

Company Code: 600754, 900934

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

Shanghai Jin Jiang International Hotels Co., Ltd. 2021 Interim 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 the interim 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 27 August 2021, the 49th Meeting of the 9th Session of Board of Directors of the Company approved the interim report. All directors of the Company presented at the board meeting.
- III.** The interim report has not been audited. The financial statements for the six months ended 30 June 2021 were prepared in accordance with Accounting Standards for Business Enterprises. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a review report (De Shi Bao (Yue) Zi (21) No. R00067) with standard unmodified opinion for the Company upon review of the financial statements.
- IV.** Mr. Zhang Xiaoqiang, Chairman of Board and Principal of the Company, Mr. Zhu Qian, Chief Executive Officer ("CEO"), Ms. Shen Li, Chief Financial Officer ("CFO") and the person in charge of accounting work and Ms. Wu Lin, the person in charge of accounting organ, hereby declare that they guarantee the factuality, accuracy and completeness of the financial statements in the interim report.
- V. Plan of profit distribution or conversion of capital reserve into share capital approved by the Board**
Nil.
- VI. Statement regarding risks concerning forward-looking statements**
 Applicable Not Applicable
Any forward-looking statement such as those involving any future plan and development strategy in this report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible investment risks.
- VII. Did the controlling shareholder or its related parties occupy the Company's capital for non-operating purposes?**
No
- VIII. Did the Company provide guarantees for external parties in violation of the prescribed decision-making procedure?**
No
- IX. Were over 1/2 of directors not able to ensure the factuality, accuracy and completeness of the annual report disclosed by the Company?**
No

X. Reminder of significant risks

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

XI. Others

Applicable Not Applicable

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

Table of Contents

Section I Explanation	4
Section II Company Profile and Financial Indicator Highlights.....	6
Section III Management Discussion and Analysis	10
Section IV Company Governance	28
Section V Environment and Social Responsibility	31
Section VI Significant Events	34
Section VII Changes in Shares and Particulars of Shareholders.....	42
Section VIII Preferred Stock.....	48
Section IX Corporate Bond.....	49
Section X Financial Report.....	50

List of Documents Available for Inspection	Financial statements with signatures of legal representative, chief financial officer and head of accounting department
	Original announcements and documents released on "Shanghai Securities News" and "Ta Kung Pao" during the reporting period

Section 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 Capital	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.,
Metropolo	Refers to	Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd.
Jin Jiang Inn	Refers to	Jin Jiang Inn Co., Ltd.
Hotels Investment	Refers to	Shanghai Jin Jiang International Hotels Investment Co., Ltd.
Goldmet Inn	Refers to	Shanxi Goldmet Inn Management Co., Ltd.
Smart Hotel	Refers to	Smart Hotel Management Co., Ltd.
Jin Lu Investment	Refers to	Shanghai Jin Lu Investment Management Co., Ltd.
Sailing Investment	Refers to	Sailing Investment Co. SARL, registered in Luxembourg
Group de Louvre, GDL	Refers to	Group du Louvre, registered in France
Louvre Hotels Group, LHG	Refers to	Louvre Hotels Group, registered in France
Plateno Group	Refers to	Keystone Lodging Holdings Limited and its subsidiaries
Vienna Hotel	Refers to	Vienna Hotel Co., Ltd.
Da Hua Hotel	Refers to	Shanghai Jin Jiang Da Hua Hotel Co., Ltd.
Minhang Hotel	Refers to	Shanghai Minhang Hotel Co., Ltd.
Jin Pan Hotel	Refers to	Shanghai Jin Pan Hotel Co., Ltd.
East Asia Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. East Asia Hotel
Nan Jing Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Nan Jing Hotel
Metropolo Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Metropole Hotel
New Asia Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. New Asia Hotel
Huating Guest House	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Huating Guest House
Magnotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Magnotel Hotel
Qing Nianhui Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Qing Nianhui Hotel
Jiaozhou Hotel	Refers to	Jiaozhou Resort Hotel of Shanghai Food Group Shanghai Jin Jiang Advertising Co., Ltd.
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 He Dongqu Jin Jiang Inn	Refers to	Tianjin He Dongqu Jin Jiang Inn Co., Ltd.
Ningbo Jinbo Hotel	Refers to	Ningbo Jinbo Hotel Co., Ltd.
Shanghai 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.
Bank of Beijing	Refers to	Bank of Beijing Co., Ltd.
Agricultural Bank of China	Refers to	Agricultural Bank of China Limited
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
SEHK	Refers to	The Stock Exchange of Hong Kong Ltd.
Shanghai SASAC	Refers to	Shanghai State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government
Company Law	Refers to	The Company Law of The People's Republic of China
Securities Law	Refers to	The Securities Law of The People's Republic of China
Occupancy rate	Refers to	Actual occupied rooms/total available guest rooms×100%, %
Average price	Refers to	Total income from guest rooms /actual occupied rooms, Yuan/room
RevPAR	Refers to	Daily average income from guest rooms per room available for occupy, average income from guest rooms =average room price × average occupancy rate, Yuan/room
EBITDA	Refers to	Earnings Before Interest, Taxes, Depreciation and Amortization
Articles of Association of the Company	Refers to	Articles of Association of Shanghai Jin Jiang International Hotels Co., Ltd.
Reporting period, the current period, end of the reporting period, end of the current period	Refers to	1 January 2021 to 30 June 2021, 30 June 2021
Same period of prior year, prior period, end of the prior year	Refers to	1 January 2020 to 30 June 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 and changes

