, the talent project and the integration into the "One Centre & Three Platforms" global system construction project.

In 2021, for limited service chain hotel business outside Mainland China, the Company realized consolidated operating income of EUR 301.82 million, a year-on-year increase of 28.80%; realized net profit attributable to owners of the Company amounting to EUR -58.11 million, a year-on-year decrease in loss of EUR 47.40 million.

The following table sets out the number of the Company's hotels and rooms for limited service outside Mainland China as of 31 December 2021:

Countries (or regions) 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	290	23,036	713	47,387	291	23,048	730	49,477
Including: France	199	14,558	654	41,296	199	14,558	665	42,060
Asia	2	208	201	22,060	2	208	235	25,535
America	-	-	17	3,250	-	-	18	3,397
Africa	-	-	35	4,789	-	-	47	6,084
Total	292	23,244	966	77,486	293	23,256	1,030	84,493

The following table sets out the RevPAR of mid-priced hotels and budget hotels outside Mainland China from January to December 2021:

Category	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	January to December 2021	January to December 2020	January to December 2021	January to December 2020	January to December 2021	January to December 2020	Year-on-year change (%)
Mid-priced hotel	63.33	63.51	41.67	34.17	26.39	21.70	21.61
Budget hotel	51.17	50.08	47.52	38.22	24.32	19.14	27.06
Average	54.02	53.46	46.01	37.12	24.85	19.84	25.25

Note: In 2021, the RevPAR of the mid-priced hotels outside Mainland China, the RevPAR of the budget hotels outside Mainland China and the overall average RevPAR outside Mainland China have respectively resumed to 66.84%, 67.27% and 66.96% of that for the same period of 2019.

The following table sets out the RevPAR of mid-priced hotels and budget hotels outside Mainland China from October to December 2021:

Category	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	October to December 2021	October to December 2020	October to December 2021	October to December 2020	October to December 2021	October to December 2020	Year-on-year change (%)

Mid-priced hotel	65.15	57.25	49.60	31.59	32.31	18.09	78.61
Budget hotel	52.87	45.75	54.05	35.12	28.58	16.07	77.85
Average	55.88	48.69	52.89	34.14	29.55	16.62	77.80

Note: In the fourth quarter of 2021, the RevPAR of the mid-priced hotels outside Mainland China, the RevPAR of the budget hotels outside Mainland China and the overall average RevPAR outside Mainland China have respectively resumed to 80.50%, 82.48% and 81.57% of that for the same period of 2019.

Food and catering business

In 2021, for the food and catering business, the Company realized consolidated operating income of RMB 249.13 million, a year-on-year increase of 0.03%; realized net profit attributable to food and catering business segment of RMB 203.17 million, a year-on-year decrease of 20.96%, mainly due to the year-on-year decrease in the income from changes in fair value of Hangzhou KFC, Suzhou KFC and Wuxi KFC.

II. General information of Company's industry conditions during the reporting period

According to the *Results of Industry Classification of Listed Companies in the Third Quarter of 2021* 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 as 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.

III. General information of Company's principal activities 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.

IV. Analysis of core-competitiveness during the reporting period

Applicable Not Applicable

With over 20 years' efforts, the Company has been forming and improving its core-competitiveness actively. During the reporting period, the Company has made the following major measures in strengthening its core competitiveness, and has achieved corresponding achievements:

2021, the first year of the "14th Five-Year " strategic plan, witnessed the Company to enhance its independent innovation capability for continuous organizational innovation, product innovation and brand innovation, co-ordinate the implementation of the global hotel industry integration and further optimize the integration in China region, exert itself to improving brand, quality and efficiency, and promote high-quality development in accordance with the principle of "genetically unchanged,

background integrated and mutually developed with complementary advantages" and basic principles of "adhering to the core business development, high quality development, and progressive development in stable improvements", further improving its advantages in "brand, digitalization, innovation and talent" and consolidating its leadership in the limited service hotel industry and other related markets.

1. Enrich the brand matrix and enhance the brand connotation

After years of cultivation, the Company has established a systematic and comprehensive limited service hotel brand matrix, with more than 30 existing brands under the Company. According to the comprehensive assessment on the value of the Company's brands, in 2021, the Company completed the delineation of "pathway brands" and "track brands", and developed national advantageous brands, laid out strategic brands and enhanced brand value through resource focus and policy traction, contributing to the development of Jin Jiang Hotels with high quality. The Company strengthened the development layout and implemented regional differentiation in line with national strategies.

2. Keep a finger on the pulse of technology to promote "digital" transformation

As the times progress with development of technology, the Company accelerated digital transformation, refined management and information enabling and regarded them as an important strategic tool in 2021. Through active organizational transformation and capability building, the Information Management Center was transformed into a customer-centric information sharing competence center so as to be more quickly changed to a digital business transformation center, guiding the enterprise to establish a business model that was dependent on digital platforms. Firstly, build digital hotels from "seven scenarios". Secondly, commence digital direct sales to achieve higher booking rate of members. As at 31 December 2021, the Company had 182.15 million of valid members in total. Thirdly, create operation-construction integrated system to build a heart-saving, time-saving and high-quality project management system from the perspective of overall business optimization, realizing full lifetime management of projects and improving the service and quality of the preparatory process. Fourthly, build a digital platform for human resources and upgrade Jin Jiang's "Cloud Academy" with 38,000 online learners. Fifthly, build a collaborative supply chain ecology, to strengthen collaboration with the global procurement sharing platform and continue to optimize processes, improving service efficiency and promoting brand standard control.

3. Blaze new trails from multiple dimensions for stronger sharing service capability

The Company has closely connected the front-end brand team with the market side around its core strategy and forged a strong independent innovation capability through learning from new standards

and historical experience, laying a solid foundation for participation in global competition and risk prevention. Firstly, relying on the Global Innovation Center, it focused on deepening interaction with Jin Jiang's major segments through brand innovation, module innovation, brand upgrade, project implementation and innovation think-tank to empower its brands. Secondly, the Company further promoted the construction of a global financial sharing platform to enhance its financial control capabilities; at the same time, by promoting digital transformation and innovation, the Company has initially realized the digital enabling of its financial management capabilities, providing service support for the sustainable and efficient development of Jin Jiang Hotels.

4. Insist in "people-oriented" tenet to make progress together

Except for the existing hotel teams, the Company's external strategic investments attracted a batch of domestic and overseas hotel teams. In the process of promoting internal integration, the Company, strictly in accordance with the principle of "unchanged genes", retained the original market-based incentive mechanism, fully stimulated the enthusiasm of the team, and continuously promoted mutual integration and learning through a combination of internal training and external introduction, thus creating a group of excellent, professional, efficient and competitive talents, which became one of the key core strengths of Jin Jiang Hotels in the process of development.

5. Keep the same heart and live up to its responsibility

Since its establishment, Jin Jiang Hotels has always been deeply involved in the social service industry, determined to serve the people's better life. After the outbreak of the COVID-19, Jin Jiang Hotels has always been on the front line, never daring to slacken off in the slightest. In 2021, the Company successfully completed the 4th CIIE and the 10th China Flower Expo, creating a good brand image. The Company also undertook 10,000 sets of guaranteed housing projects for the municipal government, allocating a strong work team, building a good command system and optimizing the service process. It is this culture of love that has made Jin Jiang a long-established brand, and Jin Jiang people are transforming it into an attitude of serving the market.

V. 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

Item	2021	2020	Unit: RMB
			Changes (%)
Operating income	11,339,134,410.63	9,897,556,264.41	14.56
Operating cost	7,457,801,157.49	7,349,970,965.62	1.47

Selling expenses	886,930,293.78	675,133,268.93	31.37
Administrative expenses	2,321,065,295.91	2,296,344,377.77	1.08
Research and development expenses	17,966,761.94	25,908,668.42	-30.65
Financial expenses	540,441,713.51	359,226,134.90	50.45
Net cash flow from operating activities	2,068,952,070.95	151,636,179.57	1,264.42
Net cash flow from investing activities	-3,986,407,816.21	939,256,053.69	N/A
Net cash flow from financing activities	934,625,176.26	-220,228,211.75	N/A
Interest income	179,626,092.01	60,960,123.07	194.66
Investment income	224,174,404.27	814,001,563.20	-72.46
Gains (Losses) on changes in fair value	-57,162,259.14	69,559,536.26	-182.18
Gains (Losses) on credit impairment	-9,364,701.53	-45,851,038.55	N/A
Gains (Losses) on impairment of assets	-2,188,044.29	-70,463,295.20	N/A
Gains (Losses) from disposal of assets	20,713,432.17	-20,912,736.72	N/A
Non-operating income	30,928,671.99	46,648,704.11	-33.70
Income tax expenses	305,414,209.69	63,696,133.36	379.49

During the reporting period, the movements of part of the items in consolidated income statement and consolidated cash flow statement and the major reasons are as follows:

(1) Selling expenses

The amounts for the current period and the same period of prior year were RMB 886,930,293.78 and RMB 675,133,268.93 respectively, a year-on-year increase of 31.37%, which was mainly due to the year-on-year increase in commission and advertising promoting costs.

(2) Financial expenses

The amounts for the current period and the same period of prior year were RMB 540,441,713.51 and RMB 359,226,134.90 respectively, a year-on-year increase of 50.45%, which was mainly due to the completion of private placement of A shares and implementation of new lease standards in the current period.

(3) Interest income

The amounts for the current period and the same period of prior year were RMB 179,626,092.01 and RMB 60,960,123.07 respectively, a year-on-year increase of 194.66%, which was mainly due to the income from interest on the funds raised from private placement of A shares completed in the current period.

(4) Investment income

The amounts for the current period and the same period of prior year were RMB 224,174,404.27 and RMB 814,001,563.20 respectively, a year-on-year decrease of 72.46%, which was mainly due to the investment income from transfer of equity interests in the subsidiaries in the same period of prior year.

(5) Gains (Losses) on changes in fair value

The amounts for the current period and the same period of prior year were RMB -57,162,259.14 and RMB 69,559,536.26 respectively, a year-on-year decrease of RMB 126,721,795.40, which was mainly due to the year-on-year decrease in the income from changes in fair value of other non-current financial assets, the year-on-year decrease in the loss from changes in fair value of held-for-trading financial assets, and the increase in fair value of the balance of the amounts to acquire minority interests.

(6) Gains (Losses) on credit impairment

The amounts for the current period and the same period of prior year were RMB -9,364,701.53 and RMB -45,851,038.55 respectively, a year-on-year decrease in losses of RMB 36,486,337.02, which was mainly due to a year-on-year reduction in bad debt losses provided on accounts receivable.

(7) Gains (Losses) on impairment of assets

The amounts for the current period and the same period of prior year were RMB -2,188,044.29 and RMB -70,463,295.20 respectively, a year-on-year decrease in losses of RMB 68,275,250.91, which was mainly due to the year-on-year decrease in the provision for impairment losses of fixed assets.

(8) Gains (losses) from disposal of assets

The amounts for the current period and the same period of prior year were RMB 20,713,432.17 and RMB -20,912,736.72 respectively, a year-on-year increase in gains of RMB 41,626,168.89, which was mainly due to more gains from disposal of fixed assets in the current period, and the recognition of gains on the excess of the lease liabilities over the right-of-use assets due to early termination of lease in the current period.

(9) Non-operating expenses

The amounts for the current period and the same period of prior year were RMB 30,928,671.99 and RMB 46,648,704.11 respectively, a year-on-year decrease of 33.70%, which was mainly due to the year-on-year decrease in the losses on retirement of non-current assets and payments for penalties.

(10) Income tax expenses

The amounts for the current period and the same period of prior year were RMB 305,414,209.69 and RMB 63,696,133.36 respectively, a year-on-year increase of 379.49%, which was mainly due to the year-on-year increase in the deductible temporary differences and deductible losses for which deferred income tax had not been recognized in the current year.

Explanation on significant changes in business type, composition or source of profit of the Company during the current period

Applicable Not Applicable

2. Analysis on income and cost

Applicable Not Applicable

(1). Principal operating activities by industry, products, regions and sales models

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	11,089,680,573.84	7,241,910,873.19	34.70	14.94	1.41	Increased by 8.71
Food & catering	249,126,320.64	215,890,284.30	13.34	0.03	3.56	Decreased by 2.95
Others	327,516.15	0.00	N/A	184.69	N/A	N/A
Total	11,339,134,410.63	7,457,801,157.49	34.23	14.56	1.47	Increased by 8.49
Principal operating activities by region						
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 (%)
Mainland China	9,049,601,200.49	5,734,193,637.72	36.64	12.27	-2.20	Increased by 9.37
Including: Shanghai	1,338,399,780.57			11.46		
Outside Shanghai	7,711,201,419.92			12.41		
Outside Mainland China	2,289,533,210.14	1,723,607,519.77	24.72	24.63	15.91	Increased by 5.66
Total operating income	11,339,134,410.63	7,457,801,157.49	34.23	14.56	1.47	Increased by 8.49

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

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). Performance of significant purchase contracts and sales contracts

Applicable Not Applicable

(4). Analysis on operating cost

Unit: RMB

By industry						
By industry	Items	2021	Proportion to total cost in 2021 (%)	2020	Proportion to total cost in 2020 (%)	Year-on-year changes (%)
Operation and management of limited service hotels	Rooms	4,702,152,829.54	63.05	4,749,231,544.75	64.61	-0.99
	Catering services	351,805,033.49	4.72	295,585,087.21	4.02	19.02
	Sales of goods	129,637,492.47	1.74	275,321,483.90	3.75	-52.91
	Upfront franchise service	393,274,178.48	5.27	368,193,984.89	5.01	6.81
	Recurring franchise and labor dispatch service	1,424,050,120.68	19.09	1,300,210,005.44	17.69	9.52
	Membership cards income	71,471,884.18	0.96	35,077,685.18	0.48	103.75
	Others	169,519,334.35	2.28	117,883,783.11	1.60	43.80
	Subtotal	7,241,910,873.19	97.11	7,141,503,574.48	97.16	1.41
Food and catering	Chain restaurant	4,057,809.90	0.05	11,684,914.78	0.16	-65.27
	Group meal	190,400,754.20	2.55	168,838,552.62	2.30	12.77
	Sales of food	21,246,289.92	0.28	27,305,818.04	0.37	-22.19
	Others	185,430.28	0.01	638,105.70	0.01	-70.94
	Subtotal	215,890,284.30	2.89	208,467,391.14	2.84	3.56
Others		0.00	0.00	0.00	0.00	0.00
Total		7,457,801,157.49	100.00	7,349,970,965.62	100.00	1.47

Other information about cost analysis:

As mentioned earlier, the Company is mainly engaged in limited service hotel operation, food and catering business, etc. In 2021, the Company's costs of limited service hotel operation and management business and costs of food and catering business accounted for 97.11% and 2.89% of the Company's total operating costs for the year, a year-on-year decrease of 0.05% and a year-on-year increase of 0.05% respectively.

In 2021, the Company had consolidated operating costs of RMB 7,457,801,157.49, increased by RMB 107,830,191.87 or 1.47% compared to that of the same period of prior year. Of which, costs of limited service hotel operation and management amounted to RMB 7,241,910,873.19, increased by RMB 100,407,298.71 or 1.41% compared to that of the same period of prior year. Costs of food and catering business amounted to RMB 215,890,284.30, increased by RMB 7,422,893.16 or 3.56% compared to that of the same period of prior year.

(5). Changes in the scope of consolidation due to changes in equity interests in the major subsidiaries during the reporting period

Applicable Not Applicable

During the reporting period, Plateno Investment Limited, a subsidiary of the Company, transferred 55% of its equity interests in Shanghai Saipo Enterprise Management Co., Ltd., and accordingly,

Albar (HK) Limited would be no longer included in the scope of the Company's consolidated financial statements after this transfer.

During the reporting period, the Company contributed RMB 10,000,000.00 to establish a wholly-owned subsidiary Shenzhen Jin Jiang Hotels Management Co., Ltd., and accordingly Shenzhen Jin Jiang was included in the scope of the Company's consolidated financial statements.

(6). Particulars about significant changes or adjustments of the business, products or services of the Company during the reporting period

Applicable Not Applicable

(7). Particulars about major customers and suppliers

A. Particulars about major customers

The sales volume from the top five customers was RMB 269.66 million, accounting for 2.38% of the gross sales for the year; including RMB 259.25 million from sales to the related parties, accounting for 2.29% of the gross sales for the year.

Details of sales to a single customer in excess of 50% of the gross, sales to top 5 customers where a new customer was included or sales heavily dependent on a small number of customers during the reporting period

Applicable Not applicable

B. Particulars about major suppliers

The purchase amount from the top five customers was RMB 65.23 million, accounting for 10.45% of the gross purchase for the year; including RMB 0.00 from purchase from related parties, accounting for 0% of the gross purchase for the year.

Details of purchase to a single customer in excess of 50% of the gross, purchase to top 5 customers where a new supplier was included or purchase heavily dependent on a small number of suppliers during the reporting period

Applicable Not applicable

Other information

None

3. Expenses

Applicable Not Applicable

Item	2021	2020	Changes (%)
Selling expenses	886,930,293.78	675,133,268.93	31.37

Administrative expenses	2,321,065,295.91	2,296,344,377.77	1.08
R&D expenses	17,966,761.94	25,908,668.42	-30.65
Financial expenses	540,441,713.51	359,226,134.90	50.45

4. R&D investment

(1). Information of R&D investment

Applicable Not Applicable

Unit: RMB

R&D investment expensed in the current period	17,966,761.94
R&D investment capitalized in the current period	325,200.14
Total R&D investment	18,291,962.08
Proportion of total R&D investment to operating income (%)	0.16
Ratio of capitalized R&D investment (%)	1.81

(2). Information of R&D personnel

Applicable Not Applicable

Number of R&D personnel	75
Proportion of R&D personnel to total headcounts of the Company (%)	0.23
Educational background of R&D personnel	
Educational background	Headcounts
PhD	1
Graduate	3
Undergraduate	41
Junior college student	28
High school and below	2
Age of R&D personnel	
Age	Headcounts
Younger than 30 years old (exclusive)	22
30-40 years old (30 years old inclusive but 40 years old exclusive)	43
40-50 years old (40 years old inclusive but 50 years old exclusive)	10
50-60 years old (50 years old inclusive but 60 years old exclusive)	0
Elder than 60 years old	0

(3). Explanations

Applicable Not Applicable

(4). Reason for significant changes in R&D personnel composition and future impacts

Applicable Not Applicable

3. Cash flows

Applicable Not Applicable

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

(1) Net cash flow from operating activities

Net cash flow from operating activities amounted to RMB 2,068,952,070.95 for the current period (prior period: RMB 151,636,179.57) with a year-on-year increase of 1,264.42%, mainly due to the gradual improvement and resumption of the operation of the Company's domestic and overseas limited service hotels, and the implementation of new lease standards.

(2) Net cash flow from investing activities

Net cash flow from investing activities amounted to RMB -3,986,407,816.21 for the current period (prior period: RMB 939,256,053.69) with a year-on-year increase of RMB 4,925,663,869.90, mainly due to time deposits to the unused raised funds in order to improve capital efficiency during the current period and the cash receipts from disposal of non-current financial assets and transfer of equity interests in subsidiaries over the same period of prior year.

(3) Net cash flow from financing activities

Net cash flow from financing activities amounted to RMB 934,625,176.26 for the current period (prior period: RMB -220,228,211.75) with a year-on-year increase of 1,154,853,388.01, mainly due to the completion of private placement of A shares and implementation of new lease standards in the current period.

(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: RMB

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 (%)

Accounts receivable	1,551,762,783.20	3.22	1,076,310,781.42	2.79	44.17
Prepayments	108,335,440.10	0.22	220,048,228.41	0.57	-50.77
Non-current assets due within one year	33,532,134.78	0.07	0.00	0.00	N/A
Long-term receivables	440,086,924.81	0.91	0.00	0.00	N/A
Right-of-use assets	8,210,262,446.42	17.01	0.00	0.00	N/A
Other non-current financial assets	3,199,203,090.84	6.63	122,040,641.81	0.32	2,521.42
Accounts payable	1,072,906,909.47	2.22	1,787,371,141.16	4.63	-39.97
Receipts in advance	9,096,686.35	0.02	5,481,209.40	0.01	65.96
Taxes payable	297,209,565.86	0.62	475,766,987.74	1.23	-37.53
Non-current liabilities due within one year	6,524,906,925.63	13.52	895,058,362.90	2.32	628.99
Long-term borrowings	7,993,954,808.62	16.56	14,540,076,203.12	37.63	-45.02
Lease liabilities	8,544,480,390.14	17.70	0.00	0.00	N/A
Long-term payables	67,950,359.18	0.14	152,172,338.41	0.39	-55.35
Capital reserve	12,570,845,164.33	26.05	7,865,585,211.86	20.36	59.82

As the Company started to implement the new lease standards from 1 January 2021, 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.

(1) Accounts receivable

The closing balance and opening balance of accounts receivable were RMB 1,551,762,783.20 and RMB 1,076,310,781.42 respectively, with an increase of 44.17%, which was mainly due to the year-on-year increase in receivables from online room booking platform and revenue from hotel goods supply chain cooperation.

(2) Other non-current assets

The closing balance and opening balance of other non-current assets were RMB 3,199,203,090.84 and RMB 122,040,641.81 respectively, with an increase of 2,521.42%, which was mainly due to the completion of private placement of A shares, and the time deposits from 2 to 3 years to the unused raised funds in order to improve capital efficiency.

(3) Receipts in advance

The closing balance and opening balance of receipts in advance were RMB 9,096,686.35 and RMB 5,481,209.40 respectively, with an increase of 65.96%, which was mainly due to year-on-year increase in receipts for leases in advance.

(4) Taxes payable

The closing balance and opening balance of taxes payable were RMB 297,209,565.86 and RMB 475,766,987.74 respectively, with a decrease of 37.53%, which was mainly due to prepayments of enterprise income tax in the current period.

(5) Non-current liabilities due within one year

The closing balance and opening balance of non-current liabilities due within one year were RMB 6,524,906,925.63 and RMB 895,058,362.90 respectively, with an increase of 628.99%, which was mainly as the long-term borrowings from financial institutions would be matured in November 2022 and then would be reclassified to non-current liabilities due within one year.

(6) Long-term borrowings

The closing balance and opening balance of long-term borrowings were RMB 7,993,954,808.62 and RMB 14,540,076,203.12 respectively, with a decrease of 45.02%, which was mainly as the long-term borrowings from financial institutions would be matured in November 2022 and then would be reclassified to non-current liabilities due within one year.

(7) Capital reserve

The closing balance and opening balance of capital reserve were RMB 12,570,845,164.33 and RMB 7,865,585,211.86 respectively, with an increase of 59.82%, which was mainly due to completion of private placement of A shares in the current period.

2. Details of overseas assets

Applicable Not Applicable

(1) Scale of assets

Including: overseas assets amounted to RMB 14,538 million, accounting for 30.08% of the total assets.

(2) Explanation on the overseas assets that account for a high proportion

Applicable Not Applicable

Unit: EUR'0,000

Name of overseas assets	Reason	Operation mode	Operating income during the reporting period	Net profit during the reporting period
Groupe du Louvre (GDL) 100% equity	In accordance with the Company's development strategy of "global deployment for transnational operation", the Company's wholly-owned subsidiary, Sailing Investment Co, S.à r.l., signed the Equity Purchase Agreement with Star SDL Investment Co S.à r.l. for the acquisition of 100% equity of Groupe du Louvre. At 27 February 2015 (Beijing Time), the Company has obtained the actual control over Groupe du Louvre immediately after the completion of transfer for this transaction. The Company has included Groupe du Louvre into its consolidation scope of financial statements since 28 February 2015	As at 31 December 2021, Groupe du Louvre had 1,254 hotels in operation totally, including 1,003 hotels in Europe and 251 hotels out of Europe if divided by regions; 292 hotels managed directly and 962 hotels franchised if divided by mode of operation.	30,182	-5,166

3. 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 3.274 billion, refer to "'80. Assets with limited ownership or use right' under "(V) Notes to Items in the Consolidated Financial Statements" in Section XI Financial Report for details.

4. Other information

Applicable Not Applicable

(IV) Analysis on operational information of the industry

Applicable Not Applicable

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

(V) Analysis on investments of the Company

Overall analysis on external equity investment

√ Applicable Not Applicable

During the reporting period, the Company made external equity investment totaling RMB 411,216,077.14, with a year-on-year increase of 393,646,0.77 million or 2,239.91%.

- (1) In January, the Company contributed RMB 10 million to establish Shenzhen Jin Jiang Hotels Management Co., Ltd. As at 31 December 2021, the Company holds 100% equity interest of Shenzhen Jin Jiang Hotels Management Co., Ltd.
- (2) In January and September, Jin Jiang Travel, a wholly-owned subsidiary of the Company, contributed RMB 36 million and RMB 14 million, respectively, to Shanghai Jin Jiang Brand Management Co., Ltd. (incorporated on 27 July 2018) as registered capital. As at 31 December 2021, Jin Jiang Travel holds 100% equity interest of Shanghai Jin Jiang Brand Management Co., Ltd., and have contributed RMB 100 million of registered capital accumulatedly.
- (3) In December, the Company contributed RMB 351,216,077.14 to accept the 3.49825% equity interests of Plateno Group transferred. As at 31 December 2021, the Company holds 100% equity interest of Plateno Group.

1. Significant equity investment

Applicable Not Applicable

2. Significant non-equity investment

Applicable Not Applicable

3. Financial assets measured at fair value

√ Applicable Not Applicable

Unit: RMB

Item	Opening balance	Closing balance	Changes for the period	Impact on profit in the current period
Held-for-trading financial assets	254,237,956.80	244,091,956.52	-10,146,000.28	-4,430,000.00
Investment in other equity instruments	47,175,565.45	51,242,467.51	4,066,902.06	1,414,182.42
Other non-current financial assets	452,100,000.00	452,300,000.00	200,000.00	97,795,597.11
Total	753,513,522.25	747,634,424.03	-5,879,098.22	94,779,779.53

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 during the reporting period (RMB)	Accounts
601169	Bank of Beijing	270,881,338.94	44,300,000	196,692,000.00	-4,430,000.00	Held-for-trading financial assets

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601288	Agricultural Bank of China	16,575,314.67	4,350,000	12,789,000.00	805,185.00	Investment in other equity instruments
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Note: 1. "Profit/loss during 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.

2. Other non-current financial assets include Hangzhou KFC, Suzhou KFC and Wuxi KFC.

4. Restructuring progress of significant assets during the reporting period

Applicable Not Applicable

(VI) Sales of significant assets and equity

Applicable Not Applicable

(VII) Analysis of major holding companies

Applicable Not Applicable

Unit: RMB 0'000 (unless otherwise noted)

Name of company	Principal operating activities	Percentage of shareholding at 31 December 2021	Registered capital at 31 December 2021	Total assets at 31 December 2021	Net assets attributable to the Company at 31 December 2021	Operating income for 2021	Net profit attributable to the Company at 31 December 2021
1. Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd. (Note 1)	Hotel management and catering service	100%	4,300	29,900	10,439	13,977	2,821
2. Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. (Note 1)	Investment, operation and management of limited service hotels	100%	700	17,343	1,596	279	531
3. Jin Jiang Inn Co., Ltd.	Operation under lease and management of limited service hotels	100%	17,971	163,420	57,625	92,752	6,008
4. Shanghai Jin Jiang International Hotels Investment Co., Ltd.	Hotel investment	100%	152,500	395,771	137,786	80,045	-19,992
5. Smart Hotel Management Co., Ltd.	Accommodation and catering management of limited service hotels	100%	90,000	113,601	106,725	19,898	1,674
6. Groupe du Louvre (Note 2)	Operation of hotel and catering	100%	EUR 262.04 million	EUR 1,560.92 million	EUR 94.77 million	EUR 301.82 million	EUR -51.66 million
7. Keystone Lodging Holdings Limited (Note 3)	Operation of hotel and catering	100%	USD 10,000	844,983	381,351	322,799	33,719
8. Vienna Hotel Co., Ltd.	Operation of hotel	80%	11,639	428,959	73,981	326,258	46,710
9. Shenzhen Baisuicun Catering Co., Ltd.	Catering	80%	100	10,403	1,876	25,508	198
10. Shanghai Jin Jiang International Catering Investment Co., Ltd.	Development & management of catering, domestic trading	100%	14,993	11,673	10,700	24,913	-712
11. Shanghai WeHotel Network Technology Co., Ltd. (Note 4)	IT technology development and consultation	10%	100,000	165,478	50,588	23,342	1,075

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. On 29 December 2021, the Company completed the delivery of 3.49825% equity of Plateno Group; after the completion of the delivery, the Company held 100% 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 Not Applicable

VI. 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, 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. According to *2021 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 2021, there were 47,922 limited service hotels in total with a year-on-year increase of 1,458 hotels; the total number of rooms were 3,405,871, increased by 27,069 (0.80%). Among these, there were 10,500 mid-priced hotels with 1,025,746 rooms, increased by 6.28%; 37,422 budget hotels with 2,380,125 rooms, decreased by 1.39%. At the same time, "The Data Bulletin for 4th 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 126,000 as of 31 December 2018, among which there were 34,000 tourist hotels and 77,000 general hotels. By this calculation, the number of limited service hotel currently accounted for 33.67% of the total number of accommodation legal entities in the country and 62.24% of the total number of general hotels. Although the hotel industry

slowed down to expand due to COVID-19 and other factors, 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.

The number of chain catering stores increased by 2,861 compared with that at the end of 2019 and reached 37,217 at the end of 2020. Turnover of chain catering business in 2020 is 201.9.9 billion, decreased by 9.63% compared with that of 2019 (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 the China's Tourism Performance: Review & Forecast (2021-2022) (hereinafter referred to as "the Report") published by the China Tourism Academy (Data Center of the Ministry of Culture and Tourism), as scientific research, classification guidance, dynamic adjustment and precise prevention and control mechanisms became more and more mature, the tourism economy in general showed a step-by-step recovery in 2021, with the holiday market effectively supporting the annual tourism economy. The Report indicated that in 2022, the pandemic would remain the biggest uncertainty affecting tourism recovery, but would neither stop the upward resumption of tourism nor weaken the momentum of innovation and development, and the supply of quality cultural products and tourism services would be further increased. According to the Report, it was estimated that 2022 would witness 3.98 billion domestic tourist arrivals and RMB 3.81 trillion domestic tourism revenue, up 16% and 27% respectively year-on-year, recovering to nearly 70% of the 2019 level for the same period respectively.

As early as May 2020, China 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.

According to the Notice of the State of Council on the 14th Five-year Plan of the Tourism Development (hereinafter referred to as "the Plan") printed and issued on 20 January 2022, during the "14th Five-year", China will fully enter the era of mass tourism, tourism development is still in an important strategic opportunity period, but our opportunities and challenges will encounter with new development changes. Tourism will face with new demand in high-quality development after entering the new development stage. Under the normalization of pandemic prevention and control, we will innovate and enhance domestic tourism, promote inbound tourism in an orderly and step-by-step manner and steadily develop outbound tourism on the premise that the international epidemic is effectively controlled, focus on promoting the deep integration of culture and tourism, work to improve the modern tourism system, accelerate the construction of a strong tourism country, and strive to achieve higher quality, more efficient, fairer, more sustainable and safer development of tourism. By 2025, the tourism will be developed and improved continuously to a level with sounder modern tourism system and more abundant effective, flexible and high quality supply of tourism, better meeting the mass tourism consumption demand. Domestic tourism will flourish with orderly promotion of inbound and outbound tourism, bringing greater international influence and competitiveness of tourism and significant progress in building a strong tourism country.

(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 13.6 billion to RMB 14.2 billion in 2022, an increase of 20%-25% from the previous year, including operating income from

Mainland China to be increased by 9%-14%; and operating income from outside Mainland China to be increased by 65%-70%. The following main tasks are planned to be carried out:

The Company will actively grasp the development trend of the global hotel industry, firmly promote digital transformation, refined management, information enabling, focus on improving quality, efficiency, reform and innovation, continue to improve the quality of operations, steadily improve the management level, effectively prevent operational risks, fully release the vitality of development, achieve a new balance between epidemic prevention and fighting and orderly and normal economic operation, to ensure the sustainable development with quality, efficiency and scale.

The Company will take integration in China region as an entry point to optimize the effectiveness of strategic initiatives and to drive the building and formation of Jin Jiang Hotels' core competencies in global hotel management. Jin Jiang Hotels will establish a synergistic and efficient operation management system, focusing on brand development, brand operation, continuous optimization of institutional mechanisms, financial sharing and financial services, and digital transformation to promote the achievement of high-quality development.

In the aspect of brand development and operation, the Company will assess the brand value according to the latest brand matrix planning, focus resources on the development of the main brand, and differentiate the layout of development resources according to the five zones, and take advantage of grid deep ploughing to achieve high-quality development; continue to promote product iteration and upgrade, optimize the franchise policy; with the help of the integrated system of construction, shorten the construction cycle, improve construction efficiency and enhance the satisfaction of franchise investors; through membership development, channel construction, revenue control, brand marketing and quality control, enhance the brand value and customer satisfaction, and help the sustainable development of the brand.

The Company will achieve back-end function sinking and streamlining, and integration of front-end brand and region through continuous organizational optimization and efficiency improvement. The Company will, based on the STONE Jinyu talent system, strengthen talent echelon construction; strengthen cadre management team requirements, enhance talent flow between various segments for a better integration; standardize and streamline business processes through trial runs of digital integration, and empower business through better business experience and data insights.

The Company will continue to optimize the financial sharing platform, and improve business processes combined with the launch of the financial middle desk; continue to promote the

integration of global financial sharing industry and finance, strengthen data application, build smart finance, and help build Jin Jiang Hotels' excellent performance management system, so as to achieve less cost and higher efficiency and empower hotel management. At the same time, the Company will gradually enhance its global financial control capabilities and, by promoting digital transformation and innovation, initially realize the digital empowerment of our financial management capabilities.

The Company will continue the digital transformation in China region. Improve the investor value product line, establish a one-stop investor service system from lead acquisition to hotel opening and operation on the basis of the integrated operation and construction system; build the hotel on-site management product line, empower traditional hotel business with IT technology, promote personnel online, organization online, business online, and regional hotel interoperability of brand.

Jin Jiang Global Innovation Center will focus on innovation concepts such as "sharing, environmental protection, intelligence, health and green", and will continue to empower the hotel sector through business models, organizational measures, brand innovation, experience innovation, think-tank innovation and digital measures to benchmark with the innovation functions of leading companies inside and outside the industry, and promote the implementation of products through upgrading of stock brands, innovation of sustainable operation models, innovation of modular solution implantation and innovation of brand model room experience centers. The Company will combine innovative technology and IP cross-border cooperation to promote the growth of innovation culture within the Company, opening up resource sharing, forming internal linkages and creating a one-stop innovation service center with an innovation think-tank as the base.

The Company will accelerate talent team building. The Company will explore and build a multi-level talent cultivation model with Jinjiang's characteristics and global vision, and continue to promote the implementation of international talent exchange programs; build a regular mechanism to help cultivate innovative talents and craftsmanship.

In 2022, 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 hotel brand. 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 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 Group 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 Group 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 Group 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 Group 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 Group after the compensation for the actual recovery of the property owner of the compensation to Jin Jiang International Group. At the same time, Jin Jiang International Group 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 Group, Plateno Group, and Vienna Hotel, 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, and Vienna Hotel informs business combinations not involving enterprises under common control, and the difference between the cost of the combination and the share of the fair value of the identifiable net assets of the subject company is recognized as goodwill. According to China's "accounting standards for business enterprises", the goodwill is not for amortization, but at least should be tested for impairment at the end of each year. If future business conditions of Louvre Group, Plateno Group, and Vienna Hotel 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 China's accounting standards for business enterprises, 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 Not Applicable

VII. 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 Not Applicable

Section IV 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. So far, the board of directors was composed of 10 directors, including 4 independent directors some of whom were assumed by chairmen (convener) of the Audit & Risk Control

Committee, the Remuneration & Appraisal Committee and the Nomination Committee. The Company also set Board Strategic Investment 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 has 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. In order to standardize the information disclosures, in accordance with the *Company Law*, the *Securities Law*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Guidelines of Shanghai Stock Exchange for the Information Disclosure Management Bylaws of Listed Companies*, the *Rules Governing the Listing of Stocks*, the *Articles of Association of the Company*, and other laws and regulations, the Company deliberated and approved the proposals on revising some clauses in the *Information Disclosure Management System* in the 53rd meeting of the 9th session of the board of directors. 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 of the Company*, 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.

During the reporting period, in accordance with the Announcement No. 69 [2020] of the China Securities Regulatory Commission—Announcement on Launching a Special Campaign to Improve the Governance of Listed Companies, the Company has analyzed the situation relating to corporate governance for three years respectively ended 31 December 2018, 2019 and 2020 against the checklist and completed the *Special Self-Examination Checklist for the Governance of Listed Companies*.

9. Insider registration management

In the 8th meeting of the 6th session of the board of directors, the Company discussed and approved the *System for the Management of Insiders Who Have Access to Insider Information and the External Information Users*. 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 (Announcement No. 30 [2011] of the China Securities Regulatory Commission), in the 26th meeting of the 6th session of the board of directors discussed and approved proposal to revise the *System for the Management of Insiders Who Have Access to Insider Information and the External Information Users*. In order to further standardize management on the insiders who have access to insider information and the external information users, in accordance with the *Company Law*, the *Securities Law*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Provisions on the Registration and Management System of Insiders Who Have Access to Insider Information of Listed Companies*, the *Rules Governing the Listing of Stocks* and relevant laws, regulations, department rules and normative documents as well as the internal

systems including the *Articles of Association of the Company* and the *Information Disclosure Management System*, the Company discussed and approved the proposal to revise a part of articles in the *System for the Administration of Insiders Who Have Access to Insider Information and the External Information Users* in the 53rd meeting of the 9th session of the board of directors. The Company have registered the insiders who have access to insider information before and after the periodic reports and other significant matters.

If there is significant difference between the corporate governance and the laws, administrative rules and the requirements of the China Securities Regulatory Commission as regards the governance of listed companies, it is required to specify relevant reasons.

Applicable Not Applicable

II. Specific measures taken by the controlling shareholder and the actual controller of the Company to ensure the independence of the Company's assets, personnel, finances, institutions and business, as well as the solutions, work progress and follow-up work plan to respond to the effects on the independence of the Company

Applicable Not Applicable

The situation where the controlling shareholder, the actual controller and other entities controlled by them are engaged in the same or similar business as the Company, as well as the impact on the Company of competing in the same business or of significant changes in the situation of competing in the same business, the measures taken to resolve the situation, the progress of the resolution and the plan for subsequent resolution

Applicable Not Applicable

III. Brief introduction to general meetings of shareholders

Meeting times	Convening date	Specific reference website publishing the resolution	Disclosure date of the resolution published	Resolutions
The annual general meeting of shareholders in 2020	2021-05-25	www.sse.com.cn	2021-05-26	<p>The following proposals were deliberated and approved by the general meeting of shareholders by means of on-site voting and internet voting:</p> <ol style="list-style-type: none"> 1. 2020 Report of the Board of Directors 2. 2020 Report of the Board of Supervisors 3. 2020 Annual Report and Summary 4. 2020 Final Account Report 5. 2020 Profit Distribution Plan 6. Proposal for the Payment of Audit Fees of Accounting Firm 7. Proposal for the Appointment of the Auditor for the Company's 2021 Financial Statements and Internal Control Audit 8. Proposal for the Implementation of Daily Related-Party Transactions in 2020 and

				<p>Proposed Related-Party Transactions in 2021</p> <p>9. Proposal for the Amendment of Certain Clauses of the Articles of Association of the Company</p> <p>10. Proposal for the Addition of Directors</p> <p>11. Proposal for the Addition of Independent Directors</p>
The 1st Extraordinary General Meeting of Shareholders in 2021	2021-12-21	www.sse.com.cn	2021-12-22	<p>The following proposals were deliberated and approved by the general meeting of shareholders by means of on-site voting and internet voting:</p> <p>1. Proposal for the Provision of Guarantee to GDL</p> <p>2. Proposal for the Limit of Guarantee to GDL</p>

Shareholders with preferred shares whose voting rights have been restored request an extraordinary general meeting of shareholders

Applicable Not Applicable

Description of general meeting of shareholders

Applicable Not Applicable

IV. Particulars about directors, supervisors and senior management staffs

(I) Changes in shareholding and emoluments of incumbent/resigning directors, supervisors and senior management staffs 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 the reporting period (RMB 0'000)	Whether to obtain gains from the related party
Zhang Xiaoqiang	Chairman of the Board	Male	53	2021-05-25	2022-05-20					0	Yes
Chen Liming	Director	Male	61	2019-05-21	2022-05-20					0	Yes
Ma Mingju	Director	Male	60	2019-05-21	2022-05-20					0	Yes
Zhou Wei	Director	Female	41	2019-05-21	2022-05-20					0	Yes
Zhu Qian	Director/CEO	Male	48	2021-05-25	2022-05-20					0	No
				2021-03-19	2022-05-20					55.58	
Zhao Linghuan	Director	Male	58	2019-05-21	2022-05-20					0	Yes
Xie Rongxing	Independent Director	Male	71	2019-05-21	2022-05-20					10	No
Zhang Fubo	Independent Director	Male	59	2019-05-21	2022-05-20					10	No
Sun Chiping	Independent Director	Male	63	2019-05-21	2022-05-20					10	No
Zhang Huiming	Independent Director	Male	65	2021-05-25	2022-05-20					6.05	No
Wang Guoxing	Chairman of the Board of Supervisors	Male	58	2019-05-21	2022-05-20					0	Yes
Xu Zheng	Supervisor	Male	55	2019-05-21	2022-05-20					0	Yes
Sun Qing	Supervisor	Female	53	2019-05-21	2022-05-20					54.39	No
He Yichi	Supervisor	Male	42	2019-05-21	2022-05-20					73.71	No
Shen Li	CFO / Finance Chief	Female	53	2019-05-21	2022-05-20	97,200	103,700	6,500	Secondary Market Trading	104.86	No
Hu Min	Vice President / The Board Secretary	Female	49	2019-05-21	2022-05-20					54.39	No

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Hou Lerui	Vice President	Female	43	2019-05-21	2022-05-20					54.39	No
Total	/	/	/	/	/	97,200	103,700	6,500	/	433.37	/

Note:

1. The Proposal on the Adjustment of Senior Management Staffs of the Company was approved at the 38th Meeting of the 9th Session of Board of Directors on 19 March 2021. Mr. Zhang Xiaoqiang ceased to be the CEO of the Company due to the change of work. Upon the deliberation and approval of the Board of Directors, it is agreed to appoint Mr. Zhu Qian as the CEO of the Company for the same term as that of directors of the current Board of Directors.
2. On 24 March 2021, the board of directors received a written resignation from Mr. Yu Miaogen, an independent director, who applied for resignation as an independent director of the Company due to personal reasons.
3. On 29 April 2021, the Board of Directors received written resignations from Mr. Yu Minliang, who applied for resignation as Chairman of the Company due to age, from Ms. Guo Lijuan, who applied for resignation as Vice Chairman of the Company due to work, and from Mr. Lv Haiyan, who applied for resignation as Vice Chairman of the Company due to age, with effect from the date of delivery of the resignation reports to the Board of Directors.
4. The Proposal on the Adjustment of Directors of the Company was approved at the 45th Meeting of the 9th Session of Board of Directors of the Company on 29 April 2021; Mr. Zhang Xiaoqiang and Mr. Zhu Qian were elected as directors of the ninth board of directors of the Company and Mr. Zhang Huiming was elected as an independent director of the ninth board of directors of the Company at the 2020 annual general meeting of shareholders the Company held on 25 May 2021; the Proposal on the Election of Chairman of the Ninth Board of Directors of the Company was approved at the 46th meeting of ninth board of directors of the Company on 25 May 2021 and Mr. Zhang Xiaoqiang was selected as the Chairman of the ninth board of directors.
5. On 29 November 2021, the board of directors received a written resignation from Mr. Xia Min, who applied for resignation as Vice President of the Company due to work; from 1 January 2021 to 29 November 2021, Mr. Xia Min received remuneration of RMB 715,500 from the Company.