Registered address	4th Floor, No.889, South Yang Gao Road, China (Shanghai) Pilot Free Trade Zone (Region B)
Historical changes of the registered address	<p>On 9 December 1994, the registered address of the Company was changed from "(No. 107, Fuzhou Road) 5th Floor, No. 1017, Laoshan West Road, Pudong" to "No. 180, Jiangxi Middle Road, Shanghai";</p> <p>On 11 October 1996, the registered address of the Company was changed from "No. 180, Jiangxi Middle Road, Shanghai" to "4th Floor, No. 285, Tianmu West Road, Shanghai";</p> <p>On 13 July 2000, the registered address of the Company was changed from "4th Floor, No. 285, Tianmu West Road, Shanghai" to "12th Floor, No. 389, Pudian Road, Shanghai";</p> <p>On 29 January 2014, the registered address of the Company 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)".</p>
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
Index of changes during the reporting period	

IV. Basic introduction of changes in information disclosure and where this report is placed

Name of newspapers for information disclosure	Shanghai Securities News, Ta Kung Pao (HK)
Internet website address of the interim report	http://www.sse.com.cn
Where this report is placed	Secretarial Office to the Company's Board of Directors
Index of changes during the reporting period	

V. 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

Applicable Not Applicable

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 in the reporting period	Name	Shenwan Hongyuan Securities Underwriting & Sponsorship Co., Ltd.
	Office address	No. 171, Changshu Road, Shanghai
	Authorized sponsor representative	Mr. Bao Jianxiang, Ms. Xu Yafen
	Continuous supervision period	From 23 March 2021 to 31 December 2022

VII. Accounting and financial indicator highlights of the Company**(I) Accounting highlights**

Unit: RMB

Accounting highlights	Reporting period (From January to June 2021)	Same period of prior year (From January to June 2020)	Changes (%)
Operating income	5,262,540,955.04	4,089,973,128.72	28.67
Net profit attributable to shareholders of the Company	4,648,428.88	285,301,707.13	-98.37

Net profit attributable to shareholders of the Company, net of non-recurring profit or loss	-132,959,855.28	-378,486,231.06	N/A
Net cash flows from operating activities	649,799,805.98	-1,359,086,216.28	N/A
	End of the reporting period (30 June 2021)	End of the prior year (31 December 2020)	Changes (%)
Net assets attributable to shareholders of the Company	16,612,587,966.33	12,709,518,765.44	30.71
Total assets	50,902,457,581.01	38,636,562,063.46	31.75
Total equity at the end of the period	1,070,044,063	957,936,440	11.70

(II) Financial indicator highlights

Financial indicator highlights	Reporting period (From January to June 2021)	Same period of prior year (From January to June 2020)	Changes (%)
Basic EPS (RMB /share)	0.0046	0.2978	-98.46
Diluted EPS (RMB /share)	N/A	N/A	N/A
Basic EPS, net of non-recurring profit or loss (RMB /share)	-0.1311	-0.3951	N/A
Weighted average ROE (%)	0.03	2.15	Decreased by 2.12%
Weighted average ROE, net of non-recurring profit or loss (%)	-0.94	-2.85	Increased by 1.91%

Description of accounting and financial indicator highlights of the Company

Applicable Not Applicable

Exchange rate

	30 June 2021	31 December 2020	30 June 2020
1 USD to RMB	6.4601	6.5249	7.0795
1 EUR to RMB	7.6862	8.0250	7.9610
1 HKD to RMB	0.83208	0.84164	0.91344

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

Applicable Not Applicable

IX. Items and amounts of non-recurring profit or loss

Applicable Not Applicable

Unit: RMB

Item	Amount	Notes (if applicable)
Profit or loss on disposal of non-current assets	5,576,916.14	
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)	239,085,188.24	Receipts of government grants
Income earned from lending funds to non-financial institutions and recognized in profit or loss	182,159.62	
Profit or loss on changes in the fair value of held-for-trading financial assets and liabilities, derivative financial assets and liabilities, and investment income on disposal of held-for-trading financial assets and liabilities as well as Other debt investments, other than those used in the effective hedging activities relating to normal operating business	-3,109,838.71	Profit or loss on changes in fair value of held-for-trading financial assets and minority interest acquisition balance
Reversal of provision for impairment of receivables and contract assets for which an impairment test is performed on an individual basis	45,155.95	
Other non-operating income or expenses other than the above	15,781,688.12	
Other items that meet the definition of non-recurring profit or loss	-69,461,675.31	Depreciation, amortization and rental of hotels that were closed due to Corona Virus Disease 2019 ("COVID-19")
Effects attributable to minority interests	-1,745,478.11	
Income tax effects	-48,745,831.78	
Total	137,608,284.16	

X. Others

Applicable Not Applicable

Section III Management Discussion and Analysis

I. General information of the Company's industry and 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.

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

According to *Results of Industry Classification of Listed Companies in the Second 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 hospitality industry, refers to providing short-term residential activities for travelers. Some units only provide accommodation, and some units provide accommodation, catering, business, and entertainment services. This category does not include activities in which rooms are rented out primarily on a monthly or annual basis. According to the *National Economy Industry Classification (GB/T4754-2017)* issued by the National Bureau of Statistics, the Company is in the industry of "Tourist Hotel "(Industry code: H6110).

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

II. Analysis of core-competitiveness

Applicable Not Applicable

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

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

2021, the first year of the "14th Five-Year Plan" 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 China region integration, 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".

Up to 30 June 2021, the total number of corporate effective members reached 185.94 million.

At the 21st China Hotel Golden Horse Awards Ceremony in 2021, the China Hotel Golden Horse Awards review committee awarded Jin Jiang Hotels China Region the title of "Leading Group of Excellence and Influence in China's Hospitality Industry"; awarded "Metropolo" brand the title of "Outstanding Cultural and Creative Hotel Brand of China"; awarded "Magnolia" brand the title of "Artistic Travel & Lifestyle Hotel Brand of China"; awarded "Vienna Hotel" brand the title of "Premier Value Hotel Brand of China"; awarded "Park Plaza" brand the title of "Outstanding Invest Worthy Hotel Brand of China"; and awarded "Radisson RED" brand the title of "Fun Lifestyle International Brand".

At the 2021 Asia Hotel and Travel Forum and the 16th China Hotel Starlight Awards, Jin Jiang Hotels China Region was awarded the title of "Best Hotel Management Groups of China"; "Golden Tulip" brand was awarded the title of "Outstanding Invest-worthy International Hotel Brand of China"; "Metropolo" brand was awarded the title of "Outstanding Invest-Worthy Mid-to-upscale Hotel Brand of China"; "Vienna International" brand was awarded the title of "The Annual Influential Mid-to-upscale Hotel of China"; "Magnolia" brand and "Xana Deluxe" brand was awarded the title of "Outstanding Rising Star Hotel Brand of China"; "7 Days" brand was awarded the title of "Outstanding Invest Worthy Hotel Brand of China"; "LAVANDE" brand was awarded the title of "Outstanding Mid-scale Hotel Brand of China"; "James Joyce Coffetel" brand was awarded the title of "Customers' Choice for Chinese Business Hotel Chain"; "Xana" brand and "Vienna Hotel" brand were awarded the title of "Outstanding Influential Hotel Brand of China"; "Kyriad Marvelous" brand was awarded the title of "The Annual Popular Hotel for Business Travelers of China"; "Radisson RED" brand was awarded the title of "Extraordinary Lifestyle International Hotel Brand of China"; "Country Inn & Suites by Radisson" brand was awarded the title of "Outstanding Invest-worthy International Hotel Brand of China"; and "Ginco" brand was awarded the title of "Outstanding Progressive Upscale Hotel Brand of China".

At the Meadin Brand Index (MBI) Award Ceremony, Jin Jiang Hotels China Region was awarded the title of "Award for the Decade Special Contribution Enterprises of MBI"; "Golden Tulip" brand was awarded the title of "The MBI Award of the Influences Value Brand for Full Service Midscale Hotels 2020"; "Metropolo" brand, "Magnolia" brand, "LAVANDE" brand, "James Joyce Coffetel" brand, "Xana" brand and "Vienna Hotel" brand were awarded the title of "The MBI Award of the Influences Value Brand for Limited Services Midscale Hotels 2020"; "Jin Jiang Inn" brand and "7 Days" brand were awarded the title of "The MBI Award of the Influences Value Brand for Chinese Upscale Hotels 2020"; "7 Days" brand, "ZMAX" brand and "Chonpines" brand were awarded the title of "The MBI Award of the Potential Brand—The MBI Award of the Investment Value Brand 2020"; "Country Inn & Suites by Radisson" brand, "ZMAX" brand was awarded the title of "The MBI Award of the Potential Brand—The MBI Award of the Commerce Value Brand 2020"; "IU" brand was awarded the title of "The MBI Award of the Influences Value Brand—Award for Social Hotels 2020"; and "James Joyce Coffetel" brand and "Vienna Hotel" brand were awarded the title of "The MBI Award of the Influences Value Brand for the Theme Hotels (Business Hotels, Resort Hotels and Lifestyle Hotels)".

The 14th Golden Eagle Award of China Hotel Industry awarded "Metropolo" brand the titles of "TOP50 on the Hotel Brand Reputation Ranking of China for 2020-2021" and "TOP30 on the Mid-to-upscale Hotel Brand Reputation Ranking of China"; awarded "LAVANDE" brand, "Xana" brand and "Vienna Hotel" brand the title of "TOP30 Midscale Hotel Brands in Terms of Size of China"; awarded "LAVANDE" brand and "Vienna Hotel" brand the title of "TOP30 on the Midscale Hotel Brand Reputation Ranking of China"; awarded "7 Days" brand and "Pai" brand the title of "TOP30 Budget Hotel Brand in Terms of Size of China"; awarded "IU" brand the title of "TOP30 on the Budget (Light Midscale) Brand Reputation Ranking of China"; and awarded "Metropolo" brand and "Vienna International" brand the title of "TOP30 on the Mid-to-upscale Hotel Brand Reputation Ranking".