Name	Major working experiences
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 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., the chairman of the Board of Shanghai Jin Jiang Online Network Service Co., Ltd.; the CEO of Shanghai Jin Jiang International Hotels Co., Ltd., the chairman of the Board of Shanghai Jinjiang International Travel Co., Ltd., and the vice president of Jin Jiang International (Holdings) Co., Ltd.; currently holding the office of the president of Jin Jiang International (Holdings) Co., Ltd., and the secretary of the party committee and the chairman of the Board of Shanghai Jin Jiang International Hotels Co., Ltd..

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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, vice president and vice chairman of the Board of Jin Jiang International (Holdings) Co., Ltd.; currently holding the office of vice chairman of the Board and executive director of Shanghai Jin Jiang Capital Co., Ltd., the director of Shanghai Jin Jiang International Hotels Co., Ltd., the chairman of the Board and president of Group de Louvre (GDL), and the director of the Board of Radisson Hospitality AB.
Ma Mingju	Used to be the manager of Accounting & Finance Department and vice president 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 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 the Board of Shanghai Jin Jiang International Investment Management Co., Ltd., the chairman of the Board of Jin Jiang International Finance Co., Ltd. and the chairman of the Board 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.
Zhu Qian	Used to be the manager of Investment Development Department of Jin Jiang International (Holdings) Co., Ltd., the vice president of Shanghai Jin Jiang International Investment Management Co., Ltd., the director of Shanghai Jinjiang International Travel Co., Ltd., the CIO and secretary general of the Board of Shanghai Jin Jiang International Hotels Co., Ltd., and the CEO of Shanghai Jin Jiang Online Network Service Co., Ltd.; currently holding the office of the director and CEO of Shanghai Jin Jiang International Hotels Co., Ltd., the vice chairman of Shanghai Jin Jiang Online Network Service Co., Ltd., and the supervisor of Shanghai Shendi (Group) Co., Ltd.
ZHAO JOHN HUAN (Zhao Linghuan)	Currently holding the office of the chairman of the Board of Hony Capital, the independent director of Shanghai Jin Jiang International Hotels Co., Ltd., the non-executive director of Legend Holdings Co., Ltd., the non-executive director of China Glass Holdings Limited, the non-executive director of Lenovo Group Co., Ltd., the non-executive director of Zoomlion Heavy Industry and Technology Co., Ltd., the executive director and chairman of the Board of Buford Holding Co., Ltd, the non-executive director of ENN Natural Gas Co., Ltd, the executive director and chairman of the Board of Goldstream Investment Co., Ltd, and the non-executive director of Simcere Pharmaceutical Co., Ltd.
Xie Rongxing	Used to be the director and chief director of securities trading of Wanguo Securities, the vice president of Junan Securities, the chief economist of Guotai Junan Securities, the president of Guotai Junan Investment Management Company, the general inspector of Guolian Fund Management; 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 Canature Environmental Products Co., Ltd., and the independent director of Shanghai Jin Jiang International Hotels Co., Ltd.

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Zhang Fubo	Used to be the assistant to the president of Guotai Junan Securities Co., Ltd., the vice president of Xing'an Securities Co., Ltd., the deputy general manager of Shanghai Securities Co., Ltd., the chairman of the Board 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. and the independent director of Liaoning Shenhua Holdings Co., Ltd.; currently holding the office of the chairman of the Board of Jiangsu Shunfeng Photovoltaic Technology Co., Ltd., the chairman of the Board of Wuxi Suntech Co Ltd, the executive director of Shunfeng International Clean Energy Limited, the director of Asia-pacific Resources Development and Investment Co., Ltd., the executive director of Jiangsu Shunfeng Photovoltaic Power Co., Ltd., the executive director of Wuxi Suntech New Energy Co., Ltd., the executive director of Luoyang Suntech Solar Energy Power Co., Ltd., the chairman of the Board and general manager of Meteo Intelligent Technology (Shanghai) Co., Ltd., the independent director of M Fund Management Co., Ltd., the independent director of Shanghai Jin Jiang International Hotels Co., Ltd., the independent director of Flying Technology Co., Ltd., the independent director of Rofine Technology Co., Ltd. and the independent director of Jiubai Shanghai 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 the Board of ICBC-AXA Assurance Co., Ltd.; currently holding the office of the independent director of Shanghai Jin Jiang International Hotels Co., Ltd.
Zhang Huiming	Currently holding the office of the director of Department of Economics of Fudan University, and the head of Enterprise Research Institute of Fudan University; the expert in development and strategy consulting of Shanghai Municipal Government, the consultant of China Baowu Group, the vice chairman of Shanghai Society of Economic Reform, the director of Expert Committee of the Shanghai Employment Promotion Association, and the vice director general of Shanghai Entrepreneurship Mentorship Expert Volunteer Group; the independent director of Shanghai Jin Jiang International Hotels Co., Ltd., the independent director of Shanghai Zijiang Holdings Co., Ltd., the independent director of Tech-Bank Food Co., Ltd. and the independent director of Wuxi Hyatech Technology 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 and 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 Jinjiang 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 the deputy secretary of the party committee, secretary of committee for discipline inspection and chairman of Labor Union of Shanghai Hongqiao Hotel, the deputy secretary of the party committee, secretary of committee for discipline inspection and chairman of Labor Union of Jin Jiang International Hotel Management Co., Ltd.; currently holding the office of the supervisor, deputy secretary of the party committee, secretary of committee for discipline inspection and chairman of Labor Union of Shanghai Jin Jiang International Hotels Co., Ltd.
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.

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Shen Li	Used to be the vice president and CEO of Jin Jiang Inn Co., Ltd., the CFO of Shanghai Jin Jiang International Hotel Investment Co., Ltd., the CFO of Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd., and the CFO of Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.; currently holding the office of the CFO and financial controller of Shanghai Jin Jiang International Hotels Co., Ltd., chairman of Shanghai Jin Jiang GPP Co., Ltd. and director of Shanghai Jin Jiang Online Network Service Co., Ltd.
Hu Min	Used to be the representative for securities affairs and board secretary of Shanghai Jin Jiang International Hotels Co., Ltd.; currently holdings the office of the vice president and board secretary 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 the vice president of Shanghai Jin Jiang International Hotels Co., Ltd.

Other information

Applicable Not Applicable

(II). Particulars about the incumbent/resigning directors, supervisors and senior management staffs during the reporting period

1. 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
Chen Liming	Jin Jiang Capital	Executive Director	September 2015	Up to now
		Vice Chairman of the Board	July 2016	Up to now
Ma Mingju	Jin Jiang Capital	Executive Director	January 2019	Up to now
		CEO	November 2018	Up to now
Zhou Wei	Jin Jiang Capital	Executive Director	June 2019	Up to now
Zhao Linghuan	Hony Capital	Delegate	May 2011	Up to now
Wang Guoxing	Jin Jiang Capital	Chairman of the Board of Supervisors	September 2015	Up to now
Explanation on the positions in the shareholding entity				

2. Position assumed in other entities

Applicable Not Applicable

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Name	Name of the entity	Position	Start date of office term	Expiry date of office term
Zhang Xiaoqiang	Jin Jiang International Group	President	January 2022	Up to now
Chen Liming	Jin Jiang International Group	Executive of the Board	April 2021	Up to now
Ma Mingju	Jin Jiang International Group	Executive of the Board	April 2021	Up to now
Zhou Wei	Jin Jiang International Group	Vice President	March 2019	Up to now
Wang Guoxing	Jin Jiang International Group	Vice President	May 2015	Up to now
Xu Zheng	Jin Jiang International Group	Staff Supervisor	March 2011	Up to now
		Director of Internal Audit	September 2011	Up to now
Zhu Qian	Jin Jiang Online	Vice Chairman of the Board	February 2021	Up to now
Shen Li	Jin Jiang Online	Director	February 2021	Up to now
Explanation on the positions in the other entities				

(III). Particulars about the emoluments for the directors, supervisors and senior management staffs

√ Applicable Not Applicable

Decision-making process of the emoluments paid to the directors, supervisors and senior management staffs	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 & Appraisal Committee of Board of Directors before presenting to the Board of Director.
Basis of emoluments for the directors, supervisors and senior management staffs	Emoluments for the Company's senior management staffs are comprehensively based on scale of operation, value in talent market and accomplishment of annual business objectives.
Actual emoluments payment for directors, supervisors and senior management staffs	Please refer to (I) Changes in shareholding and emoluments of directors, supervisors and senior management staffs
Total emoluments actually obtained by all directors, supervisors and senior management staffs at the end of the reporting period	RMB 4.3337 million

(IV). Change in the Company's directors, supervisors and senior management staffs

√ Applicable Not Applicable

Name	Position	Change	Cause for the change
Zhang Xiaoqiang	CEO	Resign	Work changes

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Zhu Qian	CEO	Appointment	Work changes
Yu Miaogen	Independent director	Resign	Personal reason
Yu Minliang	Chairman of the Board	Resign	Age reason
Guo Lijuan	Vice Chairman of the Board	Resign	Work reason
Lv Haiyan	Vice Chairman of the Board	Resign	Age reason
Zhang Xiaoqiang	Chairman	Election	Additional director
Zhu Qian	Director	Election	Additional director
Zhang Huiming	Independent director	Election	Additional director
Xia Min	Vice President	Resign	Work reason

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

Applicable Not Applicable

(VI). Others

Applicable Not Applicable

V. Particulars about Board Meetings during the reporting period

Meeting times	Convening date	Resolutions
The 36th meeting of the 9th session of the Board of Directors	20 January 2021	Proposal for signing the Supplementary Agreement to Shareholders Agreement between Vienna Hotel and Baisuicun Catering
The 37th meeting of the 9th session of the Board of Directors	1 February 2021	1. Proposal for opening a special account for fund raising 2. Proposal for authorizing the management to initiate and transact private placement of stocks
The 38th meeting of the 9th session of the Board of Directors	19 March 2021	1. Proposal for the addition of directors of the 9th session of Board of Directors; 2. Proposal for the adjustment of certain senior management staffs of the Company
The 39th meeting of the 9th session of the Board of Directors	19 March 2021	Proposal for the application for RMB loans to the bank
The 40th meeting of the 9th session of the Board of Directors	23 March 2021	1. Proposal for Louvre brand cooperation project 2. Proposal for "7 Tup" brand cooperation project 3. Proposal for leasing Hengfeng Road
The 41st meeting of the 9th session of the Board of Directors	29 March 2021	1. 2020 report of the board of directors 2. 2020 annual report and summary 3. 2020 corporate social responsibility report 4. 2020 final account report 5. 2020 profit distribution plan 6. Proposal for 2020 report of internal control self-evaluation 7. Proposal for the payment of audit fees to accounting firm 8. Proposal for the appointment of the auditor for the Company's 2021 financial statements and internal control audit 9. Proposal for the implementation of daily related party transactions in 2020 and proposed related party transactions in 2021 10. Proposal for changes in accounting policies 11. Proposal for 2020 remuneration for senior management staffs
The 42nd meeting of the 9th session of the Board of Directors	29 March 2021	Proposal for special self-inspection on corporate governance
The 43rd meeting of the 9th session of the Board of Directors	7 April 2021	Proposal for establishment of Jinjiangyi Cuisine through joint contribution
The 44th meeting of the 9th session of the Board of Directors	8 April 2021	Proposal for opening a special account for fund raising

The 45th meeting of the 9th session of the Board of Directors	29 April 2021	<ol style="list-style-type: none"> 1. Proposal for 2021Q1 report 2. Proposal for changes in accounting policies 3. Proposal for the amendment of certain clauses in the Articles of Association 4. Proposal for the amendment of certain clauses in the Rules of Work of the Remuneration and Evaluation Committee of the Board 5. Proposal for the adjustment of certain directors of the Company 6. Proposal for convening 2020 general meeting of shareholders
The 46th meeting of the 9th session of the Board of Directors	25 May 2021	<ol style="list-style-type: none"> 1. Proposal for electing the chairman of the 9th board of directors 2. Proposal for supplementing members of the special committees of the 9th session of the board of directors
The 47th meeting of the 9th session of the Board of Directors	29 June 2021	<ol style="list-style-type: none"> 1. Proposal for the acquisition of the minority interests of holding subsidiaries 2. Proposal for approving to sign the Share Transfer Agreement and other agreements thereon
The 48th meeting of the 9th session of the Board of Directors	30 June 2021	Proposal for providing guarantee to holding subsidiary GDL
The 49th meeting of the 9th session of the Board of Directors	27 August 2021	<ol style="list-style-type: none"> 1. Proposal for 2021 half-year interim report and summary 2. Proposal for a special report on the deposit and actual use of the Company's funds raised for the half-year 2021
The 50th meeting of the 9th session of the Board of Directors	7 September 2021	Proposal for central reservation service cooperation project
The 51st meeting of the 9th session of the Board of Directors	29 October 2021	Proposal for the 2021Q3 report
The 52nd meeting of the 9th session of the Board of Directors	3 December 2021	<ol style="list-style-type: none"> 1. Proposal for the provision of guarantee to GDL 2. Proposal for convening the 1st extraordinary general meeting of shareholders in 2021
The 53rd meeting of the 9th session of the Board of Directors	21 December 2021	<ol style="list-style-type: none"> 1. Proposal for the amendment of certain clauses in the <i>Information Disclosure Management System</i> 2. Proposal for the amendment of certain clauses in the <i>System for the Management of Insiders Who Have Access to Insider Information and the External Information Users</i> 3. Proposal for extending the term of borrowings to the wholly-owned subsidiaries

VI. 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	Times of attendance in person	Participation by communications	Times of entrusted attendance	Times of absence	Consecutive absence from two meetings in person	Attendance frequency in the general

		board meetings						meeting of shareholders
Zhang Xiaoqiang	No	8	8	6	0	0	No	2
Chen Liming	No	18	18	14	0	0	No	2
Ma Mingju	No	18	18	14	0	0	No	1
Zhou Wei	No	18	18	14	0	0	No	2
Zhu Qian	No	8	8	6	0	0	No	2
Zhao Linghuan	No	18	18	14	0	0	No	0
Xie Rongxing	Yes	18	18	14	0	0	No	2
Zhang Fubo	Yes	18	18	14	0	0	No	2
Sun Chiping	Yes	18	18	14	0	0	No	2
Zhang Huiming	Yes	8	8	6	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	18
Including: number of on-site meetings	4
Number of meetings held in communication mode	14
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

VII. Particulars about special committees under the board of directors

Applicable Not Applicable

(1). Members of special committees under the board of directors

Type of special committee	Name of members
Audit & Risk Control Committee	Xie Rongxing (chairman of committee), Sun Chiping, and Ma Mingju
Nomination Committee	Zhang Fubo (chairman of committee), Zhang Xiaoqiang, and Sun Chiping
Remuneration & Appraisal Committee	Zhang Fubo (chairman of committee), Zhao Linghuan (joint chairman of committee), Xie Rongxing, Zhang Huiming, and Ma Mingju
Strategic Investment Committee	Chen Liming (chairman of committee), Zhang Xiaoqiang, and Sun Chiping

(2). Audit & Risk Control Committee convened 8 meetings during the reporting period

Convening date	Content	Important advices	Other particulars
15 January 2021	Discuss about annual audit matters with the certified public accountant.	<ol style="list-style-type: none"> 1. Review 2020 report preparation work plan of the Company, requiring the Company to do a good job in preparing the annual report according to the plan and disclosing the Company's information in a factual, accurate and complete manner. 2. Send the <i>Letter on Urging Accounting Firm to Submit Auditors' Report on Time</i> in writing, requiring the accounting firm to complete annual audit as scheduled in accordance with relevant regulations and audit plan. 	
8 March 2021	<ol style="list-style-type: none"> 1. Review financial statements for the year ended 31 December 2020 prepared by the Company; 2. Sign the review opinions. 	<ol style="list-style-type: none"> 1. The Company's financial statements for the year ended 31 December 2020 have been prepared in accordance with the new CAS and are generally in line with the relevant regulations of the Ministry of Finance, CSRC and other related departments; 2. The Company's financial statements for the year ended 31 December 2020 are able to reflect the actual status of operation of the Company; 3. Approve to submit the Company's financial statements for the year ended 31 December 2020 to the accounting firm employed by the Company for audit; 4. Urge the accounting firm to audit the Company's financial statements for the year ended 31 December 2020, and it is planned to review the Company's financial statements for the year ended 31 December 2020 after the accounting firm provides preliminary audit opinion. 	
19 March 2021	<ol style="list-style-type: none"> 1. Deliberate the Proposal for Louvre Brand Cooperation Project 2. Deliberate the Proposal for "7 Tup" Brand Cooperation Project 3. Deliberate the Proposal for Leasing Hengfeng Road 	<ol style="list-style-type: none"> 1. As such cooperation is beneficial to optimize the development and operation of the Company's hotel brands in the Asian-Pacific Region, acquire larger market, better operation efficiency, lower cost and higher profitability, approve to submit the Proposal for Louvre Brand Cooperation Project, and Proposal for "7 Tup" Brand Cooperation Project to the board of directors for deliberation; 2. As it is beneficial to accelerate the launch of Jin Jiang's overseas brands in the domestic if the Company's holding subsidiary Shanghai Vienna leases the buildings located at No. 585 Hengfeng Road, Shanghai and the auxiliary facilities, approve to submit the Proposal for Leasing Hengfeng Road to the board of directors for deliberation. 	

22 March 2021	<ol style="list-style-type: none"> 1. Listen to the review of the key points of the Company's internal audit work in 2020 and the arrangements for the internal audit work plan in 2021; 2. Review the Company's financial statements for year 2020 (audited); 3. Review and confirm the list of related parties of the Company; 4. Deliberate the proposal the implementation of daily related-party transactions in 2020 and proposed related-party transactions in 2021 5. Deliberate the 2020 Internal Control Inspection and Supervision Work Report of the internal audit department; 6. Deliberate the 2020 Report of Internal Control Self-evaluation of the Company; 7. Deliberate the proposal for the appointment of Deloitte Touche Tohmatsu CPA LLP as the auditor for 2021 financial statements and internal control audit; 8. Review the Summary Report on the Performance of the Audit & Risk Control Committee in 2020; 9. Review and sign the meeting resolutions of the Audit & Risk Control Committee. 	<ol style="list-style-type: none"> 1. Approve to submit the 2020 financial statements that have been audited by Deloitte Touche Tohmatsu CPA LLP to the board of directors for deliberation; 2. Approve to submit the list of related parties (as at 20 March 2021) prepared by the Company to the board of directors and the board of supervisors; 3. Deliberate and approve the Proposal for the Implementation of Daily Related-Party Transactions in 2020 and Proposed Related-Party Transactions in 2021; 4. Deliberate and approve the 2020 Internal Control Inspection and Supervision Work Report; 5. Deliberate and approve the 2020 Report of Internal Control Self-evaluation of the Company; 6. Submit the request to the board of directors to recommend to the general meeting of shareholders to appoint Deloitte Touche Tohmatsu CPA LLP as the auditor of the Company's financial statements and internal control audit for the year 2021, with the audit fee to be determined by the management of the Company in consultation with the accounting firm in accordance with market practice. 	
6 April 2021	Deliberate the Proposal for Establishment of Jinjiangyi Cuisine through Joint Contribution	As it will better promote the innovative development of Jinjiang Gourmet, establish a sound system and mechanism for industrial development, integrate and fuse the resources and advantages of all parties, approve to submit the Proposal for Establishment of Jinjiangyi Cuisine through Joint Contribution to the board of directors of the Company for deliberation.	
20 August 2021	Discuss about the Company's 2021 Half-year Interim Financial Statements with Deloitte Touche Tohmatsu CPA LLP and listen to related reporting items.		
3 September 2021	Deliberate the Proposal for Central Reservation Service Cooperation Project	As it is conducive to the integration and capacity enhancement of hotel resources under Jin Jiang Hotels (China Region), promoting the interface of domestic and international hotel systems, effectively improving operational efficiency and reducing service costs. Approve to submit the Proposal for Central Reservation Service Cooperation Project to the board of directors of the Company for deliberation.	
21 December 2021	Discuss about the annual audit about auditor	Review the 2021 annual report preparation work plan, requiring the Company to prepare the annual report strictly in accordance with the plan and disclose the Company's information in a factual, accurate and complete manner.	

(3). Remuneration and Appraisal Committee convened 1 meeting during the reporting period

Convening date	Content	Important advices	Other particulars
29 March 2021	1. Listen to the 2020 remuneration and welfare work summary and 2021 remuneration and welfare work plan; 2. Deliberate the remuneration of senior management staffs in 2020; 3. Review the audit opinion on the remuneration of directors, supervisors and senior management staffs as disclosed in the annual report; 4. Review the performance summary report of Remuneration & Appraisal Committee; 5. Review and sign the meeting resolutions of Remuneration & Appraisal Committee.	1. After discussion, it is deliberated and approved the proposal for remuneration of the senior management staffs of the Company in 2020: The Company's management achieved a stable and progressive development trend amidst the adversity in the year 2020, and well accomplished the annual operation targets; 2. The remuneration received by the directors, supervisors and senior management staffs of the Company is determined in accordance with the achievement of the annual operating targets set by the board of directors; the allowances for independent directors are determined in accordance with the criteria for allowances for independent directors adopted at the 2018 annual general meeting of the Company; the remuneration of the above persons disclosed by the Company is factual, and accurate.	

(4). Particulars about matters where there are objections

Applicable Not Applicable

VIII. Explanations on risks of the Company discovered by supervisors

Applicable Not Applicable

The Board of Supervisors has no objection against the matters under its supervision during the reporting period.

IX. Particulars about employees in the parent company and major subsidiaries at the end of the reporting period

(I) Employee information

The number of on-job employees of the parent company	374
The number of on-job employees of the major subsidiaries	32,788
Total number of on-job employees	33,162
Number of retirees borne by parent company and major subsidiaries	497
Specialty	
Classification of specialty	Headcount
Production and technical personnel	24,106
Sales personnel	1,431
Financial personnel	326
Administrative personnel	7,299
Total	33,162
Educational background (excluding Louvre Group)	
Education background	Headcount
Graduate or above	143
Undergraduate	4,221

Junior college student	8,332
Secondary technical school	3,127
High school, vocational school and others	12,856
Total	28,679

(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; strength 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 provides trainings 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 information

✓ Applicable Not Applicable

Total working hours for labor outsourcing	1,003,642 hours
Total remuneration for labor outsourcing	RMB 156.88 million

X. The preplan for profit distribution or capital reserve transferring to share capital

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

✓ Applicable Not Applicable

According to the provisions on cash dividends in the *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, in absence of force majeure factors, 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 2020 profit distribution resolution, specifying the 2020 Annual Profit Distribution Plan: to distribute cash dividend at RMB 0.58 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 2020 General Meeting of Shareholders of the Company was announced and published in "Shanghai Securities News" and "Ta Kung Pao" on 26 May 2021.

The 2020 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) Special instructions on cash dividends policies

✓ Applicable Not Applicable

Whether the policies comply with the provisions of the Articles of Association or the resolution of the general meeting of shareholders	✓ Yes <input type="checkbox"/> No
Whether the dividends criteria and proportion are explicit and clear	✓ Yes <input type="checkbox"/> No
Whether the related decision-making procedures and mechanism are complete	✓ Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and played their proper roles	✓ Yes <input type="checkbox"/> No
Whether the minority shareholders have adequate opportunities to express their views and demands, and whether their legitimate rights and interests are adequately protected	✓ Yes <input type="checkbox"/> No

(III) Where the profit attributable to the shareholders of the parent company is positive during the reporting period, but the profit distribution plan is not proposed, the Company shall disclose the reasons, purpose and use plan of undistributed profit

Applicable Not Applicable

XI. Particulars about equity incentive plan, employee stock ownership plan or other employee incentive measures of the Company 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 information

Applicable Not Applicable

Employee Stock Ownership Plan

Applicable Not Applicable

Other incentives

Applicable Not Applicable

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

Applicable Not Applicable

(IV) Explanation on the establishment and implementation of the assessment and incentive mechanisms of the senior management staffs 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.

XII. Establishment and implementation of internal control systems during the reporting period

Applicable Not Applicable

The Company have developed an improved internal control and risk management system through the preparation of the Internal Control Management Manual of Jin Jiang Hotels and the Internal Control Management Manual of Jin Jiang Hotels (China Region). The Company organized evaluation of internal control in accordance with the Code on Corporate Internal Control and the internal control manuals. The board of directors of the Company studied and determined the specific identification criteria for deficiencies in internal control applicable to the Company in accordance with the requirements of the Code on Corporate Internal Control for the identification of material deficiencies, significant deficiencies and general deficiencies, taking into account factors such as the size of the Company, industry characteristics, risk appetite and risk tolerance, and distinguishing the internal control over financial reporting and non-financial reporting. For

details, please refer to the "2021 Annual Internal Control Self-Evaluation Report" disclosed by the Company on the website of the SSE (www.sse.com.cn).

Explanation on internal control which have material deficiencies during the reporting period

Applicable Not Applicable

XIII. Management and control over the subsidiaries during the reporting period

Applicable Not Applicable

For the several years of adjustment and optimization since the establishment, the internal control system of the Company has become a comprehensive system with control and effectiveness, and has achieved the internal control objectives set by the board of directors. Although the globe suffered changes, epidemic and economic counter-current in 2021, the Company still continued to accelerate the construction of risk control system according to the specific requirements of the excellent performance management system construction program. At the beginning of the year, the Company summarized the risk self-assessment questionnaire of all the hotels, organized discussion meetings with the risk control officers of each hotel to discuss the experience and problems of risk control work together; in the middle of the year, the Company analyzed the significant risks at the corporate level, prepared risk screening list and risk response plan; at the end of the year, the Company updated the risk self-assessment questionnaire according to its own development, and continued to conduct risk self-assessment in the subsidiary hotels, laying a good foundation for a comprehensive and in-depth risk control system and providing guarantee for the construction of excellent performance management system in 2022.

Management and control over the domestic subsidiaries

During the reporting period, the Company further strengthened its management on the subsidiaries and standardized the internal operation mechanism of the Company in accordance with the *Company Law*, the *Securities Law*, the *Articles of Association of the Company* and related internal control system. Under the guidance of the Company, the subsidiaries endeavored to perfect their corporate governance structure, revised articles of association and optimized organizational structure; the Company also prepared corresponding internal management system according to the actual situation of these subsidiaries, conducted regular internal audit on them and standardized their internal operation mechanism; the subsidiaries were required to report to the Company as regards the financing, investing activities or other significant matters so as to achieve a high-efficient and orderly operation and improve the overall asset operation quality of the Company.

Management and control over the overseas subsidiaries

The Company improved the overseas corporate governance structure continuously, including: preparation and update of the articles of association, the rules for procedures of shareholders' meeting and directors' meeting, the measures for administration of decision-making and reporting as well as other systems, to ensure that the control and measures were carried out in a reasonable and orderly manner; establishment of a hierarchical authorization mechanism for the board of shareholders, the board of directors and the legal representative, as well as a reporting and approval process for significant matters to ensure that the control mechanism could be put in place; in addition

to regular meetings, convening extraordinary shareholders' meetings and extraordinary directors' meeting of overseas companies on specific matters so that timely risk control could be achieved in respect of major investment and financing projects, internal systems, financial status and appraisal of senior management staffs of overseas subsidiaries; and monitoring and regulating the operations of the overseas subsidiaries through regular audits.

XIV. Explanation on the internal control audit report

Applicable Not Applicable

Deloitte Touche Tohmatsu Certified Public Accountants LLP was engaged by the Company to conduct an independent audit on the effectiveness of the Company's internal control and Deloitte has issued a standard unmodified opinion. Internal control audit report will be disclosed on 29 March 2022 at SSE website (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

XV. Rectification of the issues identified in the special self-inspection campaign concerning governance of listed companies

Not Applicable

XVI. Others

Applicable Not Applicable

Section V Environmental and Social Responsibility

I. Environmental information

(I) A company or its major subsidiary that is a major pollutant discharging entity announced by the environmental protection department

Applicable Not Applicable

(II) A company other than major pollutant discharge entities

Applicable Not Applicable

1. Administrative penalties received due to environmental problems

Applicable Not Applicable

2. Disclosure of other environmental information with reference to the requirements for major pollutant discharge entities

Applicable Not Applicable

Energy saving and emission reduction and environmental protection are always the key concerns of the Company, and Jin Jiang Hotels always insists on the green development path of "clean, efficient, emission reduction and energy saving". The Company ensures environmental and ecological safety through the establishment and improvement of environmental protection rules and regulations, such as responsibility assessment, education and training, facility operation, etc., and the establishment of environmental management institutions and personnel. At the same time, the Company actively takes specific measures to reduce energy consumption and pollution emissions to promote sustainable development. The emissions, including sewage and exhaust gas, have met the national and local emission standards.

1. Water pollution prevention and control: the sewage treatment, sewage and waste separation, conservation of water and electricity for construction, and turn off water and electricity before leaving.
2. Thermal pollution prevention and control: adopt solar energy, air source heat pump or other energy-saving environmental equipment as the heat source and make full use of afterheat and waste heat; 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. Atmospheric pollution prevention and control: 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;
4. Sound pollution prevention and control: 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, electric saws, grinders, 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.

3. Reasons for not disclosing other environmental information

Applicable Not Applicable

(III) Relevant information which is conducive to protecting the ecology, preventing pollution, and fulfilling the environmental responsibility.

Applicable Not Applicable

Under the initiative of "Clear waters and green mountains are as good as mountains of gold and silver", Jin Jiang Hotels pays attention to the organic unity of environmental protection and enterprise development, actively practices the green sustainable development route, and carries out strict control and management of every aspect of daily operation, which is reflected in the hotel design and operation, brand environmental protection communication and the development of activities.

1. Environmental protection operation:

- (1) For the sewage and oil fume discharge from kitchens and hotels, add oil separators, septic tanks and smoke exhaust ducts for oil pollution isolation discharge, so as to reduce unnecessary waste of natural resources and avoid river pollution;
- (2) Projects with conditions can adopt sewage and waste water flow system, and the system of wastewater recovery and treatment into reclaimed water;
- (3) Reduce the number of external signboards in stores, respond to policies and reduce light pollution;
- (4) Equipment units are regularly maintained and cleaned, each year with qualified environmental protection companies to do equipment maintenance, cleaning cooling towers, fresh air duct systems, domestic water tanks, air conditioning units, etc., to reduce emissions and air pollution and purify indoor air;
- (5) Low noise equipment, frequency conversion equipment and shock absorption equipment shall be used for various equipment. Sound insulation wall and double-layer vacuum sound insulation glass shall be used if it is close to residential areas, and the sound insulation effect shall be checked regularly to reduce sound pollution;
- (6) For central air conditioning systems with fan coils at the end, a central air purifier is installed directly at the return air outlet with a PM2.5 removal efficiency of up to 99%.

2. Environmental protection communication and activities: Since the launch of the "YuanDian Project" by ZMAX in May 2019 until the end of 2021, a total of 930 kg of disposable toothbrushes have been recycled and 11,900 pencil cases have been made, helping a total of 6,501 children. Jin Jiang Hotels (China), including Jin Jiang Metropolo, Magnotel, Jin Jiang Inn and other brands of hotels has add the warm reminder not to actively provide "six small pieces" on the main online booking channels for hotels in Shanghai region, all hotels in the Shanghai region have placed relevant environmental tips in public areas and in each room in a conspicuous position; Vienna 3 Good Hotel promotes green travel, encourages ride-sharing, and gives away environmentally friendly cultural and creative gifts to promote the concept of environmental protection. All cultural and creative gifts are made of biodegradable materials and simple packaging, such as eco-friendly cups, chopsticks and shopping bags, so as to encourage people to effectively apply environmental protection in their daily lives.

(IV) Measures and effects that have taken to reduce carbon emissions during the reporting period.

Applicable Not Applicable

The Company continues to improve the environmental management system, effectively urging directly-managed stores and franchisees to do a good job of environmental management, and contribute to the construction of a low-carbon society. In the process of store management, energy and resource use targets are set, linked to store assessment, and the implementation of the targets is tracked regularly.

1. Green supplies

The room supplies of Jin Jiang Hotels also practice the environmental protection concept of energy conservation and consumption reduction in product design:

For example, the main material of the comb and toothbrush used by many brands is changed from the original PP to straw; the outer packing bag is changed from the original plastic roll film bag to stone paper; the outer packing bag of disposable slippers is changed from OPP to paper; raw bamboo pulp is used for tissues and toilet rolls, and no bleaching in the production to reduce pollution.

2. Electricity saving

We explore the potential of electricity saving in each key link of electricity consumption, establish the system of electricity saving consumption index and comparison system, effectively reduce unnecessary electricity consumption and achieve the goal of electricity saving.

In the building equipment, we use frequency conversion water pumps; use solar water heating system; use energy-saving split type air conditioners and frequency conversion air conditioners; improve the utilization rate of electric power and maintain transformer load factor > 30% and power factor > 0.9 through technical measures; install metering meters for special statistics in important parts such as lobby, restaurant, kitchen, staff bathroom, public sanitation, floor service, pump room, boiler room, etc. and implement management in the main aspects of power consumption. In building lighting, we implement energy-saving management of lighting system, adopt energy-saving lighting fixtures and LED lighting fixtures in public areas; adopt sound and light control switches to control public areas such as staircases so that they are in off state when no one is around, with a comprehensive energy saving of 5%-8%.

3. Building energy saving

Due to the characteristics of the hotel industry, the energy consumption of ventilation, heating and hot water supply accounts for a relatively large part of the energy consumption of the buildings under the Company. The Company carries out comprehensive energy-saving and thermal insulation design for each building component according to the actual situation such as geographical location and thickness of partition walls, and reduces the heat loss of building façade by designing hollow glass windows and adding the thermal insulation layer to external walls.

4. Green office

In the office, we control the opening time of the air conditioner, and advocate turning off the air conditioner half an hour before leaving work; do not turn on the air conditioner in spring and autumn, and adjust the indoor air by opening windows for natural ventilation; the setting of indoor air conditioner shall not be lower than 26°C in summer and not higher than 21°C in winter; turn off the power supply of office appliances such as computers, drinking fountains, copiers and air conditioners in time after work or when not in use.

II. Social responsibility

Applicable Not Applicable

Giving back to the society comes from gratitude to the society. Jin Jiang Hotels fully responds to the needs of the society and constantly explores and tries to contribute to the construction of a harmonious development of Chinese society to achieve "common prosperity" through charitable donations, public welfare and volunteer activities.

1. Pandemic prevention

With the prevention and control of COVID-19 pandemic entering normalization, Jin Jiang, as the largest service-oriented hotel group in China, has fully responded to the needs of the society, with many of its hotels being used as quarantine hotels for prevention and control, and its employees actively cooperating with relevant departments to participate in the operation and management of quarantine hotels in a serious manner; in some areas where the pandemic is serious, Jin Jiang Hotels have also organized donations and supplies or directly provided volunteer services. Our staff always put themselves into the action of fighting against the pandemic with full of spirit and high morale.

2. Emergency rescue to Henan Province

This year, severe disasters were caused by large-scale extreme heavy rainfall in various parts of Henan Province. Under the overall planning of the Group's leadership, Jinjiang Global Procurement Platform (GPP) cooperated with Jin Jiang Hotels (China) to respond quickly and rush for emergency assistance, issued a series of emergency policies to provide convenient services for guests, made every effort to ensure the personal safety of guests and hotel front-line employees, and implemented the material supply and service guarantee in the rear of hotels in the affected areas.

GPP united with many suppliers on the platform to start relief supplies and donations to support Henan. With the love of many suppliers, a large amount of daily necessities such as food, facial towels, bath towels, toothpaste and toothbrushes, paper towels, quilts, pillow protectors, shirts, etc., as well as pandemic prevention materials such as masks, 84 disinfectant, disinfectant tablets, hand purification gel and water-free hand sanitizer were urgently raised for the stricken people.

The Company will disclose the "2021 Corporate Social Responsibility Report" by the end of April 2022.

III. Specific situation of the consolidation and expansion of poverty alleviation achievements and rural revitalization

Applicable Not Applicable

Section VI Significant Events

I. 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 Not Applicable

Background	Type	Commitment Party	Commitment	Commitment date and period	Time limit for commitment	On time Commitment
Commitments regarding to the major assets reorganization	Solving and other property defects	Jin Jiang International	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.: 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. 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 form 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.	Permanent	No	Yes

Others	Jin Jiang International	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.	Permanent	No	Yes
Others	Jin Jiang Capital	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.	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 Not Applicable

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

Applicable Not Applicable

II. Non-operating capital occupation by the controlling shareholder and other related parties

Applicable Not Applicable

III. Illegal guarantee

Applicable Not Applicable

IV. Explanation of the Company's board of directors 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 corrections to significant accounting errors

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

Applicable Not Applicable

New Lease Standards

The Company has adopted Accounting Standards for Business Enterprises No.21 - Leases ("New Lease Standards") revised by the MoF in 2018 since 1 January 2021. The New Lease Standards improve the definition of a lease and add the identification, separation and combination of a lease; cancel the classification of the operating lease and finance lease of a lessee, require to recognise right-of-use assets and lease liabilities of all leases other than short-term leases and leases of low value assets at the commencement date of the lease, and recognise depreciation and interest expense respectively; improves subsequent measurement of leases by the lessee, add the accounting

treatment under circumstances of option re-evaluation and lease modification, and also the relevant disclosure requirements.

In addition, the New Lease Standards enrich disclosures by a lessor.

(II) Explanation and analysis of the Company for the causes and effects of corrections to significant accounting errors

Applicable Not Applicable

(III) Communications with predecessor auditor

Applicable Not Applicable

(IV) Others

Applicable Not Applicable

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	11

	Name	Audit Fee
Internal Control Accounting Firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	110
Sponsor	Shenwan Hongyuan Securities Underwriting & Sponsorship Co., Ltd.	200

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 Not Applicable

VII. Exposure to delisting risk

(I) Reasons for warning of delisting risk

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

(III) Risk of and reasons for the termination of the listing

Applicable Not Applicable

VIII. Matters related to bankruptcy and reorganization

Applicable Not Applicable

IX. 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

X. Suspected violations of laws and regulations, penalties and rectification by the listed company, its directors, supervisors, senior management, controlling shareholders, and actual controller

Applicable Not Applicable

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

Applicable Not Applicable

XII. 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

During the reporting period, the Company and the Company's wholly-owned subsidiaries Jin Jiang Inn, Hotels Investment and Jin Jiang Metropolo, and its holding subsidiary Vienna were entrusted to operate Xi'an Jin Jiang Inn, Zhengzhou Jin Jiang Inn, Da Hua Hotel, Jiaozhou Hotel, New Asia Hotel, Metropolo Hotel, YMCA Hotel, Tianjin Hedongqu Jin Jiang Inn, Dishuihu Jin Jiang Inn, Tianjin Hu Jin Investment, Tianjin Jin Jiang Inn, Zhenjiang Jingkou Jin Jiang Inn, Shenyang Songhuajiang Jin Jiang Inn, Changchun Jinlv Investment, Ningbo Jinbo Hotel, etc., the total payment of entrusted operating fee amounted to RMB 82.98 million; the Company leased South Huating Hotel and Magnolia Hotel, and the rental amounted to RMB 17.59 million. The personnel remuneration and social insurance paid to Jin Jiang Capital, YMCA Hotel, South Huating Hotel and Magnolia Hotel amounted to RMB 62.20 million.

3. Events not disclosed in the temporary announcement

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related party relationship	Transaction type	Content	Pricing policy	Transaction amount	Proportion in congener business (%)	Settled by
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary	Support labor service	Income from management fee for hotels	Market price	8,823,208.04	0.25	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Support labor service	Income form room rate accounting service of limited service hotels	Market price	69,761,477.84	100.00	Cash

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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	1,857,970.78	0.54	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	2,109,467.19	33.43	Cash
Jin Jiang Capital's subsidiaries	Associate	Support labor service	Income from cooperation on hotel goods supply chain	Market price	134,445,236.75	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	7,037,621.69	3.67	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	5,368,467.72	25.86	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary, associate	Purchase of goods	Purchase of hotel food and goods	Market price	3,372,284.61	0.54	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Receipts of service	Room reservation fees and exhibition fees	Market price	61,509,245.15	38.92	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Other outflows	Fee sharing of brand management	Market price	2,245,141.50	100.00	Cash
Total				/	296,530,121.27	5.80	/
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.					
Description of related party transactions		The related party transaction agreement related to the daily operation of the Company has been submitted to the 62nd session of the 8th board of directors held on 29 March 2019 for deliberation and approval. (submitted every three years)					

(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 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

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

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) Financial business between the Company and the financial company that has a related party relationship, the financial company controlled by the Company and the related party

Applicable Not Applicable

1. Deposit

Applicable Not Applicable

Unit: 0'000 Currency: RMB

Related party	Relationship	Maximum daily deposit limit	Range of deposit interest rates	Opening balance	Amount incurred		Closing balance
					Deposit	Withdrawal	
Finance Company	A controlling subsidiary of Jin Jiang Capital, the controlling shareholder of the Company	400,000	0.39%-3.18%	386,254	2,203,600	2,205,049	384,805
Total	/	/	/	386,254	2,203,600	2,205,049	384,805

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 3,862.54 million and closing balance to be RMB 3,848.05 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 2021 was RMB 58.21 million.

2. Loan

Applicable Not Applicable

Unit: 0'000 Currency: RMB

Related party	Relationship	Loan quota	Range of loan interest rates	Opening balance	Amount incurred		Closing balance
					Loan	Repayment	
Finance Company	A controlling subsidiary of Jin Jiang Capital, the controlling shareholder of the Company	550,000	3.325%-3.8875%	266,378	3,148	22,159	247,367
Total	/	/	/	266,378	3,148	22,159	247,367

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 2,663.78 million and RMB 2,473.67 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 2021 was RMB 90.09 million.

3. Credit granting and other financial business

Applicable Not Applicable

4. Other descriptions

Applicable Not Applicable

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."

(VI) Others

Applicable Not Applicable

XIII. 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	0
Total balance of guarantees to subsidiaries at the end of the reporting period (B)	48,808
Total amount of the Company's guarantees (including guarantees to subsidiaries)	
Total guarantee (A+B)	48,808
The ratio of total guarantees to the Company's net assets (%)	21.21
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)	48,808

Total amount of guarantees exceeding 50% of net assets (E)	0
Total amount of the above three guarantees (C+D+E)	48,808
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 26 th Session of the 9 th of the Board of Directors, the 29 th Session of the 9 th of the Board of Directors and the First Extraordinary General Meeting of 2020 of the Company. On 30 June 2021, the Company entered into a Guarantee Contract with BNP Paribas for a one-year overdraft facility of EUR60 million for GDL. The above guarantees have been considered and approved at the 48 th Session of the 9 th of the Board of Directors and the First Extraordinary General Meeting of 2021 of the Company.

(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) Provision for impairment 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	-2,749	5,883.52	0

Other information

Applicable Not Applicable

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(2) 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	1.20	21.72	21.72	Recovered	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to a holding subsidiary	550	21 January 2021	21 January 2024	Own funds	Supplementary liquidity	Quarterly interest settlement	1.20	6.33	6.33	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to a holding subsidiary	550	20 May 2020	19 May 2023	Own funds	Supplementary liquidity	Quarterly interest settlement	1.20	10.84	10.84	Not expired	Yes	Yes	None
Bank of Communications Shanghai Branch	Providing loans to participating	120	20 November 2020	10 November 2022	Own funds	Supplementary liquidity	Quarterly interest settlement	4.25	5.76	5.76	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating	900	30 June 2020	29 June 2023	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	15.81	15.81	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating	1,210	7 June 2021	7 June 2024	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	8.04	8.04	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating	441	7 June 2021	7 June 2024	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	2.93	2.93	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to participating	342.52	29 July 2019	28 July 2022	Own funds	Supplementary liquidity	Quarterly interest settlement	2.10	17.70	17.70	Not expired	Yes	Yes	None

Jin Jiang Finance Company	Providing loans to participating	1,170	29 June 2020	28 June 2023	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	20.59	20.59	Not expired	Yes	Yes	None
Jin Jiang Finance Company	Providing loans to wholly-owned subsidiaries	600	10 November 2021	9 November 2024	Own funds	Supplementary liquidity	Quarterly interest settlement	1.15	1.00	1.00	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	Quarterly interest settlement	3.15	93.62	93.62	Recovered	Yes	Yes	None

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

XIV. Explanation on other significant events that have significant impact on investors' value judgements and investment decisions

Applicable Not Applicable

Section VII Changes in Shares and Particulars of Shareholders

I. Change in share capital

(I) Statement of change in share capital

1. Statement of change in share capital

Unit: Share

	Before this changes		Current increases or decreases (+, -)					After this change	
	Quantity	Proportion (%)	Issue of new shares	Share donation	Share capital converted from capital reserves	Other	Sub-total	Quantity	Proportion (%)
I. Shares with restrictions on sale			112,107,623			- 112,107,623	0		
1. State shares									
2. Shares held by state-owned legal persons			3,363,228			-3,363,228	0		
3. Shares held by other domestic investors			77,757,845			-77,757,845	0		
Including: Shares held by domestic non-state-owned legal persons			77,757,845			-77,757,845	0		
Shares held by domestic natural persons									
4. Shares held by foreign investors			30,986,550			-30,986,550	0		
Including: Shares held by overseas legal persons			30,986,550			-30,986,550	0		
Shares held by overseas natural persons									
II. Circulating shares	957,936,440	100.00				112,107,623	112,107,623	1,070,044,063	100.00
1. RMB ordinary shares	801,936,440	83.71				112,107,623	112,107,623	914,044,063	85.42
2. Domestically listed foreign shares	156,000,000	16.29						156,000,000	14.58
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	957,936,440	100.00	112,107,623			0	112,107,623	1,070,044,063	100.00

2. Explanation on the change in shares

√Applicable □Not Applicable

During the reporting period, based on the inquiry results of the non-public offering and the placing criteria, the Company implemented the non-public offering to 11 domestic and foreign institutional investors, including Aegon-Industrial Fund Management Co., Ltd., Allianz Global Investors Singapore Limited, Zhong Ou Asset Management Co., Ltd., UBS AG, Caitong Securities Asset Management Co., Ltd., FSS Trustee Corporation, Neo-Criterion Capital Singapore Pte Ltd, Ontario Teachers' Pension Plan Board, China Asset Management Co., Ltd., Taikang Asset Management Co., Ltd. and CITIC Securities Co., Ltd.-QCCI Financial Holding No. 1 Targeted Asset Management Plan. After the completion of share registration, the Company added 112,107,623 circulating shares with restriction for sales (which were released from restricted sale on 22 September 2021), and the total share capital increased from 957,936,440 shares to 1,070,044,063 shares.

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

Item	2021	
	Before issuance	After issuance
Basic earnings per share (before deduction of non-recurring profits and losses) (RMB per share)	0.1050	0.0966
Diluted earnings per share (before deduction of non-recurring profits and losses) (RMB per share)	N/A	N/A
Basic earnings per share (after deduction of non-recurring profits and losses) (RMB per share)	-0.1272	-0.1170
Diluted earnings per share (after deduction of non-recurring profits and losses) (RMB per share)	N/A	N/A

After the funds raised in this offering are received, the total share capital of the Company will increase, which may lead to a certain degree of decline in earnings per share in the short term, but in the long run, the overall capital strength of the Company will be improved, which is conducive to the long-term sustainable profitability of the Company.

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

Applicable Not Applicable

(II) Details of changes in restricted shares

Applicable Not Applicable

Name of shareholders	Opening balance of shares with restrictions on sale	Release	Increase	Closing balance of shares with restrictions on sale	Reason for restrictions on sale	Unit: Share
						Release date
Aegon-Industrial Fund Management Co., Ltd.		53,991,031	53,991,031		Non-public offering	2021-09-22
Allianz Global Investors Singapore Limited		13,295,969	13,295,969		Non-public offering	2021-09-22

Zhong Ou Asset Management Co., Ltd.		12,331,838	12,331,838		Non-public offering	2021-09-22
UBS AG		6,726,457	6,726,457		Non-public offering	2021-09-22
Caitong Securities Asset Management Co., Ltd.		4,708,520	4,708,520		Non-public offering	2021-09-22
FSS Trustee Corporation		4,147,982	4,147,982		Non-public offering	2021-09-22
Neo-Criterion Capital Singapore Pte Ltd		3,408,071	3,408,071		Non-public offering	2021-09-22
Ontario Teachers' Pension Plan Board		3,408,071	3,408,071		Non-public offering	2021-09-22
China Asset Management Co., Ltd.		3,363,228	3,363,228		Non-public offering	2021-09-22
Taikang Asset Management Co., Ltd.		3,363,228	3,363,228		Non-public offering	2021-09-22
CITIC Securities Co., Ltd.-QCCI Financial Holding No. 1 Targeted Asset Management Plan		3,363,228	3,363,228		Non-public offering	2021-09-22
Total		112,107,623	112,107,623		/	/

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	
RMB ordinary shares (non-public offering)		44.60	112,107,623	2021-09-22	112,107,623	

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 session of the 7th board of directors 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 5th session of the 8th board of directors on 30 October 2015. Such proposals have been approved by the 4th 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).

On 2 September 2020, the 29th session of the 9th board of directors of the Company deliberated and approved the relevant proposals for the Company's non-public offering of A-Share stocks. The proposals were approved at the first extraordinary general meeting of the Company in 2020 held on 22 September 2020. On 28 January 2021, the Company received the *Reply on Approving the Non-public Offerings of Stocks of Shanghai Jin Jiang International Hotels Co., Ltd.* (CSRC License [2021] No. 208) issued by the CSRC, approving the non-public offering of not more than 150 million new shares. The issue of shares 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-Share stocks, please refer to the "Proposal for the Non-public Offering of A-Share Stocks by Shanghai Jin Jiang International Hotels Co., Ltd." (2 September 2020) and the "Report on the Non-public Offering of Shares by Shanghai Jin Jiang International Hotels Co. Ltd." (22 March 2021). As of 31 December 2021, the Company has used RMB1.5 billion of the proceeds from this non-public offering for repayment of loans from financial institutions in aggregate. The Company has formulated the "Measures for the Management of Fund Raising" in light of the actual situation of the Company, and the raised funds are deposited in special account with strict approval procedures to ensure that the special funds are used for special purposes.

(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

1. Changes in share capital

During the reporting period, the Company made a non-public offering of 112,107,623 RMB ordinary shares (A shares) to 11 domestic and foreign institutional investors at an issue price of RMB44.60 per share. The Company completed the share registration on 19 March 2021, and the total share capital of the Company increased from 957,936,440 shares to 1,070,044,063 shares after the completion of the registration.

2. Changes in shareholder structure

The Company's non-public offering of shares in March 2021 did not result in a change in the Company's controlling shareholder and actual controller. The Company's controlling shareholder remains Jin Jiang Capital, whose shareholding was passively diluted from 50.32% to 45.05% as a result of the non-public offering. The actual controller is still Jin Jiang International Group; apart from the controlling shareholder, there is no other major shareholder holding more than 5% of the shares of the Company.

3. Changes in the structure of assets and liabilities

As at 31 December 2021, the Company had total assets of RMB48,263,130,000 and net assets of RMB17,336,590,000. The Company's asset-liability ratio was 64.08%, a decrease of 0.45 percentage points compared to 64.53% in the same period of the previous year.

(III) Existing internal employee shares

Applicable Not Applicable

III. Particulars of shareholders and the actual controller

(I) Total number of shareholders

Total number of common shareholders by the end of reporting period (households)	34,170 (Including: A-share shareholders of 12,990, B-share shareholders of 21,180)
Total number of common shareholders by the end of the previous month before the date for the disclosure of the annual report (households)	35,442 (Including: A-share shareholders of 14,602 B-share shareholders of 20,840)
Total number of preferred shareholders who have resumed voting rights by the end of reporting period (households)	
Total number of preferred shareholders who have resumed voting rights by the end of the previous month before the date for the disclosure of the annual report (households)	

(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, mark or freeze		Nature of shareholder
					Status	Qty.	
Shanghai Jin Jiang Capital Co., Ltd.		482,007,225	45.05		Nil		State-owned

Shanghai Jin Jiang International Hotels Co., Ltd. 2021 Annual Report

Hong Kong Securities Clearing Company Limited	+2,822,110	44,667,686	4.17		Nil		Unknown
China Merchants Bank - Xingquan Herun Hybrid Securities Investment Fund	+14,824,765	19,469,246	1.82		Nil		Other
China Merchants Bank - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	+12,152,627	16,815,764	1.57		Nil		Other
Huaan Future Asset –ICBC-Anxin Trust Co., Ltd.		15,244,482	1.42		Nil		Domestic non-State-owned
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	22,017,498	13,914,772	1.30		Nil		Foreign-owned
Allianz Global Investors Singapore Limited - Allianz Shenzhou A-share Fund (Exchange)	+12,365,251	12,365,251	1.16		Nil		Foreign-owned
China Everbright Bank - Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF)	+2,220,112	11,200,049	1.05		Nil		Other
Industrial Bank - Xingquan New Vision Flexible Allocation Regular Open-ended Hybrid Initiated Securities Investment Fund	+10,336,256	10,336,256	0.97		Nil		Other
INVESCO FUNDS SICAV	-1,134,233	10,007,693	0.94		Unknown		Foreign-owned

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	44,667,686	RMB ordinary share	44,667,686
China Merchants Bank - Xingquan Herun Hybrid Securities Investment Fund	19,469,246	RMB ordinary share	19,469,246
China Merchants Bank - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF)	16,815,764	RMB ordinary share	16,815,764
Huaan Future Asset –ICBC-Anxin Trust Co., Ltd.	15,244,482	RMB ordinary share	15,244,482
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	13,914,772	RMB ordinary share	13,914,772
Allianz Global Investors Singapore Limited - Allianz Shenzhou A-share Fund (Exchange)	12,365,251	RMB ordinary share	12,365,251

China Everbright Bank - Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF)	11,200,049	RMB ordinary share	11,200,049
Industrial Bank - Xingquan New Vision Flexible Allocation Regular Open-ended Hybrid Initiated Securities Investment Fund	10,336,256	RMB ordinary share	10,336,256
INVESCO FUNDS SICAV	10,007,693	Foreign shares listed in China	10,007,693
Explanation on special repurchase account among the top 10 shareholders			
Explanation on entrusting voting rights, entrusted voting rights, or abstaining voting rights by above shareholders			
Explanation on related party relationship with above shareholders and concerted action.	The fund manager of China Merchants Bank - Xingquan Herun Hybrid Securities Investment Fund, China Merchants Bank - Xingquan Heyi Flexible Allocation Hybrid Securities Investment Fund (LOF), China Everbright Bank - Xingquan Business Model Preferred Hybrid Securities Investment Fund (LOF), and Industrial Bank - Xingquan New Vision Flexible Allocation Regular Open-ended Hybrid Initiated Securities Investment Fund is Aegon-Industrial Fund Management Co., Ltd. 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) A strategic investor or a general legal person becomes one of top 10 shareholders as a result of allotment of new shares

Applicable Not Applicable

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

(I) Particulars of controlling shareholder

1 Legal person

Applicable Not Applicable

Name	Shanghai Jin Jiang Capital Co., Ltd.
Legal Representative	Zhao Qi
Date of Establishment	16 June 1995

Primary Business	General items: 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, internet sales (except for the sale of goods requiring permission), ticketing agency services, marketing planning. (Except for items subject to approval by law, other business items can be carried out independently with business licenses according to the law)
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 descriptions	

2 Natural person

Applicable Not Applicable

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

Applicable Not Applicable

4 Special explanation on the change of controlling shareholder 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 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

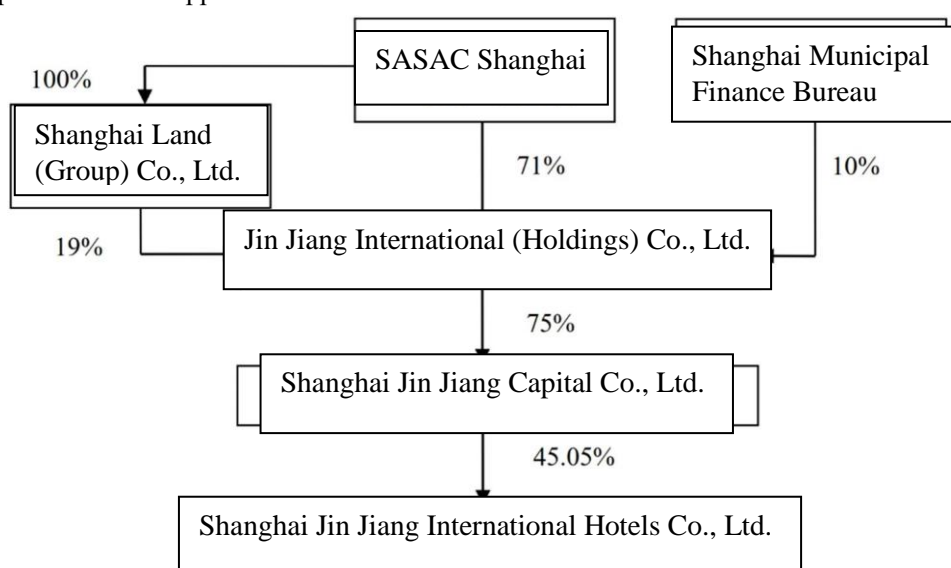
Applicable Not Applicable

4 Change in control of the Company 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. Number of shares pledged by the Company's controlling shareholder or the largest shareholder and its persons acting in concert accumulatively accounts for more than 80% of the Company's shares

Applicable Not Applicable

VI. Other legal person shareholders with over 10% of corporate shares

Applicable Not Applicable

VII. Explanation on restricted shares deduction

Applicable Not Applicable

VIII. Specific implementation of share repurchase during the reporting period,

Applicable Not Applicable

Section VIII Preferred Stock

Applicable Not Applicable

Section IX Bond

I. Enterprise bonds, corporate bonds, and non-financial enterprise debt financing instruments

Applicable Not Applicable

II. Convertible corporate bonds

Applicable Not Applicable

Section X Financial Report

I. Auditor's Report

Applicable Not Applicable

The financial statements for the year ended 31 December 2021 prepared in accordance with Accounting Standards for Business Enterprises are audited by Deloitte Touche Tohmatsu CPA LLP. CPA Mr.Chen Yan and CPA Miss.HuangYiting signed and issued an auditor's report with unmodified opinion for these financial statements (De Shi Bao Shen Zi (22) No. P02353).

II. Financial Statements (Omission)

III. Notes to the Financial Statements (Omission)

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (22) No. P02353
(Page 1 of 5)

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 2021, 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 2021, 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 2021, 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) 16 and 17 to the financial statements, for the year ended 31 December 2021, 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 10,948,414,032.21, and the amount of the Company's intangible assets with indefinite useful life was RMB 5,970,035,960.74.

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) 40 to the financial statements, in 2021, income relevant to franchise business of the Company was an important indicator for the management's assessment, including the service income of early stage of franchise and continuous franchise and labor dispatch income, of which the service income of early stage was RMB 811,919,209.19, and the continuous franchise and labor dispatch income totaled up to RMB 3,548,694,959.57. 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 2021 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: Chen Yan
(Partner in Charge)

Chinese Certified Public Accountant: Huang Yiting

25 March 2022

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 2021

CONSOLIDATED BALANCE SHEET

RMB

Item	Note	31 December 2021	31 December 2020	Item	Note	31 December 2021	31 December 2020
Current Assets:				Current Liabilities:			
Cash and bank balances	(V) 1	6,432,615,884.52	6,793,091,362.79	Short-term borrowings	(V) 21	869,023,164.09	1,016,085,319.50
Held-for-trading financial assets	(V) 2	244,091,956.52	254,237,956.80	Accounts payable	(V) 22	1,072,906,909.47	1,787,371,141.16
Accounts receivable	(V) 3	1,551,762,783.20	1,076,310,781.42	Advances from customers	(V) 23	9,096,686.35	5,481,209.40
Prepayments	(V) 4	108,335,440.10	220,048,228.41	Contract liabilities	(V) 24	786,426,103.30	939,940,644.27
Other receivables	(V) 5	718,312,550.24	629,552,892.40	Employee benefits payable	(V) 25	923,521,097.30	913,311,668.85
Inventories	(V) 6	76,760,428.80	72,750,580.47	Taxes payable	(V) 26	297,209,565.86	475,766,987.74
Non-current assets due within one year	(V) 7	33,532,134.78	-	Other payables	(V) 27	1,778,794,159.60	1,783,950,729.13
Other current assets	(V) 8	434,393,219.42	372,195,728.76	Non-current liabilities due within one year	(V) 28	6,524,906,925.63	895,058,362.90
Total Current Assets		9,599,804,397.58	9,418,187,531.05	Total current liabilities		12,261,884,611.60	7,816,966,062.95
Non-current Assets:				Non-current Liabilities:			
Long-term receivables	(V) 9	440,086,924.81	-	Long-term borrowings	(V) 29	7,993,954,808.62	14,540,076,203.12
Long-term equity investments	(V) 10	637,310,183.95	657,222,783.26	Lease liabilities	(V) 30	8,544,480,390.14	-
Other equity instrument investments	(V) 11	51,242,467.51	47,175,565.45	Long-term payables	(V) 31	67,950,359.18	152,172,338.41
Other non-current financial assets	(V) 12	452,300,000.00	452,100,000.00	Long-term employee benefits payable	(V) 32	77,736,149.42	99,640,012.22
Fixed assets	(V) 13	5,125,157,451.93	5,862,697,408.46	Provisions	(V) 33	50,885,115.52	51,368,852.96
Construction in progress	(V) 14	482,953,532.83	459,165,097.25	Deferred tax liabilities	(V) 19	1,767,054,350.35	2,093,326,462.71
Right-of-use assets	(V) 15	8,210,262,446.42	-	Other non-current liabilities	(V) 34	162,599,751.93	176,991,203.94
Intangible assets	(V) 16	6,707,645,932.59	7,211,873,325.87	Total Non-current Liabilities		18,664,660,925.16	17,113,575,073.36
Goodwill	(V) 17	11,000,199,835.42	11,503,365,924.11	TOTAL LIABILITIES		30,926,545,536.76	24,930,541,136.31
Long-term prepaid expenses	(V) 18	1,605,465,689.79	1,976,131,675.68				
Deferred tax assets	(V) 19	751,498,741.05	926,602,110.52	SHAREHOLDERS' EQUITY:			
Other non-current assets	(V) 20	3,199,203,090.84	122,040,641.81	Share capital	(V) 35	1,070,044,063.00	957,936,440.00
Total Non-current Assets		38,663,326,297.14	29,218,374,532.41	Capital reserve	(V) 36	12,570,845,164.33	7,865,585,211.86
				Less: Treasury shares		-	-
				Other comprehensive income (loss)	(V) 37	(8,376,657.23)	(10,276,626.61)
				Surplus reserve	(V) 38	715,703,320.00	659,649,508.50
				Retained profits	(V) 39	2,263,391,489.24	3,236,624,231.69
				Total shareholders' equity attributable to owners of the Company		16,611,607,379.34	12,709,518,765.44
				Non-controlling interests		724,977,778.62	996,502,161.71
				TOTAL SHAREHOLDERS' EQUITY		17,336,585,157.96	13,706,020,927.15
TOTAL ASSETS		48,263,130,694.72	38,636,562,063.46	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		48,263,130,694.72	38,636,562,063.46

The accompanying notes form part of the financial statements.

The financial statements from page 6 to page 145 are issued by following leaders:

Legal Representative: _____ Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

AT 31 DECEMBER 2021

COMPANY'S BALANCE SHEET

RMB

Item	Note	31 December 2021	31 December 2020	Item	Note	31 December 2021	31 December 2020
Current Assets:				Current Liabilities:			
Cash and bank balances	(XIV) 1	1,502,219,644.76	767,185,291.46	Short-term borrowings	(XIV) 19	570,000,000.00	620,000,000.00
Held-for-trading financial assets	(XIV) 2	196,692,000.00	214,412,000.00	Accounts payable	(XIV) 20	16,143,152.98	31,336,205.40
Accounts receivable	(XIV) 3	26,341,421.00	22,471,734.82	Advances from customers		125,966.73	125,966.73
Prepayments		621,832.59	1,138,401.09	Contract liabilities		3,561,323.63	2,028,780.08
Other receivables	(XIV) 4	552,723,997.96	138,057,691.92	Employee benefits payable	(XIV) 21	24,954,437.88	18,522,242.51
Inventories	(XIV) 5	1,621,500.90	2,338,017.76	Taxes payable	(XIV) 22	3,445,462.49	2,239,340.65
Other current assets	(XIV) 6	5,997,405.67	4,853,813.12	Other payables	(XIV) 23	342,987,672.95	264,903,899.31
Non-current assets due within one year	(XIV) 7	789,202.59	-	Non-current liabilities due within one year	(XIV) 24	1,828,622,898.85	781,000,000.00
Total Current Assets		2,287,007,005.47	1,150,456,950.17	Total current liabilities		2,789,840,915.51	1,720,156,434.68
Non-current Assets:				Non-current Liabilities:			
Long-term receivables	(XIV) 8	17,756,778.16	10,328,000.00	Long-term borrowings	(XIV) 25	1,587,000,000.00	4,166,000,000.00
Long-term equity investments	(XIV) 9	16,440,155,019.18	16,088,970,972.10	Lease liabilities	(XIV) 26	278,146,030.86	
Other equity instrument investments	(XIV) 10	20,789,000.00	20,526,014.62	Deferred tax liabilities	(XIV) 17	83,982,866.79	86,711,036.43
Other non-current financial assets	(XIV) 11	452,300,000.00	452,100,000.00	Other non-current liabilities	(XIV) 27	3,445,200.00	4,467,100.00
Fixed assets	(XIV) 12	68,345,436.84	74,385,564.84	Total Non-current Liabilities		1,952,574,097.65	4,257,178,136.43
Construction in progress	(XIV) 13	10,942,369.85	44,352,551.01	TOTAL LIABILITIES		4,742,415,013.16	5,977,334,571.11
Right-of-use assets	(XIV) 14	280,740,838.02					
Intangible assets	(XIV) 15	49,612,914.66	53,915,253.37	SHAREHOLDERS' EQUITY:			
Long-term prepaid expenses	(XIV) 16	168,032,043.98	173,734,744.07	Share capital		1,070,044,063.00	957,936,440.00
Other non-current assets	(XIV) 18	2,981,555,166.67	11,700,000.00	Capital reserve	(XIV) 28	14,057,173,665.38	9,190,736,121.08
Total Non-current Assets		20,490,229,567.36	16,930,013,100.01	Other comprehensive income	(XIV) 29	602,819.87	362,767.61
				Surplus reserve		715,703,320.00	659,649,508.50
				Retained profits		2,191,297,691.42	1,294,450,641.88
				TOTAL SHAREHOLDERS' EQUITY		18,034,821,559.67	12,103,135,479.07
TOTAL ASSETS		22,777,236,572.83	18,080,470,050.18	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,777,236,572.83	18,080,470,050.18

Legal Representative: _____ Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED INCOME STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2021	Period from 1 January to 31 December 2020
I. Operating income	(V) 40	11,339,134,410.63	9,897,556,264.41
Less: Operating costs	(V) 40	7,457,801,157.49	7,349,970,965.62
Taxes and levies	(V) 42	123,992,643.29	114,678,720.61
Selling expenses	(V) 41	886,930,293.78	675,133,268.93
Administrative expenses	(V) 41	2,321,065,295.91	2,296,344,377.77
Research and development expenses		17,966,761.94	25,908,668.42
Financial expenses	(V) 43	540,441,713.51	359,226,134.90
Including: Interest expenses		295,941,756.14	341,492,415.74
Interest income		179,626,092.01	60,960,123.07
Add: Other income	(V) 44	410,302,911.05	455,041,024.40
Investment income	(V) 45	224,174,404.27	814,001,563.20
Including: Income from investment in associates and joint ventures		105,135,699.94	102,805,710.31
Gains (losses) from changes in fair values	(V) 46	(57,162,259.14)	69,559,536.26
Gains (losses) from credit impairment	(V) 47	(9,364,701.53)	(45,851,038.55)
Gains (losses) from assets impairment	(V) 48	(2,188,044.29)	(70,463,295.20)
Gains (losses) from disposal of assets	(V) 49	20,713,432.17	(20,912,736.72)
II. Operating profit		577,412,287.24	277,669,181.55
Add: Non-operating income	(V) 50	58,277,988.55	72,573,374.23
Less: Non-operating expenses	(V) 51	30,928,671.99	46,648,704.11
III. Total profit		604,761,603.80	303,593,851.67
Less: Income tax expenses	(V) 52	305,414,209.69	63,696,133.36
IV. Net profit		299,347,394.11	239,897,718.31
Including: Net profit from continuing operations		299,347,394.11	239,897,718.31
Net profit attributable to the owners of the Company		100,621,020.29	110,210,911.66
Profit or loss attributable to non-controlling interests		198,726,373.82	129,686,806.65
V. Other comprehensive income (loss), net of tax	(V) 37	(11,615,532.11)	(36,259,862.62)
Other comprehensive income (loss) attributable to owners of the Company, net of tax		1,899,969.38	(34,835,336.70)
(I) Other comprehensive income (loss) that cannot be reclassified subsequently to profit or loss		6,941,640.44	(5,262,245.32)
1. Changes in net liabilities or assets arising from remeasurement of defined benefit plan		2,985,547.69	(1,783,520.37)
2. Changes in fair value of other equity instrument investments		3,956,092.75	(3,478,724.95)
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		(5,041,671.06)	(29,573,091.38)
1. Shares of other comprehensive income (loss) that will be reclassified subsequently into profit or loss by the investee under equity method		133,082.78	(205,909.68)
2. Effective proportion of profit or loss of cash flow hedging		-	679,447.03
3. Translation differences of financial statements denominated in foreign currency		(5,174,753.84)	(30,046,628.73)
Other comprehensive income (loss) attributable to non-controlling interests, net of tax		(13,515,501.49)	(1,424,525.92)
VI. Total comprehensive income		287,731,862.00	203,637,855.69
Total comprehensive income attributable to owners of the Company		102,520,989.67	75,375,574.96
Total comprehensive income attributable to non-controlling interests		185,210,872.33	128,262,280.73
VII. Earnings per share:			
(I) Basic earnings per share	(V) 56	0.0966	0.1151
(II) Diluted earnings per share	(V) 56	N/A	N/A

Legal Representative: _____ Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY'S INCOME STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2021	Period from 1 January to 31 December 2020
I. Operating income	(XIV) 30	202,921,391.90	169,288,014.17
Less: Operating costs	(XIV) 30	187,625,488.08	186,107,508.70
Taxes and levies		2,776,107.03	1,444,498.37
Selling expenses	(XIV) 31	12,356,468.19	8,795,996.84
Administrative expenses	(XIV) 31	159,102,289.51	108,507,321.75
Financial expenses	(XIV) 32	78,318,569.80	194,738,162.77
Including: Interest expenses		160,068,180.58	198,243,436.04
Interest income		96,859,527.26	4,292,244.27
Add: Other income	(XIV) 33	2,660,905.10	64,017,047.70
Investment income	(XIV) 34	1,291,248,719.81	802,215,994.92
Including: Income from investment in associates and joint ventures		110,134,054.94	119,685,543.93
Gains from changes in fair values	(XIV) 35	(17,520,000.00)	16,488,000.00
Gains (losses) from credit impairment		909,368.95	(681,952.37)
Gains from disposal of assets		480,717.99	6,187.08
II. Operating profit		1,040,522,181.14	551,739,803.07
Add: Non-operating income		5,148,102.23	311,316.33
Less: Non-operating expenses		62,284.83	296,952.03
III. Total profit		1,045,607,998.54	551,754,167.37
Less: Income tax expenses		(4,106,863.35)	5,203,058.17
IV. Net profit		1,049,714,861.89	546,551,109.20
Including: Net profit from continuing operations		1,049,714,861.89	546,551,109.20
V. Other comprehensive income (loss), net of tax	(XIV) 29	240,052.26	(2,434,722.07)
(I) Other comprehensive income (loss) that cannot be reclassified subsequently to profit or loss		197,239.04	(2,351,614.04)
Changes in fair value of other equity instrument investments		197,239.04	(2,351,614.04)
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		42,813.22	(83,108.03)
Shares of other comprehensive income (loss) that will be reclassified subsequently into profit or loss by the investee under equity method		42,813.22	(83,108.03)
VI. Total comprehensive income		1,049,954,914.15	544,116,387.13

Legal Representative: _____ Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED CASH FLOW STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2021	Period from 1 January to 31 December 2020
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		11,162,798,827.27	10,445,707,268.63
Receipts of taxes refund		-	-
Other cash receipts relating to operating activities	(V) 53(1)	572,408,120.98	585,185,277.06
Sub-total of cash inflows from operating activities		11,735,206,948.25	11,030,892,545.69
Cash payments for goods purchased and services received		3,025,789,065.08	4,550,776,202.39
Cash payments to and on behalf of employees		4,376,057,883.76	4,182,861,105.74
Payments of various types of taxes		1,071,509,434.02	897,379,000.58
Other cash payments relating to operating activities	(V) 53(2)	1,192,898,494.44	1,248,240,057.41
Sub-total of cash outflows from operating activities		9,666,254,877.30	10,879,256,366.12
Net cash flows from operating activities	(V) 54(1)	2,068,952,070.95	151,636,179.57
II. Cash flows from investing activities:			
Cash receipts from disposal and recovery of investments	(V) 53(3)	-	868,085,429.87
Cash receipts from returns on investments		217,788,741.15	249,126,598.82
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		40,584,553.39	26,177,122.30
Net cash receipts from disposal of subsidiaries and other business units	(V) 53(4)	7,829,759.09	628,178,397.24
Other cash receipts relating to investing activities		13,851,873.50	1,266,473.59
Sub-total of cash inflows from investing activities		280,054,927.13	1,772,834,021.82
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		578,214,680.63	714,296,960.08
Cash payments to acquire investments	(V) 53(5)	29,248,062.71	119,281,008.05
Other cash payments relating to investing activities	(V) 53(6)	3,659,000,000.00	-
Sub-total of cash outflows from investing activities		4,266,462,743.34	833,577,968.13
Net cash flows from investing activities		(3,986,407,816.21)	939,256,053.69
III. Cash flows from financing activities:			
Cash receipts from capital contributions	(V) 53(7)	4,978,299,985.86	-
Cash receipts from borrowings	(V) 53(8)	2,192,168,331.94	8,613,068,533.82
Sub-total of cash inflows from financing activities		7,170,468,317.80	8,613,068,533.82
Cash repayments of borrowings	(V) 53(9)	3,551,170,898.62	7,826,851,766.46
Cash payments for distribution of dividends or profits or settlement of interest expenses		611,691,655.91	971,996,780.01
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		263,481,027.03	57,333,806.96
Other cash payments relating to financing activities	(V) 53(10)	2,072,980,587.01	34,448,199.10
Sub-total of cash outflows from financing activities		6,235,843,141.54	8,833,296,745.57
Net cash flows from financing activities		934,625,176.26	(220,228,211.75)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(40,016,948.67)	4,296,431.39
V. Net increase (decrease) in cash and cash equivalents		(1,022,847,517.67)	874,960,452.90
Add: Opening balance of cash and cash equivalents	(V) 54(2)	6,786,710,607.82	5,911,750,154.92
VI. Closing balance of cash and cash equivalents	(V) 54(2)	5,763,863,090.15	6,786,710,607.82

Legal Representative: _____ Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY'S CASH FLOW STATEMENT

RMB

Item	Note	Period from 1 January to 31 December 2021	Period from 1 January to 31 December 2020
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		215,072,633.42	178,230,766.93
Other cash receipts relating to operating activities		49,865,317.34	134,221,097.24
Sub-total of cash inflows from operating activities		264,937,950.77	312,451,864.17
Cash payments for goods purchased and services received		100,571,314.80	127,359,181.55
Cash payments to and on behalf of employees		134,068,287.60	107,102,644.20
Payments of various types of taxes		2,916,129.08	1,471,760.57
Other cash payments relating to operating activities		31,530,310.11	40,290,114.86
Sub-total of cash outflows from operating activities		269,086,041.59	276,223,701.18
Net cash flows from operating activities	(XIV) 37(1)	(4,148,090.83)	36,228,162.99
II. Cash flows from investing activities:			
Cash receipts from returns on investments	(XIV) 36(1)	918,685,851.44	654,798,666.47
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		1,019,000.25	18,324.22
Net cash receipts from disposal of subsidiaries and other business units		-	170,436,388.68
Other cash receipts relating to investing activities		6,700,000.00	39,848,358.80
Sub-total of cash inflows from investing activities		926,404,851.69	865,101,738.17
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		15,718,451.94	51,587,297.33
Cash payments to acquire investments	(XIV) 36(2)	335,844,061.96	43,433,620.24
Other cash payments relating to investing activities	(XIV) 36(3)	3,400,000,000.00	-
Sub-total of cash outflows from investing activities		3,751,562,513.90	95,020,917.57
Net cash flows from investing activities		(2,825,157,662.21)	770,080,820.60
III. Cash flows from financing activities:			
Cash receipts from capital contributions	(XIV) 36(4)	4,978,299,985.86	-
Cash receipts from borrowings		570,000,000.00	4,697,000,000.00
Sub-total of cash inflows from financing activities		5,548,299,985.86	4,697,000,000.00
Cash repayments of borrowings		2,201,000,000.00	4,419,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		223,976,240.15	773,026,772.83
Other cash payments relating to financing activities	(XIV) 36(5)	58,928,377.92	-
Sub-total of cash outflows from financing activities		2,483,904,618.07	5,192,026,772.83
Net cash flows from financing activities		3,064,395,367.79	(495,026,772.83)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(55,261.46)	41,244.13
V. Net increase (decrease) in cash and cash equivalents		235,034,353.30	311,323,454.89
Add: Opening balance of cash and cash equivalents	(XIV) 37(2)	767,185,291.46	455,861,836.57
VI. Closing balance of cash and cash equivalents	(XIV) 37(2)	1,002,219,644.76	767,185,291.46

Legal Representative: _____ Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	Period from 1 January to 31 December 2021						
	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	7,865,585,211.86	(10,276,626.61)	659,649,508.50	3,236,624,231.69	996,502,161.71	13,706,020,927.15
Add: Changes in accounting policies	-	-	-	-	(955,737,395.59)	(71,747,712.12)	(1,027,485,107.71)
II. Opening balance of the current year	957,936,440.00	7,865,585,211.86	(10,276,626.61)	659,649,508.50	2,280,886,836.10	924,754,449.59	12,678,535,819.44
III. Changes for the year	112,107,623.00	4,705,259,952.47	1,899,969.38	56,053,811.50	(17,495,346.86)	(199,776,670.97)	4,658,049,338.52
(I) Total comprehensive income (loss)	-	-	1,899,969.38	-	100,621,020.29	185,210,872.33	287,731,862.00
(II) Owners' contributions and reduction in capital	112,107,623.00	4,704,279,758.30	-	-	-	(189,058,291.14)	4,627,329,090.16
1. Ordinary shares invested by the shareholders (Note V, 35 (Note))	112,107,623.00	4,866,437,544.30	-	-	-	-	4,978,545,167.30
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 (Note (VII), 2)	-	(162,157,786.00)	-	-	-	(189,058,291.14)	(351,216,077.14)
5. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	56,053,811.50	(118,116,367.15)	(193,997,785.47)	(256,060,341.12)
1. Transfer to surplus reserve	-	-	-	56,053,811.50	(56,053,811.50)	-	-
2. Distribution to shareholders	-	-	-	-	(62,062,555.65)	(193,997,785.47)	(256,060,341.12)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
(VI) Others	-	980,194.17	-	-	-	(1,931,466.69)	(951,272.52)
IV. Closing balance of the current year	1,070,044,063.00	12,570,845,164.33	(8,376,657.23)	715,703,320.00	2,263,391,489.24	724,977,778.62	17,336,585,157.96

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - continued

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	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-
(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 2021

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

RMB

Item	Period from 1 January to 31 December 2021						Period from 1 January to 31 December 2020					
	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	9,190,736,121.08	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
Changes in accounting policies	-	-	-	-	(34,751,445.20)	(34,751,445.20)	-	-	-	-	-	-
II. Opening balance of the current year	957,936,440.00	9,190,736,121.08	362,767.61	659,649,508.50	1,259,699,196.68	12,068,384,033.87	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
III. Changes for the year	112,107,623.00	4,866,437,544.30	240,052.26	56,053,811.50	931,598,494.74	5,966,437,525.80	-	456,812.26	(2,434,722.07)	-	(33,818,576.69)	(35,796,486.50)
(I) Total comprehensive income (loss)	-	-	240,052.26	-	1,049,714,861.89	1,049,954,914.15	-	-	(2,434,722.07)	-	546,551,109.20	544,116,387.13
(II) Owners' contributions and reduction in capital	112,107,623.00	4,866,437,544.30	-	-	-	4,978,545,167.30	-	-	-	-	-	-
(III) Profit distribution	-	-	-	56,053,811.50	(118,116,367.15)	(62,062,555.65)	-	-	-	-	(574,761,864.00)	(574,761,864.00)
1. Transfer to surplus reserve	-	-	-	56,053,811.50	(56,053,811.50)	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(62,062,555.65)	(62,062,555.65)	-	-	-	-	(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)
IV. Closing balance of the current year	1,070,044,063.00	14,057,173,665.38	602,819.87	715,703,320.00	2,191,297,691.42	18,034,821,559.67	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

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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. Zhang Xiaoqiang.

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 2021

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. In December 2021, the Company acquired 3.49825% of minority interests of Keystone. As at 31 December 2021, the Company held a total of 100% 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.

On 25 January 2021, in accordance with China Securities Regulatory Commission regulatory permission to [2021] No. 208 "On the Approval of Non-public Share Issuance of Shanghai Jinjiang International Hotels Co., Ltd.," China Securities Regulatory Commission approved non-public share issuing items of the Company. According to the approval, the Company non-publicly issued 112,107,623 ordinary shares (A share) in total with par value RMB 1 at the price of RMB 44.60 per share to AEGON-Industrial Fund Management Co., Ltd., Allianz Global Investors Singapore Limited., Zhong Ou Asset Management Co., Ltd., UBS AG., Caitong Securities Asset Management Co., Ltd., National First Pension Trust Company., Kaiyu Capital (Singapore) Limited., Ontario Teachers' Pension Plan Board., China Asset Management Co., Ltd., Taikang Asset Management Co., Ltd. and CITIC Securities Company Limited- Qingdao City Investment Jinkong No. 1 Targeted Asset Management Plan. Total raised fund amounted to RMB 4,999,999,985.80, of which the net raised fund net of issuance expenses and relevant deductible input tax amounted to RMB 4,978,545,167.30, with RMB 112,107,623.00 included in share capital, and RMB 4,866,437,544.30 included in capital reserve. The total share capital of the Company accordingly increased to RMB 1,070,044,063.00.

As at 31 December 2021, the Company's shares amounted to 1,070,044,063 shares in total, including 482,007,225 shares held by Jin Jiang Capital, representing 45.05% of the total share capital. Jin Jiang Capital is the shareholding company of the Company, and 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 25 March 2022, 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 2021 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.

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 2021, 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 2021.

2. Accounting period

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

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, GBP and PLN, etc. 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.

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

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 acquiree. 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.

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 previously 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidation financial statements - continued

Preparation of consolidation financial statements - continued

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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidation financial statements - continued

Preparation of consolidation financial statements - continued

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.

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 (generally due within three months from the acquisition date), 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.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

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).

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.1 Classification and measurement of financial assets - continued

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.

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 lease receivables arising from transactions regulated by Accounting Standard for Business Enterprises No. 21 – Lease, based on the amount of lifetime ECL.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.2 Impairment of financial instruments - continued

For other financial instruments, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assesses 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.

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.

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

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.

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 lease receivables and term deposits and entrusted loans included 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

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.

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.

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.

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.

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.

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.

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.

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.

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 assets13.1 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Fixed assets - continued

13.3 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.

16. Intangible assets

16.1 Valuation method and useful life of intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****16. Intangible assets - continued**16.1 Valuation method and useful life of intangible assets - continued

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.

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, right-of-use assets, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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.

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, tax exemptions 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.

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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Deferred tax assets/ deferred tax liabilities - continued

25.3 Offsetting of income taxes - continued

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

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

26.1 The Group as lessee

26.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

26.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognizes a right-of-use asset. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets. The Group determines whether there is indication on impairment of right-of-use assets and accounts for any impairment losses identified according to *Accounting Standards for Business Enterprises No. 8 - Impairment of Assets*.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.1 The Group as lessee - continued

26.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date. Variable lease payments not included in the measurement of the lease liabilities, are recognized in profit or loss or cost of related assets in the period of those payments.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognizes such expenses in profit or loss or cost of related assets.

After the commencement date of the lease, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the book value of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognize the difference in profit or loss for the period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, in which case the related lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate.

26.1.4 Short-term leases and leases of low-value assets

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases of and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a call option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is of low value. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.1 The Group as lessee - continued

26.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more lease assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially of fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

26.2 The Group as lessor

26.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the *Accounting Standards for Business Enterprises No. 14 - Revenue* on apportionment of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

26.2.2 Classification of a lease

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

26.2.2.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in profit or loss when incurred.

26.2.2.2 The Group as lessor under finance leases

At the commencement date, the Group recognizes a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognized. The net investment in the lease is the sum of any unguaranteed residual value and lease receipts from the commencement date, discounted at the interest rate implicit in the lease.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.2 The Group as lessor - continued

26.2.2 Classification of a lease - continued

26.2.2.2 The Group as lessor under finance leases - continued

The receipts of the lease refer to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net lease investment are recognized in profit or loss when incurred.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

26.2.3 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

26.2.4 Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any advances from customers or lease receivable relating to the original lease as part of the lease receivable for the new lease.