At the 5th China Travel Consumption Annual Summit & Pioneer Award Ceremony, Jin Jiang Hotels China Region was awarded the title of "Pioneer Model Hotel Group in the Fight against Pandemic of the Year", and awarded "Metropolo" brand the title of "Good Lifestyle Accommodation Brand of the Year 2020". The 7th China Hospitality Forum & Golden Ray Award awarded "Magnolia" brand the title of "Progressive Hotel Brand of China"; awarded "Vienna Hotel" brand the title of "Excellent Hotel Brand of China"; and awarded "Country Inn & Suites by Radisson" brand the title of "Outstanding Design Hotel Brand of China". The China Accommodation Golden Dragon Award awarded "ZMAX" brand the title of "2020-2021 Outstanding Hotel Technology Service Brand of China"; and awarded "ZMAX" brand the title of "2020-2021 Outstanding Chinese Culture-themed Hotel Brand".

III. Operation Discussion and Analysis

In the first half of 2021, in the face of a complex external environment, under the backdrop where multiple variables played out in the global economy, the Company unswervingly implemented the transnational business development strategy focused on further development in China and overall arrangement in the globe, adhering to the principle of seeking progress in a stable manner and making every effort to improve quality and efficiency. The Company actively promoted reform and integration, strengthened innovation and leadership, improved and optimized its main business and continuously enhanced its core competitiveness. The Company strived to achieve advance warning and dynamic prevention and control of major risks in its operations and actively responded to the impact of the Pandemic on its operations. At the same time, the Company has actively promoted enabling system construction and accelerated the digital transformation, refined management and information empowerment based on global strategic height and further optimized integration, focused on improving brand, quality and efficiency, and promoted the achievement of high-quality development.

From January 2021 to June 2021, the Company realized consolidated operating income of RMB 5,262.54 million, with a year-on-year increase of 28.67%; realized net profit attributable to shareholders of listed company amounting to RMB 4.65 million, with a year-on-year decrease of 98.37%; realized net profit attributable to shareholders of listed company net of non-recurring profit or loss amounting to RMB-132.96 million, with a year-on-year reduction in loss of RMB 245.53 million.

At 30 June 2021, the Company had total assets of RMB 50,902.46 million, an increase of 31.75% comparing with that at prior year end; total liabilities of RMB 33,222.17 million, an increase of 33.26% compared to that at prior year end; and net assets attributable to shareholders of listed company amounting to RMB 16,612.59 million, an increase of 30.71% compared with that at prior year end.

From January 2021 to June 2021, the Company realized net cash flow from operating activities amounting to RMB 649.80 million, a year-on-year increase of RMB 2,008.89 million.

During the reporting period, the Company enjoyed a year-on-year increase in the consolidated operating income mainly as its domestic limited service hotels gradually improved and resumed operations due to the effective prevention and control of the pandemic at home.

The Company realized less net profit attributable to shareholders of listed company compared with that for the same period of prior year mainly due to the sale of equity in the subsidiaries in the same period of prior year.

The total assets increased since the end of last year mainly due to the completion of non-public offering of A shares and implementation of new lease standards.

Net cash inflow from operating activities increased compared with that for the same period of prior year mainly due to the gradual improvement and resumption of the operations of the domestic limited service hotels and the implementation of new lease standards.

Limited Service Hotel Business

1. Overview of global hotel business development

From January to June 2021, the limited service hotel business realized the consolidated operating income of RMB 5,139.97 million, a year-on-year increase of 28.97%; realized net profit attributable to the limited service hotel business amounting to RMB -97.25 million, a year-on-year decrease of 139.85%.

It realized domestic operating income of RMB 4,305.74 million, a year-on-year increase of 40.02%; realized overseas operating income of RMB 834.23 million, a year-on-year decrease of 8.36%. The domestic operating income accounted for 83.77% of the total revenue of hotel business, while the overseas operating income accounted for 16.23% of the total revenue of hotel business.

The consolidated operating income includes upfront franchise service income of RMB 380.44 million, a year-on-year increase of 31.05%, and recurring franchise and labor dispatch service income of RMB 1,690.48 million, a year-on-year increase of 44.60%.

From January to June 2021, the Group newly opened 781 hotels, exited from 101 previously operated hotels and had 261 hotels transferred to be built, with a net increase of 419 new hotels. Therein, the number of directly operated hotels decreased by 19, while the number of franchise hotels increase by 438. As of 30 June 2021, 9,825 hotels with 959,158 rooms in total have been opened for business.

As of 30 June 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	4,868	49.55	556,558	58.03
Budget hotel	4,957	50.45	402,600	41.97
Total	9,825	100.00	959,158	100.00
Including: Directly operated hotels	915	9.31	103,471	10.79
Franchise hotels	8,910	90.69	855,687	89.21

As of 30 June 2021, the number of contracted hotels reached 15,029, and the number of contracted rooms is 1,471,961 in total.

As of 30 June 2021, the Company's contracted limited service chain hotels are located in 31 provinces in mainland China, 335 prefecture-level cities in autonomous regions and municipalities and counties and cities directly under the jurisdiction of the province, and 62 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 pandemic outbreaks, the "Celebrating New Year in Place" policy and other prevention and control policies, 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 January to June 2021, for limited service chain hotel business in Mainland China, the Company realized consolidated operating income of RMB 4,305.74 million, a year-on-year increase of 40.02%; realized net profit attributable to owners of the Company amounting to RMB 247.98 million, a year-on-year decrease of 53.47%; the consolidated operating income included upfront franchise service income of RMB 368.94 million, a year-on-year increase of 28.80%, and recurring franchise and labor dispatch service income of RMB 1,497.43 million, a year-on-year increase of 56.86%.