The Group will account for the lease modification to a finance lease as an individual lease, when it satisfies all the following criteria:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and;
- The increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group shall account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group shall account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as an finance lease if the modification had been in effect at the inception date, the Group shall apply the requirements of contract modification and renegotiation under the ASBE No. 22 Financial Instruments: Recognition and Measurement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Significant accounting policies

27.1 Changes in accounting policies

Changes in accounting policies and reasons	Approval procedures
<p><i>New Lease Standards</i></p> <p>The Group has adopted <i>Accounting Standards for Business Enterprises No.21 - Leases</i> ("New Lease Standards", the Lease Standards before this revision referred to as the "Original Lease Standards") revised by the MoF in 2018 since 1 January 2021 (the "first implementation date"). The New Lease Standards improve the definition of a lease and add the identification, separation and combination of a lease; cancel the classification of the operating lease and finance lease of a lessee, require to recognise right-of-use assets and lease liabilities of all leases other than short-term leases and leases of low value assets at the commencement date of the lease, and recognise depreciation and interest expense respectively; improve subsequent measurement of leases by the lessee, add the accounting treatment under circumstances of option re-evaluation and lease modification, and also the relevant disclosure requirements. In addition, the New Lease Standards enrich disclosures by a lessor. The revised accounting policies on the recognition and measurement of leases with the Group as a lessee and lessor are set out in Note III,26.</p> <p>For contracts that existed before the first implementation date, the Group chose not to re-assess whether they were leases or contained leases on the first implementation date.</p> <p><u>The Group as a lessee</u></p> <p>The Group adjusts the amount of retained earnings and other related items in the financial statements at the first implementation date based on the cumulative effect of the initial application of the New Lease Standards, and does not adjust the information of comparable period.</p> <p>For operating leases in addition to leases of low value assets before the first implementation date, the Group adopts one or more simplified methods below for each lease:</p> <ul style="list-style-type: none"> • Leases expected to be completed within 12 months after the first implementation date, are treated as short-term leases; • When determining lease liabilities, the same discount rate will be used for leases with similar characteristics; • The measurement of right-of-use assets does not include initial direct costs; • For leases with options to extend or terminate, the Group determines the lease term based on the actual exercise of options before the first implementation date and other most updated information; • As a substitute of impairment test for right-of-use assets, the Group applies Accounting Standards for Business Enterprises No. 13 - Contingencies, to assess if the contract containing a lease is a loss contract and adjust the right-of-use assets based on the loss allowance included in the balance sheet before the first implementation date; • For lease modifications before the first implementation date, the Group makes accounting treatments based on the final lease arrangements after the lease modification. 	<p>The changes in accounting policies have been approved at the meeting of Board of Directors</p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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	Approval procedures
<p><i>New Lease Standards</i> - continued</p> <p><u>The Group as a lessee</u> - continued</p> <p>On the first implementation date, the Group makes following adjustments due to adoption of the New Lease Standards:</p> <ul style="list-style-type: none"> • For finance leases existed before the first implementation date, the right-of-use assets and lease liabilities are respectively measured by the Group based on the previous carrying amount of assets held under finance leases and finance lease payable at the first implementation date. • For operating leases existed before the first implementation date, the lease liabilities are measured at the present value of the remaining lease payment, discounted using the lessee's incremental borrowing rate at the first implementation date, and a right-of-use assets is measured based on each lease option at: <ul style="list-style-type: none"> - carrying amount as if the New Lease Standards had been adopted since the commencement date of the lease (applying incremental borrowing rate of a lessee as discount rate at the first implementation date); or - an amount equal to the lease liability, adjusted by the amount of any prepaid lease payment. <p>As at 1 January 2021, the Group recognised lease liabilities of RMB11,263,270,420.22 and right-of-use assets of RMB 9,548,558,561.09. For operating leases existed before the first implementation date, the Group measures the lease liabilities at the present value of the lease payments discounted using the incremental borrowing rate at the first implementation date. The range of weight average borrowing rate thereof is 2.5%-4.58%.</p> <p>The differences between lease liabilities recognised as at 1 January 2021 and the significant operating lease commitment disclosed in the financial statements for the year of 2020 are as follows:</p>	<p>The changes in accounting policies have been approved at the meeting of Board of Directors</p>
RMB	
Item	1 January 2021
I. Operating lease commitment at 31 December 2020	14,170,392,348.98
Lease liabilities discounted at the incremental borrowing rate of the first implementation date	11,213,682,692.78
Less: Recognition exemption - short-term leases	44,295,921.06
Recognition exemption - leases of low value assets	68,397,347.69
Lease liabilities recognized under the New Lease Standards that are related to previous operating leases	11,100,989,424.03
Add: Finance lease payable at 31 December 2020	162,280,996.19
II. Lease liabilities at 1 January 2021	11,263,270,420.22
Other: Current liabilities	1,441,900,395.98
Non-current liabilities	9,821,370,024.24

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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		Approval procedures
<p><i>New Lease Standards</i> - continued</p> <p><u>The Group as a lessee</u> - continued</p> <p>The carrying amount of right-of-use assets as at 1 January 2021 comprises the following:</p>		The changes in accounting policies have been approved at the meeting of Board of Directors
RMB		
Item	1 January 2021	
Right-of-use assets:		
Right-of-use assets recognised in respect of the operating leases existed before the first implementation date:	9,230,107,940.75	
The leased assets under finance lease recognized as fixed assets according to the Original Lease Standards (Note 1)	206,916,701.48	
Favorable/ unfavorable terms of operating leases arising from Business Combination (Note 2)	111,533,918.86	
Total	9,548,558,561.09	
<p>Note 1: The Group recognises assets with a carrying amount of RMB 206,916,701.48 that are classified as finance leases under the Original Lease Standards and are still accounted for in lease as of 1 January 2021 as right-of-use assets.</p> <p>Note 2: The Group previously recognises intangible assets under favorable and provisions under unfavorable terms of operating leases acquired as part of a business combination, in accordance with <i>Accounting Standards for Business Enterprises No.20 - Business Combination</i>, derecognises the above assets and liabilities at the first implementation date and adjusts the carrying amount of the right-of-use assets accordingly. Therefore, intangible assets and provisions are reduced by RMB 114,555,191.85 and RMB 3,021,272.99, respectively.</p> <p>Disclosures of right-of-use assets by category as at 1 January 2021 are as follows:</p>		
RMB		
Item	1 January 2021	
Overseas land and land use right	294,202,241.93	
Buildings	9,041,920,233.06	
Machinery and equipment	209,261,419.32	
Transportation vehicles	2,495,775.00	
Others	678,891.78	
Total	9,548,558,561.09	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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				Approval procedures
<i>New Lease Standards</i> - continued				The changes in accounting policies have been approved at the meeting of Board of Directors
<u>The Group as a lessor</u>				
The Group, as a sublessor, reassesses the sublease of buildings which is classified as an operating lease previously and is existing subsequent to the first implementation date as well, and reclassifies it as a finance lease accounted for as a new lease. In addition, the Group doesn't adjust leases as lessor in accordance with the transition provisions and accounts for them in accordance with the New Lease Standards from the first implementation date on.				
<u>Impact on related items in the balance sheet as at 1 January 2021</u>				
The impact of the application of the New Lease Standards on the related items in the Group's balance sheet on 1 January 2021 is listed as follows:				
RMB				
Item	31 December 2020	Adjustments	1 January 2021	
Current assets:				
Accounts receivable	1,076,310,781.42	(22,063,052.30)	1,054,247,729.12	
Prepayments	220,048,228.41	(93,263,102.28)	126,785,126.13	
Non-current assets due within one year	-	38,755,756.51	38,755,756.51	
Other current assets	372,195,728.76	1,773,410.13	373,969,138.89	
Non-current assets:				
Long-term receivables	-	446,666,585.03	446,666,585.03	
Fixed assets	5,862,697,408.46	(206,916,701.48)	5,655,780,706.98	
Intangible assets	7,211,873,325.87	(114,555,191.85)	7,097,318,134.02	
Right-of-use assets	-	9,548,558,561.09	9,548,558,561.09	
Long-term prepaid expenses	1,976,131,675.68	(6,247,904.42)	1,969,883,771.26	
Deferred tax assets	926,602,110.52	4,280,410.78	930,882,521.30	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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				Approval procedures
<i>New Lease Standards</i> - continued				The changes in accounting policies have been approved at the meeting of Board of Directors
<u>The Group as a lessor</u> - continued				
<u>Impact on related items in the balance sheet as at 1 January 2021</u> - continued				
RMB				
Item	31 December 2020	Adjustments	1 January 2021	
Current liabilities:				
Accounts payable	1,787,371,141.16	(437,120,171.05)	1,350,250,970.11	
Contract liabilities	939,940,644.27	798,454.86	940,739,099.13	
Other payables	1,783,950,729.13	(19,114,479.77)	1,764,836,249.36	
Non-current liabilities due within one year	895,058,362.90	1,395,555,279.12	2,290,613,642.02	
Non-current liabilities:				
Lease liabilities	-	9,821,370,024.24	9,821,370,024.24	
Long-term payables	152,172,338.41	(138,157,137.19)	14,015,201.22	
Provisions	51,368,852.96	(3,021,272.99)	48,347,579.97	
Deferred tax liabilities	2,093,326,462.71	4,163,181.70	2,097,489,644.41	
Shareholders' equity:				
Retained profits	3,236,624,231.69	(955,737,395.59)	2,280,886,836.10	
Non-controlling interests	996,502,161.71	(71,747,712.12)	924,754,449.59	
The impact of the application of the New Lease Standards on the related items in the Company's balance sheet on 1 January 2021 is listed as follows:				
RMB				
Item	31 December 2020	Adjustments	1 January 2021	
Current assets:				
Accounts receivable	22,471,734.82	(197,702.62)	22,274,032.20	
Non-current assets due within one year	-	756,610.83	756,610.83	
Non-current assets:				
Long-term receivables	10,328,000.00	8,235,830.64	18,563,830.64	
Right-of-use assets	-	302,597,648.36	302,597,648.36	
Current liabilities:				
Accounts payable	31,336,205.40	(6,257,040.27)	25,079,165.13	
Non-current liabilities due within one year	781,000,000.00	44,211,545.96	825,211,545.96	
Non-current liabilities:				
Lease liabilities	-	306,876,379.35	306,876,379.35	
Deferred tax liabilities	86,711,036.43	1,312,947.37	88,023,983.80	
Shareholders' equity:				
Retained profits	1,294,450,641.88	(34,751,445.20)	1,259,699,196.68	

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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.

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.

28.4 Deferred tax assets and deferred tax liabilities

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Critical accounting estimates and judgements - continued

Critical accounting estimates and key assumptions - continued

28.4 Deferred tax assets and deferred tax liabilities - continued

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 of long-term equity investment, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, leasehold improvement and decoration expenses

The Group's management assesses at each of the balance sheet date whether there is any indication of impairment of long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, and leasehold improvement and decoration expenses 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.

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 recoverable amount by the Group are set out in Note (V) 17. When the actual amount of key assumptions and estimates differs from the previous estimation, the recoverable 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

IV. TAXATION

Major tax types and tax rates

Tax type	Tax basis	Tax rate and simple levy rate
The Company and subsidiaries in China:		
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%
Subsidiaries out of China:		
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%

Note 1: Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission), from 1 January 2021 to 31 December 2030, those engaged in the industries listed in the Catalogue of Encouraged Industries in the Western Region and whose revenue accounts for more than 60% 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%.

Plateno Information and Technology (Guangzhou) Co., Ltd. was granted as a High-Tech Enterprise in 2020 and its enterprise income rate is 15% for the three consecutive years since 2021.

Note 2: GDL, a subsidiary outside PRC, is applicable for an income tax rate of 27.3%. 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%, respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

Item	31 December 2021			31 December 2020		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			6,658,070.90			5,267,562.76
Bank balances (Note 1):						
RMB			2,123,401,713.24			2,404,688,658.96
USD	16,744,225.20	6.3757	106,756,156.60	13,641,207.34	6.5249	89,007,509.68
EUR	39,444,187.57	7.2197	284,775,201.00	39,957,665.48	8.0250	320,660,265.44
GBP	1,204,809.94	8.5920	10,351,747.42	1,112,947.99	8.9266	9,934,824.94
BRL	9,117,684.67	1.1441	10,431,997.59	6,600,793.00	1.2590	8,310,537.15
PLN	11,492,496.79	1.5706	18,049,637.60	41,387,755.06	1.7599	72,837,003.15
MAD	3,242,000.00	0.6860	2,224,126.97	1,287,000.00	0.7366	947,973.84
IDR	12,740,329,000.00	0.0004	5,712,978.50	8,387,785,672.00	0.0005	3,904,235.08
HKD	8,511,746.17	0.8176	6,959,203.71	8,383,198.36	0.8416	7,055,299.76
KRW	603,892,030.00	0.0054	3,238,253.16	495,000.00	0.0060	2,973.33
IDR	39,732,000.00	0.0857	3,405,625.62	56,335,000.00	0.0895	5,042,196.44
THB	13,573,870.00	0.1917	2,602,694.85	13,255,422.00	0.2185	2,896,364.03
Deposit in other financial institution (Note 2):						
RMB			3,848,048,477.36			3,862,535,958.23
Total (Note 3):			6,432,615,884.52			6,793,091,362.79

Note 1: The above bank deposits of the Group frozen due to litigation are RMB 9,970,578.50 (Opening balance: RMB 2,305,498.09). The above bank deposits of the Group frozen because they have not been used for a long time are RMB 4,782,215.87 (Opening balance: RMB 3,075,256.88). The above bank deposits of the Group include the guarantee deposit of RMB 1,000,000.00 (Opening balance: RMB 1,000,000.00).

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")

Note 3: The above bank deposits of the Group include time deposits with term of more than 3 months amounting to RMB 653,000,000.00 (Opening balance: RMB 0).

2. Held-for-trading financial assets

RMB

Item	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss	244,091,956.52	254,237,956.80
Including: Bank of Beijing (Note 1)	196,692,000.00	214,412,000.00
Equity instrument investment in GDL (Note 2)	47,399,956.52	39,825,956.80
Total	244,091,956.52	254,237,956.80

Note 1: 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 Company recognized its fair value of RMB 196,692,000.00 at the closing price of the last trading day prior to the balance sheet date.

Note 2: It refers to the equity funds purchased by the Group from the Indian open market, and the Group recognizes their fair value at the market price on the last trading day before the balance sheet date, equivalent to RMB 47,399,956.52.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Accounts receivable

(1) Disclosure by aging:

RMB

Aging	31 December 2021			31 December 2020		
	Accounts receivable	Bad debt provision	Ratio (%)	Accounts receivable	Bad debt provision	Ratio (%)
Within one year	1,557,931,583.52	71,631,731.19	4.60	1,066,757,163.51	50,279,881.09	4.71
Over one year	225,278,044.69	159,815,113.82	70.94	246,010,423.17	186,176,924.17	75.68
Total	1,783,209,628.21	231,446,845.01	12.98	1,312,767,586.68	236,456,805.26	18.01

(2) Disclosure by categories based on bad debt provision method:

RMB

Category	31 December 2021				
	Book balance		Bad debt provision		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Provision for bad debts on a portfolio basis					
Including:					
Client Portfolio of GDL	493,313,011.39	27.66	167,322,437.23	33.92	325,990,574.16
Client Portfolio of Plateno	426,208,844.93	23.90	10,138,284.72	2.38	416,070,560.21
Client Portfolio of Vienna	491,257,347.16	27.55	18,426,005.69	3.75	472,831,341.47
Client Portfolio of Metropolo	372,430,424.73	20.89	35,560,117.37	9.55	336,870,307.36
Total	1,783,209,628.21	100.00	231,446,845.01	12.98	1,551,762,783.20

RMB

Category	31 December 2020				
	Book balance		Bad debt provision		Carrying amount
	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
Total	1,312,767,586.68	100.00	236,456,805.26	18.01	1,076,310,781.42

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 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount
Within 3 months	11.02	245,068,617.03	27,009,528.37	218,059,088.66	5.23	248,760,152.95	13,012,243.40	235,747,909.55
3-12 months	36.20	70,006,231.30	25,345,522.85	44,660,708.45	30.05	75,720,097.23	22,754,842.08	52,965,255.15
Over 12 months	64.50	178,238,163.06	114,967,386.01	63,270,777.05	70.63	202,503,485.04	143,019,080.71	59,484,404.33
Total		493,313,011.39	167,322,437.23	325,990,574.16		526,983,735.22	178,786,166.19	348,197,569.03

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Plateno:

RMB

Aging	31 December 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount
Within 6 months	0.32	403,319,946.44	1,277,226.70	402,042,719.74	1.11	263,980,629.70	2,940,644.01	261,039,985.69
6-12 months	14.71	13,876,194.93	2,040,508.28	11,835,686.65	14.31	5,645,097.22	807,763.44	4,837,333.78
Over 12 months	75.68	9,012,703.56	6,820,549.74	2,192,153.82	90.00	3,490,946.75	3,141,852.08	349,094.67
Total		426,208,844.93	10,138,284.72	416,070,560.21		273,116,673.67	6,890,259.53	266,226,414.14

Client Portfolio of Vienna:

RMB

Aging	31 December 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount
Within 6 months	1.83	439,205,693.92	8,024,785.40	431,180,908.52	2.25	163,073,557.84	3,671,937.15	159,401,620.69
6-12 months	4.54	43,633,331.91	1,982,898.96	41,650,432.95	4.66	26,867,390.24	1,251,766.41	25,615,623.83
Over 12 months	100.00	8,418,321.33	8,418,321.33	-	100.00	11,604,490.16	11,604,490.16	-
Total		491,257,347.16	18,426,005.69	472,831,341.47		201,545,438.24	16,528,193.72	185,017,244.52

Client Portfolio of Metropolo:

RMB

Aging	31 December 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount	Expected average loss rate (%)	Book balance	Provision for loss	Carrying amount
Within 6 months	0.85	329,787,261.41	2,787,960.04	326,999,301.37	0.99	269,155,894.83	2,651,522.71	266,504,372.12
6-12 months	24.27	13,034,306.58	3,163,300.59	9,871,005.99	23.53	13,554,343.50	3,189,161.89	10,365,181.61
Over 12 months	100.00	29,608,856.74	29,608,856.74	-	100.00	28,411,501.22	28,411,501.22	-
Total		372,430,424.73	35,560,117.37	336,870,307.36		311,121,739.55	34,252,185.82	276,869,553.73

(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	1,557,931,583.52	225,278,044.69	1,783,209,628.21
Expected credit loss	71,631,731.19	159,815,113.82	231,446,845.01
Carrying amount	1,486,299,852.33	65,462,930.87	1,551,762,783.20

Changes in provision for impairment

RMB

Provision for impairment	Total
Balance at 31 December 2020	236,456,805.26
Provision for expected credit loss	86,475,868.25
Reversal of expected credit loss	(77,046,792.07)
Write-off	(127,725.27)
Translation reserve	(14,311,311.16)
Balance at 31 December 2021	231,446,845.01

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

As at 31 December 2021, total balance of the accounts receivable from top five entities with the largest balances amounts to RMB 552,456,489.89 (31 December 2020: RMB 199,094,681.09), accounting for 30.98% (31 December 2020: 15.17%) of the total balance of accounts receivable. And the provision for credit loss of the accounts receivable from the top five entities with the largest balances amounts to RMB 7,604,926.79 (31 December 2020: RMB 2,267,580.76).

4. Prepayments

(1) The aging analysis of prepayments is as follows:

Aging	31 December 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	108,335,440.10	100.00	220,048,228.41	100.00
Total	108,335,440.10	100.00	220,048,228.41	100.00

RMB

(2) Top five entities with the largest balances of prepayments

As at 31 December 2021, the total balance of prepayments to top five entities with the largest balances amounts to RMB 17,608,658.35 (31 December 2020: RMB 19,972,075.21), accounting for 16.25% (31 December 2020: 9.08%) of the total balance of prepayments.

5. Other receivables

5.1 Disclosure by categories

Item	31 December 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Interest receivable	15,608,145.25		6,662,141.98	
Dividends receivable	62,498,106.00		26,473,856.43	
Other receivables	640,206,298.99		596,416,893.99	
Total	718,312,550.24		629,552,892.40	

RMB

5.2 Interest receivable

(1) Categories of interest receivable

Name of entity	31 December 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Time deposits at banks	8,698,540.24		3,494,965.40	
Time deposits at Finance Company	6,805,896.50		3,158,344.50	
Others	274,072.34		205,839.86	
Less: Bad debt provision	170,363.83		197,007.78	
Total	15,608,145.25		6,662,141.98	

RMB

(2) Details of provision for bad debts

During the year, the reversals of bad debt provision for interest receivable amounts to RMB26,643.95. As at 31 December 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Other receivables - continued

5.3 Dividends receivable

Item	31 December 2021	31 December 2020
Dividends receivable with aging of less than 1 year		
(1) Shanghai KENTUCKY FRIED CHICKEN Co., Ltd.	20,906,651.08	-
(2) Hangzhou KENTUCKY FRIED CHICKEN Co., Ltd.	18,036,200.71	11,408,151.43
(3) Wuxi KENTUCKY FRIED CHICKEN Co., Ltd.	14,092,100.04	6,898,359.18
(4) Suzhou KENTUCKY FRIED CHICKEN Co., Ltd.	9,001,187.23	7,606,919.94
(5) GDL's equity investment	461,966.94	560,425.88
Total	62,498,106.00	26,473,856.43

RMB

(1) Details of provision for bad debts

As at 31 December 2021, 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 of other receivables	31 December 2021	31 December 2020
Advances and others	184,950,642.21	294,933,001.90
Deposits and guarantees	242,888,369.36	250,082,262.12
Pandemic-specific support subsidy (Note)	200,707,660.00	-
Business working capital	5,509,354.92	13,099,874.94
Prepaid overseas social insurance	6,150,272.50	34,629,934.07
Equity transfer payment	-	3,671,820.96
Total	640,206,298.99	596,416,893.99

RMB

Note: During the year, the Group applied for Pandemic-specific support subsidy of RMB 200,707,660.00 from overseas government departments. The subsidies applied by the Group met the requirements of the relevant government departments and will be received by the Group, therefore, they are recognized as other receivables.

(2) Details of provision for bad debts

As at 31 December 2021, the credit risk and expected credit loss of other receivables are as follows:

Internal credit rating	31 December 2021				31 December 2020			
	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	628,546,671.57	-	-	628,546,671.57	548,687,084.98	-	-	548,687,084.98
Attention	-	-	-	-	-	-	-	-
Loss	-	-	45,102,358.23	45,102,358.23	-	-	53,418,632.54	53,418,632.54
Total book balance	628,546,671.57	-	45,102,358.23	673,649,029.80	548,687,084.98	-	53,418,632.54	602,105,717.52
Less: Provision for impairment	-	-	45,102,358.23	45,102,358.23	-	-	53,418,632.54	53,418,632.54
Carrying amount	628,546,671.57	-	-	628,546,671.57	548,687,084.98	-	-	548,687,084.98

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Other receivables - continued

5.4 Other receivables - continued

(3) Details of bad debt provisions

RMB

Item	31 December 2020	Provision	Reversal	Write-off	Translation reserve	31 December 2021
Bad debt provision	53,418,632.54	584,117.99	(446,949.24)	(5,380,422.76)	(3,073,020.30)	45,102,358.23

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 2021	-	-	53,418,632.54	53,418,632.54
Provision	-	-	584,117.99	584,117.99
Reversal	-	-	(446,949.24)	(446,949.24)
Write-off	-	-	(5,380,422.76)	(5,380,422.76)
Translation reserve	-	-	(3,073,020.30)	(3,073,020.30)
Balance at 31 December 2021	-	-	45,102,358.23	45,102,358.23

(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	Deposits and guarantees	The third party	15,516,524.00	Over 3 years	2.26	-
Shenzhen Futian Huanqing Industrial Co., Ltd.	Deposits and guarantees	The third party	5,623,697.00	1 to 4 years	0.82	-
Shenzhen Metro Group Co.,Ltd.	Deposits and guarantees	The third party	5,035,507.00	Over 3 years	0.73	-
Xi'an Tianhao Industrial Co., Ltd.	Deposits and guarantees	The third party	5,000,000.00	Over 3 years	0.73	-
Hangzhou Dobe cultural creativity Co., Ltd	Deposits and guarantees	The third party	3,359,772.00	Over 3 years	0.49	-
Total			34,535,500.00		5.03	-

6. Inventories

(1) Category of inventories

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for the decline in value	Carrying amount	Book balance	Provision for the decline in value	Carrying amount
Raw materials	41,889,266.00	-	41,889,266.00	40,902,545.54	-	40,902,545.54
Finished goods	28,765.47	-	28,765.47	171,069.95	-	171,069.95
Goods on hand	30,062,507.57	114,298.09	29,948,209.48	26,017,883.20	-	26,017,883.20
Contract performance cost	4,894,187.85	-	4,894,187.85	5,659,081.78	-	5,659,081.78
Total	76,874,726.89	114,298.09	76,760,428.80	72,750,580.47	-	72,750,580.47

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Inventories - continued

(2) Provision for the decline in value of inventories

Item	RMB		
	31 December 2020	Provision	31 December 2021
Goods on hand	-	114,298.09	114,298.09
Total	-	114,298.09	114,298.09

7. Non-current assets due within one year

Item	RMB	
	31 December 2021	31 December 2020
Finance lease receivables (Note)	33,532,134.78	-
Total	33,532,134.78	-

Note: As at 31 December 2021, the Group determines that the loss allowance for finance lease receivables measured under expected credit loss on an individual basis is not significant.

8. Other current assets

Item	RMB	
	31 December 2021	31 December 2020
Prepaid tax	401,956,643.96	341,249,085.60
Deferred expenses	27,092,238.94	29,706,501.29
Entrusted loans	9,775,449.36	7,360,415.89
Others	719,136.52	1,240,141.87
Less: Provision for impairment	5,150,249.36	7,360,415.89
Total	434,393,219.42	372,195,728.76

(1) Entrusted loans for which provision for impairment are made on an individual basis

As at 31 December 2021, the Group made a full provision for impairment on the entrusted loan to its subsidiary associate, Ganzi Holy Shambhala Tourism Investment Co., Ltd., with the balance of impairment provision amounting to RMB 5,150,249.36.

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, carrying an annual interest rate of 2.1%; the Group entrusted Bank of Communications Co., Ltd. Shanghai Branch 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's provision for ECL measured for the above entrusted loans on an individual asset basis was not significant.

9. Long-term receivables

Item	31 December 2021			31 December 2020		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Finance lease receivables	606,072,981.42	-	606,072,981.42	-	-	-
Less: Unrealized financing income	(132,453,921.83)	-	(132,453,921.83)	-	-	-
Less: Long-term receivables due within one year	(33,532,134.78)	-	(33,532,134.78)	-	-	-
Long-term receivables due over one year	440,086,924.81	-	440,086,924.81	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9. Long-term receivables - continued

(1) Long-term receivables for which provision for impairment are made on an individual basis

As at 31 December 2021, the Group's provision for ECL measured for the above finance lease receivables on an individual asset basis was not significant.

(2) Finance lease receivables

The Group entered into finance lease contracts for buildings as a lessor. The lease term is from 2 years to 20 years. Such contracts does not contain any option to renew or terminate the lease.

RMB

Item	Undiscounted lease receipts
	31 December 2021
1st year subsequent to the balance sheet date	52,200,597.95
2nd year subsequent to the balance sheet date	50,254,017.13
3rd year subsequent to the balance sheet date	47,084,690.78
4th year subsequent to the balance sheet date	49,353,896.03
5th year subsequent to the balance sheet date	47,363,766.61
Subsequent years	359,816,012.92
Total undiscounted lease receipts	606,072,981.42
Unrealized financing income	(132,453,921.83)
Net investment in the lease	473,619,059.59
Including: Finance lease receivables due within one year	33,532,134.78
Finance lease receivables due over one year	440,086,924.81

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Long-term equity investments

RMB

Investee	31 December 2020	Changes for the year									31 December 2021	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			
Joint ventures													
Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	706,496.84	-	-	-	290,232.27	-	-	(119,247.15)	-	-	-	877,481.96	-
Associates													
Shanghai Kentucky Fried Chicken Co., Ltd.	218,841,613.71	-	-	-	106,001,746.51	-	-	(117,506,651.07)	-	-	-	207,336,709.15	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	90,416,343.74	-	-	-	(2,994,462.79)	-	-	-	-	-	-	87,421,880.95	-
Da Hua Hotel	70,409,490.84	-	-	-	(3,427,452.76)	-	-	-	-	-	-	66,982,038.08	-
Shanghai Qicheng Network Technology Co., Ltd.	49,513,518.84	-	-	-	1,074,730.69	-	-	-	-	-	-	50,588,249.53	-
Shanghai New Asia Fulihua Catering Co., Ltd.	29,995,281.21	-	-	-	5,761,808.26	42,813.22	-	(2,583,000.00)	-	-	-	33,216,902.69	-
Shanghai Jin Jiang Yuwei Food Technology Co., Ltd. (Note 4)	-	9,000,000.00	-	-	(103,108.86)	-	-	-	-	-	-	8,896,891.14	-
Shanghai Xinjin Hotel Management Co., Ltd.	2,948,347.17	-	-	-	(2,208,175.06)	-	-	-	-	-	-	740,172.11	-
Shanghai Yoshinoya Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Shanghai Jing An Bakery Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-
SNC Angers Montpellier Villeneuve Rennes Invest Hotels	7,902,984.86	-	-	-	928,150.78	-	-	(478,568.59)	-	(818,506.79)	-	7,534,060.26	-
SNC Chaville Bx Arles	5,511,029.01	-	-	-	(97,666.61)	-	-	-	-	(474,923.53)	-	4,938,438.87	-
SNC Rouen Annecy	5,277,239.20	-	-	-	37,491.92	-	-	(16,184.40)	-	(529,370.80)	-	4,769,175.92	-
SNC Bayeux Bergerac Blagnac	5,090,078.08	-	-	-	230,840.92	-	-	(241,687.08)	-	(510,170.77)	-	4,569,061.15	-
Guangzhou Wo Qu Apartment Management Co., Ltd	8,456,865.74	-	-	-	(1,834,847.26)	-	980,194.17	-	-	-	-	7,602,212.65	-
Guangzhou Wormhole Network Technology Co., Ltd.	2,534,017.60	-	-	-	-	-	-	-	-	-	-	2,534,017.60	-
Guangzhou Fulunzi Information Technology Co., Ltd.	2,407,093.67	-	-	-	44,630.64	-	-	-	-	-	-	2,451,724.31	-
Guangzhou Chuangbianzhe Entry-Exit Service Co., Ltd	1,517,179.54	-	-	-	-	-	-	-	-	-	-	1,517,179.54	-
Guangzhou Qinyou Commercial Services Co., Ltd.	1,450,612.39	-	-	-	(2,691.94)	-	-	-	-	-	-	1,447,920.45	-
Guangzhou Muximei Internet Service Co., Ltd.	1,398,504.70	-	-	-	(1,549.88)	-	-	-	-	-	-	1,396,954.82	-
Guangzhou Yaji Hotel Management Co., Ltd.	840,496.08	-	-	-	(17,799.50)	-	-	-	-	-	-	822,696.58	-
Guangzhou Xiaopang Information Technology Co., Ltd.	410,484.23	-	-	-	-	-	-	-	-	-	-	410,484.23	-
Ganzi Holy Shambhala Tourism Investment Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	(3,057,262.29)
Guangzhou Leji Information Technology Co., Ltd. (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	(1,801,815.71)
Shenzhen Fifth Space Apartment Hotel Management Co., Ltd. (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Guangzhou Yule Network Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Guangzhou Danke Network Technology Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tianjin Jin Jiang Inn Co., Ltd.	38,990,851.82	-	-	-	(674,081.33)	-	-	-	-	-	-	38,316,770.49	-
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	27,725,575.05	-	-	-	(1,102,812.84)	-	-	-	-	-	-	26,622,762.21	-
Tianjin Hu Jin Hotel Investment Co., Ltd.	24,384,702.63	-	-	-	(367,096.78)	-	-	(3,840,000.00)	-	-	-	20,177,605.85	-
Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.	15,787,394.23	-	-	-	94,620.36	-	-	(1,500,000.00)	-	-	-	14,382,014.59	-
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	15,637,131.89	-	-	-	(971,249.23)	-	-	-	-	-	-	14,665,882.66	-
Changchun Jinlv Investment and Management Co., Ltd.	4,822,698.73	-	-	-	(174,834.43)	-	-	(3,871,000.00)	-	-	-	776,864.30	-
Others	24,246,751.46	-	-	-	4,649,276.86	90,269.56	-	(1,464,226.49)	-	(1,208,039.53)	-	26,314,031.86	-
Total	657,222,783.26	9,000,000.00	-	-	105,135,699.94	133,082.78	980,194.17	(131,620,564.78)	-	(3,541,011.42)	-	637,310,183.95	(4,859,078.00)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Long-term equity investments - continued

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.

Note 2: Guangzhou Yule Network 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: Guangzhou Leji Information Technology Co., Ltd. has been cancelled. The Group has made full provision for impairment of the long-term equity investments. Shenzhen Fifth Space Apartment Hotel Management Co., Ltd. has been cancelled and the Group has written off impairment provision of RMB1,645,279.95.

Note 4: As at 16 November 2021, Shanghai Jin Jiang Yuwei Food Technology Co., Ltd. ("Jin Jiang Yuwei", an associate of the Group) is jointly established by the Group and other investors. The Group makes a capital contribution of RMB 9,000,000.00 and holds 25% equity interest in Jin Jiang Yuwei.

11. Other equity instrument investments

(1) Information of other equity instrument investments

RMB

Item	31 December 2021	31 December 2020
Agricultural Bank of China (Note)	12,789,000.00	13,659,000.00
Shanghai Trade Center Company Limited	6,700,000.00	5,067,014.62
Yangtze River United Development (Group) Co., Ltd.	1,300,000.00	1,800,000.00
Jin Jiang Commodities	-	18,241.19
GDL's equity investment	29,953,467.51	26,131,309.64
Keystone's equity investment	500,000.00	500,000.00
Total	51,242,467.51	47,175,565.45

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	805,185.00	(3,786,314.67)	-	Held for long term and not for trading purposes	-
Shanghai Trade Center Company Limited	-	1,512,300.00	-	Held for long term and not for trading purposes	-
Yangtze River United Development (Group) Co., Ltd.	10,000.00	600,000.00	-	Held for long term and not for trading purposes	-
Jin Jiang Commodities	-	(1,469,473.95)	-	Held for long term and not for trading purposes	-
GDL's equity investment	421,800.92	27,204,401.59	-	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	-
Total	1,236,985.92	20,210,912.97	-		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Other non-current financial assets

RMB

Item	31 December 2021	31 December 2020
Hangzhou Kentucky Fried Chicken Co., Ltd.	266,800,000.00	276,000,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	126,700,000.00	117,900,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,800,000.00	58,200,000.00
Total	452,300,000.00	452,100,000.00

13. Fixed assets

(1) Information of fixed assets

RMB

Item	Overseas land and land use right	Buildings	Machinery and equipment	Transportation vehicles	Hotels decorations	Total
I. Original carrying amount						
1. Closing balance of the preceding year	1,363,193,012.87	8,640,677,603.39	3,176,097,843.48	11,121,952.15	681,047,009.77	13,872,137,421.66
Changes in accounting policies	(130,390,200.00)	(683,906,442.70)	(5,452,333.00)	-	-	(819,748,975.70)
2. Opening balance of the current year	1,232,802,812.87	7,956,771,160.69	3,170,645,510.48	11,121,952.15	681,047,009.77	13,052,388,445.96
3. Addition						
(1) Purchase	82,930.20	259,564,883.46	56,527,510.46	-	11,213,792.52	327,389,116.64
(2) Transferred from construction in progress	1,113,921.11	103,913,222.27	42,533,156.59	-	779,505.17	148,339,805.14
4. Deduction						
(1) Disposal or retirement	(664,809.90)	(14,245,413.93)	(94,602,333.33)	(1,900,282.29)	(30,192,583.88)	(141,605,423.33)
5. Completion of settlement		9,333.01	(13,732,892.70)	-	(1,307,273.89)	(15,030,833.58)
6. Translation reserve	(120,249,893.68)	(584,172,462.77)	(123,278,004.28)	-	(35,298,543.96)	(862,998,904.69)
7. Closing balance	1,113,084,960.60	7,721,840,722.73	3,038,092,947.22	9,221,669.86	626,241,905.73	12,508,482,206.14
II. Accumulated depreciation						
1. Closing balance of the preceding year	41,685,182.63	4,912,854,999.42	2,492,400,600.64	9,707,075.91	480,236,807.67	7,936,884,666.27
Changes in accounting policies	(72,225.00)	(608,920,842.70)	(3,839,206.52)	-	-	(612,832,274.22)
2. Opening balance of the current year	41,612,957.63	4,303,934,156.72	2,488,561,394.12	9,707,075.91	480,236,807.67	7,324,052,392.05
3. Addition						
(1) Charge for the year	1,540,359.71	268,215,757.68	175,245,024.91	374,801.58	58,674,782.05	504,050,725.93
4. Deduction						
(1) Disposal or retirement	(629,188.52)	(13,133,320.63)	(87,493,572.19)	(1,664,368.21)	(30,070,532.08)	(132,990,981.63)
5. Translation reserve	(3,509,653.73)	(232,330,963.70)	(109,948,398.00)	-	(27,531,580.58)	(373,320,596.01)
6. Closing balance	39,014,475.09	4,326,685,630.07	2,466,364,448.84	8,417,509.28	481,309,477.06	7,321,791,540.34
III. Provision for impairment						
1. Opening balance of the current year	-	71,599,066.05	956,280.88	-	-	72,555,346.93
2. Addition	-	2,073,746.20	-	-	-	2,073,746.20
3. Disposal or retirement	-	-	-	-	-	-
4. Translation reserve	-	(13,095,879.26)	-	-	-	(13,095,879.26)
5. Closing balance	-	60,576,932.99	956,280.88	-	-	61,533,213.87
IV. Carrying amount						
1. Closing balance of the current year	1,074,070,485.51	3,334,578,159.67	570,772,217.50	804,160.58	144,932,428.67	5,125,157,451.93
2. Closing balance of the preceding year	1,321,507,830.24	3,656,223,537.92	682,740,961.96	1,414,876.24	200,810,202.10	5,862,697,408.46

(2) Pledged fixed assets

At 31 December 2021, the subsidiaries' buildings with net carrying amount of RMB 169,456,927.27 were pledged for long-term borrowings. Details are set out in Note V (29) note 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress

(1) Construction in progress is as follows:

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Net carrying amount	Book balance	Provision for impairment	Net carrying amount
I. Decoration of fixed assets						
Metropolo's construction in progress						
Shanghai Longcao Road Project of Jin Jiang	83,652,989.33	-	83,652,989.33	68,217,767.32	-	68,217,767.32
Renovation of Shanghai Hutai Road Zhidan Road proprietary project of Magnotel (Business)	16,235,516.24	-	16,235,516.24	10,254,226.59	-	10,254,226.59
Renovation of Jin Jiang Innovation Industrial Park Experience Center "Innovation Center"	11,266,674.34	-	11,266,674.34	-	-	-
Renovation of Wuxi Zhongshan Road Sanyang Square "Kyriad"	1,388,866.05	-	1,388,866.05	1,194.00	-	1,194.00
Renovation of Changchun Quan'an Square "Jin Jiang Inn"	707,608.62	-	707,608.62	-	-	-
Renovation of Shaoxing Kejiao Waycoo Center "Jin Jiang Inn"	529,871.55	-	529,871.55	-	-	-
Renovation of Suzhou Industrial Park Tongyuan Road "Jin Jiang Inn"	50,370.04	-	50,370.04	21,965,473.21	-	21,965,473.21
Renovation of Dalian Lianhe Road "Jin Jiang Inn"	-	-	-	2,112,076.14	-	2,112,076.14
Jin Jiang Global Sharing Platform	10,415,910.80	-	10,415,910.80	7,481,080.74	-	7,481,080.74
Renovation of Nanchang Metro "Jin Jiang Inn"	1,018,387.49	-	1,018,387.49	-	-	-
Renovation of Changchun Railway Station "Jin Jiang Inn"	924,797.26	-	924,797.26	-	-	-
Renovation of Nanchang Chuanshan Road "Jin Jiang Inn"	574,526.70	-	574,526.70	-	-	-
Renovation of Shijiazhuang Ping'an Street "Jin Jiang Inn"	449,498.53	-	449,498.53	-	-	-
Renovation of Shaoxing Shengli Road "Jin Jiang Inn"	407,822.00	-	407,822.00	198,725.00	-	198,725.00
Renovation of Wuhu Wuyi Square "Jin Jiang Inn"	278,750.32	-	278,750.32	-	-	-
Renovation of Chongqing Yuzhong District "Jin Jiang Inn"	213,628.44	-	213,628.44	-	-	-
Renovation of Magnotel Inn "Radisson RED"	37,587.20	-	37,587.20	35,864,142.48	-	35,864,142.48
Renovation of Guangzhou Baiyun "Metropolo Business"	1,807,062.29	-	1,807,062.29	-	-	-
Renovation of Wuhan Dunkou "Metropolo Business"	1,738,455.67	-	1,738,455.67	-	-	-
Renovation of Shijiazhuang "Metropolo Business"	567,906.91	-	567,906.91	-	-	-
Renovation of Hefei Tian'e Lake "Metropolo Business"	527,471.74	-	527,471.74	-	-	-
Renovation of Hefei Baohe "Metropolo Business"	459,551.94	-	459,551.94	-	-	-
Renovation of Wuhan Jiyuqiao "Metropolo Business"	370,183.41	-	370,183.41	-	-	-
Renovation of Zhenjiang "Metropolo Business"	347,031.40	-	347,031.40	-	-	-
Other renovation projects of Metropolo	6,187,605.09	(4,127,415.28)	2,060,189.81	7,587,861.70	(4,127,415.28)	3,460,446.42
Subtotal	140,158,073.36	(4,127,415.28)	136,030,658.08	153,682,547.18	(4,127,415.28)	149,555,131.90

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(1) Construction in progress is as follows: - continued

Item	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Net carrying amount	Book balance	Provision for impairment	Net carrying amount
I. Decoration of fixed assets - continued						
GDL's construction in progress						
Renovation of Hotel GE Prestige Warszawa (Varsovie)	56,752,770.92	-	56,752,770.92	25,045,892.41	-	25,045,892.41
Renovation and system development of Louvre Hôtels Group	54,183,566.93	-	54,183,566.93	53,421,470.03	-	53,421,470.03
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	44,336,618.10	-	44,336,618.10	7,075,128.90	-	7,075,128.90
Renovation of LWIH Property Holding Poland	6,890,882.08	(1,078,630.25)	5,812,251.83	7,611,317.31	(1,198,942.86)	6,412,374.45
Renovation of Hôtels du pont de Suresnes	6,569,415.85	-	6,569,415.85	7,980,287.11	-	7,980,287.11
Renovation of Milcardar Ltd (Cardiff, Dartford, Glasgow, Leicester, Milton Keynes)	1,781,958.71	-	1,781,958.71	420,185.88	-	420,185.88
Renovation of Hôtel Grill Blois	1,330,777.84	-	1,330,777.84	1,523,196.52	-	1,523,196.52
Renovation of Brie Auvergne Invest Hotels	1,242,191.33	-	1,242,191.33	1,475,428.43	-	1,475,428.43
Renovation of Saliwawadon Ltd (Liverpool, Manchester, Wakefield, Washington, Doncaster, Northampton)	1,192,500.29	-	1,192,500.29	1,061,586.90	-	1,061,586.90
Renovation of Sarovar	1,161,094.44	-	1,161,094.44	1,199,529.90	-	1,199,529.90
Renovation of Hôtel Grill de Lutterbach	1,160,641.93	-	1,160,641.93	36,594.48	-	36,594.48
Renovation of Bleu Joinville	929,100.23	-	929,100.23	31,860,211.88	-	31,860,211.88
Renovation of Eco Bourges	862,884.18	-	862,884.18	-	-	-
Renovation of Gestion Hotel de Metz	860,262.63	-	860,262.63	27,336.84	-	27,336.84
Renovation of Hôtelière Loon Plage (Dunkerque)	840,779.26	-	840,779.26	62,964.31	-	62,964.31
Renovation of Hôtel Gril Strasbourg Geispolsheim	838,553.43	-	838,553.43	45,083.09	-	45,083.09
Renovation of Bleu Roissy	829,345.28	-	829,345.28	7,837,195.90	-	7,837,195.90
Renovation of Louvre Hotele Group	810,021.76	-	810,021.76	867,139.84	-	867,139.84
Renovation of Hôtelière du marché de Rungis	802,867.53	-	802,867.53	39,542,546.38	-	39,542,546.38
Renovation of LHG Exploitation (ex LH198 ex Louvre Résidences)	537,381.26	-	537,381.26	7,050,312.15	-	7,050,312.15
Renovation of Hôtel Grill Nice l'Arenas	437,866.21	-	437,866.21	1,189,484.84	-	1,189,484.84
Renovation of Gestion Hôtels Nancy Essey, Maubeuge	396,882.65	-	396,882.65	1,702,657.03	-	1,702,657.03
Renovation of Hôtel Grill de Chasse sur Rhône	253,966.66	-	253,966.66	2,150,945.89	-	2,150,945.89
Renovation of Hôtel du Chateau (Fontainebleau)	-	-	-	3,048,466.14	-	3,048,466.14
Renovation of Nordic Hotel AG Kiel GmbH	-	-	-	2,038,350.00	-	2,038,350.00
GDL's other construction in progress	31,677,613.88	-	31,677,613.88	28,581,926.28	-	28,581,926.28
Subtotal	216,679,943.38	(1,078,630.25)	215,601,313.13	232,855,238.46	(1,198,942.86)	231,656,295.60

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(1) Construction in progress is as follows: - continued

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Net carrying amount	Book balance	Provision for impairment	Net carrying amount
I. Decoration of fixed assets - continued						
Keystone's construction in progress						
Renovation of 7 Days Inn direct-sale store	101,632,454.93	(80,000.00)	101,552,454.93	11,088,142.14	(80,000.00)	11,008,142.14
Reception desk management software of Lotus Hotel	2,600,420.00	(2,600,420.00)	-	2,600,420.00	(2,600,420.00)	-
Construction of commercial properties	-	-	-	26,358,868.15	-	26,358,868.15
Subtotal	104,232,874.93	(2,680,420.00)	101,552,454.93	40,047,430.29	(2,680,420.00)	37,367,010.29
Construction in progress of Vienna and Baisuicun						
Renovation of Nanning Wuyi East Road "Vienna International"	3,499,138.27	-	3,499,138.27	-	-	-
Renovation of Shanghai Railway Station "Vienna Country Inn & Suites" Country Inn Suites By Radisson	3,242,814.98	-	3,242,814.98	-	-	-
Renovation of Foshan Nanhai Avenue "Vienna International"	3,066,793.85	-	3,066,793.85	2,379,690.50	-	2,379,690.50
Renovation of Taiyuan South Station "Vienna International"	2,338,469.97	-	2,338,469.97	2,475,975.73	-	2,475,975.73
Renovation of Shenzhen Tanglang "Vienna Best Sleep"	1,903,319.23	-	1,903,319.23	662,920.30	-	662,920.30
Renovation of Shanghai Putuo Branch "Vienna"	1,526,732.49	-	1,526,732.49	1,276,914.95	-	1,276,914.95
Renovation of Qingyuan Lianjiang Road "Vienna Classic"	1,463,956.58	-	1,463,956.58	5,827,130.93	-	5,827,130.93
Renovation of Shenzhen Airport 1 st Road "Vienna Best Sleep"	949,686.30	-	949,686.30	4,765,686.30	-	4,765,686.30
Renovation of Shenzhen Airong Road "Vienna Classic"	1,484,860.03	-	1,484,860.03	3,284,788.83	-	3,284,788.83
Renovation of Guangzhou Sanyuanli "Vienna International"	1,295,883.26	-	1,295,883.26	-	-	-
Renovation of Shenzhen Bay "Vienna Classic"	1,245,539.70	-	1,245,539.70	1,395,172.72	-	1,395,172.72
Renovation of Tianjin Guizhou Road "Vienna International"	1,028,329.34	-	1,028,329.34	-	-	-
Renovation of Vienna Hotel Management Headquarters in Shenzhen	875,488.82	-	875,488.82	-	-	-
Renovation of Jiangxi Nanchang Railway Station "Vienna"	673,340.17	-	673,340.17	-	-	-
Renovation of Shenzhen Shajing "Vienna International"	308,120.24	-	308,120.24	290,349.89	-	290,349.89
Renovation of Shenzhen Henggang Xincheng "Vienna"	83,438.28	-	83,438.28	1,701,591.87	-	1,701,591.87
Renovation of Shenzhen Yousong "Vienna"	66,462.06	-	66,462.06	746,462.06	-	746,462.06
Renovation of Hangzhou Wulin Square "Vienna International"	27,106.80	-	27,106.80	1,489,763.77	-	1,489,763.77
Renovation of Dongguan Liaobu "Vienna International"	-	-	-	2,055,045.86	-	2,055,045.86
Renovation of Shanghai Songjiang "Vienna International"	-	-	-	1,387,190.93	-	1,387,190.93
Other renovations of Vienna and Baisuicun	4,689,626.32	-	4,689,626.32	10,847,974.84	-	10,847,974.84
Subtotal	29,769,106.69	-	29,769,106.69	40,586,659.48	-	40,586,659.48
Total	490,839,998.36	(7,886,465.53)	482,953,532.83	467,171,875.39	(8,006,778.14)	459,165,097.25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(2) Movements of significant construction in progress:

Item	31 December 2020	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Other changes for the year	Translation reserve	31 December 2021	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	68,217,767.32	17,849,692.58	-	-	(2,414,470.57)	-	-	83,652,989.33	-	-	-	Self-financing
Renovation of Magnotel Inn "Radisson RED"	35,864,142.48	2,188,807.20	(7,017,616.36)	-	(30,997,746.12)	-	-	37,587.20	-	-	-	Self-financing
Renovation of Suzhou Industrial Park Tongyuan Road "Jin Jiang Inn"	21,965,473.21	1,290,795.62	(3,343,951.48)	-	(19,861,947.31)	-	-	50,370.04	-	-	-	Self-financing
Renovation of Shanghai Hutai Road Zhidan Road proprietary project of Magnotel (Business)	10,254,226.59	5,981,289.65	-	-	-	-	-	16,235,516.24	-	-	-	Self-financing
Jin Jiang Global Sharing Platform	7,481,080.74	2,934,830.06	-	-	-	-	-	10,415,910.80	-	-	-	Self-financing
Renovation of Dalian Lianhe Road "Jin Jiang Inn"	2,112,076.14	276,769.96	(317,200.06)	-	(2,071,646.04)	-	-	-	-	-	-	Self-financing
Renovation of Shaoxing Shengli Road "Jin Jiang Inn"	198,725.00	291,404.34	-	-	-	-	-	407,822.00	-	-	-	Self-financing
Renovation of Wuxi Zhongshan Road Sanyang Square "Kyriad"	1,194.00	1,387,672.05	-	-	-	-	-	1,388,866.05	-	-	-	Self-financing
Renovation of Shaoxing Keqiao Waycoo Center "Jin Jiang Inn"	-	628,524.03	(69,267.33)	-	(29,385.15)	-	-	529,871.55	-	-	-	Self-financing
Renovation of Changchun Quan'an Square "Jin Jiang Inn"	-	761,877.46	(54,268.84)	-	-	-	-	707,608.62	-	-	-	Self-financing
Renovation of Jin Jiang Innovation Industrial Park Experience Center "Innovation Center"	-	11,296,453.10	(29,778.76)	-	-	-	-	11,266,674.34	-	-	-	Self-financing
Renovation of Changchun Railway Station "Jin Jiang Inn"	-	963,915.62	(39,118.36)	-	-	-	-	924,797.26	-	-	-	Self-financing
Renovation of Chongqing Yuzhong District "Jin Jiang Inn"	-	361,043.48	(5,111.50)	-	(142,303.54)	-	-	213,628.44	-	-	-	Self-financing
Renovation of Shijiazhuang Ping'an Street "Jin Jiang Inn"	-	1,169,448.10	-	-	(719,949.57)	-	-	449,498.53	-	-	-	Self-financing
Renovation of Wuhu Wuyi Square "Jin Jiang Inn"	-	278,750.32	-	-	-	-	-	278,750.32	-	-	-	Self-financing
Renovation of Nanchang Metro "Jin Jiang Inn"	-	1,030,238.98	(11,851.49)	-	-	-	-	1,018,387.49	-	-	-	Self-financing
Renovation of Nanchang Chuanshan Road "Jin Jiang Inn"	-	643,444.01	(16,073.27)	-	(52,844.04)	-	-	574,526.70	-	-	-	Self-financing
Renovation of Wuhan Dunkou "Metropolo Business"	-	1,922,810.35	(184,354.68)	-	-	-	-	1,738,455.67	-	-	-	Self-financing
Renovation of Wuhan Jiyuqiao "Metropolo Business"	-	1,429,829.41	(1,059,646.00)	-	-	-	-	370,183.41	-	-	-	Self-financing
Renovation of Shijiazhuang "Metropolo Business"	-	2,007,939.68	(1,440,032.77)	-	-	-	-	567,906.91	-	-	-	Self-financing
Renovation of Hefei Baohe "Metropolo Business"	-	1,291,287.19	(831,735.25)	-	-	-	-	459,551.94	-	-	-	Self-financing
Renovation of Hefei Tian'e Lake "Metropolo Business"	-	1,412,343.82	(884,872.08)	-	-	-	-	527,471.74	-	-	-	Self-financing
Renovation of Guangzhou Baiyun "Metropolo Business"	-	2,023,059.00	(215,996.71)	-	-	-	-	1,807,062.29	-	-	-	Self-financing
Renovation of Zhenjiang "Metropolo Business"	-	1,185,063.43	(838,032.03)	-	-	-	-	347,031.40	-	-	-	Self-financing
Other renovation projects of Metropolo	3,460,446.42	27,183,344.47	(12,492,787.86)	(759,133.75)	(15,331,679.47)	-	-	2,060,189.81	-	-	-	Self-financing
Subtotal of Metropolo	149,555,131.90	87,790,633.91	(28,934,002.17)	(759,133.75)	(71,621,971.81)			136,030,658.08				
Renovation of Qingyuan Lianjiang Road "Vienna Classic"	5,827,130.93	3,589,975.90	(217,262.63)	-	(7,735,887.62)	-	-	1,463,956.58	-	-	-	Self-financing
Renovation of Shenzhen Airport 1 st Road "Vienna Best Sleep"	4,765,686.30	296,038.89	-	-	(4,112,038.89)	-	-	949,686.30	-	-	-	Self-financing
Renovation of Shenzhen Airon Road "Vienna Classic"	3,284,788.83	9,751,877.47	(254,810.02)	-	(11,296,996.25)	-	-	1,484,860.03	-	-	-	Self-financing
Renovation of Taiyuan South Station "Vienna International"	2,475,975.73	385,209.43	(455,387.75)	-	(67,327.44)	-	-	2,338,469.97	-	-	-	Self-financing
Renovation of Foshan Nanhai Avenue "Vienna International"	2,379,690.50	687,103.35	-	-	-	-	-	3,066,793.85	-	-	-	Self-financing
Renovation of Dongguan Liaobu "Vienna International"	2,055,045.86	748,285.17	-	-	(2,803,331.03)	-	-	-	-	-	-	Self-financing
Renovation of Shenzhen Henggang Xincheng "Vienna"	1,701,591.87	1,553,313.43	(1,448,250.28)	-	(1,723,216.74)	-	-	83,438.28	-	-	-	Self-financing
Renovation of Hangzhou Wulin Square "Vienna International"	1,489,763.77	790,739.02	-	-	(2,253,395.99)	-	-	27,106.80	-	-	-	Self-financing
Renovation of Shenzhen Bay "Vienna Classic"	1,395,172.72	158,701.55	(8,279.61)	-	(300,054.96)	-	-	1,245,539.70	-	-	-	Self-financing
Renovation of Shanghai Songjiang "Vienna International"	1,387,190.93	(35,697.89)	-	-	(1,351,493.04)	-	-	-	-	-	-	Self-financing
Renovation of Shanghai Putuo Branch "Vienna"	1,276,914.95	1,253,046.69	-	-	(1,003,229.15)	-	-	1,526,732.49	-	-	-	Self-financing
Renovation of Shenzhen Yousong "Vienna"	746,462.06	669,306.06	(33,663.37)	-	(1,315,642.69)	-	-	66,462.06	-	-	-	Self-financing
Renovation of Shenzhen Tanglang "Vienna Best Sleep"	662,920.30	1,612,728.58	-	-	(372,329.65)	-	-	1,903,319.23	-	-	-	Self-financing
Renovation of Shenzhen Shajing "Vienna International"	290,349.89	983,168.81	(174,645.75)	-	(790,752.71)	-	-	308,120.24	-	-	-	Self-financing
Renovation of Nanjing Wuyi East Road "Vienna International"	-	3,645,131.00	-	-	(145,992.73)	-	-	3,499,138.27	-	-	-	Self-financing
Renovation of Shanghai Railway Station "Vienna Country Inn & Suites" Country Inn Suites By Radisson	-	6,909,076.72	-	-	(3,666,261.74)	-	-	3,242,814.98	-	-	-	Self-financing
Renovation of Guangzhou Sanyuanli "Vienna International"	-	1,689,461.24	-	-	(393,577.98)	-	-	1,295,883.26	-	-	-	Self-financing
Renovation of Vienna Hotel Management Headquarters in Shenzhen	-	2,354,527.85	(80,257.78)	(734,621.80)	(664,159.45)	-	-	875,488.82	-	-	-	Self-financing
Renovation of Tianjin Guizhou Road "Vienna International"	-	1,211,067.41	(163,320.59)	-	(19,417.48)	-	-	1,028,329.34	-	-	-	Self-financing
Renovation of Jiangxi Nanchang Railway Station "Vienna"	-	673,340.17	-	-	-	-	-	673,340.17	-	-	-	Self-financing

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(2) Movements of significant construction in progress - continued

Item	31 December 2020	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Other changes for the year	Translation reserve	31 December 2021	Cumulative amount of interest capitalization	Including: amount of interest capitalization for the year	Ratio of interest capitalization (%)	Source of fund
Other renovations of Vienna and Baisuicun	10,847,974.84	5,602,897.75	(869,908.48)	(655,801.99)	(10,235,535.80)			4,689,626.32				Self-financing
Subtotal of Vienna and Baisuicun	40,586,659.48	44,529,298.60	(3,705,786.26)	(1,390,423.79)	(50,250,641.34)			29,769,106.69				
Renovation and system development of Louvre Hôtels Group	53,421,470.03	59,119,657.54	(8,075,642.14)	(38,567,286.96)	-	(5,987,050.67)	(5,727,580.87)	54,183,566.93	-	-	-	Self-financing
Renovation of Hôtelière du marché de Rungis	39,542,546.38	186,064.08	(37,040,704.51)	-	-	-	(1,885,038.42)	802,867.53	-	-	-	Self-financing
Renovation of Bleu Joinville	31,860,211.88	848,063.41	(30,094,697.35)	-	-	(148,758.77)	(1,535,718.94)	929,100.23	-	-	-	Self-financing
Renovation of Hotel GÉ Prestige Warszawa (Varsovie)	25,045,892.41	36,753,205.69	(35,203.06)	-	-	-	(5,011,124.12)	56,752,770.92	-	-	-	Self-financing
Renovation of Hôtels du pont de Suresnes	7,980,287.11	64,272.36	(710,876.37)	-	-	-	(764,267.25)	6,569,415.85	-	-	-	Self-financing
Renovation of Bleu Roissy	7,837,195.90	779,451.94	(7,373,544.60)	-	-	-	(413,757.96)	829,345.28	-	-	-	Self-financing
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	7,075,128.90	40,246,171.99	-	-	-	-	(2,984,682.79)	44,336,618.10	-	-	-	Self-financing
Renovation of LHG Exploitation (ex LH198 ex Louvre Résidences)	7,050,312.15	569,573.37	(6,722,791.11)	-	-	-	(359,713.15)	537,381.26	-	-	-	Self-financing
Renovation of LWHI Property Holding Poland	6,412,374.45	70,028.02	-	-	-	-	(670,150.64)	5,812,251.83	-	-	-	Self-financing
Renovation of Hôtel du Château (Fontainebleau)	3,048,466.14	13,138.83	(2,919,988.99)	-	-	-	(141,615.98)	-	-	-	-	Self-financing
Renovation of Hôtel Grill de Chasse sur Rhône	2,150,945.89	269,180.67	(2,051,024.06)	-	-	-	(115,135.84)	253,966.66	-	-	-	Self-financing
Renovation of Nordic Hotel AG Kiel GmbH	2,038,350.00	-	(1,943,658.80)	-	-	-	(94,691.20)	-	-	-	-	Self-financing
Renovation of Gestion Hôtels Nancy Essey, Maubeuge	1,702,657.03	420,658.12	(1,623,560.39)	-	-	-	(102,872.11)	396,882.65	-	-	-	Self-financing
Renovation of Hôtel Grill Blois	1,523,196.52	35,311.08	(77,248.96)	-	-	-	(150,480.80)	1,330,777.84	-	-	-	Self-financing
Renovation of Brie Auvergne Invest Hotels	1,475,428.43	1,316,605.47	(1,406,887.66)	-	-	-	(142,954.91)	1,242,191.33	-	-	-	Self-financing
Renovation of Sarovar	1,199,529.90	12,603.51	-	-	-	-	(51,038.97)	1,161,094.44	-	-	-	Self-financing
Renovation of Hôtel Grill Nice l'Arenas	1,189,484.84	352,357.10	(1,022,487.81)	-	-	-	(81,487.92)	437,866.21	-	-	-	Self-financing
Renovation of Saliwawadon Ltd (Liverpool, Manchester, Wakefield, Washington, Doncaster, Northampton)	1,061,586.90	1,030,715.64	(853,941.28)	-	-	-	(45,860.97)	1,192,500.29	-	-	-	Self-financing
Renovation of Louvre Hotele Group	867,139.84	38,596.04	-	-	-	-	(95,714.12)	810,021.76	-	-	-	Self-financing
Renovation of Milcardar Ltd (Cardiff, Dartford, Glasgow, Leicester, Milton Keynes)	420,185.88	1,656,347.29	(229,820.46)	-	-	-	(64,754.00)	1,781,958.71	-	-	-	Self-financing
Renovation of Hôtelière Loon Plage (Dunkerque)	62,964.31	878,903.07	(47,795.79)	-	-	-	(53,292.33)	840,779.26	-	-	-	Self-financing
Renovation of Hôtel Gril Strasbourg Geispolsheim	45,083.09	888,787.42	(42,988.76)	-	-	-	(52,328.32)	838,553.43	-	-	-	Self-financing
Renovation of Hôtel Grill de Lutterbach	36,594.48	1,218,893.61	(23,617.29)	-	-	-	(71,228.87)	1,160,641.93	-	-	-	Self-financing
Renovation of Gestion Hotel de Metz	27,336.84	911,797.13	(26,066.91)	-	-	-	(52,804.43)	860,262.63	-	-	-	Self-financing
Renovation of Eco Bourges	-	914,575.72	-	-	-	-	(51,691.54)	862,884.18	-	-	-	Self-financing
Other overseas renovation and system development	28,581,926.28	20,396,411.65	(11,662,205.36)	(2,613,600.81)	-	(36,730.56)	(2,988,187.32)	31,677,613.88	-	-	-	Self-financing
Subtotal of GDL	231,656,295.58	168,991,370.75	(113,984,751.66)	(41,180,887.77)		(6,172,540.00)	(23,708,173.77)	215,601,313.13				
Construction of commercial properties	26,358,868.15	-	-	-	-	(26,358,868.15)	-	-	-	-	-	Self-financing
Renovation of direct-sale store	11,008,142.14	135,411,541.06	(1,715,265.05)	(933,085.67)	(42,218,877.55)	-	-	101,552,454.93	-	-	-	Self-financing
Subtotal of Keystone	37,367,010.29	135,411,541.06	(1,715,265.05)	(933,085.67)	(42,218,877.55)	(26,358,868.15)		101,552,454.93				
Total	459,165,097.25	436,722,844.32	(148,339,805.14)	(44,263,530.98)	(164,091,490.70)	(32,531,408.15)	(23,708,173.77)	482,953,532.83				

(3) In the reporting period, the provision for impairment of the Group's construction in progress decreased by RMB 120,312.61 due to the translation difference.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Right-of-use assets

RMB

Item	Overseas land and land use right	Buildings	Machinery and equipment	Transportation vehicles	Others	Total
I. Original carrying amount						
1. Opening balance of the current year	300,759,685.84	17,689,971,931.44	458,246,389.58	8,546,625.00	1,278,583.16	18,458,803,215.02
2. Addition	2,322,285.47	252,536,806.11	1,803,956.44	3,650,099.40	52,494.58	260,365,642.00
3. Disposal	-	(157,124,457.91)	(2,741,916.29)	(2,969,053.60)	-	(162,835,427.80)
4. Translation reserve	(28,360,979.18)	(385,507,563.32)	-	(896,137.00)	-	(414,764,679.50)
5. Closing balance	274,720,992.13	17,399,876,716.32	457,308,429.73	8,331,533.80	1,331,077.74	18,141,568,749.72
II. Accumulated amortization						
1. Opening balance of the current year	6,557,443.91	8,648,051,698.38	248,984,970.26	6,050,850.00	599,691.38	8,910,244,653.93
2. Addition	4,204,724.75	1,265,713,863.26	29,451,899.14	2,486,965.00	104,358.65	1,301,961,810.80
3. Disposal	-	(154,362,699.38)	-	(2,969,053.60)	-	(157,331,752.98)
4. Translation reserve	(782,883.44)	(122,205,576.31)	-	(579,948.70)	-	(123,568,408.45)
5. Closing balance	9,979,285.22	9,637,197,285.95	278,436,869.40	4,988,812.70	704,050.03	9,931,306,303.30
III. Provision for impairment						
1. Opening balance of the current year	-	-	-	-	-	-
2. Addition	-	-	-	-	-	-
3. Deduction	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Carrying amount						
1. Closing balance of the current year	264,741,706.91	7,762,679,430.37	178,871,560.33	3,342,721.10	627,027.71	8,210,262,446.42
2. Opening balance of the current year	294,202,241.93	9,041,920,233.06	209,261,419.32	2,495,775.00	678,891.78	9,548,558,561.09

As at 31 December 2021, the lease liabilities relating to above right-of-use assets amounted to RMB 9,974,514,851.66. The lease agreements did not specify any commitments in addition to the secured interests in the leased assets held by the lessor. The above right-of-use assets cannot be used for purposes such as borrowing security or guarantee, etc.

The Group leases various assets, including overseas land and land use rights, buildings, machinery and equipment, transportation equipment and others, with the term of lease varies from 2 to 10 years.

16. Intangible assets

RMB

Item	Land use rights	Franchise contract	Beneficial right of long-term leases	Trademark and brand (Note)	Membership	Patent, relevant rights and software	Total
I. Original carrying amount							
1. Closing balance of the preceding year	317,107,989.73	463,387,932.82	368,558,872.37	6,215,551,009.26	398,197,332.13	943,847,452.25	8,706,650,588.56
Changes in accounting policies	-	-	(368,558,872.37)	-	-	-	(368,558,872.37)
2. Opening balance of the current year	317,107,989.73	463,387,932.82	-	6,215,551,009.26	398,197,332.13	943,847,452.25	8,338,091,716.19
3. Addition	76,036.41	-	-	-	-	51,462,609.49	51,538,645.90
(1) Purchase	29,734.52	-	-	-	-	7,245,380.40	7,275,114.92
(2) Transfer from construction in progress	46,301.89	-	-	-	-	44,217,229.09	44,263,530.98
4. Deduction	(23,163,646.15)	-	-	-	-	(171,365,749.92)	(194,529,396.07)
(1) Disposal	(23,163,646.15)	-	-	-	-	(171,365,749.92)	(194,529,396.07)
5. Translation reserve	-	-	-	(244,015,216.22)	-	(63,418,348.24)	(307,433,564.46)
6. Closing balance of the current year	294,020,379.99	463,387,932.82	-	5,971,535,793.04	398,197,332.13	760,525,963.58	7,887,667,401.56
II. Accumulated amortization							
1. Closing balance of the preceding year	174,731,061.67	289,981,988.62	254,003,680.52	1,285,912.06	142,292,332.13	632,162,104.33	1,494,457,079.33
Changes in accounting policies	-	-	(254,003,680.52)	-	-	-	(254,003,680.52)
2. Opening balance of the current year	174,731,061.67	289,981,988.62	-	1,285,912.06	142,292,332.13	632,162,104.33	1,240,453,398.81
3. Addition	5,190,349.24	32,792,505.10	-	229,566.00	16,780,000.00	95,350,124.21	150,342,544.55
(1) Charge for the year	5,190,349.24	32,792,505.10	-	229,566.00	16,780,000.00	95,350,124.21	150,342,544.55
4. Deduction	(5,129,672.01)	-	-	-	-	(165,757,090.62)	(170,886,762.63)
(1) Disposal	(5,129,672.01)	-	-	-	-	(165,757,090.62)	(170,886,762.63)
5. Translation reserve	-	-	-	(116,858.70)	-	(40,091,036.42)	(40,207,895.12)
6. Closing balance of the current year	174,791,738.90	322,774,493.72	-	1,417,725.36	159,072,332.13	521,644,995.50	1,179,701,285.61
III. Provision for impairment							
1. Closing balance of the preceding year	-	-	-	-	-	320,183.36	320,183.36
2. Addition	-	-	-	-	-	-	-
3. Deduction	-	-	-	-	-	-	-
4. Closing balance of the current year	-	-	-	-	-	320,183.36	320,183.36
IV. Carrying amount							
1. Closing balance of the current year	119,228,641.09	140,613,439.10	-	5,970,118,067.68	239,125,000.00	238,560,784.72	6,707,645,932.59
2. Closing balance of the preceding year	142,376,928.06	173,405,944.20	114,555,191.85	6,214,265,097.20	255,905,000.00	311,365,164.56	7,211,873,325.87

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Intangible assets - continued

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 2021, brands with indefinite useful life was RMB 5,970,035,960.74.

17. Goodwill

(1) Original carrying amount of goodwill

RMB

Name of the investee and item resulting in goodwill	31 December 2020	Increase	Translation reserve	31 December 2021
Keystone	5,766,874,767.03	-	-	5,766,874,767.03
GDL	5,015,888,643.31	-	(503,166,088.69)	4,512,722,554.62
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
Total	11,547,278,098.55	-	(503,166,088.69)	11,044,112,009.86

(2) Provision for goodwill impairment

RMB

Name of the investee and item resulting in goodwill	31 December 2020	Provision	31 December 2021
Jinguang Inn	40,171,417.85	-	40,171,417.85
Duzhuhua	3,740,756.59	-	3,740,756.59
Total	43,912,174.44	-	43,912,174.44

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 2021, carrying amount and impairment allowance for the goodwill allocated to the six portfolios of asset groups are as follows:

RMB

	Cost	Impairment provision	Net carrying amount
Domestic operation and management of limited service hotels segment-Keystone	5,766,874,767.03	-	5,766,874,767.03
Overseas operation and management of limited service hotels segment -GDL	4,512,722,554.62	-	4,512,722,554.62
Domestic operation and management of limited service hotels segment - Vienna and Baisuicun	668,816,710.56	-	668,816,710.56
Domestic operation and management of limited service hotels segment – Smartel	51,785,803.21	-	51,785,803.21
Domestic operation and management of limited service hotels segment- Jinguang Inn	40,171,417.85	(40,171,417.85)	-
Domestic operation and management of limited service hotels segment- Duzhuhua	3,740,756.59	(3,740,756.59)	-
Total	11,044,112,009.86	(43,912,174.44)	11,000,199,835.42

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. **NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS** - continued

17. **Goodwill** - continued

(2) Provision for goodwill impairment - continued

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 2022 to 2026 approved by the management. Key assumptions used for the estimation of the present value of future cash flow are: estimated changes in room revenue (the compound growth rate of room revenue from 2022 to 2026 will be 6.3% and will reach approximately 1.28% after 2026) and discount rate based on the historical result of the asset group portfolio and estimated development market. Among them, room revenue growth rate after 2026 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 2022 to 2026 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 (the compound growth rate of revenue from 2022 to 2026 will be 11.65% and will reach approximately 2% after 2026) and pre-tax discount rate based on the historical results of the asset group portfolio and estimated market development. Among them, hotel business revenue growth rate after 2026 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.

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 2022 to 2026 approved by the management. Key assumptions used in the present value of future cash flows are: the estimated hotel business revenue growth rate (the compound growth rate of revenue from 2022 to 2026 will be 4.13% and will reach approximately 2% after 2026) and pre-tax discount rate based on the historical results of the asset group portfolio and estimated market development. Among them, hotel business revenue growth rate after 2026 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Goodwill - continued

(2) Provision for goodwill impairment - continued

Key assumption and basis for determining the recoverable amount of the above portfolios of asset groups: - continued

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.

18. Long-term prepaid expenses

RMB

Item	31 December 2020	Changes in accounting policies	1 January 2021	Addition (Note 1)	Amortization	Other deduction (Note 2)	Translation reserve	31 December 2021
Leasehold improvement	1,618,036,216.21	-	1,618,036,216.21	87,395,342.11	(273,892,984.60)	(78,417,713.28)	(3,588,769.50)	1,349,532,090.94
Leasehold decoration	331,362,684.56	-	331,362,684.56	106,008,391.36	(190,669,706.56)	(12,947,684.68)	-	233,753,684.68
Others	26,732,774.91	(6,247,904.42)	20,484,870.49	6,586,013.29	(4,747,464.20)	(143,505.41)	-	22,179,914.17
Total	1,976,131,675.68	(6,247,904.42)	1,969,883,771.26	199,989,746.76	(469,310,155.36)	(91,508,903.37)	(3,588,769.50)	1,605,465,689.79

Note 1: The addition includes long-term prepaid expenses of RMB 164,091,490.70 transferred from construction in progress after completion, RMB 5,638,513.38 increased from purchase, and RMB 30,259,742.68 increased by completion settlement.

Note 2: Other deduction includes deduction of long-term prepaid expenses of RMB 2,900,928.43 due to completion settlement, and disposal of long-term prepaid expenses amounting to RMB 88,607,974.94.

19. Deferred tax assets/ liabilities

(1) Deferred tax assets before offsetting are set below:

RMB

Item	31 December 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	299,895,511.19	75,678,978.66	334,333,469.70	84,496,389.07
Deferred income on membership points and advances of membership	41,230,131.08	10,307,532.78	42,439,749.30	10,609,937.32
Related to leases	455,365,467.33	114,822,467.91	485,007,469.70	121,251,867.42
Government grants	3,910,454.08	977,613.52	8,559,752.80	2,139,938.20
Provision for impairment of assets	93,995,147.37	23,848,338.92	162,915,931.57	41,315,926.79
Provision for loss of credit	95,848,172.09	23,962,043.02	92,309,669.91	23,077,417.48
Depreciation differences of fixed assets between tax base and accounting base	3,328,492.79	832,123.20	5,851,203.01	1,462,800.75
Deductible losses	3,136,701,861.90	795,418,622.81	3,030,610,606.92	771,992,459.98
Accrued expenses	103,127,133.42	25,781,783.36	67,250,392.54	16,812,598.14
Changes in fair value of held-for-trading financial assets included in gains or losses from changes in fair value	74,189,338.92	18,547,334.73	56,469,338.94	14,117,334.73
Changes in fair value of other equity instrument investments recognized in other comprehensive income	6,993,488.64	1,748,372.16	7,238,232.80	1,809,558.20
Long-term contract liabilities related to franchise service	37,709,930.33	9,736,704.01	50,228,686.35	12,969,046.82
Others	15,059,602.86	3,766,500.36	21,773,444.49	5,445,343.59
Total	4,367,354,732.00	1,105,428,415.44	4,364,987,948.03	1,107,500,618.49

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Deferred tax assets/Deferred tax liabilities - continued

(2) Deferred tax liabilities before offsetting are set below:

RMB

Item	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other non-current financial assets included in gains or losses from changes in fair value	430,788,337.23	107,697,084.31	430,588,337.23	107,647,084.31
Adjustment of fair value of assets derived from business combination not involving enterprises under common control	7,808,531,499.94	1,979,438,228.49	8,368,295,025.19	2,123,187,841.73
Depreciation differences of fixed assets between tax base and accounting base	47,802,701.57	12,342,657.54	58,374,985.06	15,072,421.14
Related to leases	82,924,031.27	21,222,302.34	78,633,023.49	20,303,046.65
Others	1,125,030.58	283,752.06	31,052,050.34	8,014,576.86
Total	8,371,171,600.59	2,120,984,024.74	8,966,943,421.31	2,274,224,970.68

(3) Deferred tax assets or liabilities after offsetting are presented on a net basis as below:

RMB

Item	31 December 2021		31 December 2020	
	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	353,929,674.39	751,498,741.05	180,898,507.97	926,602,110.52
Deferred tax liabilities	353,929,674.39	1,767,054,350.35	180,898,507.97	2,093,326,462.71

(4) Details of unrecognized deferred tax assets:

RMB

Item	31 December 2021	31 December 2020
Deductible losses	1,792,821,385.92	1,325,818,400.80
Deductible temporary differences	907,407,547.19	30,544,131.73
Total	2,700,228,933.11	1,356,362,532.53

(5) Deductible losses where no deferred tax assets are recognized will expire as follows:

RMB

	31 December 2021	31 December 2020
2021	-	184,216,729.64
2022	244,036,995.28	237,536,783.12
2023	140,515,235.28	143,726,112.51
2024	326,998,723.59	314,697,142.02
2026	593,438,735.45	-
2028 and subsequent years	487,831,696.32	445,641,633.51
Total	1,792,821,385.92	1,325,818,400.80

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Other non-current assets

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Time deposits	3,006,000,000.00	-	3,006,000,000.00	-	-	-
Interest receivable on time deposits	63,855,166.67	-	63,855,166.67	-	-	-
Rental for use of underground buildings	46,665,675.93	-	46,665,675.93	48,393,721.53	-	48,393,721.53
Down payments and deposits	45,472,248.24	-	45,472,248.24	47,839,452.53	-	47,839,452.53
Entrusted loans	37,210,000.00	-	37,210,000.00	25,325,200.00	-	25,325,200.00
Others	-	-	-	482,267.75	-	482,267.75
Total	3,199,203,090.84	-	3,199,203,090.84	122,040,641.81	-	122,040,641.81

(1) Details of provision for bad debts

As at 31 December 2021, the Group has long-term time deposits (including interest receivable) amounting to RMB 3,069,855,166.67. The Group determined that loss allowance for the above long-term time deposits (including interest receivable) under expected credit loss on an individual basis was not significant.

At 31 December 2021, 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 2021 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 2021 to 29 June 2023, carrying an annual interest rate of 1.15%; the Group entrusted Finance Company to issue an entrusted loan of RMB 12,100,000.00 to Zhenjiang Jingkou Jin Jiang Inn Co., Ltd. with a loan term from 1 June 2021 to 31 May 2024, carrying an annual interest rate of 1.15%; the Group entrusted Finance Company to issue an entrusted loan of RMB 4,410,000.00 to Changchun Jinlv Investment and Management Co., Ltd. with a loan term from 1 June 2021 to 31 May 2024, carrying an annual interest rate of 1.15%. The Group's provision for ECL measured for the above entrusted loans on an individual asset basis was not significant.

As at 31 December 2021, the credit risk and expected credit loss of down payments and deposits in other non-current assets are as follows:

RMB

Internal credit rating	31 December 2021			
	12-month ECL	Lifetime ECL (Non-credit-impaired)	Lifetime ECL (Credit-impaired)	Total
Normal	45,472,248.24	-	-	45,472,248.24
Loss	-	-	-	-
Total book balance	45,472,248.24	-	-	45,472,248.24
Provision for impairment	-	-	-	-
Carrying amount	45,472,248.24	-	-	45,472,248.24

21. Short-term borrowings

Short-term borrowings by category:

RMB

Item	31 December 2021	31 December 2020
Credit borrowings - other financial institution (Note 1)	15,500,000.00	21,500,000.00
Credit borrowings - bank (Note 2)	853,523,164.09	994,585,319.50
Total	869,023,164.09	1,016,085,319.50

Note 1: As at 31 December 2021, the Group's subsidiaries had credit borrowings totaling up to RMB 15,500,000.00 financed from Finance Company with an annual interest rate of 3.60%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Short-term borrowings - continued

Note 2: As at 31 December 2021, the Group had credit borrowings of RMB 570,000,000.00 financed from China Construction Bank Shanghai Pudong Branch, with a borrowing period from 19 March 2021 to 18 March 2022. The annual interest rate was the prime rate of the one-year loan as published by the Nation Interbank Funding Center minus 65 basis points, which was 3.2%.

As at 31 December 2021, the Group's overseas subsidiaries had bank overdraft borrowings equivalent to RMB 283,523,164.09 financed from overseas banks, which carried floating interest at an annual interest rate of the three-month EUR Inter Bank Offered Rate plus 70 basis points.

22. Accounts payable

Details of accounts payable are as follows:

Item	31 December 2021	31 December 2020
Payables for operation/ leases	751,185,500.75	1,445,757,507.82
Payables for construction	321,721,408.72	341,613,633.34
Total	1,072,906,909.47	1,787,371,141.16

RMB

23. Advances from customers

Details of advances from customers are as follows:

Item	31 December 2021	31 December 2020
Advances for rental	9,096,686.35	5,481,209.40
Total	9,096,686.35	5,481,209.40

RMB

24. Contract liabilities

Details of contract liabilities are as follows:

Item	31 December 2021	31 December 2020
Contract liabilities related to membership card income (Note 1)	145,000,579.11	235,396,408.56
Contract liabilities related to hotel room and catering services (Note 2)	59,122,829.61	63,430,051.33
Contract liabilities related to sales proceeds (Note 3)	24,733,786.12	81,440,212.85
Contract liabilities related to franchise service (Note 2)	523,019,191.83	549,322,732.05
Others	34,549,716.63	10,351,239.48
Total	786,426,103.30	939,940,644.27

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Contract liabilities - continued

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.

25. Employee benefits payable

(1) List of employee benefits payable

RMB

Item	31 December 2020	Addition	Reduction	Translation reserve	31 December 2021
1. Short-term benefits	766,320,650.00	4,147,768,578.56	(4,104,843,832.87)	(29,639,319.08)	779,606,076.61
2. Domestic post-employment benefits-defined contribution plan	140,180,243.42	246,438,855.37	(250,481,286.09)	-	136,137,812.70
3. Termination benefits	6,810,775.43	19,162,589.62	(18,196,157.06)	-	7,777,207.99
Total	913,311,668.85	4,413,370,023.55	(4,373,521,276.02)	(29,639,319.08)	923,521,097.30

(2) List of short-term employee benefits payable

RMB

Item	31 December 2020	Addition	Reduction	Translation reserve	31 December 2021
1. Wages or salaries, bonus, allowance, subsidies	504,470,196.34	3,568,387,848.01	(3,508,356,762.93)	(13,591,285.47)	550,909,995.95
2. Staff welfare	963,725.47	94,355,569.31	(94,717,745.39)	-	601,549.39
3. Domestic social insurance	23,343,959.41	125,650,645.17	(132,465,460.68)	-	16,529,143.90
Including: Medical insurance	11,923,892.39	113,626,651.70	(119,176,401.38)	-	6,374,142.71
Work-related injury insurance	4,808,574.68	5,159,650.12	(5,570,701.65)	-	4,397,523.15
Maternity insurance	6,611,492.34	6,864,343.35	(7,718,357.65)	-	5,757,478.04
4. Domestic housing fund	72,686,588.03	80,193,297.82	(83,867,457.10)	-	69,012,428.75
5. Overseas social insurance	164,308,119.69	262,345,061.10	(270,131,852.05)	(16,048,033.61)	140,473,295.13
6. Labor union and education fund	539,293.24	15,930,345.11	(14,622,507.83)	-	1,847,130.52
7. Others	8,767.82	905,812.04	(682,046.89)	-	232,532.97
Total	766,320,650.00	4,147,768,578.56	(4,104,843,832.87)	(29,639,319.08)	779,606,076.61

(3) Domestic post-employment benefits - defined contribution plan

RMB

Item	31 December 2020	Addition	Reduction	Translation reserve	31 December 2021
1. Pension insurance	139,742,918.86	234,774,117.95	(239,443,492.22)	-	135,073,544.59
2. Unemployment insurance	437,324.56	11,664,737.42	(11,037,793.87)	-	1,064,268.11
Total	140,180,243.42	246,438,855.37	(250,481,286.09)		136,137,812.70

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.

The Company and its domestic subsidiaries shall contribute RMB 234,774,117.95 and RMB 11,664,737.42 to pension insurance and unemployment insurance plan respectively in 2021. As at 31 December 2021, 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 135,073,544.59 and RMB 1,064,268.11 respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

26. Taxes payable

Item	RMB	
	31 December 2021	31 December 2020
Value added tax	126,929,755.36	140,650,705.59
Enterprise income tax	111,918,372.87	275,913,026.85
Property tax	2,703,821.51	5,047,313.50
Other domestic taxes	27,565,416.77	28,081,686.15
Other foreign taxes	28,092,199.35	26,074,255.65
Total	297,209,565.86	475,766,987.74

27. Other payables

27.1 Disclosure by categories

Item	RMB	
	31 December 2021	31 December 2020
Other payables	1,597,756,137.42	1,530,316,680.37
Interest payable	10,368,579.62	12,688,447.97
Dividends payable	170,669,442.56	240,945,600.79
Total	1,778,794,159.60	1,783,950,729.13

27.2 Other payables

(1) Details of other payables are as follows:

Item	RMB	
	31 December 2021	31 December 2020
Agency fund	885,000,241.45	894,751,883.39
Down payments and deposits	348,131,073.31	305,583,091.05
Accrued expenses	211,917,155.59	171,662,933.05
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
Payment for acquisition of minority interests of Keystone (Note)	31,372,015.18	4,450,000.00
Others	62,712,203.60	65,245,324.59
Total	1,597,756,137.42	1,530,316,680.37

Note: The Group still has outstanding payments for acquisition of minority interests of Keystone, amounting to RMB 31,372,015.18.

(2) Explanation of other payables with a large amount aged over 1 year at the end of the reporting period

At 31 December 2021, 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.

(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 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. Other payables - continued

27.3 Interest payable

Item	31 December 2021	31 December 2020
Interest payable for long-term borrowings	9,811,246.29	12,073,395.19
Interest payable for short-term borrowings	557,333.33	615,052.78
Total	10,368,579.62	12,688,447.97

RMB

27.4 Dividends payable

Name of entity	31 December 2021	31 December 2020
Dividends payable to A share shareholders	590,851.03	586,773.69
Dividends payable to minority shareholders of Vienna	152,470,120.58	129,551,831.52
Dividends payable to minority shareholders of Jin Jiang Inn Hotel Co. Ltd.	-	28,753,600.00
Dividends payable to minority shareholders of Keystone	17,608,470.95	82,053,395.58
Total	170,669,442.56	240,945,600.79

RMB

28. Non-current liabilities due within one year

Details of non-current liabilities due within one year are as follows:

Item	31 December 2021	31 December 2020
Long-term borrowings due within one year (Note (V) 29)	5,081,536,166.18	837,818,420.86
Lease liabilities due within one year (Note (V) 30)	1,430,034,461.52	-
Long-term payables due within one year (Note (V) 31)	13,336,297.93	57,239,942.04
Total	6,524,906,925.63	895,058,362.90

RMB

29. Long-term borrowings

Item	31 December 2021	31 December 2020
Pledged borrowings (Note 1)	959,000,000.00	2,459,000,000.00
Mortgage borrowings (Note 2)	34,954,224.50	54,225,621.01
Credit borrowings (Note 3)	6,662,261,750.30	5,621,619,002.97
Guaranteed borrowings (Note 4)	5,414,775,000.00	7,238,550,000.00
Entrusted borrowings (Note 5)	4,500,000.00	4,500,000.00
Total (Note 6)	13,075,490,974.80	15,377,894,623.98
Less: Long-term borrowings due within one year	5,081,536,166.18	837,818,420.86
Long-term borrowings due after one year	7,993,954,808.62	14,540,076,203.12

RMB

Note 1: As at 31 December 2021, the Group obtained borrowing of RMB 959,000,000.00 from Export-Import Bank of China, of which RMB 959,000,000.00 is due within one year, with the term of borrowing from 18 February 2016 to 18 February 2022. Such borrowing was pledged by 81.0034% equity of Keystone (the Group's subsidiary). The annual interest rate is floating, and the weighted average financing cost for the year is 3.3250%.

Note 2: As at 31 December 2021, the subsidiary of the Group obtained PLN borrowing of equivalent RMB 34,954,224.50 from overseas banks, of which RMB 7,120,090.08 is due within one year, with the maturity date on 31 March 2023. The annual interest rate is the three-month interest rate of Poland Inter Bank Offered Rate plus 270 basis points. The relevant subsidiary pledged its fixed assets for collateral, details are set out in Note (V) 55.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29. Long-term borrowings - continued

Note 3: As at 31 December 2021, the Group's subsidiary Sailing Investment obtained borrowing of EUR 380,000,000.00 or RMB 2,743,486,000.00 from related party Master Melon Capital with the term from 15 May 2017 to 10 May 2025, with annual financing cost of 1.05%.