The table below presents the number of the Company's hotels and rooms for limited service in Mainland China as of 30 June 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	4,119	350	31,410	32	4,299	541	50,123
Tianjin	1	10	1,388	169	15,348	10	1,388	291	26,692
Hebei	12	5	674	385	29,893	5	674	685	55,996
Shanxi	11	21	2,670	155	12,546	21	2,670	270	22,739
Inner Mongolia	12	1	123	105	10,089	1	123	176	16,791
Liaoning	14	23	3,106	166	14,971	23	3,106	252	23,078
Jilin	9	11	1,432	68	6,814	11	1,432	126	12,963
Heilongjiang	11	8	829	92	8,371	8	829	141	12,694
Shanghai	1	58	8,185	229	27,437	64	9,062	298	34,150
Jiangsu	13	51	6,143	646	62,552	54	6,415	949	90,521
Zhejiang	11	28	3,960	252	27,921	28	3,960	362	39,356
Anhui	16	9	1,192	245	23,411	10	1,298	411	38,423
Fujian	9	13	1,688	119	12,728	15	1,917	210	22,537
Jiangxi	11	19	2,210	306	29,772	20	2,311	542	53,141
Shandong	17	13	1,621	568	49,204	13	1,621	1,018	89,841
Henan	17	7	1,069	301	26,659	8	1,148	546	50,688
Hubei	14	35	4,413	305	29,867	36	4,480	562	55,008
Hunan	14	39	4,149	371	40,990	41	4,365	610	67,503
Guangdong	21	118	17,011	1,323	148,062	123	17,611	2,002	219,760
Guangxi	14	13	1,981	231	28,416	13	1,981	373	43,990
Hainan	4	7	865	71	8,224	7	865	122	14,035
Chongqing	1	11	1,355	210	17,457	11	1,355	304	25,922
Sichuan	21	34	3,881	359	30,763	35	3,980	614	55,271
Guizhou	9	15	1,483	214	20,452	16	1,616	377	37,709
Yunnan	16	8	759	130	13,057	9	965	243	24,578
Tibet	6	2	214	29	2,989	2	214	55	5,844
Shaanxi	10	17	1,959	228	21,669	17	1,959	378	35,391
Gansu	14	5	469	99	8,193	5	469	192	16,838

Qinghai	6	3	192	62	5,391	4	265	105	9,508
Ningxia	5	2	318	43	3,579	2	318	76	6,930
Xinjiang	14	5	574	111	9,608	6	701	223	20,994
Total	335	621	80,032	7,942	777,843	650	83,397	13,054	1,279,014

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

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	January to June 2021	January to June 2020	January to June 2021	January to June 2020	January to June 2021	January to June 2020	Year-on-year change (%)
Mid-priced hotel	244.58	222.27	69.47	52.01	169.91	115.60	46.98
Budget hotel	150.75	136.68	60.17	40.32	90.71	55.11	64.60
Average	210.66	187.31	65.79	46.50	138.59	87.10	59.12

Note: In the first half 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 85.11%, 80.79% and 91.10% 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 April to June 2021:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	April to June 2021	April to June 2020	April to June 2021	April to June 2020	April to June 2021	April to June 2020	Year-on-year change (%)
Mid-priced hotel	254.49	215.00	75.22	63.96	191.43	137.51	39.21
Budget hotel	160.56	128.21	67.85	50.88	108.94	65.23	67.01
Average	220.21	180.63	72.35	58.05	159.32	104.86	51.94

Note: In the second quarter of 2021, the RevPAR of the midscale hotels in China, the RevPAR of the budget hotels in China and the overall average RevPAR in China have separately resumed to 92.39%, 92.09% and 99.55% 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. By the end of June, major countries gradually adopted more liberal policies and even release 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.

From January to June 2021, for limited service chain hotel business outside Mainland China, the Company realized consolidated operating income of EUR 108.02 million in, a year-on-year decrease of 7.95%; realized net profit attributable to owners of the Company amounting to EUR -44.19 million, a year-on-year increase in loss of EUR 7.01 million.

The following table sets out the number of the Company's hotels and rooms for limited service outside Mainland China as of 30 June 2021:

Countries (or areas) outside Mainland China	Operated Hotels				Contracted Hotels			
	Directly-managed		Franchise		Directly-managed		Franchise	
	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms
Europe	292	23,231	712	47,381	293	23,243	728	49,557
Including: France	199	14,558	654	41,320	199	14,558	665	42,116
Asia	2	208	201	22,128	2	208	233	26,665
America			17	3,198			19	3,445
Africa			38	5,137			50	6,432
Total	294	23,439	968	77,844	295	23,451	1,030	86,099

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

Category	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	January to June 2021	January to June 2020	January to June 2021	January to June 2020	January to June 2021	January to June 2020	Year-on-year change (%)
Mid-priced hotel	58.10	64.64	33.84	36.73	19.66	23.74	-17.19
Budget hotel	47.51	50.72	38.12	34.13	18.11	17.31	4.62
Average	50.03	54.79	37.01	34.85	18.52	19.09	-2.99

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

	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	April to June 2021	April to June 2020	April to June 2021	April to June 2020	April to June 2021	April to June 2020	Year-on-year change (%)
Mid-priced hotel	59.16	64.73	35.46	17.95	20.98	11.62	80.55
Budget hotel	48.91	47.50	38.49	17.35	18.83	8.24	128.52
Average	51.38	52.14	37.72	17.50	19.38	9.12	112.50

Note: The RevPAR of overseas hotels decreased in the first quarter of 2021 but increased in the second quarter of 2021 compared with that for the same period of prior year due to the sharply decline in their operations since the middle of March 2020 as affected by the pandemic.