As at 31 December 2021, the Group's overseas subsidiary obtained borrowing of equivalent RMB 1,460,605,750.30 from the overseas bank, among which the borrowing of RMB 33,761,076.10 is due within one year.

As at 31 December 2021, the Group obtained borrowing of RMB 2,458,170,000.00 from Finance Company with an annual rate of 3.3250% to 3.8875%, among which borrowing of RMB 832,790,000.00 is due within one year.

Note 4: As at 31 December 2021, the Group's subsidiary Sailing Investment obtained borrowing of EUR 117,000,000.00 or RMB 844,704,900.00 from Bank of China Shanghai Branch, of which RMB 844,704,900.00 is due within one year. 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 Communications Frankfurt Branch is EUR 333,000,000.00 or RMB 2,404,160,100.00, of which RMB 2,404,160,100.00 is due within one year. The term is from 17 November 2017 to 17 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 current year is 1.00% and the management fee rate is 0.30%. The above borrowings are all guaranteed by Jin Jiang International (Group) Co., Ltd.

As at 31 December 2021, the Group's subsidiary Sailing Investment obtained borrowing of EUR 300,000,000.00 or RMB 2,165,910,000.00 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 2021, 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 2021, RMB 6,270,062,928.17 of the Group's long-term borrowings (including the portion due within one year) carries at floating interest rate.

30. Lease liabilities

Item	31 December 2021	31 December 2020
Lease liabilities	9,974,514,851.66	
Less: Lease liabilities included in non-current liabilities due within one year	1,430,034,461.52	
Net carrying amount	8,544,480,390.14	

31. Long-term payables

(1) Nature of long-term payables are as follows

Item	31 December 2021	31 December 2020
Finance lease	-	162,280,996.19
Payment for acquisition of GT SEA	6,151,185.54	7,334,850.00
Payment for acquisition of minority interests of Hôtels et Préférence (Note 1)	6,375,426.74	6,576,026.22
Payment for acquisition of minority interests of Sarovar (Note 2)	68,666,188.73	33,116,083.04
Others	93,856.10	104,325.00
Less: Long-term payables due within one year	13,336,297.93	57,239,942.04
Total	67,950,359.18	152,172,338.41

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31. Long-term payables - continued

(1) Nature of long-term payables are as follows - continued

Note 1: 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 2021, the above amount is equivalent to RMB 6,375,426.74.

Note 2: 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 2021, the fair value of the above consideration is equivalent to RMB 68,666,188.73, of which the Group expects to pay within one year amounts to RMB 13,336,297.93.

32. Long-term employee benefits payable

(1) Long-term employee benefits payable

Item	31 December 2021	31 December 2020
Post-employment benefits - Net liabilities derived from defined benefit plan	77,736,149.42	99,640,012.22
Total	77,736,149.42	99,640,012.22

RMB

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

Item	2021	2020
I. Closing balance of the prior year	99,640,012.22	89,587,384.84
II. Defined benefit costs recognized in profit or loss for the current year	16,264,938.74	7,970,856.97
1. Current service cost	16,264,938.74	7,347,807.42
2. Net interest	-	623,049.55
III. Defined benefit costs recognized in other comprehensive income	(4,023,649.20)	2,508,467.47
1. Actuarial losses (gains)	(4,023,649.20)	2,508,467.47
IV. Consideration paid at settlement	(2,536,607.73)	(2,326,492.21)
V. Translation difference arising on translation of financial statements denominated in foreign currencies	(31,608,544.61)	1,899,795.15
VI. Closing balance of the current year	77,736,149.42	99,640,012.22

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

32. Long-term employee benefits payable - continued

(2) Changes in defined benefit plan - continued

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 recognizes its 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 year in which 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 0.85% and the inflation rate is 1.90%. 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.

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 3,854,794.04 (increased by RMB 4,431,619.86).
- If the inflation rate increases (decreases) by 0.50%, the present value of defined benefit plan will be increased by RMB 591,790.68 (decreased by RMB 553,306.32).
- If the expected growth rate of salary increases (decreases) by 0.50%, the present value of defined benefit plan will be increased by RMB 2,187,485.44 (decreased by RMB 1,778,903.28).

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

33. Provisions

Item	RMB	
	31 December 2021	31 December 2020
Pending litigation (Note1)	12,906,746.53	18,153,905.46
Provision for operating risks (Note 2)	37,978,368.99	30,193,674.51
Loss of long-term lease	-	3,021,272.99
Total	50,885,115.52	51,368,852.96

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 9,906,746.53 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 3,000,000.00 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.

34. Other non-current liabilities

Item	RMB	
	31 December 2021	31 December 2020
Long-term contract liabilities related to Membership credit (Note)	69,417,222.12	67,559,407.04
Government grants	52,351,798.47	55,390,178.33
Long-term contract liabilities related to franchise service (Note V (24))	39,927,034.71	52,774,727.25
Others	903,696.63	1,266,891.32
Total	162,599,751.93	176,991,203.94

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:

Item	RMB				
	31 December 2020	Additions	Amount recognized in profit or loss	31 December 2021	Related to asset/income
Metropolo brand innovation project special support funds	8,493,100.00	-	(1,221,900.00)	7,271,200.00	Related to asset
GDLHotel property support subsidy	46,846,418.06	-	(1,800,478.58)	45,045,939.48	Related to asset
Others	50,660.27	-	(16,001.28)	34,658.99	Related to asset
Total	55,390,178.33	-	(3,038,379.86)	52,351,798.47	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Share capital

RMB

	31 December 2020	Change for the year					31 December 2021
		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	-	3,363,228.00	-	-	(3,363,228.00)	-	-
3. Other domestic shares	-	77,757,845.00	-	-	(77,757,845.00)	-	-
4. Other foreign shares	-	30,986,550.00	-	-	(30,986,550.00)	-	-
Total restricted tradable shares	-	112,107,623.00	-	-	(112,107,623.00)	-	-
II. Tradable shares							
1. Ordinary shares denominated in RMB	801,936,440.00	-	-	-	112,107,623.00	-	914,044,063.00
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	957,936,440.00	-	-	-	112,107,623.00	-	1,070,044,063.00
III. Total shares	957,936,440.00	112,107,623.00	-	-	-	-	1,070,044,063.00

RMB

	31 December 2019	Change for prior 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	-	-	-	-	-	-	-
3. Other domestic shares	-	-	-	-	-	-	-
4. Other foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	-	-	-	-	-	-	-
II. Tradable shares							
1. Ordinary shares denominated in RMB	801,936,440.00	-	-	-	-	-	801,936,440.00
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	957,936,440.00	-	-	-	-	-	957,936,440.00
III. Total shares	957,936,440.00	-	-	-	-	-	957,936,440.00

36. Capital reserve

RMB

Item	31 December 2020	Addition	Reduction	31 December 2021
Capital premium	7,735,393,526.58	4,866,437,544.30	(162,157,786.00)	12,439,673,284.88
Including: Capital contributed by investors	7,785,762,028.07	4,866,437,544.30	-	12,652,199,572.37
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 (Note VI,2)	(1,077,504,712.40)	-	(162,157,786.00)	(1,239,662,498.40)
Other capital reserve	130,191,685.28	980,194.17	-	131,171,879.45
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)	(33,311,126.72)	980,194.17	-	(32,330,932.55)
Total	7,865,585,211.86	4,867,417,738.47	(162,157,786.00)	12,570,845,164.33

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

36. Capital reserve - continued

Note: It is due to the Group's share of the increase in capital reserve of associates.

RMB

Item	31 December 2019	Addition	Reduction	31 December 2020
Capital 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	(33,767,938.98)	456,812.26	-	(33,311,126.72)
Total	7,865,128,399.60	456,812.26	-	7,865,585,211.86

37. Other comprehensive income (loss)

RMB

Item	31 December 2020	Amount incurred in the current year					31 December 2021
		Amount before income tax	Less: Previously recognized in other comprehensive income and transferred to profit or loss in the current year	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	(17,411,474.72)	4,023,649.20	-	1,038,101.51	2,985,547.69	-	(14,425,927.03)
Changes in fair value of investments in other equity instruments	17,040,692.39	4,017,278.79	-	61,186.04	3,956,092.75	-	20,996,785.14
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	1,571,438.99	133,082.78	-	-	133,082.78	-	1,704,521.77
Effective proportion of profit or loss of cash flow hedging	4,666,317.10	-	-	-	-	-	4,666,317.10
Translation difference	(16,143,600.37)	(18,690,255.33)	-	-	(5,174,753.84)	(13,515,501.49)	(21,318,354.21)
Total	(10,276,626.61)	(10,516,244.56)	-	1,099,287.55	1,899,969.38	(13,515,501.49)	(8,376,657.23)

RMB

Item	31 December 2019	Amount incurred in the prior 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 investments in 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)
Total	24,558,710.09	(37,515,446.09)	-	(1,255,583.47)	(34,835,336.70)	(1,424,525.92)	(10,276,626.61)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Surplus reserve

RMB

Item	31 December 2020	Addition	Reduction	31 December 2021
Statutory surplus reserve	478,968,220.00	56,053,811.50	-	535,022,031.50
Discretionary surplus reserve	180,681,288.50	-	-	180,681,288.50
Total	659,649,508.50	56,053,811.50	-	715,703,320.00

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
Total	659,649,508.50	-	-	659,649,508.50

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. During the year, the Company appropriates to surplus reserve, amounting to RMB 56,053,811.50. As at 31 December 2021, 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.

39. Retained profits

RMB

Item	2021	2020
At 31 December 2020	3,236,624,231.69	3,747,848,954.65
Add: Changes in accounting policies	(955,737,395.59)	(46,673,770.62)
At 1 January 2021	2,280,886,836.10	3,701,175,184.03
Add: Net profit attributable to owners of the parent company	100,621,020.29	110,210,911.66
Less: Appropriation to statutory surplus reserve	56,053,811.50	-
Dividends payable on ordinary shares	62,062,555.65	574,761,864.00
At 31 December 2021	2,263,391,489.24	3,236,624,231.69

Note 1: Cash dividends approved at the general meeting of shareholders

On 29 May 2021, the general meeting of shareholders of the Company approved the profit distribution proposal to distribute cash dividends of RMB 0.058 per share based on the 1,070,044,063 shares (at par value of RMB 1) issued, with a total cash dividends of RMB 62,062,555.65 distributed.

Note 2: Profit distribution after the balance sheet date

On 25 March 2022, the board of directors meeting approved a resolution, which proposed to distribute cash dividends to all shareholders at RMB 0.053 per share based on the 1,070,044,063 shares (at par value of RMB 1) issued. The proposed cash dividends amounted to RMB 56,712,335.34. The proposal is yet to be approved by general meeting of shareholders.

40. Operating income and operating costs

(1) Operating income and operating costs

RMB

Item	2021		2020	
	Income	Cost	Income	Cost
Principal business	11,338,806,894.48	7,457,801,157.49	9,897,441,220.97	7,349,970,965.62
Other business	327,516.15	-	115,043.44	-
Total	11,339,134,410.63	7,457,801,157.49	9,897,556,264.41	7,349,970,965.62

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

40. Operating income and operating costs - continued

(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
Income generated from contracts with customers					
Hotel rooms	3,484,833,118.81	1,384,747,614.28	-	-	4,869,580,733.09
Catering Services	255,693,120.42	387,447,284.78	244,748,420.18	-	887,888,825.38
Sales of goods	245,866,476.30	-	-	-	245,866,476.30
Service of early stage	800,610,831.25	11,308,377.94	-	-	811,919,209.19
Continuous franchise income and income from labor dispatch services	3,062,917,721.97	485,777,237.60	-	-	3,548,694,959.57
Reservation channel	118,537,952.89	-	-	-	118,537,952.89
Membership cards income	385,633,982.54	-	-	-	385,633,982.54
Others	446,054,159.52	20,252,695.54	4,377,900.46	327,516.15	471,012,271.67
Total	8,800,147,363.70	2,289,533,210.14	249,126,320.64	327,516.15	11,339,134,410.63

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 early stage franchise 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 when the provision of relevant services is completed.

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 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

40. Operating income and operating costs - continued

(3) Operating income by area

RMB

Item	2021	2020
Domestic regions of China	9,049,601,200.49	8,060,497,903.94
Including: Shanghai	1,338,399,780.57	1,200,830,418.44
Regions other than Shanghai	7,711,201,419.92	6,859,667,485.50
Overseas regions	2,289,533,210.14	1,837,058,360.47
Total	11,339,134,410.63	9,897,556,264.41

(4) Operating income and costs of limited service hotels operation and management at home and aboard

RMB

Item	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Hotel rooms	4,869,580,733.09	4,702,152,829.54	4,398,667,925.04	4,749,231,544.75
Catering Services	643,140,405.20	351,805,033.49	544,415,388.08	295,585,087.21
Sales of goods	245,866,476.30	129,637,492.47	449,892,441.20	275,321,483.90
Service of early stage	811,919,209.19	393,274,178.48	740,069,475.11	368,193,984.89
Service of continuous franchise and labor dispatch	3,548,694,959.57	1,424,050,120.68	2,822,954,285.78	1,300,210,005.44
Reservation channel	118,537,952.89	-	109,227,137.54	-
Membership cards income	385,633,982.54	71,471,884.18	271,752,627.76	35,077,685.18
Others	466,306,855.06	169,519,334.35	311,419,931.21	117,883,783.11
Total	11,089,680,573.84	7,241,910,873.19	9,648,399,211.72	7,141,503,574.48

(5) Operating income and costs of catering business

RMB

Item	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Chain restaurants	12,385,671.95	4,057,809.90	16,155,531.67	11,684,914.78
Groups meal	205,857,006.80	190,400,754.20	189,041,094.34	168,838,552.62
Sales of food	28,790,062.41	21,246,289.92	42,539,794.19	27,305,818.04
Others	2,093,579.48	185,430.28	1,305,589.05	638,105.70
Total	249,126,320.64	215,890,284.30	249,042,009.25	208,467,391.14

41. Taxes and levies

RMB

Item	2021	2020
Urban maintenance and construction tax	19,951,734.64	14,915,533.46
Education surcharges	14,595,589.44	10,520,980.54
Property tax	84,303,431.08	86,345,841.90
Stamp duty and others	5,141,888.13	2,896,364.71
Total	123,992,643.29	114,678,720.61

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

42. Costs and expenses by nature

(1) Selling expenses:

Item	2021	2020	RMB
Employee benefits	123,907,421.51	118,296,035.90	
Including: Wages or salaries	103,277,669.68	103,154,173.63	
Social insurance and housing fund	18,273,274.21	13,141,651.80	
Welfare and other expenses	2,356,477.62	2,000,210.47	
Energy fees and materials consumption	2,824,241.49	5,972,462.99	
Depreciation and amortization	2,022,243.49	221,438.62	
Rental and property management fees	773,490.92	7,017,529.08	
Repair and maintenance fee	406,553.71	379,063.21	
Commission and advertising fee	685,642,633.63	492,014,674.14	
Others	71,353,709.03	51,232,064.99	
Total selling expenses	886,930,293.78	675,133,268.93	

(2) Administrative expenses:

Item	2021	2020	RMB
Employee benefits	1,271,485,565.74	1,234,939,680.15	
Including: Wages or salaries	976,133,028.10	992,519,739.06	
Social insurance and housing fund	251,949,145.01	186,717,437.39	
Welfare and other expenses	43,403,392.63	55,702,503.70	
Energy fees and materials consumption	23,864,169.51	22,541,068.26	
Depreciation and amortization	279,106,577.55	256,282,628.70	
Rental and property management fees	60,133,175.33	165,426,658.37	
Repair and maintenance fee	93,145,524.72	86,644,510.28	
Agency expense	79,561,838.51	106,375,500.37	
Office expenses	175,165,358.13	158,237,456.21	
Others	338,603,086.42	265,896,875.43	
Total administrative expenses	2,321,065,295.91	2,296,344,377.77	

43. Financial expenses

Item	2021	2020	RMB
Interest expenses	295,941,756.14	341,492,415.74	
Interest expenses on lease liabilities	398,728,146.08	-	
Less: Interest income	179,626,092.01	60,960,123.07	
Foreign exchange differences	221,916.06	38,330,008.58	
Others	25,175,987.24	40,363,833.65	
Total	540,441,713.51	359,226,134.90	

44. Other income

(1) Details of other income are as follows:

Item	2021	2020	RMB
Government grants	384,542,788.65	437,429,152.17	Amount recognized in non-recurring profit or loss of the year
Tax-related subsidy	25,760,122.40	17,611,872.23	
Total	410,302,911.05	455,041,024.40	410,302,911.05

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Other income - continued

(2) Government grants recognized in profit or loss are as follows:

Item	2021	2020	RMB
			Related to assets/related to income
Pandemic-specific support subsidy	329,542,596.29	309,560,429.08	Related to income
Tax deduction / refund	20,679,526.57	62,451,129.64	Related to income
Project and industry support funds	31,282,285.93	60,095,350.92	Related to assets/ income
GDL Hotel property support subsidy	1,800,478.58	-	Related to assets
Metropolo brand innovation project special support funds	1,221,900.00	5,306,250.00	Related to assets
Others	16,001.28	15,992.53	Related to assets/ income
Total	384,542,788.65	437,429,152.17	

45. Investment income

Item	2021	2020	RMB
Investment income from long-term equity investments under equity method	105,135,699.94	102,805,710.31	
Dividends income from held-for-trading financial assets, investments in other equity instruments and other non-current financial assets during the holding period	112,299,779.53	108,136,128.84	
Investment income from disposal of subsidiary	6,299,089.13	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	
Others	439,835.67	418,420.76	
Total	224,174,404.27	814,001,563.20	

46. Gains (losses) from changes in fair value

Item	2021	2020	RMB
Changes in fair value of other non-current financial assets	200,000.00	51,574,385.07	
Changes in fair value of held-for-trading financial assets	(17,720,000.00)	(37,212,000.00)	
Changes in fair value of balance of payment for acquisition of minority interests in Sarovar and Hôtels et Préférence (Note (V) 31)	(39,642,259.14)	55,197,151.19	
Total	(57,162,259.14)	69,559,536.26	

47. Losses from credit impairment

Item	2021	2020	RMB
Bad debt losses of accounts receivable	9,429,076.18	47,018,682.64	
Bad debt losses (reversal) of other receivables	137,168.75	(1,167,644.09)	
Bad debt losses (reversal) of interest receivable	(26,643.95)	-	
Bad debt losses (reversal) of other current assets	(174,899.45)	-	
Total	9,364,701.53	45,851,038.55	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

48. Losses from assets impairment

RMB

Item	2021	2020
Written-down of inventories	114,298.09	-
Losses from fixed assets impairment	2,073,746.20	70,463,295.20
Total	2,188,044.29	70,463,295.20

49. Gains (losses) from disposal of assets

RMB

Item	2021	2020
Gains (losses) from disposal of fixed assets	20,302,318.15	(20,849,848.20)
Gains (losses) from disposal of intangible assets	(19,501,311.13)	(62,888.52)
Gains (losses) from termination of leases	19,912,425.15	-
Total	20,713,432.17	(20,912,736.72)

50. Non-operating income

(1) Details of non-operating income are as follows:

RMB

Item	2021	2020	Amount recognized in non-recurring profit or loss of the year
Income from claims	36,762,370.95	27,207,177.48	32,320,227.15
Government grants	4,983,419.84	10,834,227.68	3,198,419.84
Payables exempted	4,756,726.99	15,919,577.18	4,974,323.05
Others	11,775,470.77	18,612,391.89	17,785,018.51
Total	58,277,988.55	72,573,374.23	58,277,988.55

(2) Government grants recognized in profit or loss are as follows:

RMB

Item	2021	2020	Related to assets/related to income
Employment subsidy	2,001,663.60	6,662,000.00	Related to income
Innovation awards	102,511.12	912,199.97	Related to income
Taxes refund	-	326,390.85	Related to income
Local economic support subsidy	13,000.00	46,005.70	Related to income
Others	2,866,245.12	2,887,631.16	Related to income
Total	4,983,419.84	10,834,227.68	

51. Non-operating expenses

RMB

Item	2021	2020	Amount recognized in non-recurring profit or loss of the year
Losses on retirement of non-current assets	2,246,428.16	12,186,369.70	2,246,428.16
Losses from project termination	-	2,353,514.60	-
Penalty expenses	1,659,758.59	9,642,024.39	1,659,758.59
Accidents and claimant loss	3,076,167.02	1,553,596.18	3,076,167.02
Donations	40,005.28	68,825.00	40,005.28
Others	23,906,312.94	20,844,374.24	23,906,312.94
Total	30,928,671.99	46,648,704.11	30,928,671.99

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

52. Income tax expenses

RMB		
Item	2021	2020
Current income tax calculated according to tax laws and relevant regulations	406,807,299.79	430,474,144.10
Additional tax paid in respect of the prior year	20,885,355.44	9,082,423.63
Deferred income tax expenses	(129,637,535.59)	(385,116,570.20)
Enterprise VAT	7,359,090.05	9,256,135.83
Total	305,414,209.69	63,696,133.36

Reconciliation of income tax expenses to the accounting profit is as follows:

RMB		
Item	2021	2020
Total profit	604,761,603.80	303,593,851.67
Income tax expenses calculated at tax rate of 25%	151,190,400.95	75,898,462.92
Effects of different tax rates used by subsidiaries and others	(18,826,832.06)	(25,677,656.95)
Effect of adjustment on income tax for the prior period	20,885,355.44	9,082,423.63
Effects of non-taxable income	(53,236,124.25)	(82,435,558.10)
Effects of costs, expenses or losses that are not deductible	43,725,248.53	9,186,971.23
Effect of using previously unrecognised deductible temporary differences and deductible losses	(9,326,846.54)	(37,424,985.65)
Effect of unrecognised deductible temporary differences and deductible losses for tax purposes	160,382,223.41	60,469,652.62
Changes in opening balance of deferred income assets/liabilities due to adjustment of tax rates (Note 2)	5,101,466.67	47,654,721.80
Tax effect of enterprise VAT (Note 1)	5,519,317.54	6,942,101.86
Income tax expenses	305,414,209.69	63,696,133.36

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).

53. Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

RMB		
Item	2021	2020
Government grants	365,808,302.06	437,701,100.87
Interest income	96,182,209.62	65,856,848.54
Others	110,417,609.30	81,627,327.65
Total	572,408,120.98	585,185,277.06

(2) Other cash payments relating to operating activities

RMB		
Item	2021	2020
Rental and property management fees	60,906,666.25	121,024,328.53
Payment of bank charges	25,175,987.24	40,363,833.65
Other payments in administrative expenses and selling expenses	1,106,815,840.95	1,086,851,895.23
Total	1,192,898,494.44	1,248,240,057.41

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

53. Notes to items in the cash flow statements - continued

(3) Cash receipts from disposals and recovery of investments

RMB

Item	2021	2020
Amount recovered from disposal of other non-current financial assets	-	866,885,429.87
Recovery of entrusted loans	-	1,200,000.00
Total	-	868,085,429.87

(4) Net cash receipts from disposals of subsidiaries and other business units

RMB

Item	2021	2020
Cash or cash equivalents from disposals of subsidiaries	9,983,068.73	633,823,514.81
Less: Cash and cash equivalents held by subsidiaries at the date when control is lost	2,153,309.64	5,645,117.57
Net cash receipts from disposals of subsidiaries	7,829,759.09	628,178,397.24

(5) Cash payments to acquire investments

RMB

Item	2021	2020
Payment for entrusted loans	16,510,000.00	21,900,000.00
Acquisition of held-for-trading financial assets	12,738,062.71	39,581,187.80
Fund management fees paid by Keystone	-	57,225,820.25
Payments for long-term equity investments	-	574,000.00
Total	29,248,062.71	119,281,008.05

(6) Other cash payments relating to investing activities

RMB

Item	2021	2020
Purchase of time deposits	3,659,000,000.00	-
Total	3,659,000,000.00	-

(7) Cash receipts from capital contributions

RMB

Item	2021	2020
Non-public issuance of A shares	4,978,299,985.86	-
Total	4,978,299,985.86	-

(8) Cash receipts from borrowings

RMB

Item	2021	2020
Borrowings from Finance Company	31,480,000.00	3,145,970,000.00
Borrowings from banks	2,160,688,331.94	5,197,098,533.82
Entrusted borrowings from Jin Jiang International	-	270,000,000.00
Total	2,192,168,331.94	8,613,068,533.82

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

53. Notes to items in the cash flow statements - continued

(9) Cash repayments of borrowings

RMB

Item	2021	2020
Repayments of borrowings to bank	3,329,585,898.62	5,668,851,766.46
Repayments of borrowings to Finance Company	221,585,000.00	1,888,000,000.00
Repayment of Jin Jiang International's entrusted borrowings	-	270,000,000.00
Total	3,551,170,898.62	7,826,851,766.46

(10) Other cash payments relating to financing activities

RMB

Item	2021	2020
Payment for acquisition of minority interests of Keystone	319,844,061.96	31,159,620.24
Payment for rental expenses	1,753,136,525.05	3,288,578.86
Total	2,072,980,587.01	34,448,199.10

54. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

RMB

Supplementary information	2021	2020
1.Reconciliation of net profit to cash flows from operating activities:		
Net profit	299,347,394.11	239,897,718.31
Add: Provision for impairment of assets	2,188,044.29	70,463,295.20
Losses from credit impairment	9,364,701.53	45,851,038.55
Depreciation of fixed assets	504,050,725.93	568,722,758.01
Depreciation of right-of-use assets	1,301,961,810.80	-
Amortization of intangible assets	150,342,544.55	208,357,165.55
Amortization of long-term prepaid expenses	469,310,155.36	526,371,490.97
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(20,713,432.17)	20,912,736.72
Losses on retirement of non-current assets	2,246,428.16	12,186,369.70
Losses (less: gains) on changes in fair value	57,162,259.14	(69,559,536.26)
Financial expenses	612,801,074.79	341,492,415.74
Investment loss (income)	(224,174,404.27)	(814,001,563.20)
Decrease (increase) in deferred tax assets	134,807,747.02	(224,622,944.45)
Increase (decrease) in deferred tax liabilities	(254,951,676.27)	(169,947,124.26)
Decrease (increase) in inventories	(4,124,146.42)	20,740,512.42
Decrease (increase) in operating receivables	(750,450,134.32)	(170,413,478.45)
Increase (decrease) in operating payables	(220,217,021.28)	(454,814,674.98)
Net cash flow from operating activities	2,068,952,070.95	151,636,179.57
2.Net changes in cash and cash equivalents		
Cash at end of the year	5,763,863,090.15	6,786,710,607.82
Less: Cash at beginning of the year	6,786,710,607.82	5,911,750,154.92
Add: Cash equivalents at end of the year	-	-
Less: Cash equivalents at beginning of the year	-	-
Net increase (decrease) in cash and cash equivalents	(1,022,847,517.67)	874,960,452.90

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

54. Supplementary information to cash flow statement - continued

(2) Composition of cash and cash equivalents

Item	RMB	
	31 December 2021	31 December 2020
I. Cash	5,763,863,090.15	6,786,710,607.82
Including: Cash on hand	6,658,070.90	5,267,562.76
Bank deposits that can be readily withdrawn on demand	5,757,205,019.25	6,781,443,045.06
Other cash and bank balances that can be readily withdrawn on demand	-	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	5,763,863,090.15	6,786,710,607.82

55. Assets with restricted ownership or right of use

Item	RMB	
	Closing carrying amount	Reason of restriction
Cash and bank balances (Note (V)1(Note 1))	9,970,578.50	Frozen due to litigation
Cash and bank balances (Note (V)1(Note 1))	4,782,215.87	Frozen due to long-term unused
Cash and bank balances (Note (V)1(Note 1))	1,000,000.00	Guarantee deposit
Net assets of Keystone (Note (V)29(Note 1))	3,089,073,125.40	Pledged
Fixed assets (Note (V)13(2))	169,456,927.27	Mortgaged

56. 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	
	2021	2020
Net profit attributable to ordinary shareholders	100,621,020.29	110,210,911.66
Including: Net profit attributable to continuous operation	100,621,020.29	110,210,911.66

When calculating basic earnings per share, the denominator is the weighted average of issued ordinary shares, details are as follows:

	RMB	
	2021	2020
Number of ordinary shares outstanding at beginning of the year	957,936,440.00	957,936,440.00
Number of ordinary shares issued in the current year	112,107,623.00	-
Weighted number of ordinary shares outstanding in the current year	1,042,017,157.25	957,936,440.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

56. Calculation of basic earnings per share and diluted earnings per share - continued

Earnings per share

	RMB	
	2021	2020
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.0966	0.1151
Diluted earnings per share (Note)	N/A	N/A
Calculated based on net profit from continuous operation attributable to shareholders of the parent company:		
Basic earnings per share	0.0966	0.1151
Diluted earnings per share (Note)	N/A	N/A

Note: The Group holds no diluted ordinary shares.

57. Others

Operating lease arrangement

The operating lease of the Group (as the lessor) is related to buildings, with lease terms ranging from 1 to 5 years. The Group believes that the unsecured balance of the asset does not constitute a significant risk to the Group.

The income related to operating lease in the current year is RMB 97,360,780.81 (2020: RMB 123,139,532.55).

	RMB	
	Undiscounted lease receipts	
	31/12/2021	
1st year subsequent to the balance sheet date	86,936,586.03	
2nd year subsequent to the balance sheet date	61,815,708.30	
3rd year subsequent to the balance sheet date	49,214,346.38	
4th year subsequent to the balance sheet date	39,672,227.76	
5th year subsequent to the balance sheet date	33,891,568.50	
Subsequent years	51,653,730.02	
Total undiscounted lease receipts	323,184,166.99	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

VI. CHANGES OF THE SCOPE OF CONSOLIDATION

1. Disposal of subsidiaries

(1) Disposal of subsidiaries through single transaction

												RMB
No.	Name of the subsidiary	Equity interest disposal price	Proportion of equity interest disposed (%)	Method of disposal	Time point when control is lost	The basis of determining the time point when control is lost	Proportion of the retained interests on the date when control is lost (%)	Carrying amount of the retained interests on the date when control is lost	Fair value of the retained interests on the date when control is lost	Gains or losses arising from remeasurement of the retained interests at fair value	Method and key assumptions in determining the fair value on the date when control is lost	Amount transferred from other comprehensive income to profit or loss related to equity of the original subsidiaries
1	Albar (HK) Limited (Note)	7,700,000.00	55.00	Transfer by agreement	8 December 2021	Change in control	-	-	-	-	Asset-Based method	-

Note: During the reporting period, Plateno Investment Limited, a subsidiary of the Group, transferred its 55% equity interest in Albar (HK) Limited to Shanghai Sai Po Enterprise Management Co., Ltd. After this transfer, Albar (HK) Limited was no longer included in the scope of the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**VI. CHANGES OF THE SCOPE OF CONSOLIDATION - continued****2. Incorporation of new subsidiaries**

In 2021, the Company established a new wholly-owned subsidiary Shenzhen Jin Jang Hotel Management Co. Ltd. ("Shenzhen Jin Jang") with contribution amount of RMB 10,000,000.00.

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 acquired through incorporation or investment, etc.
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 acquired through incorporation or investment, etc.
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 acquired through incorporation or investment, etc.
7	Louvre Asia	PRC	Service	100.00	-	Subsidiaries acquired through incorporation or investment, etc.
8	Shanghai Jin Jiang Metropolo Hotel Management Co. Ltd. ("New Metropolo")	PRC	Service	100.00	-	Subsidiaries acquired through incorporation or investment, etc.
9	Shanghai Jinpan Hotel Co., Ltd. ("Jinpan Hotel")	PRC	Service	100.00	-	Subsidiaries acquired through incorporation or investment, etc.
10	Shanghai Minhang Hotel Co., Ltd. ("Minhang Hotel")	PRC	Service	98.25	1.75	Subsidiaries acquired through incorporation or investment, etc.
11	Shenzhen Jin Jang Hotel Management Co. Ltd.	PRC	Service	100.00	-	Subsidiaries acquired through incorporation or investment, etc.
12	Shanghai Jin Bo Hotel Management Co. Ltd.	PRC	Service	100.00	-	Subsidiaries acquired through incorporation or investment, etc.
13	Shanghai Jin Jiang International Food & Catering Management Co., Ltd. ("Jin Jiang Food") (Note 1)	PRC	Service	18.00	82.00	Subsidiaries acquired through incorporation or investment, etc.
14	Shanghai New Asia Food Co., Ltd. ("New Asia Food") (Note 1)	PRC	Production	5.00	95.00	Subsidiaries acquired through incorporation or investment, etc.
15	Shanghai Jin Jiang Tung Lok Catering Management Inc. ("Tung Lok Catering") (Note 1)	PRC	Service	-	51.00	Subsidiaries acquired through incorporation or investment, etc.
16	Shanghai Jinzhu Catering Management Co., Ltd. ("Jinzhu Catering") (Note 1)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
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 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
19	Shanghai Jinbei Investment Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
20	Shanghai Jinzhen Investment Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
21	Shenyang Jinfu Hotel Investment Management Co., Ltd. (Note 2)	PRC	Service	-	55.00	Subsidiaries acquired through incorporation or investment, etc.
22	Xi'an Jinhua Hotels Management Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
23	Shanghai Jinzhang Hotel Investment Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
24	Jiaxing Jin Hu Hotel Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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	
25	Zhoushan Shenjiamen Jin Jiang Inn Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
26	Tianjin Jinjin Hotel Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
27	Shanghai Jinpu Investment and Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
28	Nanjing Hujin Investment and Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
29	Kunshan Jinlv Investment and Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
30	Changzhou Jinlv Investment and Management Co., Ltd. (Note 2)	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 2)	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 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
33	Wuhan Jinlv Investment and Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
34	Jinhua Jin Jiang Inn Co., Ltd.(Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
35	Shenzhen Jinlv Investment and Management Co., Ltd. (Note 2)	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 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
37	Fuzhou Jinlv Investment and Management Co., Ltd. (Note 2)	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 2)	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 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
40	Hefei Jinlv Investment and Management Co., Ltd.(Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
41	Hohhot Jinlv Investment and Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
42	Kunming Hujin Hotel Co., Ltd. (Note 2)	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 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
44	Xining Jinlv Inn Investment(Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
45	Qingdao Jin Jiang Inn Hotel Co., Ltd.(Note 2)	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 2)	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 2021

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	
47	Shenzhen Jin Du Hotel Management Co. Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
48	Shanghai Jinle Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
49	Shanghai Jinhong Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
50	Wuxi Jin Jiang Inn Hotel Co., Ltd. (Note 3)	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 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
52	Shanghai Jinhai Hotel Co., Ltd. (Note 3)	PRC	Service	-	70.00	Subsidiaries acquired through a business combination involving enterprises under common control
53	Shanghai Jinhua Hotel Co., Ltd. (Note 3)	PRC	Service	-	80.00	Subsidiaries acquired through a business combination involving enterprises under common control
54	Yangzhou Jinyang Hotel Co., Ltd. (Note 3)	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 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
56	Shanghai Jinya Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
57	Hangzhou Jin Jiang Inn Hotel Co., Ltd. (Note 3)	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 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
59	Chengdu Jin Jiang Inn Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
60	Shanghai Jinning Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
61	Shanghai Jinmin Hotel Co., Ltd. (Note 3)	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 3)	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 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
64	Shenyang Jin Jiang Inn Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
65	Jiaxing Jin Jiang Inn Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
66	Nanning Jin Jiang Inn Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
67	Shanghai Lin Qing Hotel Co., Ltd. (Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
68	Shanghai Jin Feng Hotel 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 2021

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	
69	Lhasa Jin Jiang Inn Hotel Co., Ltd.(Note 3)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
70	Shanghai Yujin Hotels Management Co., Ltd.(Note 3)	PRC	Service	-	60.00	Subsidiaries acquired through a business combination involving enterprises under common control
71	Shenzhen Duzhihua Inn Management Co., Ltd. ("Duzhihua") (Note 3)	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 2)	PRC	Service	-	60.00	Subsidiaries acquired through incorporation or investment, etc.
73	Yili Jinlv Hotels Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
74	Shanghai Jinxian Hotels Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
75	Hangzhou Jinche Inn Hotels Investment and Management Co., Ltd. (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
76	Tianjin Jintai Hotels Management Co., Ltd (Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
77	Shanghai Jin Jiang Brand Management Co., Ltd.(Note 2)	PRC	Service	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
78	Shanghai Jin Jiang Inn (Hong Kong) Co., Ltd. (Note 4)	Hong Kong	Investment	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
79	Sailing Investment (Note 4)	Luxembourg	Investment	-	100.00	Subsidiaries acquired through incorporation or investment, etc.
80	GDL(Note 4)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
81	Louvre Hôtels Group(Note 4, 5)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
82	Keystone(Note 6)	PRC	Service	100.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
83	7 Days Hotel (Shenzhen) Co., Ltd. (Note 7)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
84	7 Days Four Seasons (Guangzhou) Co., Ltd. (Note 7)	PRC	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
85	Plateno Investment Limited (Note 7)	Cayman Islands	Investment	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
86	Plateno Group Limited (Note 7)	Cayman Islands	Investment	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
87	7 Days Group Holdings Limited (Note 7)	Cayman Islands	Investment	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
88	Vienna (Note 8)	PRC	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
89	Baisuicun (Note 9)	PRC	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control

Note 1: Subsidiaries of Catering Investment.

Note 2: Subsidiaries of Hotel Investment.

Note 3: Subsidiaries of Jin Jiang Inn.

Note 4: Subsidiaries of Jin Lu Investment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

VII. EQUITY IN OTHER ENTITIES - continued

1. Interest in subsidiaries - continued

(1) Major subsidiaries of the Group - continued

Note 5: Louvre Hôtels Group has 317 subsidiaries including 287 wholly-owned subsidiaries: 235 registered in France, 14 in Poland, 14 in Netherlands, 12 in Britain, 11 in German, 8 in Spain and the rest in other countries.

Note 6: Keystone has 103 subsidiaries including 70 wholly-owned subsidiaries: 68 registered in Mainland China and the rest 35 out of Mainland China.

Note 7: Subsidiaries of Keystone.

Note 8: Vienna has 27 subsidiaries in total, all of which are wholly-owned subsidiaries.

Note 9: Baisuicun has 2 subsidiaries in total, all of which are wholly-owned subsidiaries.

(2) Significant non-wholly-owned 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
Vienna	20.00	93,420,408.63	36,043,289.06	147,962,540.41
Baisuicun	20.00	396,598.88	-	3,752,555.56

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

VII. EQUITY IN OTHER ENTITIES - continued

1. Interest in subsidiaries - continued

(3) Significant financial information of significant non-wholly-owned subsidiaries

RMB

Name of subsidiaries	31 December 2021						31 December 2020					
	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
Vienna	1,829,407,243.90	2,460,179,394.50	4,289,586,638.40	1,492,716,331.25	2,057,057,605.11	3,549,773,936.36	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
Baisuicun	63,389,312.81	40,642,115.37	104,031,428.18	64,849,412.38	20,419,237.98	85,268,650.36	61,876,648.10	27,576,610.97	89,453,259.07	71,042,188.03	-	71,042,188.03

RMB

Name of subsidiaries	2021				2020			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Vienna	3,262,582,450.38	467,102,043.16	467,102,043.16	492,415,212.46	2,717,481,522.55	300,360,742.18	300,360,742.18	369,099,750.93
Baisuicun	255,081,190.11	1,982,994.42	1,982,994.42	7,415,365.46	246,599,548.17	5,890,085.41	5,890,085.41	2,003,641.32

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**VII. EQUITY IN OTHER ENTITIES - continued****2. Transactions in which the share of owners' equity in the subsidiary changes and the subsidiary is still under control**

In the current year, the consideration for acquiring Keystone's 3.49825% minority equity was RMB 351,216,077.14. Upon the completion of the transaction, the Group holds 100% of Keystone's equity. As at 31 December 2021, RMB 31,372,015.18 has not been paid.

	RMB
	Keystone
Cost of acquisition	
-- Cash	351,216,077.14
Total consideration for acquisition	351,216,077.14
Less: Share of net assets of the subsidiary calculated based on proportion of equity acquired	189,058,291.14
Difference	162,157,786.00
Including: Adjustment of capital reserve	162,157,786.00

3. Equity in joint ventures or associates

(1) Summary financial information of insignificant joint ventures and associates

	RMB	
	31 December 2021/2021	31 December 2020/2020
Joint ventures:		
Total carrying amount of investments	877,481.96	706,496.84
Total amounts calculated based on shareholding proportions		
-- Net profit	290,232.27	132,496.84
-- Total comprehensive income	290,232.27	132,496.84
Associates:		
Total carrying amount of investments	636,432,701.99	656,516,286.42
Total amounts calculated based on shareholding proportions		
-- Net profit	104,845,467.67	102,673,213.47
-- Other comprehensive income (loss)	133,082.78	(205,909.68)
-- Total comprehensive income	104,978,550.45	102,467,303.79

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

RMB

Item	Closing balance	Opening balance
FVTPL		
Held-for-trading financial assets	244,091,956.52	254,237,956.80
Other non-current financial assets	452,300,000.00	452,100,000.00
FVTOCI		
Investments in other equity instruments	51,242,467.51	47,175,565.45
At amortized cost		
Cash and bank balances	6,432,615,884.52	6,793,091,362.79
Accounts receivable	1,421,667,135.10	1,076,310,781.42
Other receivables	899,067,689.83	581,823,083.39
Other current assets	4,625,200.00	-
Other non-current assets	3,152,537,414.91	73,164,652.52
Financial liabilities		
FVTPL		
Long-term payables	61,705,317.54	6,576,026.22
Other non-current liabilities due within one year	13,336,297.93	33,116,083.04
At amortized cost		
Short-term borrowings	869,023,164.09	1,016,085,319.50
Accounts payable	1,072,906,909.47	1,787,371,141.16
Other payables	1,841,113,278.00	1,783,950,729.13
Non-current liabilities due within one year	5,081,536,166.18	861,942,279.86
Long-term borrowings	7,993,954,808.62	14,540,076,203.12
Long-term payables	6,245,041.64	145,596,312.19

The Group adopts sensitivity analysis techniques to analyze how the entity's profit or loss for the year 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.

1.1 Market risk

1.1.1. 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 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued****1. Risk management objectives and policies - continued**1.1 Market risk - continued1.1.1 Currency risk - continued

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 2021, 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 lease liabilities. The Group's policy is to maintain the floating interest rate on these borrowings and lease liabilities 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 2021 and 2020:

Change in interest rate	31 December 2021/2021		31 December 2020/2020	
	Effect on total profit	Effect on shareholders' equity	Effect on total profit	Effect on shareholders' equity
25% increase	(8,330)	(6,042)	(10,062)	(7,346)
25% decrease	8,330	6,042	10,062	7,346

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.

Sensitivity 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 2021, 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 25,688,095.65 in total profit of the Group and an increase (decrease) amounting to RMB 19,266,071.74 in shareholders' equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**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 - continued

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:

RMB'000

Change in interest rate	31 December 2021/2021	
	Effect on total profit	Effect on shareholders' equity
1% increase in discount rate	(12,500)	(9,150)
1% decrease in discount rate	12,900	9,375

1.2 Credit risk

As at 31 December 2021, 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), non-current assets due within one year (Note V, 7), other current assets (Note V, 8), long-term receivables (Note V, 9) and other non-current assets (Note V, 20), 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 2021**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:

	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	873,402,935.68	-	-	873,402,935.68
Accounts payable	1,072,906,909.47	-	-	1,072,906,909.47
Dividends payable	170,669,442.56	-	-	170,669,442.56
Other payables	1,681,985,317.20	-	-	1,681,985,317.20
Long-term payables (including: non-current liabilities due within one year)	13,336,297.93	70,912,214.42	-	84,248,512.35
Lease liabilities (including: non-current liabilities due within one year)	1,635,175,884.21	5,810,162,324.49	3,894,681,735.78	11,340,019,944.48
Long-term borrowings (including: non-current liabilities due within one year)	5,227,048,740.85	8,091,596,139.48	72,220,051.70	13,391,277,363.54

RMB

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.