Food and catering business

From January to June 2021, the food and catering business realized consolidated operating income of RMB 122.36 million, a year-on-year increase of 17.12%. The net profit attributable to food and catering business segment is RMB 174.34 million, a year-on-year increase of 24.59%, which was mainly due to the gradual improvement and resumption of the operations of the Company's food and catering business after effective prevention and control of domestic pandemic.

Significant changes in the operations of the Company during the reporting period, and events that may have a significant impact on the operations of the Company during the reporting period or in the future

Applicable Not Applicable

Under the continuous effects from the COVID-19 pandemic, it is still possible that the Company may suffer from remarkable changes in its operations. In the changing market environment, effective capture of market dynamics and customer needs and the upgrading of product quality were also the main drivers for the rapid rebound in the midst of the pandemic environment.

As summer holidays was around the corner in early July, increasing demands in domestic trips further warmed the hospitality market in China, speeding up to resume RevPAR. Although RevPAR has been affected by the associated occurrence of multiple outbreaks in China and tighter pandemic prevention and control measures in a number of provinces and cities since the last ten days of July, the overall average RevPAR for the whole July still achieved 98.24% of that for the same period of 2019. In August, the further spread of pandemic and more tightened prevention and control measures gave an indication that the RevPAR in August might be affected largely. The operating recovery of domestic hotels was directly connected to the local and surrounding pandemic situation.

The European hotel operations since the second quarter were resumed more slowly than the hotel business in the domestic and North America. The overall average RevPAR of the Groupe du Louvre's hotels out of China was 72.61% compared to the same period of 2019 and it was still uncertain about the overall market recovery and operating conditions. Groupe du Louvre will continue to control costs and optimize capital as it moves forward with its recovery plan initiatives.

IV. Main operation and performance during the reporting period

(I) Analysis on principal operating activities

1. Analysis of movements of items in the financial statements

Unit: RMB

Accounts	1 January to 30 June 2021	1 January to 30 June 2020	Changes (%)
Operating income	5,262,540,955.04	4,089,973,128.72	28.67
Operating cost	3,647,854,043.59	3,503,292,537.63	4.13
Selling expenses	344,956,016.25	299,506,170.12	15.17
Administrative expenses	1,113,046,928.78	970,331,235.31	14.71
Financial expenses	297,611,436.44	149,888,705.98	98.55
Interest income	75,358,222.38	28,458,392.74	164.80
Research and development expenditure	12,242,916.63	11,391,438.52	7.47
Other income	253,607,387.90	366,735,158.59	-30.85
Investment income	170,513,510.83	738,690,308.37	-76.92
Gains (losses) from changes in fair value	-3,109,838.71	8,053,521.84	-138.61

Credit impairment gains (losses)	-929,949.83	-7,902,673.01	N/A
Impairment gains (losses) of assets	0.00	-1,742,052.04	N/A
Gains from disposal of assets	6,088,739.99	-5,293,999.40	N/A
Income tax expenses	114,127,141.18	-91,696,911.70	N/A
Net cash flows from operating activities	649,799,805.98	-1,359,086,216.28	N/A
Net cash flows from investing activities	-145,580,305.12	154,646,550.31	-194.14
Net cash flows from financing activities	3,442,853,932.10	-388,011,353.87	N/A

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

(1) Financial expenses

The amounts for the current period and the same period of prior year were RMB 297,611,436.44 and RMB 149,888,705.98 respectively, a year-on-year increase of 98.55%, which was mainly due to the completion of non-public offering of A shares and implementation of new lease standards in the current period.

(2) Interest income

The amounts for the current period and the same period of prior year were RMB 75,358,222.38 and RMB 28,458,392.74 respectively, a year-on-year increase of 164.80%, which was mainly due to the income from interest on the funds raised from non-public offering of A shares completed in the current period.

(3) Other income

The amounts for the current period and the same period of prior year were RMB 253,607,387.90 and RMB 366,735,158.59 respectively, a year-on-year decrease of 30.85%, which was mainly due to a year-on-year decrease in special subsidies for pandemic received in the current period.

(4) Investment income

The amounts for the current period and the same period of prior year were RMB 170,513,510.83 and RMB 738,690,308.37 respectively, a year-on-year decrease of 76.92%, which was mainly due to the investment income from transfer of equity in the subsidiary 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 -3,109,838.71 and RMB 8,053,521.84 respectively, a year-on-year decrease in losses of RMB 11,163,360.55, which was mainly due to the year-on-year growth of fair value in other non-current financial assets sold at the end of 2020.

(6) Credit impairment gains (losses)

The amounts for the current period and the same period of prior year were RMB -929,949.83 and RMB -7,902,673.01 respectively, a year-on-year decrease in losses of RMB 6,972,723.18, which was mainly due to a year-on-year reduction in bad debt losses provided on accounts receivable in the current period.