As of 31 December 2021, the Group's total current liabilities exceeded its total current assets by RMB 2,662,080,214.02. As of 31 December 2021, the balance of credit lines approved by the Finance Company but not used by the Group was RMB 3,026,000,000.00. On 16 March 2022, the Group borrowed a long-term borrowing amounting to RMB 570,000,000.00 from the Finance Company, which shall be matured on 15 March 2025 and is used for the purpose of replacing the short-term borrowing of RMB 570,000,000.00 due from 18 March 2022. On 28 February 2022, the Group borrowed a long-term borrowing amounting to EUR 117,000,000.00 from overseas banks, which shall be matured on 27 January 2027 and is used for the purpose of replacing the long-term borrowing due within one year of EUR 117,000,000.00 due at 29 April 2022.

In conclusion, the management of the Group considers that the Group's liquidity risk is significantly reduced and will not have a material impact on the Group's operations and financial statements.

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**

	Fair value at 31 December 2021			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
Held-for-trading financial assets	244,091,956.52	-	-	244,091,956.52
Other non-current financial assets	-	-	452,300,000.00	452,300,000.00
Investments in other equity instruments	12,789,000.00	-	38,453,467.51	51,242,467.51
Total assets continuously measured at fair value	256,880,956.52	-	490,753,467.51	747,634,424.03
Long-term payables	-	-	61,705,317.54	61,705,317.54
Non-current liabilities due within one year	-	-	13,336,297.93	13,336,297.93
Total liabilities continuously measured at fair value	-	-	75,041,615.47	75,041,615.47

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**IX. DISCLOSURE OF FAIR VALUE - continued****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 2021.

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 2021	Valuation technique	Inputs	Weighted average
Long-term payables - Hôtels et Préférence	6,375,426.74	Discounted cash flow method	Discount rate	3.9%
Long-term payables - Sarovar	68,666,188.73	Discounted cash flow method	Discount rate	10%
Other non-current financial assets- Hangzhou Kentucky Fried Chicken Co., Ltd.	266,800,000.00	Discounted cash flow method	Discount rate	9.9%
			Revenue growth rate	2.0%
Other non-current financial assets- Suzhou Kentucky Fried Chicken Co., Ltd.	126,700,000.00	Discounted cash flow method	Discount rate	9.9%
			Revenue growth rate	2.0%
Other non-current financial assets- Wuxi Kentucky Fried Chicken Co., Ltd.	58,800,000.00	Discounted cash flow method	Discount rate	9.9%
			Revenue growth rate	2.0%
Equity investment in GDL	29,953,467.51	Discounted cash flow method	Discount rate	11%

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 carrying amounts of the financial assets and the financial liabilities approximate to their fair values.

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	45.05	45.05
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 associates

The general information and other related information of joint ventures and associate is set out in Note (V) 10.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Jin Jiang Travel Holdings Co., Ltd.	Fellow subsidiary
Shanghai InterContinental Rower Hotels & Resorts Management Co., Ltd.	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 JHJ Logistic Management Co., Ltd.	Fellow subsidiary
The Kunlun Beijing Management Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang Tomson Hotel Co., Ltd.	Joint venture of parent company
Shanghai Jing An Bakery Co., Ltd.	Fellow subsidiary, associate

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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>
(Together, Jin Jiang Capital and all above entities named as "Jin Jiang Capital and subsidiaries")	
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 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. Lianyungang Building Restaurant	Subsidiary of ultimate holding company
Jin Jiang International (Holdings) Co., Ltd. Shanghai Lianyungang Building	Subsidiary of ultimate holding company
The Kunlun Jing An Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Xinlianyungang Building Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Jin Jiang International Convention Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Jingye Real Estate 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")	
Shanghai Xinjin Hotel Management Co., Ltd.	Associate
(Above entities are collectively referred to as "Related parties of Hotel Investment")	
Shanghai Yoshinoya Co., Ltd.	Associate
Shanghai Jin Jiang Yuwei Food Technology Co., Ltd.	Associate
(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 WO Qu Apartment Management Co., Ltd.	Associate
(Together, all above entities named as "Related parties of Keystone")	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****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	2021	2020
1. Purchases of goods			
Jin Jiang International and subsidiaries	Purchasing of membership package	-	18,881,595.16
Jin Jiang Capital and subsidiaries	Purchase of hotel commodities and food	3,372,284.61	4,193,401.39
Jin Jiang International and subsidiaries	Purchase of hotel commodities and food	-	9,600.00
	Subtotal	3,372,284.61	23,084,596.55
2. Receipts of services			
Jin Jiang International and subsidiaries	Booking service fee	60,078,301.80	10,419,705.32
	Subtotal	60,078,301.80	10,419,705.32
Jin Jiang International and subsidiaries	Exhibition fee	1,430,943.35	-
	Subtotal	1,430,943.35	-
Jin Jiang Capital and subsidiaries	Hotel management fee	32,996,815.49	-
Jin Jiang International and subsidiaries	Hotel management fee	8,930,477.64	-
	Subtotal	41,927,293.13	-
Jin Jiang Capital and subsidiaries	Payment of labor compensation and social insurance premiums for borrowed qualified personnel	62,202,729.67	45,002,495.15
	Subtotal	62,202,729.67	45,002,495.15
3. Other outflows			
Jin Jiang International and subsidiaries	Share of brand management fee	2,245,141.50	1,801,509.45
	Subtotal	2,245,141.50	1,801,509.45

Sales of goods/rendering of services

RMB

Related party	Transaction	2021	2020
1. Income from accounting for room charges			
Jin Jiang International and subsidiaries	Income from accounting for room charges	69,761,477.84	18,376,269.07
	Subtotal	69,761,477.84	18,376,269.07
2. Design and promotion of membership gift			
Jin Jiang International and subsidiaries	Design and promotion of membership gift	1,857,970.78	47,060,568.12
	Subtotal	1,857,970.78	47,060,568.12
3. Income from cooperation with hotel goods supply chain			
Jin Jiang Capital and subsidiaries	Income from cooperation with hotel goods supply chain	134,445,236.75	48,409,292.57
	Subtotal	134,445,236.75	48,409,292.57
4. Mooncakes OEM			
Jin Jiang Capital and subsidiaries	Mooncakes OEM	1,817,520.28	521,748.23
Jin Jiang International and subsidiaries	Mooncakes OEM	291,946.91	602,913.56
	Subtotal	2,109,467.19	1,124,661.79
5. Sales of foods			
Jin Jiang Capital and subsidiaries	Sales of foods	4,082,010.52	3,925,642.31
Jin Jiang International and subsidiaries	Sales of foods	1,286,457.20	531,453.66
	Subtotal	5,368,467.72	4,457,095.97
6. Income from group meals			
Jin Jiang Capital and subsidiaries	Income from group meals	4,528,301.89	4,367,143.39
Jin Jiang International and subsidiaries	Income from group meals	2,509,319.81	2,212,146.23
	Subtotal	7,037,621.70	6,579,289.62
7. Management fee income			
Jin Jiang International and subsidiaries	Income from limited service hotel management fee	55,495.19	45,491.49
	Subtotal	55,495.19	45,491.49
8. Service fee income			
Jin Jiang Capital and subsidiaries	Service fee income	8,767,712.85	-
	Subtotal	8,767,712.85	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(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	901,746.89	1,299,416.15
Related parties of Keystone	Office area	505,664.83	877,499.59
Les Roches Jin Jiang International Hotel Management College	Office area	-	60,775.32
Subtotal		1,407,411.72	2,237,691.06

The Group as lessee:

RMB

Lessor	Asset for lease	Closing balance of lease liabilities	Interest expenses on lease liabilities for the year	Lease expenses recognized in the year	Lease expenses recognized in the prior year
Jin Jiang Capital	Operation area	139,724,316.23	6,866,412.71	29,318,544.16	28,708,571.41
Marvel Hotel Shanghai	Operation area	57,537,216.14	2,932,138.35	11,729,970.40	9,483,198.52
Jinshajiang Hotel Co., Ltd.	Operation area	87,094,266.09	4,361,625.38	18,954,280.81	18,072,352.83
Jin Jiang International and subsidiaries	Operation and office area	20,869,740.81	975,586.93	6,255,399.56	3,646,514.36
Shanghai Hunan Egg Products Company	Operation area	91,342,541.77	3,544,999.38	11,018,964.86	10,660,825.80
Shanghai Gengjie Investment Management Co., Ltd.	Operation and office area	40,535,976.44	2,219,188.18	9,181,592.45	10,387,857.12
Shanghai Hua Ting Guest House Co., Ltd.	Operation area	27,311,265.92	1,422,238.93	8,660,112.82	8,140,161.66
Shanghai MAGNOTEL Hotel Co., Ltd.	Operation area	28,296,921.90	1,496,018.14	8,925,747.74	8,459,299.25
Shanghai Jin Jiang Online Network Service Co., Ltd.	Operation area	71,628,324.47	3,386,639.42	7,720,611.05	6,600,744.04
Shanghai Jing An Hotel	Operation area	32,619,201.41	1,555,568.47	4,700,154.09	4,275,802.86
Shanghai Jin Jiang Supermarket Co., Ltd.	Operation area	47,455,279.89	2,237,447.61	4,988,244.80	4,236,131.60
Shanghai Jin Jiang Amusement Park	Operation area	12,983,796.13	711,850.00	3,699,452.25	3,589,709.21
Shanghai East Jin Jiang Hotel Co., Ltd.	Operation area	1,109,149.82	68,467.90	4,987,868.66	1,612,547.32
Shanghai Jin Jiang Property Management Co., Ltd.	Operation and office area	-	-	586,983.23	591,790.80
Shanghai Jin Jiang Hotel Co., Ltd.	Restaurant and staff accommodation	-	-	-	2,784,838.11
Shanghai Catering Service School	Operation area	-	-	-	2,217,260.91
Subtotal		658,507,997.02	31,778,181.40	130,727,926.88	123,467,605.80

(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	844,704,900.00	2017/11/17	2022/4/29	N
Jin Jiang International	Sailing Investment	2,404,160,100.00	2017/11/17	2022/11/17	N

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(4) Amount due to/from related parties

RMB

Related party	Amount	Commencement date	Maturity date	Remark
Borrowed from				
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	4,500,000.00	2021/7/2	2022/7/1	Credit borrowings
Finance Company	6,000,000.00	2021/4/7	2022/4/6	Credit borrowings
Finance Company	5,000,000.00	2020/8/10	2021/2/9	Credit borrowings
Finance Company	5,000,000.00	2021/7/9	2022/1/8	Credit borrowings
Finance Company	6,000,000.00	2020/11/11	2021/11/11	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	10,000,000.00	2020/6/12	2021/6/15	Credit borrowings
Finance Company	70,000,000.00	2020/6/12	2022/12/5	Credit borrowings
Finance Company	10,000,000.00	2020/8/14	2021/12/15	Credit borrowings
Finance Company	490,000,000.00	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	580,000,000.00	2020/9/28	2023/9/27	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2021/12/15	Credit borrowings
Finance Company	487,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	430,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	150,000,000.00	2020/11/17	2023/11/3	Credit borrowings
Finance Company	10,000,000.00	2020/11/17	2021/12/15	Credit borrowings
Finance Company	4,900,000.00	2016/10/12	2022/10/9	Credit borrowings
Finance Company	7,925,000.00	2017/2/28	2022/12/25	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	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	4,980,000.00	2021/5/8	2024/5/7	Credit borrowings
Finance Company	5,000,000.00	2021/5/7	2024/5/6	Credit borrowings
Finance Company	6,000,000.00	2021/3/2	2024/3/1	Credit borrowings
Finance Company	2,965,000.00	2020/1/9	2023/1/8	Credit borrowings
Finance Company	110,000,000.00	2020/11/17	2021/11/16	Credit borrowings
Shenyang Nonstaples Group Co., Ltd.	4,500,000.00	2020/4/24	2023/4/24	Credit borrowings
Master Melon Capital	2,743,486,000.00	2017/5/15	2025/5/10	Credit borrowings
Subtotal	5,443,241,000.00			

RMB

Related party	Amount	Commencement date	Maturity date	Remark
Lend to				
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
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	12,100,000.00	2021/6/1	2024/5/31	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
Changchun Jin Jiang Inn Investment and Management Co., Ltd.	4,410,000.00	2021/6/1	2024/5/31	Entrusted loans
Subtotal	41,835,200.00			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(4) Amount due to/from related parties - continued

Interest expenses between the Group and related parties are as below:

Item	2021	2020
Interest expenses	90,092,967.32	46,249,836.36
Interest income	58,213,908.25	42,197,932.86
Investment income	440,034.62	222,677.80

RMB

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	2021	2020
Closing balance of deposits	3,848,048,477.36	3,862,535,958.23

RMB

Finance Company	2021	2020
Accumulative amount of deposits at Finance Company	22,036,006,876.24	25,228,192,253.95

RMB

Finance Company	2021	2020
Accumulative amount of deposits withdrawn from Finance Company	22,050,494,357.11	24,330,350,601.26

RMB

(5) Transfer of related party assets

Related party	Content of transactions	2021	2020
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
Total		-	637,495,335.77

RMB

(6) Compensation of key management personnel

	2021	2020
Compensation of key management personnel (Note)	4,688,700.00	3,758,000.00

RMB

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****6. Receivables and payables with related parties**

(1) Receivables

RMB

Item	Related party	31 December 2021		31 December 2020	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jin Jiang Capital and subsidiaries	73,162,538.83	-	48,898,067.07	-
Accounts receivable	Jin Jiang International and subsidiaries	425,042,452.98	-	110,208,163.83	-
Accounts receivable	Related parties of Keystone	591,309.57	-	280,936.01	-
Subtotal		498,796,301.38	-	159,387,166.91	-
Other receivables	Jin Jiang Capital and subsidiaries	9,086,460.14	-	24,085,807.25	-
Other receivables	Jin Jiang International and subsidiaries	24,252,965.83	-	12,806,231.97	-
Other receivables	Related parties of GDL	7,421,851.60	7,421,851.60	8,016,975.00	7,824,375.00
Other receivables	Related parties of Keystone	72,786.85	-	72,786.85	-
Subtotal		40,834,064.42	7,421,851.60	44,981,801.07	7,824,375.00
Prepayments	Jin Jiang Capital and subsidiaries	3,920,272.63	-	19,680.00	-
Prepayments	Jin Jiang International and subsidiaries	2,230,816.49	-	1,068,639.89	-
Subtotal		6,151,089.12	-	1,088,319.89	-
Interest receivable	Jin Jiang Capital and subsidiaries	6,814,860.42	-	3,161,507.00	-
Interest receivable	Jin Jiang International and subsidiaries	4,111.25	-	4,111.25	-
Interest receivable	Related parties of Hotel Investment	2,775.00	-	1,595.00	-
Subtotal		6,821,746.67	-	3,167,213.25	-
Other current assets	Related parties of Keystone	3,500,000.00	3,500,000.00	5,543,803.80	5,543,803.80
Other current assets	Related parties of Hotel Investment	1,200,000.00	-	-	-
Other current assets	Related parties of Catering Investment	3,425,200.00	-	-	-
Subtotal		8,125,200.00	3,500,000.00	5,543,803.80	5,543,803.80
Other non-current assets	Jin Jiang International and subsidiaries	11,700,000.00	-	11,700,000.00	-
Other non-current assets	Jin Jiang Capital and subsidiaries	25,510,000.00	-	9,000,000.00	-
Other non-current assets	Related parties of Hotel Investment	-	-	1,200,000.00	-
Subtotal		37,210,000.00	-	25,325,200.00	-

(2) Payables

RMB

Item	Related party	31 December 2021	31 December 2020
Accounts payable	Jin Jiang Capital and subsidiaries	3,065,512.09	776,946.90
Accounts payable	Jin Jiang International and subsidiaries	11,986,621.24	21,584,728.12
Accounts payable	Related parties of Keystone	99,348.94	475,034.42
Subtotal		15,151,482.27	22,836,709.44
Other payables	Jin Jiang Capital and subsidiaries	110,475,492.14	63,819,372.84
Other payables	Jin Jiang International and subsidiaries	103,794,948.67	13,641,802.01
Other payables	Related parties of Catering Investment	9,000,000.00	-
Subtotal		223,270,440.81	77,461,174.85
Interest payable	Jin Jiang Capital and subsidiaries	2,545,017.43	2,750,822.78
Interest payable	Related parties of Hotel Investment	15,600.00	1,650.00
Subtotal		2,560,617.43	2,752,472.78

XI. COMMITMENTS AND CONTINGENCIES**1. Fulfillment of prior commitments**

During the reporting period, the capital commitments and operating lease commitments of the Group have been fully achieved.

2. Contingencies

At the end of reporting period, the Group has no significant contingencies.

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit distribution after the balance sheet date

Please refer to Note V, 39 (2) for details of profit distribution.

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 China, limited service hotels management and operation business other than 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 2021**XIII. OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued**

Segment reporting information for the period from 1 January 2021 to 31 December 2021 is as follows:

	Operation and management of limited-service hotels in 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	8,800,147,363.70	2,289,533,210.14	249,126,320.64	327,516.15		11,339,134,410.63
Revenue arising from inter-segment transactions	586,149.75	20,038,599.80	-	1,753,546.07	(22,378,295.62)	-
Total operating income of segments	8,800,733,513.45	2,309,571,809.94	249,126,320.64	2,081,062.22	(22,378,295.62)	11,339,134,410.63
Operating cost						
Cost arising from external transactions	5,452,938,430.60	1,655,429,072.91	215,890,284.30	-		7,324,257,787.81
Cost arising from inter-segment transactions	20,952,885.56	-	-	-	(20,952,885.56)	-
Total operating cost of segments	5,473,891,316.16	1,655,429,072.91	215,890,284.30	-	(20,952,885.56)	7,324,257,787.81
Less: Taxes and levies	54,909,660.23	66,605,900.53	776,628.80	1,700,453.73	-	123,992,643.29
Selling expenses	536,197,005.35	335,429,078.85	15,462,939.73	-	(158,730.15)	886,930,293.78
Administrative expenses	1,424,979,691.19	815,348,783.69	21,033,627.37	42,028,672.55	(1,266,679.91)	2,302,124,094.89
Research and development expenses	17,966,761.94	-	-	-	-	17,966,761.94
Financial expenses	251,516,611.88	221,022,735.08	2,482,713.68	65,429,055.39	(9,402.52)	540,441,713.51
Losses from assets impairment	114,298.09	2,073,746.20	-	-	-	2,188,044.29
Losses from credit impairment	6,964,068.57	2,400,632.96	-	-	-	9,364,701.53
Add: Gains or losses from changes in fair values	-	(39,642,259.14)	200,000.00	(17,720,000.00)	-	(57,162,259.14)
Investment income	(4,097,781.98)	6,169,695.83	209,320,911.81	12,790,981.13	(9,402.52)	224,174,404.27
Income (loss) from disposal of assets	26,259,248.18	(5,920,529.64)	(133,909.89)	508,623.52	-	20,713,432.17
Other income	74,845,640.43	331,343,074.86	2,820,195.76	1,294,000.00	-	410,302,911.05
Carrying amount of operating profit of segments	1,131,201,206.67	(496,788,158.37)	205,687,324.44	(110,203,514.80)	-	729,896,857.94
Non-operating income	37,709,519.09	16,025,717.26	87,504.31	4,455,247.89	-	58,277,988.55
Non-operating expenses	10,197,581.49	20,711,691.15	18,901.94	497.41	-	30,928,671.99
Carrying amount of total profit of segments	1,158,713,144.27	(501,474,132.26)	205,755,926.81	(105,748,764.32)	-	757,246,174.50
Income tax	444,719,970.63	(98,127,154.38)	1,608,462.73	(4,106,863.35)	-	344,094,415.63
Net carrying amount of profit of segments	713,993,173.64	(403,346,977.88)	204,147,464.08	(101,641,900.97)	-	413,151,758.87
Less: Amortization of the balance between fair value of identifiable assets of the acquiree exceeding its carrying amount at the acquisition date (Note)	63,229,592.88	50,574,771.88	-	-	-	113,804,364.76
Net profit	650,763,580.76	(453,921,749.76)	204,147,464.08	(101,641,900.97)	-	299,347,394.11
Profit or loss attributable to minority interests	207,019,152.86	(9,272,770.67)	979,991.63	-	-	198,726,373.82
Net profit attributable to owners of the parent company	443,744,427.90	(444,648,979.09)	203,167,472.45	(101,641,900.97)	-	100,621,020.29

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**XIII. OTHER SIGNIFICANT EVENTS - continued****1. Segment reporting - continued**

Segment reporting information for the period from 1 January 2021 to 31 December 2021 is as follows: - continued

	RMB					
	Operation and management of limited-service hotels in China	Operation and management of overseas limited-service hotels	Food and catering business	Others	Offsetting between segments	Total
Total assets	28,032,955,858.00	14,537,763,526.27	809,579,787.48	5,496,370,817.74	(613,539,294.77)	48,263,130,694.72
Including: Carrying amount of assets of segments	19,065,457,497.95	8,042,718,403.92	560,129,284.49	5,357,483,205.30	(613,539,294.77)	32,412,249,096.89
Carrying amount of long-term equity investments of segments	200,847,300.46	48,124,768.06	249,450,502.99	138,887,612.44	-	637,310,183.95
Balance of amortized amount of fair value of net identifiable assets exceeding its carrying amount at the acquisition date (Note)	2,279,173,778.79	1,934,197,799.67	-	-	-	4,213,371,578.46
Goodwill	6,487,477,280.80	4,512,722,554.62	-	-	-	11,000,199,835.42
Total liabilities	12,704,341,088.66	14,321,822,075.18	223,419,923.24	4,221,864,951.15	(544,902,501.47)	30,926,545,536.76
Including: Carrying amount of liabilities of segments	12,134,547,643.98	13,812,502,830.40	223,419,923.24	4,221,864,951.15	(544,902,501.47)	29,847,432,847.30
Balance of amortized amount of fair value of net identifiable liabilities exceeding its carrying amount at the acquisition date (Note)	569,793,444.68	509,319,244.78	-	-	-	1,079,112,689.46
Supplemental information:						
Depreciation	1,267,947,373.86	528,723,551.27	2,498,570.89	6,843,040.71	-	1,806,012,536.73
Amortization	538,647,339.55	78,011,355.88	108,505.32	2,885,499.16	-	619,652,699.91
Interest income	80,726,689.25	1,728,946.76	403,743.02	96,766,712.98	-	179,626,092.01
Interest expenses	321,181,466.82	208,926,017.02	2,729,060.51	161,842,760.39	(9,402.52)	694,669,902.22
Impairment losses recognized in the current year	7,078,366.66	4,474,379.16	-	-	-	11,552,745.82
Investment income (loss) from long-term equity investments under equity method	(10,643,340.01)	5,748,093.87	111,660,445.91	(1,629,499.83)	-	105,135,699.94
Amount of long-term equity investments under equity method	200,847,300.46	48,124,768.06	249,450,502.99	138,887,612.44	-	637,310,183.95
Non-current assets except for long-term equity investments	21,295,973,828.51	13,196,677,660.39	469,060,993.83	3,149,377,987.43	(85,074,356.97)	38,026,016,113.19
Capital expenditure	306,693,078.97	466,529,226.53	91,051.77	3,712,231.99	-	777,025,589.26
Including: Expenditure arising from construction in progress	264,083,811.65	168,991,370.75	-	3,647,661.92	-	436,722,844.32
Expenditure arising from acquisition of fixed assets	30,860,129.24	296,373,365.56	91,051.77	64,570.07	-	327,389,116.64
Expenditure arising from acquisition of intangible assets	6,110,624.70	1,164,490.22	-	-	-	7,275,114.92
Expenditure arising from acquisition of long-term prepaid expenses	5,638,513.38	-	-	-	-	5,638,513.38

Note: The amounts represent amortized amounts of fair values of identifiable assets and liabilities exceeding their carrying amounts 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 2021**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:

	Operation and management of limited-service hotels in 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

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**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 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 assets of segments	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 investments 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 liabilities of segments	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 year	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 investments	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 values of identifiable assets and liabilities exceeding their carrying amounts 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 2021**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.**
3. **Other significant events**

According to the absorption and merger agreement signed between Jinjiang International and Jinjiang capital, Jinjiang International plans to absorb and merge Jinjiang capital. Before the implementation of this acquisition, Jinjiang capital directly and indirectly held 482,007,225 shares of the company, representing 45.05% of the total share capital, and was the controlling shareholder of the company. After the completion of this transaction, Jinjiang International will inherit 45.05% of the shares of the company directly held by Jinjiang capital and become the controlling shareholder of the company.

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS**1. Cash and bank balances**

RMB

Item	31 December 2021			31 December 2020		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			87,063.00			120,253.88
Bank balances						
RMB			837,687,067.83			593,908,610.04
USD	373,693.65	6.3757	2,382,558.60	368,587.83	6.5249	2,404,998.73
Deposit in other financial institutions (Note 1):						
RMB			659,680,396.73			170,751,428.81
Total (Note 2):	373,693.65		1,502,219,644.76	368,587.83		767,185,291.46

Note 1: Deposit in other financial institution represents the amount deposited in Finance Company

Note 2: The above bank balances of the Company include time deposits with term of more than 3 months amounting to RMB 500,000,000.00 (opening balance: RMB 0).

2. Held-for-trading financial assets

RMB

Item	31 December 2021	31 December 2020
Held-for-trading financial assets at FVTPL	196,692,000.00	214,412,000.00
Including: Equity instrument investments	196,692,000.00	214,412,000.00
Total	196,692,000.00	214,412,000.00

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 Company recognized its fair value of RMB 196,692,000.0 at the closing price of the last trading day prior to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Accounts receivable

(1) Disclosure by aging:

RMB

Aging	31 December 2021			31 December 2020		
	Accounts receivable	Bad debt provision	Proportion (%)	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	26,368,266.47	26,845.47	0.10	22,714,716.62	242,981.80	1.07
Over 1 year	227,242.84	227,242.84	100.00	920,475.46	920,475.46	100.00
Total	26,595,509.31	254,088.31	0.96	23,635,192.08	1,163,457.26	4.92

(2) Disclosure by bad debt provision method:

RMB

Category	31 December 2021				Carrying amount
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision by portfolio	26,595,509.31	100.00	254,088.31	0.96	26,341,421.00
Including:					
Metropolo client portfolio	26,595,509.31	100.00	254,088.31	0.96	26,341,421.00
Total	26,595,509.31	100.00	254,088.31	0.96	26,341,421.00

RMB

Category	31 December 2020				Carrying amount
	Book balance		Bad debt provision		
	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
Total	23,635,192.08	100.00	1,163,457.26	4.92	22,471,734.82

RMB

Aging	31 December 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Impairment provision	Carrying amount	Expected average loss rate (%)	Book balance	Impairment provision	Carrying amount
Within 6 months	0.00	26,202,714.84	582.56	26,202,132.28	0.02	21,384,385.86	3,579.77	21,380,806.09
6-12 months	15.86	165,551.63	26,262.91	139,288.72	18.00	1,330,330.76	239,402.03	1,090,928.73
Over 12 months	100.00	227,242.84	227,242.84	-	100.00	920,475.46	920,475.46	-
Total		26,595,509.31	254,088.31	26,341,421.00		23,635,192.08	1,163,457.26	22,471,734.82

(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	26,368,266.47	227,242.84	26,595,509.31
Expected credit loss	26,845.47	227,242.84	254,088.31
Carrying amount	26,341,421.00	-	26,341,421.00

Changes in impairment provision:

RMB

Impairment provision	Total
At 1 January 2021	1,163,457.26
Reversal	909,368.95
At 31 December 2021	254,088.31

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Other receivables

4.1 Disclosure by category

RMB

Other receivables	31 December 2021	31 December 2020
Interest receivable	5,991,219.59	4,111.25
Dividends receivable	408,557,319.83	25,913,430.55
Other receivables	138,175,458.54	112,140,150.12
Total	552,723,997.96	138,057,691.92

4.2 Dividends receivable

RMB

Item	31 December 2021	31 December 2020
Dividends receivable aging within 1 year		
(1) Keystone	346,521,180.77	-
(2) Shanghai KFC Co., Ltd.	20,906,651.08	-
(3) Hangzhou KFC Co., Ltd.	18,036,200.71	11,408,151.43
(4) Wuxi KFC Co., Ltd.	14,092,100.04	6,898,359.18
(5) Suzhou KFC Co., Ltd.	9,001,187.23	7,606,919.94
Total	408,557,319.83	25,913,430.55

(1) Bad debt provision

As at 31 December 2021, 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

RMB

Nature	31 December 2021	31 December 2020
Advance for related parties	135,028,333.47	107,928,549.37
Down payments and deposits	280,053.35	273,853.35
Business working capital	141,200.00	179,200.00
Others	2,725,871.72	3,758,547.40
Total	138,175,458.54	112,140,150.12

(2) Bad debt provision

As at 31 December 2021, the credit risk and ECL of other receivables are as follows:

RMB

Internal credit rating	31 December 2021				31 December 2020			
	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	138,034,258.54	-	-	138,034,258.54	111,960,950.12	-	-	111,960,950.12
Attention	-	-	-	-	-	-	-	-
Loss	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
Total book balance	138,034,258.54	-	606,265.93	138,640,524.47	111,960,950.12	-	606,265.93	112,567,216.05
Less: Loss provision	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
Carrying amount	138,034,258.54	-	-	138,034,258.54	111,960,950.12	-	-	111,960,950.12

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 2021**XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****4. 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	34.55	-
Vienna	Advance for related parties	Subsidiary	32,431,738.26	Within 1 year	23.39	-
New Metropolo	Advance for related parties	Subsidiary	10,065,077.69	Within 1 year	7.26	-
Jin Jiang Inn	Advance for related parties	Subsidiary	16,961,802.43	Within 1 year	12.23	-
Minhang Hotel	Advance for related parties	Subsidiary	7,990,226.88	Over 3 years	5.76	-
Total			115,348,845.26		83.20	-

5. Inventories

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Raw material	1,190,873.09	-	1,190,873.09	1,249,077.53	-	1,249,077.53
Goods on hand	430,627.81	-	430,627.81	1,088,940.23	-	1,088,940.23
Total	1,621,500.90	-	1,621,500.90	2,338,017.76	-	2,338,017.76

6. Other current assets

RMB

Item	31 December 2021	31 December 2020
VAT to be deducted	5,570,730.04	3,857,402.49
Prepaid expenses	426,675.63	996,410.63
Total	5,997,405.67	4,853,813.12

7. Non-current assets due within one year

RMB

Item	31 December 2021	31 December 2020
Finance lease receivables due within one year	789,202.59	-
Total	789,202.59	-

As at 31 December 2021, the Company's provision for ECL measured for the above finance lease receivables on an individual asset basis is not significant.

8. Long-term receivables

RMB

Item	31/12/2021			31/12/2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Appropriation from related parties	10,328,000.00	-	10,328,000.00	10,328,000.00	-	10,328,000.00
Finance lease receivables	9,788,578.40	-	9,788,578.40	-	-	-
Less: Unrealized financing income	1,570,597.65	-	1,570,597.65	-	-	-
Less: Long-term receivables due within one year	789,202.59	-	789,202.59	-	-	-
Long-term receivables due after one year	17,756,778.16	-	17,756,778.16	10,328,000.00	-	10,328,000.00

It is the liquidity appropriation receivable by the Company from wholly-owned subsidiary, New Asia Food.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****8. Long-term receivables - continued**

Bad debt provision

As at 31 December 2021, the Company's provision for ECL measured for the above long-term receivables on an individual asset basis is not significant.

9. Long-term equity investments

(1) The classification and summary of long-term equity investments are as follows:

RMB

Item	31 December 2021	31 December 2020
Investments in subsidiaries	16,062,765,094.90	15,701,549,017.76
Investments in joint ventures	877,481.96	706,496.84
Investments in associates	378,563,742.32	388,766,757.50
Total	16,442,206,319.18	16,091,022,272.10
Less: Provision for impairment loss of long-term equity investments	2,051,300.00	2,051,300.00
Net amount of long-term equity investments	16,440,155,019.18	16,088,970,972.10

(2) Movements of provision for impairment of long-term equity investments for the reporting period:

RMB

Investee	31 December 2020	Addition	Reduction	31 December 2021
Subsidiary				
Shanghai Food and Beverage Serving Equipment Co., Ltd.	2,051,300.00	-	-	2,051,300.00
Total	2,051,300.00	-	-	2,051,300.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

(3) Details of long-term equity investments in subsidiary are as follows:

Investee	Accounting method	31 December 2020	Changes	31 December 2021	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	RMB
								Closing balance of impairment provision
Subsidiary								
Keystone	Cost method	9,688,534,453.53	351,216,077.14	10,039,750,530.67	100.00	100.00	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	Cost method	7,000,000.00	-	7,000,000.00	100.00	100.00	N/A	-
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	Cost method	43,000,000.00	-	43,000,000.00	100.00	100.00	N/A	-
Shanghai Jin Po	Cost method	-	-	-	100.00	100.00	N/A	-
Shenzhen Jin Jiang (Note VI (2))	Cost method	-	10,000,000.00	10,000,000.00	100.00	100.00	N/A	-
Total		15,701,549,017.76	361,216,077.14	16,062,765,094.90			-	2,051,300.00

Note 1: The Company and Catering Investment respectively hold 98.25% and 1.75% interests in Minhang Hotel. The Company and Catering Investment respectively hold 5% and 95% interests in New Asia Food. The Company and its subsidiary Catering Investment respectively hold 18% and 82% interests in Jin Jiang Food.

Note 2: In 2021, the Company acquired 3.49825% of minority interests of Keystone. Upon the acquisition this time, the Company holds 100% of Keystone's equity and 100% voting rights in the investee.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

(4) Details of long-term equity investments in joint ventures and associates are as follow:

Investee	31/12/2020	Additional investments	Movements for the year				31/12/2021	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		
Joint ventures								
Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	706,496.84	-	290,232.27	(119,247.15)	-	-	877,481.96	-
Associates (Note)								
Shanghai Kentucky Fried Chicken Co., Ltd.	218,841,613.71	-	106,001,746.51	(117,506,651.07)	-	-	207,336,709.15	-
Shanghai New Asia Fulihua Catering Co., Ltd.	29,995,281.21	-	5,761,808.26	(2,583,000.00)	42,813.22	-	33,216,902.69	-
Shanghai Qicheng Network Technology Co., Ltd.	49,513,518.84	-	1,074,730.69	-	-	-	50,588,249.53	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	90,416,343.74	-	(2,994,462.79)	-	-	-	87,421,880.95	-
Da Hua Hotel (Note 1)	-	-	-	-	-	-	-	-
Total (Note 2)	389,473,254.34	-	110,134,054.94	(120,208,898.22)	42,813.22	-	379,441,224.28	-

Note 1: As at 31 December 2021, the carrying amount 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.

Note 2: 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.

10. Other equity instrument investments

(1) Investments in other equity instruments

Item	31 December 2021	31 December 2020
Agricultural Bank of China (Note)	12,789,000.00	13,659,000.00
Shanghai Business Center Co., Ltd.	6,700,000.00	5,067,014.62
Yangtze River United Development (Group) Co., Ltd.	1,300,000.00	1,800,000.00
Total	20,789,000.00	20,526,014.62

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 based on the closing price of the last trading day prior to the balance sheet date.

(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 transferring to retained earnings from other comprehensive income
Agricultural Bank of China	805,185.00	(3,786,314.67)	-	Purpose for long-term holding but not for trading	-
Shanghai Business Center Co., Ltd.	-	1,512,300.00	-	Purpose for long-term holding but not for trading	-
Yangtze River United Development (Group) Co., Ltd.	10,000.00	600,000.00	-	Purpose for long-term holding but not for trading	-
Total	815,185.00	(1,674,014.67)	-		-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

11. Other non-current financial assets

RMB

Item	31 December 2021	31 December 2020
Hangzhou Kentucky Fried Chicken Co., Ltd.	266,800,000.00	276,000,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	126,700,000.00	117,900,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,800,000.00	58,200,000.00
Total	452,300,000.00	452,100,000.00

12. Fixed assets

Fixed assets

RMB

Item	Buildings	Equipment	Transportation vehicles	Decoration	Total
I. Original carrying amount					
1. 31 December 2020	56,538,721.71	115,827,456.27	1,419,719.51	21,516,432.38	195,302,329.87
2. Addition					
(1) Purchase	-	2,328,650.64	-	-	2,328,650.64
(2) Transferred-in from construction in progress	-	7,834,366.71	-	357,609.23	8,191,975.94
(3) Transferred-in based on allocation	-	11,735.03	-	-	11,735.03
3. Reduction					
(1) Disposal or retirement	-	(1,167,180.87)	(1,112,658.51)	-	(2,279,839.38)
(2) Construction completion adjustment	-	87,238.08	-	(147,081.14)	(59,843.06)
4. 31 December 2021	56,538,721.71	124,922,265.86	307,061.00	21,726,960.47	203,495,009.04
II. Accumulated depreciation					
1. 31 December 2020	27,882,457.42	71,426,706.36	1,283,813.15	20,323,788.10	120,916,765.03
2. Provision	2,038,908.96	13,667,131.22	1,543.75	619,670.61	16,327,254.54
3. Transferred-in based on allocation	-	-	-	-	-
4. Reduction					
(1) Disposal or retirement	-	(1,093,054.72)	(1,001,392.65)	-	(2,094,447.37)
5. 31 December 2021	29,921,366.38	84,000,782.86	283,964.25	20,943,458.71	135,149,572.20
III. Provision for impairment loss					
1. 31 December 2020	-	-	-	-	-
2. Addition	-	-	-	-	-
3. Reduction	-	-	-	-	-
4. 31 December 2021	-	-	-	-	-
IV. Carrying amount					
1. 31 December 2021	26,617,355.33	40,921,483.00	23,096.75	783,501.76	68,345,436.84
2. 31 December 2020	28,656,264.29	44,400,749.91	135,906.36	1,192,644.28	74,385,564.84

13. Construction in progress

(1) Details of construction in progress are as follows:

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Jin Jiang Global Sharing Platform	10,415,910.80	-	10,415,910.80	7,481,080.74	-	7,481,080.74
Renovation of Magnotel Inn Radisson RED	37,587.20	-	37,587.20	35,864,142.48	-	35,864,142.48
Other renovations	488,871.85	-	488,871.85	1,007,327.79	-	1,007,327.79
Total	10,942,369.85	-	10,942,369.85	44,352,551.01	-	44,352,551.01

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

13. Construction in progress - continued

(2) Movement of significant construction in progress

RMB

Item	31/12/2020	Addition	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
Jin Jiang Global Sharing Platform	7,481,080.74	2,934,830.06	-	-	-	10,415,910.80	-	-	-	Self-financing
Renovation of Magnotel Inn Radisson RED	35,864,142.48	2,188,807.20	(7,017,616.36)	-	(30,997,746.12)	37,587.20	-	-	-	Self-financing
Other renovations	1,007,327.79	4,031,745.49	(1,174,359.58)	(712,831.86)	(2,663,009.99)	488,871.85	-	-	-	Self-financing
Total	44,352,551.01	9,155,382.75	(8,191,975.94)	(712,831.86)	(33,660,756.11)	10,942,369.85	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

14. Right-of-use assets

Item	Buildings	RMB
I. Original carrying amount		
1. Opening balance of the current year	619,174,490.01	
2. Additions		
(1) Purchase	24,237,460.37	
3. Reduction		
(1) Disposal or retirement	-	
4. Closing balance of the current year	643,411,950.38	
II. Accumulated depreciation		
1. Opening balance of the current year	316,576,841.65	
2. Additions		
(1) Provided for the year	46,094,270.71	
3. Reduction		
(1) Disposal or retirement	-	
4. Closing balance of the current year	362,671,112.36	
III. Provision for impairment losses		
1. Opening balance of the current year	-	
2. Additions		
3. Reduction		
4. Closing balance of the current year		
IV. Carrying amount		
1. Closing balance of the current year	280,740,838.02	
2. Opening balance of the current year	302,597,648.36	

As at 31 December 2021, the lease liabilities relating to above right-of-use assets amounted to RMB 327,768,929.71. The lease agreements did not specify any commitments in addition to the secured interests in the leased assets held by the lessor. The above right-of-use assets cannot be used for purposes such as borrowing security or guarantee, etc.

The Company leased assets including buildings, machinery equipment and transportation vehicles, of which the lease term ranged from 2 to 10 years.

15. Intangible assets

Item	Land use rights	Others	Total	RMB
I. Original carrying amount				
1. 31 December 2020	91,847,425.45	14,857,867.95	106,705,293.40	
2. Additions				
(1) Transfer from construction in progress	-	712,831.86	712,831.86	
3. 31 December 2021	91,847,425.45	15,570,699.81	107,418,125.26	
II. Accumulated amortization				
1. 31 December 2020	46,501,851.91	6,288,188.12	52,790,040.03	
2. Additions				
(1) Provision	2,342,405.79	2,672,764.78	5,015,170.57	
3. 31 December 2021	48,844,257.70	8,960,952.90	57,805,210.60	
III. Provision for impairment losses				
1. 31 December 2020	-	-	-	
2. Additions				
3. Reduction				
4. 31 December 2021	-	-	-	
IV. Carrying amount				
1. 31 December 2021	43,003,167.75	6,609,746.91	49,612,914.66	
2. 31 December 2020	45,345,573.54	8,569,679.83	53,915,253.37	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

16. Long-term prepaid expenses

RMB

Item	31 December 2020	Additions (Note 1)	Amortization	Other reductions (Note 2)	31 December 2021
Decoration of operating-lease fixed assets	37,301,749.43	15,388,366.97	(18,202,090.36)	(2,044,549.24)	32,443,476.80
Improvement of operating-lease fixed assets	136,432,994.64	18,272,389.14	(17,955,073.94)	(1,161,742.66)	135,588,567.18
Total	173,734,744.07	33,660,756.11	(36,157,164.30)	(3,206,291.90)	168,032,043.98

Note 1: The additions in long-term prepaid expenses this year include the completion and transfer from construction in progress of RMB 33,660,756.11.

Note 2: Other reductions in long-term prepaid expenses include the reduction of RMB 2,893,951.41 as a result of adjustments to completion settlement and reduction of RMB 312,340.49 as a result of disposal.

17. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	31 December 2021		31 December 2020	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Employee benefits payable	14,388,906.77	3,597,226.69	13,567,104.12	3,391,776.03
Provision for credit impairment	860,496.29	215,124.07	1,769,865.24	442,466.31
Government grants	3,445,200.00	861,300.00	4,467,100.00	1,116,775.00
Advance for deferred income of membership cards and membership points	298,913.38	74,728.35	281,993.75	70,498.43
Operating lease expenses	-	-	5,251,789.49	1,312,947.37
Changes in fair value of financial assets at FVTPL	74,189,338.94	18,547,334.74	56,469,338.94	14,117,334.73
Changes in fair value of investments in other equity instruments included in other comprehensive income	1,674,014.67	418,503.67	1,937,000.05	484,250.01
Total	94,856,870.05	23,714,217.52	83,744,191.59	20,936,047.88

(2) Deferred tax liabilities before offsetting

RMB

Item	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other non-current financial assets included in profit or loss	430,788,337.23	107,697,084.31	430,588,337.23	107,647,084.31
Total	430,788,337.23	107,697,084.31	430,588,337.23	107,647,084.31

(3) Deferred tax assets or liabilities are offset and the net amount is presented below:

RMB

Item	31 December 2021		31 December 2020	
	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	23,714,217.52	-	20,936,047.88	-
Deferred tax liabilities	23,714,217.52	83,982,866.79	20,936,047.88	86,711,036.43

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

18. Other non-current assets

RMB

Item	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Long-term time deposits	2,900,000,000.00	-	2,900,000,000.00	-	-	-
Interest on long-term time deposits	63,855,166.67	-	63,855,166.67	-	-	-
Entrusted loans	17,700,000.00	-	17,700,000.00	11,700,000.00	-	11,700,000.00
Total	2,981,555,166.67	-	2,981,555,166.67	11,700,000.00	-	11,700,000.00

(1) Details of provision for bad debts

As at 31 December 2021, the Company 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 2021 to 28 June 2023, carrying an annual interest rate of 1.15%; the Company entrusted Finance Company to issue an entrusted loan of RMB 6,000,000.00 to Shanghai Jinzhu Catering Management Co., Ltd. with a loan term from 10 November 2021 to 9 November 2024, carrying an annual interest rate of 1.15%. The Company's provision for ECL measured for the above entrusted loans on an individual asset basis was not significant.