(7) Impairment gains (losses) of assets

The amounts for the current period and the same period of prior year were RMB 0 and RMB -1,742,052.04 respectively, a year-on-year decrease in losses of RMB 1,742,052.04, which was mainly due to the provision of impairment losses of assets in the same period of prior year.

(8) Gains from disposal of assets

The amounts for the current period and the same period of prior year were RMB 6,088,739.99 and RMB -5,293,999.40 respectively, a year-on-year increase in gains of RMB 11,382,739.39, which was mainly due to the gains from disposal of intangible assets by Plateno Group in the current period.

(9) Income tax expenses

The amounts for the current period and the same period of prior year were RMB 114,127,141.18 and RMB -91,696,911.70 respectively, a year-on-year increase of RMB 205,824,052.88, which was mainly due to a growth of recurring profits after operation resumption of overseas limited service hotels.

(10) Net cash flows from operating activities

The amounts for the current period and the same period of prior year were RMB 649,799,805.98 and RMB -1,359,086,216.28 respectively, a year-on-year increase in net cash inflows of RMB 2,008,886,022.26, which was mainly due to the gradual improvement and resumption of operations of the Company's domestic limited service hotels and the implementation of new lease standards in the current period.

(11) Net cash flows from investing activities

The amounts for the current period and the same period of prior year were RMB -145,580,305.12 and RMB 154,646,550.31 respectively, a year-on-year decrease of 194.14%, which was mainly due to a year-on-year decrease in cash payments for acquisition of fixed assets and other long-term assets in the current period and the cash receipts from transfer of the equity of subsidiaries in the same period of prior year.

(12) Net cash flows from financing activities

The amounts for the current period and the same period of prior year were RMB 3,442,853,932.10 and RMB -388,011,353.87 respectively, a year-on-year increase in net cash inflows of RMB 3,830,865,285.97, which was mainly due to the completion of non-public offering of A shares and the implementation of new lease standards in the current period.

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

Applicable Not Applicable

As mentioned earlier, the Company is mainly engaged in limited service hotel operation, food and catering business, etc. The Company's source of income comprises gains from the above two aspects. The changes in profit during the reporting period were mainly due to the gradual improvement and resumption of limited service hotel operations after effective pandemic prevention and control in the domestic.

(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 year	Proportion of closing balance of the prior year to total assets (%)	Changes (%)
Cash and bank balances	10,745,424,272.57	21.11	6,793,091,362.79	17.58	58.18
Prepayment	110,048,839.53	0.22	220,048,228.41	0.57	-49.99
Other receivables	954,652,659.65	1.88	629,552,892.40	1.63	51.64
Non-current assets due within one year	39,777,607.68	0.08	0.00	0.00	N/A
Long-term receivables	430,894,818.20	0.85	0.00	0.00	N/A
Right-of-use assets	8,821,604,815.55	17.33	0.00	0.00	N/A
Accounts payable	929,830,689.68	1.83	1,787,371,141.16	4.63	-47.98
Non-current liabilities due within one year	7,619,775,090.63	14.97	895,058,362.90	2.32	751.32
Long-term borrowings	8,684,429,249.10	17.06	14,540,076,203.12	37.63	-40.27
Lease liabilities	9,086,291,624.04	17.85	0.00	0.00	N/A
Long-term payables	12,928,372.87	0.03	152,172,338.41	0.39	-91.50
Capital reserve	12,732,022,756.16	25.00	7,865,585,211.86	20.36	61.87
Other comprehensive income	-5,621,126.25	-0.01	-10,276,626.61	-0.03	N/A

As the Company started to implement the new standards on revenue 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) Cash and bank balances

The closing balance and opening balance of cash and bank balances were RMB 10,745,424,272.57 and RMB 6,793,091,362.79 respectively, with an increase of 58.18%, which was mainly due to fund-raising received from non-public offering of A shares completed in the current period.

(2) Other receivables

The closing balance and opening balance of other receivables were RMB 954,652,659.65 and RMB 629,552,892.40 respectively, with an increase of 51.64%, which was mainly due to the dividends receivable from Shanghai KFC, Hangzhou KFC, Suzhou KFC and Wuxi KFC for 2020 and the special pandemic supporting subsidies receivable from the government departments by Groupe du Louvre in the current period.

(3) Non-current liabilities due within one year

The closing balance and opening balance of non-current liabilities due within one year were RMB 7,619,775,090.63 and RMB 895,058,362.90 respectively, with an increase of 751.32%, which was mainly due to the reclassification of long-term borrowings to non-current liabilities due within one year as the long-term borrowings provided by financial institutions and related parties would be matured before May 2022.

(4) Long-term borrowings

The closing balance and opening balance of long-term borrowings were RMB 8,684,429,249.10 and RMB 14,540,076,203.12 respectively, with a decrease of 40.27%, which was mainly due to the reclassification of

long-term borrowings to non-current liabilities due within one year as the long-term borrowings provided by financial institutions and related parties would be matured before May 2022.

(5) Capital reserve

The closing balance and opening balance of capital reserve were RMB 12,732,022,756.16 and RMB 7,865,585,211.86 respectively, with an increase of 61.87%, which was mainly due to the completion of non-public offering of A shares in the current period.

(6) Other comprehensive income

The closing balance and opening balance of other comprehensive income were RMB -5,621,126.25 and RMB -10,276,626.61 respectively, a year-on-year increase of RMB 4,655,500.36, which was mainly due to the actuarial gains from redefined benefit plan as recognized.