As at 31 December 2021, the Group's long-term time deposits (including interest receivable) amounted to RMB 2,963,855,166.67. The Company's provision for ECL measured for the above long-term time deposits (including interest receivable) on an individual asset basis was not significant.

19. Short-term borrowings

RMB

Item	31 December 2021	31 December 2020
Credit borrowings - Bank (Note)	570,000,000.00	620,000,000.00
Total	570,000,000.00	620,000,000.00

Note: As at 31 December 2021, the Company had credit borrowings of RMB 570,000,000.00 financed from China Construction Bank Shanghai Pudong Branch with a borrowing period from 19 March 2021 to 18 March 2022; the annual interest rate was the prime rate of the one-year loan as published by the Nation Interbank Funding Center minus 65 basis points, which was 3.20%.

20. Accounts payable

Details of accounts payable are as follows:

RMB

Item	31 December 2021	31 December 2020
Payables for operation	3,086,736.99	8,229,248.95
Payables for construction	13,056,415.99	23,106,956.45
Total	16,143,152.98	31,336,205.40

21. Employee benefits payable

(1) List of employee benefits payable

RMB

Item	31 December 2020	Addition	Reduction	31 December 2021
1. Short-term employee benefits payable	12,802,249.74	116,310,183.65	(110,904,505.55)	18,207,927.84
2. Post-employment benefits-Defined Contribution Plan	496,538.29	20,777,379.52	(20,572,664.98)	701,252.83
3. Termination compensation	5,223,454.48	3,412,919.80	(2,591,117.07)	6,045,257.21
Total	18,522,242.51	140,500,482.97	(134,068,287.60)	24,954,437.88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

21. Employee benefits payable - continued

(2) List of short-term employee benefits payable

RMB

Item	31 December 2020	Addition	Reduction	31 December 2021
1. Wages or salaries, bonus, allowance, subsidies	11,989,631.91	94,416,816.49	(89,007,944.53)	17,398,503.87
2. Staff welfare	-	3,746,351.05	(3,746,351.05)	-
3. Social security	175,892.31	8,329,116.78	(8,269,111.09)	235,898.00
Including: Medical insurance	171,287.58	8,048,294.20	(7,993,547.22)	226,034.56
Work injury insurance	4,367.29	264,362.45	(259,103.74)	9,626.00
Maternity insurance	237.44	16,460.13	(16,460.13)	237.44
4. Housing fund	204,778.00	7,628,029.20	(7,728,839.87)	103,967.33
5. Labor union and staff education fund	431,947.52	2,189,870.13	(2,152,259.01)	469,558.64
Total	12,802,249.74	116,310,183.65	(110,904,505.55)	18,207,927.84

(3) Defined contribution plan

RMB

Item	31 December 2020	Addition	Reduction	31 December 2021
1. Pension insurance	483,983.88	20,230,825.63	(20,033,187.41)	681,622.10
2. Unemployment insurance	12,554.41	546,553.89	(539,477.57)	19,630.73
Total	496,538.29	20,777,379.52	(20,572,664.98)	701,252.83

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 year when they are incurred.

In this year, the Group should contribute pension insurance and unemployment plans amounting to RMB 20,230,825.63 and 546,553.89 (2020: RMB 5,250,768.90 and RMB 81,873.21). As at 31 December 2021, the Group has outstanding contributions to pension insurance and unemployment plans that are due as of the reporting period amounting to RMB 681,622.10 and RMB 19,630.73 (31 December 2020: RMB 483,983.88 and RMB 12,554.41). The related payables have been paid after the reporting period.

22. Taxes payable

RMB

Item	31 December 2021	31 December 2020
Value-added tax	1,179,809.23	-
Enterprise income tax	1,336,014.44	1,357,272.85
Individual income tax	440,112.55	616,961.37
Property tax	456,664.83	252,704.44
Others	32,861.44	12,401.99
Total	3,445,462.49	2,239,340.65

23. Other payables

23.1 Disclosure by categories

RMB

Other payables	31 December 2021	31 December 2020
Interest payable	3,999,783.32	5,849,364.58
Dividends payable	590,851.03	586,773.69
Other payables	338,397,038.60	258,467,761.04
Total	342,987,672.95	264,903,899.31

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****23. Other payables- continued****23.2 Other payables**

(1) Details of other payables are as follows:

Item	31 December 2021	31 December 2020
Amounts due to/from related parties	213,408,476.39	158,749,076.99
Accrued taxes for replacement of significant assets and attached transactions	58,623,448.29	58,623,448.29
Accrued expenses	8,356,900.20	6,527,649.08
Balance payment for acquisition of minority interest in Keystone	31,372,015.18	4,450,000.00
Others	26,636,198.54	30,117,586.68
Total	338,397,038.60	258,467,761.04

RMB

Note: The Company and the subsidiaries of the Group had outstanding balances of RMB 31,372,015.18 from the acquisition of minority interest in Keystone.

(2) Explanation of other payables with a large amount aged over 1 year at the end of the reporting period

At 31 December 2021, 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.

(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.

24. Non-current liabilities due within one year

Details of non-current liabilities due within one year are as follows:

Item	31 December 2021	31 December 2020
Long-term borrowings due within one year (Note (XIV) 25)	1,779,000,000.00	781,000,000.00
Lease liabilities due within one year (Note (XIV) 26)	49,622,898.85	-
Total	1,828,622,898.85	781,000,000.00

RMB

25. Long-term borrowings

Item	31 December 2021	31 December 2020
Pledged borrowing - Bank (Note 1)	959,000,000.00	2,459,000,000.00
Credit borrowings - Bank	-	1,000,000.00
Credit borrowings - Other financial institution (Note 2)	2,407,000,000.00	2,487,000,000.00
Total	3,366,000,000.00	4,947,000,000.00
Less: Long-term borrowings due within one year	1,779,000,000.00	781,000,000.00
Long-term borrowings due after one year	1,587,000,000.00	4,166,000,000.00

RMB

Note 1: As at 31 December 2021, the Group has borrowed RMB 959,000,000.00 from the Export-import Bank of China Co., Ltd., of which RMB 959,000,000.00 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 per annum, and with weighted average financing costs of 3.3250% for this financial reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****25. Long-term borrowings - continued**

Note 2: As at 31 December 2021, the Company has borrowed RMB 2,407,000,000.00 from Finance Company, with an annual interest rate of 3.325% and 3.60% from 12 June 2020 to 3 November 2023, of which RMB 820,000,000.00 is due within one year.

26. Lease liabilities

RMB

Item	31 December 2021	31 December 2020
Lease liabilities	327,768,929.71	
Less: Lease liabilities included in non-current liabilities due within one year	49,622,898.85	
Net carrying amount	278,146,030.86	

27. Other non-current liabilities

RMB

Item	31 December 2021	31 December 2020
Government grants	3,445,200.00	4,467,100.00
Total	3,445,200.00	4,467,100.00

Items with government grants:

RMB

Item	31 December 2020	Addition	Included in profit or loss	31 December 2021	Related to assets/ Related to income
Metropolo brand innovation project special support funds	4,467,100.00	-	(1,021,900.00)	3,445,200.00	Related to assets
Total	4,467,100.00	-	(1,021,900.00)	3,445,200.00	

28. Capital reserve

RMB

Item	31 December 2020	Addition	Reduction	31 December 2021
Capital premium	9,085,391,183.30	4,866,437,544.30	-	13,951,828,727.60
Including: Capital contributed by investors	7,785,762,028.28	4,866,437,544.30	-	12,652,199,572.58
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	105,344,937.78	-	-	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	(33,311,126.72)	-	-	(33,311,126.72)
Total	9,190,736,121.08	4,866,437,544.30	-	14,057,173,665.38

29. Other comprehensive income

RMB

Item	31 December 2020	2021			31 December 2021
		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					
Including: Changes in fair value of investments in other equity instruments	(1,452,750.03)	262,985.38	65,746.34	197,239.04	(1,255,510.99)
(II) Other comprehensive income that will be reclassified to profit or loss					
Including: Shares of other comprehensive income in the investee that will be reclassified to profit or loss under equity method	1,815,517.64	42,813.22	-	42,813.22	1,858,330.86
Total	362,767.61	305,798.60	65,746.34	240,052.26	602,819.87

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

30. Operating income and operating costs

(1) Operating income and operating costs

RMB

Business	2021		2020	
	Income	Cost	Income	Cost
Principal business	200,945,285.58	187,625,488.08	168,373,728.41	186,107,508.70
Other business	1,976,106.32	-	914,285.76	-
Total	202,921,391.90	187,625,488.08	169,288,014.17	186,107,508.70

(2) Principal business (by category)

RMB

Business	2021		2020	
	Operating income	Operating costs	Operating income	Operating costs
Limited service hotel operation and management				
Including: Hotel room	175,686,122.43	174,887,399.41	140,516,405.50	168,259,371.30
Catering services	8,819,684.97	5,998,281.00	7,365,369.28	5,013,989.66
Sales of goods	6,414,002.72	5,624,402.45	10,142,274.41	9,573,000.87
Others	10,025,475.46	1,115,405.22	10,349,679.22	3,261,146.87
Total	200,945,285.58	187,625,488.08	168,373,728.41	186,107,508.70

31. Costs and expenses by nature

(1) Selling expenses

RMB

Item	2021	2020
Employee benefits	4,499,239.14	2,694,058.67
Including: Wages and salaries	2,998,776.76	1,997,662.75
Social insurance and housing fund	1,372,460.87	601,120.19
Welfare and other expenses	128,001.51	95,275.73
Energy and material consumption	1,314.16	336,636.76
Depreciation and amortization	1,037.37	1,556.03
Advertising expense	7,842,907.36	5,755,951.61
Others	11,970.16	7,793.77
Total selling expenses	12,356,468.19	8,795,996.84

(2) Administrative expenses:

RMB

Item	2021	2020
Employee benefits	84,525,381.28	55,227,283.20
Including: Wages and salaries	55,418,075.24	38,021,517.65
Social insurance and housing fund	21,262,155.76	11,289,628.22
Welfare and other expenses	7,845,150.28	5,916,137.33
Energy and material consumption	2,452,455.11	1,821,521.47
Depreciation and amortization	16,212,904.19	9,411,202.58
Operating lease expenses	15,500,490.83	17,975,653.44
Repair and maintenance expense	4,222,548.15	3,361,437.44
Others	36,188,509.95	20,710,223.62
Total administrative expenses	159,102,289.51	108,507,321.75

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

32. Financial expenses

Item	2021	2020	RMB
Interest expenses	160,068,180.58	198,243,436.04	
Interest expenses on lease liabilities	14,327,453.46	-	
Less: Interest income	96,859,527.26	4,292,244.27	
Foreign exchange difference	159,025.40	(41,244.13)	
Others	623,437.62	828,215.13	
Total	78,318,569.80	194,738,162.77	

33. Other income

Item	2021	2020	RMB
Financial support fund	1,639,005.10	7,450,115.31	Related to assets/ related to income
Metropolo brand innovation project special support funds	1,021,900.00	3,979,250.00	Related to assets
Pandemic-specific support subsidy	-	52,369,064.33	Related to income
Tax-related subsidy	-	218,618.06	Related to income
Total	2,660,905.10	64,017,047.70	

34. Investment income

(1) Details of investment income

Item	2021	2020	RMB
Investment income from long-term equity investments under equity method	110,134,054.94	119,685,543.93	
Investment income from long-term equity investments under cost method	1,069,098,586.80	419,107,326.08	
Dividends income from held-for-trading financial assets, investments in other equity instruments and other non-current financial assets during the holding period	111,700,782.11	105,868,251.95	
Investment income from disposal of subsidiaries	-	157,351,470.93	
Others	315,295.96	203,402.03	
Total	1,291,248,719.81	802,215,994.92	

35. Gains (losses) from changes in fair value

Item	2021	2020	RMB
Changes in fair value of other non-current financial assets	200,000.00	53,700,000.00	
Changes in fair value of held-for-trading financial assets	(17,720,000.00)	(37,212,000.00)	
Total	(17,520,000.00)	16,488,000.00	

36. Notes to items in the cash flow statement

(1) Cash receipts from investment income

Item	2021	2020	RMB
Dividends received	918,541,574.36	654,733,260.22	
Interest on entrusted loans received	144,277.08	65,406.25	
Total	918,685,851.44	654,798,666.47	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

36. Notes to items in the cash flow statement - continued

(2) Cash payments relating to investing activities

RMB

Item	2021	2020
Payments for acquisition of minority interest in Keystone	319,844,061.96	31,159,620.24
Incorporation of new subsidiaries	10,000,000.00	-
Payments for entrusted loans	6,000,000.00	11,700,000.00
Payments for long-term equity investments	-	574,000.00
Total	335,844,061.96	43,433,620.24

(3) Other cash receipts relating to investing activities

RMB

Item	2021	2020
Purchase of time deposits	3,400,000,000.00	-

(4) Cash receipts from capital contributions

RMB

Item	2021	2020
Non-public offering of A Shares	4,978,299,985.86	-
Total	4,978,299,985.86	-

(5) Other cash receipts relating to financing activities

RMB

Item	2021	2020
Payments for lease	58,928,377.92	-

37. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	2021	2020
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,049,714,861.89	546,551,109.20
Add: Provision for asset impairment	-	681,952.37
Provision for impairment losses of credit	(909,368.95)	-
Depreciation of fixed assets	16,327,254.54	17,762,785.24
Depreciation of right-of-use assets	46,094,270.72	-
Amortization of intangible assets	5,015,170.57	4,892,372.98
Decrease in prepaid expenses (less: increase)	2,893,951.41	-
Amortization of long-term prepaid expenses	36,157,164.30	35,487,239.38
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(480,717.99)	92,098.29
Losses on retirement of fixed assets	19,293.28	-
Losses (gains) on changes in fair value	17,520,000.00	(16,488,000.00)
Financial expenses	174,395,634.04	198,243,436.04
Losses (gains) arising from investments	(1,291,248,719.81)	(802,215,994.92)
Decrease (increase) in deferred tax assets	(4,106,863.35)	5,203,058.17
Decrease in inventories	716,516.86	1,467,460.92
Decrease (increase) in operating receivables	(105,797,315.79)	(13,346,640.22)
Increase in operating payables	49,540,777.45	57,897,285.54
Net cash flow from operating activities	(4,148,090.83)	36,228,162.99
2. Net changes in cash and cash equivalents:		
Cash at the end of year	1,002,219,644.76	767,185,291.46
Less: Cash at the beginning of year	767,185,291.46	455,861,836.57
Add: Cash equivalents at the end of year	-	-
Less: Cash equivalents at the beginning of year	-	-
Net increase in cash and cash equivalents	235,034,353.30	311,323,454.89

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****37. Supplementary information to the cash flow statement - continued**

(2) Composition of cash and cash equivalents

Item	31 December 2021	31 December 2020
I. Cash	1,002,219,644.76	767,185,291.46
Including: Cash on hand	87,063.00	120,253.88
Bank deposits that can be readily withdrawn	1,002,132,581.76	767,065,037.58
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	1,002,219,644.76	767,185,291.46

RMB

38. Related party relationships and transactions

(1) Basic information and relevant information of subsidiaries and associates of the Company are referred to Note (XIV) 9. 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:

Related parties	Transactions	2021	2020
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Purchase of hotel commodities	16,874.01	10,519.74
Shanghai Jin Jiang International Electronic Commerce Co., Ltd.	Purchase of membership package	-	1,021,898.57
Shanghai Jin Jiang International Electronic Commerce Co., Ltd.	Room booking service	44,068.13	32,770.82
Keystone	Outsourcing service	6,290,993.47	-
Keystone	Purchase of membership package	819,028.20	-
Subtotal		7,170,963.81	1,065,189.13

RMB

Sales of goods/rendering of services:

Related parties	Transactions	2021	2020
New Metropolo	Revenue from hotel management fee (continuous franchise)	839,260.31	-
Keystone	Revenue from packages prorate	1,818,306.53	-
Subtotal		2,657,566.84	-

RMB

(3) Related parity lease

The Company as lessor:

Lessee	Asset for lease	Lease income recognized in the year	Lease income recognized in prior year
Jinya Catering	Logistics Center, Gonghe Branch Sales Store	158,730.15	380,952.36
Minhang Hotel	Store	914,285.76	914,285.76
Subtotal		1,073,015.91	1,295,238.12

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

38. Related party relationships and transactions - continued

(3) Related parity lease - continued

The Company as lessee:

RMB

Lessor	Asset for lease	Closing balance of lease liabilities in the year	Interest expenses on lease liabilities in the year	Lease expenses recognized in the year	Lease expenses recognized in the prior year
Shanghai Hua Ting Guest House Co., Ltd.	Operation area	27,311,265.92	1,422,238.93	8,660,112.82	8,140,161.66
Shanghai MAGNOTEL Hotel Co., Ltd.	Operation area	28,296,921.90	1,496,018.14	8,925,747.74	8,459,299.25
Jin Jiang Capital	Operation area	139,724,316.23	6,866,412.71	29,318,544.16	28,708,571.41
Marvel Hotel Shanghai	Operation area	57,537,216.14	2,932,138.35	11,729,970.40	9,483,198.52
Jin Jiang International	Office and operation area	2,934,992.37	132,712.64	3,708,751.09	2,582,240.04
Keystone	Office area	-	-	520,471.36	-
Shanghai Jinmin Hotel Co., Ltd.	Office area	-	-	2,171,140.93	427,419.60
Shanghai Jin Jiang Property Management Co., Ltd.	Office area	-	-	159,356.03	149,988.60
Subtotal		255,804,712.56	12,849,520.77	65,194,094.53	57,950,879.08

(4) Guarantees with guarantee related parties

The Group as the guaranteeing party:

RMB

Related party	Guaranteed amount	Commencement date	Maturity Date	Whether the guarantee has been fulfilled completely
GDL	428,850,180.00	2020/9/29	2023/9/29	N
GDL	430,294,120.00	2020/11/13	2023/11/13	N
GDL	215,147,060.00	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 2021 and balance at 31 December 2021:

RMB

Related party	Amount	Commencement date	Maturity Date	Remark
Borrowed from				
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	10,000,000.00	2020/6/12	2021/6/15	Credit borrowings
Finance Company	70,000,000.00	2020/6/12	2022/12/5	Credit borrowings
Finance Company	10,000,000.00	2020/8/14	2021/12/15	Credit borrowings
Finance Company	490,000,000.00	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	580,000,000.00	2020/9/28	2023/9/27	Credit borrowings
Finance Company	10,000,000.00	2020/11/4	2021/12/15	Credit borrowings
Finance Company	487,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	430,000,000.00	2020/11/4	2023/11/3	Credit borrowings
Finance Company	150,000,000.00	2020/11/17	2023/11/3	Credit borrowings
Finance Company	10,000,000.00	2020/11/17	2021/12/15	Credit borrowings
Subtotal	2,487,000,000.00			

Related party	Amount	Commencement date	Maturity date	Remark
Lent to				
Da Hua Hotel	11,700,000.00	2020/6/29	2023/6/28	Entrusted loans
Jinzhu Catering	6,000,000.00	2021/11/10	2024/11/9	Entrusted loans
Subtotal	17,700,000.00			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

38. Related party relationships and transactions - continued

(5) Amount due to/from related parties - continued

Interest expenses and interest income arising from amount due to/from related parties:

Item	2021	2020
Interest expenses	84,013,191.02	39,356,144.55
Interest income	8,824,302.33	3,202,154.58
Investment income	128,696.93	65,582.53

RMB

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 2021	31 December 2020
Closing balance of deposits	659,680,396.73	170,751,428.81

RMB

Finance Company	2021	2020
Accumulative amount of deposits at Finance Company	2,110,269,518.06	4,864,445,683.49
Accumulative amount of deposits withdrawn from Finance Company	1,621,340,550.14	4,823,472,679.93

RMB

(6) Transfer of related party assets

Related party	Content of transactions	2021	2020
Jin Jiang International Investment	Equity Transfer	-	170,436,388.68

RMB

(7) Receivables and payables to related parties

i) Receivables

Item	Related party	31 December 2021		31 December 2020	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jin Jiang International and subsidiaries	4,464,522.73	-	4,464,522.73	-
Accounts receivable	Jin Jiang Inn	955,657.93	-	2,315,226.76	-
Accounts receivable	Jinya Catering	-	-	1,279,313.54	-
Accounts receivable	Vienna	-	-	433,301.22	-
Subtotal		5,420,180.66		8,492,364.25	
Other receivables	Jin Jiang Capital and subsidiaries	6,350.00	-	6,350.00	-
Other receivables	Jin Jiang Inn	16,961,802.43	-	8,544,422.33	-
Other receivables	Hotels Investment	5,416,105.66	-	1,661,761.56	-
Other receivables	New Metropolo	10,065,077.69	-	9,954,741.70	-
Other receivables	Jin Jiang International and subsidiaries	1,461,237.33	-	1,248,242.34	-
Other receivables	Minhang Hotel	7,990,226.88	-	14,869,252.68	-
Other receivables	Louvre Asia	5,500,000.00	-	5,500,000.00	-
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	-	19,867.90	-
Other receivables	Food and Beverage Serving Equipment	7,246,838.99	-	6,500,742.02	-
Other receivables	Vienna	32,431,738.26	-	11,694,080.51	-
Subtotal		135,028,333.47		107,928,549.37	
Interest receivable	Jin Jiang International and subsidiaries	4,111.25	-	4,111.25	-
Interest receivable	Jinzhong Catering	2,108.34	-	-	-
Subtotal		6,219.59		4,111.25	
Dividends receivable	Keystone	346,521,180.77	-	-	-
Subtotal		346,521,180.77			
Prepayments	Jin Jiang International and subsidiaries	22,764.00	-	-	-
Subtotal		22,764.00			
Long-term receivables	New Asia Food	10,328,000.00	-	10,328,000.00	-
Subtotal		10,328,000.00		10,328,000.00	
Other non-current assets	Jin Jiang International and subsidiaries	11,700,000.00	-	11,700,000.00	-
Other non-current assets	Jinzhong Catering	6,000,000.00	-	-	-
Subtotal		17,700,000.00		11,700,000.00	

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

XIV. NOTES TO THE MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

38. Related party relationships and transactions - continued

(7) Receivables and payables to related parties - continued

ii) Payables

		RMB	
Item	Related party	31 December 2021	31 December 2020
Accounts payable	Jin Jiang International and subsidiaries	95,365.51	105,354.58
Accounts payable	Jin Jiang Capital and subsidiaries	647,000.00	-
Accounts payable	International Foods	-	38,221.44
Subtotal		742,365.51	143,576.02
Other payables	Jin Jiang International and subsidiaries	1,518,295.25	826,510.40
Other payables	Jin Jiang Capital and subsidiaries	95,331,166.30	46,864,014.70
Other payables	Jin Jiang Inn	86,406,191.44	85,005,192.92
Other payables	Hotels Investment	7,876,340.51	7,876,340.51
Other payables	Keystone	3,930,393.99	-
Other payables	New Metropolo	10,089,133.30	9,701,981.58
Other payables	GDL	6,039,427.65	7,051,888.00
Other payables	Vienna	2,217,527.95	1,423,148.88
Subtotal		213,408,476.39	158,749,076.99
Interest payable	Finance Company	2,468,132.64	2,551,931.25
Subtotal		2,468,132.64	2,551,931.25

* * * END OF THE FINANCIAL STATEMENTS* * *

SUPPLEMENTARY INFORMATIONS
FOR THE YEAR ENDED 31 DECEMBER 2021**1. Breakdown of Non-Recurring Profit or Loss for the Year**

Item	2021	2020
Profit (loss) on disposal of non-current assets	18,467,004.01	(32,270,059.69)
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)	389,526,208.49	448,263,379.85
Income earned from lending funds to non-financial institutions and recognized in profit or loss	440,034.62	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 year 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 financial assets at FVTPL and held-for-trading financial liabilities and investment income on disposal of financial assets at FVTPL, 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	(57,162,259.14)	80,694,520.48
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	-	-
Custodian fees earned from entrusted operation	-	-
Other non-operating income or expenses other than the above	24,612,324.88	27,270,736.54
Other profit and loss items that meet the definition of non-recurring profit or loss (Note)	(61,746,053.52)	336,779,089.68
Tax effects	(87,174,989.38)	(71,187,956.49)
Effects attributable to minority interests after tax	(4,458,520.96)	(9,852,369.74)
Total	222,503,749.00	779,920,018.43

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.

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.

SUPPLEMENTARY INFORMATIONS
FOR THE YEAR ENDED 31 DECEMBER 2021**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 Hotel Development CO., LTD ("Jin Jiang Hotel") 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	0.65	0.0966	N/A
Net profit attributable to ordinary equity holders of the Company after deducting non-recurring profit or loss	(0.79)	(0.1170)	N/A

Note: The Company has no diluted potential ordinary shares.

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 2021 and 31 December 2020, and the operating results, cash flows and segments room operation of limited service hotels for the period from 1 January 2021 to 31 December 2021 and 1 January 2020 to 31 December 2020. The summarized accounting statements and room operation statement for the segment of limited service hotels dose 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 2021	31 December 2020	Item	31 December 2021	31 December 2020
Current Assets:			Current Liabilities:		
Cash and bank balances	4,910,415,892.67	6,053,841,923.59	Short-term borrowings	283,523,164.09	374,585,319.50
Held-for-trading financial assets	47,399,956.52	39,825,956.80	Derivative financial liabilities	-	-
Accounts receivable	1,535,988,238.09	1,062,264,320.40	Accounts payable	1,029,856,640.48	1,745,889,747.58
Prepayments	108,216,690.10	219,860,539.48	Receipts in advance	9,096,686.35	5,481,209.40
Other receivables	674,699,676.78	623,868,790.40	Contract liabilities	778,838,627.75	932,343,409.44
Inventories	69,887,760.67	69,279,719.62	Employee benefits payable	897,858,663.02	887,491,015.70
Non current assets due within one year	33,532,134.78	-	Taxes payable	291,880,589.62	468,870,738.46
Other current assets	423,982,762.51	366,788,886.83	Other payables	2,065,111,572.77	1,770,682,407.66
			Non-current liabilities due within one year	4,725,671,172.61	104,003,362.90
Total Current Assets	7,804,123,112.12	8,435,730,137.12	Total Current Liabilities	10,081,837,116.69	6,289,347,210.64
Non-current Assets:			Non-current Liabilities:		
Other equity instrument investments	30,471,708.70	26,649,550.82	Lease liabilities	6,368,574,808.62	-
Other non-current financial assets	-	-	Long-term borrowings	8,508,535,672.94	10,338,856,203.12
Long-term receivables	440,096,343.62	-	Long-term payables	67,950,359.18	152,172,338.41
Long-term equity investments	248,972,068.52	267,749,528.92	Long-term employee benefits payable	77,736,149.42	99,640,012.22
Investment properties	-	-	Provisions	50,885,115.52	51,368,852.96
Fixed assets	5,113,425,323.88	5,833,181,846.23	Deferred tax liabilities	1,683,071,483.56	2,006,615,426.28
Construction in progress	472,537,622.03	451,205,727.14	Other non-current liabilities	162,599,743.18	176,991,195.19
Right-of-use assets	8,168,625,179.78	-	Total Non-current Liabilities	16,919,353,332.42	12,825,644,028.18
Intangible assets	6,692,815,042.54	7,194,768,546.84	TOTAL LIABILITIES	27,001,190,449.11	19,114,991,238.82
Goodwill	11,000,199,835.42	11,503,365,924.11	SHAREHOLDERS' EQUITY:		
Long-term prepaid expenses	1,605,465,689.79	1,992,368,168.78	Share capital	3,144,882,875.13	3,134,882,875.13
Deferred tax assets	751,366,818.97	926,434,432.00	Capital reserve	4,012,744,002.67	4,011,763,808.50
Other non-current assets	217,647,924.17	106,915,441.81	Other comprehensive income	(313,280,079.15)	(314,953,677.16)
			Surplus reserve	169,087,381.20	165,038,712.59
			Retained profits	2,274,011,192.19	4,161,158,830.44
			Contribution from the parent company	5,484,558,584.30	5,629,691,001.14
			Total owners' equity attributable to the segment of limited service hotels	14,772,003,956.34	16,787,581,550.64
			Minority interests	772,552,264.09	835,796,514.31
Total Non-current Assets	34,741,623,557.42	28,302,639,166.65	TOTAL SHAREHOLDERS' EQUITY	15,544,556,220.43	17,623,378,064.95
TOTAL ASSETS	42,545,746,669.54	36,738,369,303.77	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	42,545,746,669.54	36,738,369,303.77

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**3. 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	2021	2020
I. Total operating income	11,090,266,723.59	9,649,207,583.68
Self-owned and rented hotels	5,328,641,325.15	5,174,021,656.35
Franchised and managed hotels	5,247,195,621.42	4,350,005,481.11
Others	514,429,777.02	125,180,446.22
Total operating income	11,090,266,723.59	9,649,207,583.68
Less: Taxes and levies	121,515,560.76	112,987,192.03
Net operating income	10,968,751,162.83	9,536,220,391.65
Operating costs and expenses		
Costs for Self-owned and rented hotels		
Rental	1,823,333,843.99	1,692,950,431.67
Energy	531,596,460.23	513,165,205.41
Labor cost for self-owned and rented hotels	2,120,992,668.00	1,896,055,853.83
Labor cost for franchised and managed hotels	1,386,862,769.12	1,235,103,360.04
Other costs for franchised and managed hotels	443,057,784.84	544,127,682.83
Depreciation	467,443,115.38	551,811,822.42
Amortization	474,571,379.41	608,662,457.38
Consumptions, food and beverage	692,058,146.58	607,760,290.27
Others	503,417,186.60	687,020,482.50
Total operation costs of hotels	8,443,333,354.15	8,336,657,586.35
Sales and marketing expenses	897,304,817.41	517,512,948.03
General administrative and management expenses	1,476,601,465.89	1,307,312,163.88
Start-up expenses	5,429,884.26	5,026,265.34
Total operating costs and expenses	10,822,669,521.71	10,166,508,963.60
II. Operating profit	146,081,641.12	(630,288,571.95)
Investment income	2,071,913.85	588,801,825.83
Interest income	82,455,636.01	56,413,275.96
Interest expenses	133,313,235.12	140,735,636.61
Impairment losses of long-term assets	2,188,044.29	70,463,295.20
Non-operating income	486,183,199.82	473,028,426.12
Non-operating expenses	36,829,802.28	69,237,262.71
Gains (losses) from changes in fair value of unrecognized warrants	(39,642,259.14)	53,071,536.26
Foreign exchange gains (losses)	(64,608.66)	(38,371,251.79)
III. Total profit	504,754,441.31	222,219,045.91
Income tax expenses	307,912,610.31	54,775,604.93
IV. Net profit	196,841,831.00	167,443,440.98
Less: Profit attributable to minority interests	197,746,382.19	131,170,765.61
Net profit attributable to segments of limited service hotels	(904,551.19)	36,272,675.37
V. Other comprehensive income (loss), net of tax	35,998,571.56	(62,438,093.59)
Other comprehensive income (loss) attributable to owners of the Company, net of tax	33,057,448.49	(56,272,106.80)
(I) Other comprehensive income (loss) that cannot be subsequently reclassified to profit or loss	6,758,082.29	(2,910,631.28)
1. Changes from remeasurement of net liabilities or assets from defined benefit plans	2,985,547.69	(1,783,520.37)
2. Changes in fair value of investments in other equity instruments	3,772,534.60	(1,127,110.91)
(II) Other comprehensive income (loss) that will be reclassified to profit or loss	26,299,366.20	(53,361,475.52)
1. Share of other comprehensive income of the investee that will be reclassified to profit or loss under the equity method	90,269.56	(122,801.65)
2. Effective portion of profit or loss from cash flow hedges	-	679,447.03
3. Translation differences of financial statements denominated in foreign currencies	26,209,096.64	(53,918,120.90)
Other comprehensive income (loss) attributable to minority interests, net of tax	2,941,123.07	(6,165,986.79)
VI. Total comprehensive income (loss):	232,840,402.56	105,005,347.39
Total comprehensive income (loss) attributable to owners of the Company	32,152,897.30	(19,999,431.43)
Total comprehensive income (loss) attributable to minority interests	200,687,505.26	125,004,778.82

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**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 2021 to 31 December 2021	Period from 1 January 2020 to 31 December 2020
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	10,761,196,231.22	10,117,145,083.82
Receipts of tax refunds	-	-
Other cash receipts relating to operating activities	708,591,934.26	632,195,959.60
Sub-total of cash inflows from operating activities	11,469,788,165.48	10,749,341,043.42
Cash payments for goods purchased and services received	2,795,474,370.46	3,741,550,209.00
Cash payments to and on behalf of employees	4,191,340,539.05	3,989,732,492.20
Payments of various types of taxes	1,059,311,588.44	872,202,584.34
Other cash payments relating to operating activities	1,264,577,625.10	1,971,474,158.86
Sub-total of cash outflows from operating activities	9,310,704,123.05	10,574,959,444.40
Net Cash Flow from Operating Activities	2,159,084,042.43	174,381,599.02
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	-	868,085,429.87
Cash receipts from investment income	16,743,761.28	17,904,063.37
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	38,920,314.81	21,020,093.25
Net cash receipts from disposals of subsidiaries and other business units	7,829,759.09	433,965,809.58
Net cash receipts from acquisition of subsidiaries and other business units	-	-
Other cash receipts relating to investing activities	3,942,670.80	1,266,473.59
Sub-total of cash inflows from investing activities	67,436,505.98	1,342,241,869.66
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	578,207,016.02	742,936,503.93
Cash payments to acquire investments	29,248,062.71	107,007,008.05
Other cash payments relating to investing activities	250,000,000.00	-
Sub-total of cash outflows from investing activities	857,455,078.73	849,943,511.98
Net Cash Flow from Investing Activities	(790,018,572.75)	492,298,357.68
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	10,000,000.00	-
Cash received from borrowing	1,590,688,331.94	3,867,098,533.82
Other cash receipts relating to financing activities	-	11,983,009.15
Sub-total of cash inflows from financing activities	1,600,688,331.94	3,879,081,542.97
Cash repayments of borrowings	1,318,585,898.62	3,369,851,766.46
Cash payments for distribution of dividends or profits or settlement of interest expenses	1,107,661,341.07	619,094,129.42
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	263,481,027.03	57,333,806.96
Other cash payments relating to financing activities	1,796,749,595.75	3,324,130.35
Sub-total of cash outflows from financing activities	4,222,996,835.44	3,992,270,026.23
Net Cash Flow from Financing Activities	(2,622,308,503.50)	(113,188,483.26)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(49,555,036.50)	6,630,135.66
V. Net Increase (Decrease) in Cash and Cash Equivalents	(1,302,798,070.32)	560,121,609.10
Add: Opening Balance of Cash and Cash Equivalents	6,047,461,168.62	5,487,339,559.52
VI. Closing Balance of Cash and Cash Equivalents	4,744,663,098.30	6,047,461,168.62

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**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 2021 to 31 December 2021	Period from 1 January 2020 to 31 December 2020
Net profit attributable to segments of limited service hotels	(904,551.19)	36,272,675.37
Interest income	(82,455,636.01)	(56,413,275.96)
Interest expenses (excluding interest expenses on lease liabilities)	133,313,235.12	140,735,636.61
Income tax expenses	307,912,610.31	54,775,604.93
Depreciation (excluding depreciation of right-of-use assets)	502,667,851.57	567,081,380.21
Amortization	616,658,695.43	731,809,402.46
EBITDA	1,477,192,205.23	1,474,261,423.62
Share of operating income for EBITDA (%)	13.32	15.28
Gain (loss) on exchange differences	64,608.66	38,371,251.79
Start-up expenses	5,429,884.26	5,026,265.34
Adjusted EBITDA	1,482,686,698.15	1,517,658,940.75
Adjusted share of operating income for EBITDA (%)	13.37	15.73

Costs and Expenses Statement for the Segment of Limited Service Hotels

RMB

Item	Period from 1 January 2021 to 31 December 2021		Period from 1 January 2020 to 31 December 2020	
	Amount	Share in operating income (%)	Amount	Share in operating income (%)
Operating income	11,090,266,723.59	100.00	9,649,207,583.68	100.00
Hotel operating costs	8,443,333,354.15	76.13	8,336,657,586.35	86.40
Sales and marketing expenses	897,304,817.41	8.09	517,512,948.03	5.36
General administrative and management expenses	1,476,601,465.89	13.31	1,307,312,163.88	13.55
Start-up expenses	5,429,884.26	0.05	5,026,265.34	0.05
Total operating costs and expenses	10,822,669,521.71	97.58	10,166,508,963.60	105.36

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**Hotel Operating Data of Mid-scale Hotels and Economic Hotels Brands Started up at Home and Abroad**

Brand	Net hotels in operation in 2021	Total hotels in operation as at 31 December 2021
1. Mid-scale hotels	1,095	5,517
Including: Jin Jiang Metropolo	29	168
Lavande Hotels	177	896
James Joyce Coffetel	87	411
Xana Hotel	112	438
Hampton	60	219
Chonpines	20	106
Vienna International	161	854
Vienna Classic Hotel	42	206
Vienna Hotel	181	1,169
Vienna 3 Best Hotel	63	332
Golden Tulip Hotels	-4	237
Kyriad	35	164
Others	132	317
2. Economic hotels	112	5,096
Including: Jin Jiang Inn	-28	989
7 Days Hotels	15	2,057
IU	48	316
Pai Hotel	11	431
Magnotel	74	225
Première Classe	0	250
Campanile	-9	352
Kyriad Hotels	3	321
Sarovar Management	-1	90
Others	-1	65
Total	1,207	10,613

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**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 2020	As at 30 September 2021	As at 31 December 2021
Total hotels in operation:			
Self-owned and rented hotels	641	623	629
Franchised and managed hotels	7,497	8,320	8,726
Total	8,138	8,943	9,355
Total hotel rooms in operation:			
Self-owned and rented hotels	82,374	78,423	78,746
Franchised and managed hotels	735,015	809,776	839,901
Total	817,389	888,199	918,647
Total hotels including pre-opening:			
Self-owned and rented hotels	658	649	649
Franchised and managed hotels	12,454	13,368	13,401
Total	13,112	14,017	14,050
Total rooms including pre-opening:			
Self-owned and rented hotels	84,307	81,294	80,907
Franchised and managed hotels	1,234,456	1,306,846	1,295,932
Total	1,318,763	1,388,140	1,376,839

	Fourth quarter in 2020	Third quarter in 2021	Fourth quarter in 2021
Occupancy rate (as a percentage)			
Self-owned and rented hotels	72.78	61.49	62.52
Franchised and managed hotels	72.90	64.28	62.15
Total hotels in operation	72.88	64.02	62.18
Average room rate (in RMB/room)			
Self-owned and rented hotels	184.09	194.09	189.20
Franchised and managed hotels	209.59	219.69	217.95
Total hotels in operation	206.92	217.36	215.36
RevPAR (in RMB/room)			
Self-owned and rented hotels	133.98	119.35	118.29
Franchised and managed hotels	152.79	141.22	135.46
Total hotels in operation	150.80	139.15	133.91

SUPPLEMENTARY INFORMATIONS
FOR THE YEAR ENDED 31 DECEMBER 2021**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 2020	As at 30 September 2021	As at 31 December 2021
Total hotels in operation:			
Self-owned and rented hotels	293	293	292
Franchised and managed hotels	975	959	966
Total	1,268	1,252	1,258
Total hotel rooms in operation:			
Self-owned and rented hotels	23,203	23,344	23,244
Franchised and managed hotels	78,904	77,460	77,486
Total	102,107	100,804	100,730
Total hotels including pre-opening:			
Self-owned and rented hotels	294	294	293
Franchised and managed hotels	1,052	1,033	1,030
Total	1,346	1,327	1,323
Total rooms including pre-opening:			
Self-owned and rented hotels	23,215	23,356	23,256
Franchised and managed hotels	88,538	86,116	84,493
Total	111,753	109,472	107,749

	Fourth quarter in 2020	Third quarter in 2021	Fourth quarter in 2021
Occupancy rate (as a percentage)			
Self-owned and rented hotels	27.70	53.04	49.07
Franchised and managed hotels	34.71	57.27	54.17
Total hotels in operation	34.14	56.19	52.89
Average room rate (in EUR/room)			
Self-owned and rented hotels	46.73	56.66	54.76
Franchised and managed hotels	54.75	57.46	56.22
Total hotels in operation	48.69	57.27	55.88
RevPAR (in EUR/room)			
Self-owned and rented hotels	12.94	30.05	26.87
Franchised and managed hotels	19.00	32.91	30.45
Total hotels in operation	16.62	32.18	29.55

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**3. Summarized Accounting Statements and Room Operation Statement for the Segment of Limited Service Hotels**
- continued**Comparison of RevPAR of the Comparable Domestic Hotels with Those in the Same Periods of 2020 and 2019**

	January – December 2021	January – December 2020	2021H1 vs. 2020H1 Increase/Decrease on year-on- year basis (%)	January – December 2019	2021H1 vs. 2019H1 Increase/Decrease on year-on- year basis (%)
Mid-scale hotels					
Average occupancy rate (%)	68.96	68.07	0.89	78.67	-9.71
Including: Direct	70.87	69.80	1.07	82.43	-11.56
Franchised	68.87	67.97	0.90	78.44	-9.57
Average room rate (in RMB/room)	245.09	233.33	5.04	258.84	-5.31
Including: Direct	291.37	269.63	8.06	315.49	-7.65
Franchised	242.62	231.32	4.89	255.22	-4.94
RevPAR (in RMB/room)	169.01	158.83	6.41	203.63	-17.00
Including: Direct	206.49	188.20	9.72	260.06	-20.60
Franchised	167.09	157.23	6.27	200.19	-16.53
Economic hotels					
Average occupancy rate (%)	58.84	54.89	3.95	71.77	-12.93
Including: Direct	60.39	56.43	3.96	70.92	-10.53
Franchised	58.43	54.49	3.94	72.00	-13.57
Average room rate (in RMB/room)	150.96	141.17	6.93	161.56	-6.56
Including: Direct	148.66	144.02	3.22	164.18	-9.45
Franchised	151.58	140.40	7.96	160.85	-5.76
RevPAR (in RMB/room)	88.82	77.49	14.62	115.95	-23.40
Including: Direct	89.78	81.27	10.47	116.44	-22.90
Franchised	88.57	76.50	15.78	115.81	-23.52
Total					
Average occupancy rate (%)	64.65	62.25	2.40	75.43	-10.78
Including: Direct	62.93	59.62	3.31	73.59	-10.66
Franchised	64.88	62.60	2.28	75.71	-10.83
Average room rate (in RMB/room)	208.61	197.44	5.66	215.36	-3.13
Including: Direct	187.59	179.09	4.75	203.53	-7.83
Franchised	211.30	199.82	5.75	217.10	-2.67
RevPAR (in RMB/room)	134.87	122.91	9.73	162.45	-16.98
Including: Direct	118.05	106.77	10.56	149.78	-21.18
Franchised	137.09	125.09	9.59	164.37	-16.60

Note: As at 31 December 2021, 697 hotels have been expropriated at home, all of which were not excluded from the above comparison of the same hotels.

	Number of comparable hotels
Mid-scale hotels	3,095
Including: Direct	88
Franchised	3,007
Economic hotels	3,167
Including : Direct	489
Franchised	2,678
Total	6,262