2. Details of overseas assets

Applicable Not Applicable

(1) Scale of assets

Including: overseas assets amounted to RMB 15,567 million, accounting for 30.58% of the total assets.

(2) Explanation of overseas assets

Applicable Not Applicable

The overseas assets of the Company mainly included Groupe du Louvre. 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 30 June 2021, Groupe du Louvre had 1,258 hotels in operation totally, including 1,004 hotels in Europe and 254 hotels out of Europe if divided by regions; 294 hotels managed directly and 964 hotels franchised if divided by mode of operation.

As affected by the COVID-19 Pandemic, in the first half of 2021, Groupe du Louvre realized operating income of EUR 108.02 million and net profit attributable to the Company of EUR -40.88 million; as at 30 June 2021, Groupe du Louvre had total assets of EUR 1,545.81 million and net assets attributable to the Company of EUR 104.49 million.

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 3.461 billion, refer to (V) Note/55 to items in the consolidated financial statements – Assets with restricted ownership or right of use in Section XI Financial Report for details.

4. Other explanations

Applicable Not Applicable

(IV) Analysis on investments of the Company**1. Overall analysis on external equity investment**

√Applicable □Not Applicable

During the reporting period, the Company made external equity investment totaling up to RMB 10 million, with a year-on-year decrease of RMB 7.57 million or 43.08%. In January, the Company contributed RMB 10 million to establish Shenzhen Jin Jiang Hotels Management Co., Ltd. As at 30 June 2021, the Company held 100% equity of Shenzhen Jin Jiang Hotels Management Co., Ltd.

(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	Change for the period	Impact on profit in the current period
Held-for-trading financial assets	254,237,956.80	255,198,433.67	960,476.87	1,329,000.00
Investment in other equity instruments	47,175,565.45	45,606,873.13	-1,568,692.32	805,185.00
Other non-current financial assets	452,100,000.00	452,100,000.00	0.00	97,595,597.11
Total	753,513,522.25	752,905,306.80	-608,215.45	99,729,782.11

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

Stock code	Stock name	Initial amount (RMB)	Number of shares held (Shares)	Closing book value (RMB)	Profit/loss within the reporting period (RMB)	Account
601169	Bank of Beijing	270,881,338.94	44,300,000	215,741,000.00	1,329,000.00	Held-for-trading financial assets
601288	Agricultural Bank of China	16,575,314.67	4,350,000	13,180,500.00	805,185.00	Investment in other equity instruments

Note:

- "Profit/loss within the reporting period" represents the Company's profits from changes in fair value of held-for-trading financial assets, the cash dividends received during the reporting period.
- Other non-current financial assets also include Hangzhou KFC, Suzhou KFC and Wuxi KFC, with a total closing balance of RMB 452.10 million.

(V) Sales of significant assets and equity

□Applicable √Not Applicable

(VI) Analysis of major holding companies

√Applicable □Not Applicable

Unit: RMB 0'000 (Except special note)

Name of company	Principal operating activities	Percentage of shares holding at 30 June 2021	Registered capital at 30 June 2021	Net assets attributable to parent company at 30 June 2021	Operating income for the six months ended 30 June 2021	Net profit attributable to parent company for the six months ended 30 June 2021
1. Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd. (Note 1)	Hotel management, catering service	100%	4,300	9,672	7,189	2,054
2. Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. (Note 1)	Investment, operation and management of limited service hotels	100%	700	12,838	5	173
3. Jin Jiang Inn Co., Ltd.	Operation under lease and management of limited service hotels	100%	17,971	81,044	46,682	4,263
4. Shanghai Jin Jiang International Hotels Investment Co., Ltd.	Hotel investment	100%	152,500	147,249	38,700	-10,529
5. Smart Hotel Management Co., Ltd.	Accommodation and catering of limited service hotels	100%	90,000	106,063	10,201	1,013
6. Groupe du Louvre (Note 2) (Groupe du Louvre)	Operation of hotel and catering	100%	EUR 26,204	EUR 10,449	EUR 10,802	EUR -4,088
7. Keystone Lodging Holdings Limited (Note 3)	Operation of hotel and catering	96.50175%	USD 1	401,341	156,121	17,921
8. Vienna Hotel Co., Ltd.	Operation of hotel	80%	11,639	70,803	156,756	25,511
9. Shenzhen Baisuicun Catering Co., Ltd.	Catering	80%	100	1,928	12,468	250
10. Shanghai Jin Jiang International Catering Investment Co., Ltd.	Development & management of catering, domestic trading	100%	14,993	-10,081	12,236	-93
11. Shanghai WeHotel Network Technology Co., Ltd. (Note 4)	IT technology development and consultation	10%	100,000	51,182	10,667	1,669

Note:

1. For the development of business, Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd. was split off by the Company and continued to exist, while Shanghai Jin Jiang Metropolo Hotel Management Co.,

Ltd., a wholly-owned subsidiary of the Company, was established. The above events have been approved by the Pudong New Area Market Supervision and Management Bureau on 12 March 2020.

2. Shanghai Jin Lu Investment Management Co., Ltd. owns 100% equity of Group du Louvre (registered in France) through its wholly owned subsidiaries Shanghai Jin Jiang (HK) Co., Ltd and Luxembourg Sailing Investment Company Limited.
3. At the end of February 2016, the Company completed the delivery of the 81.0034% equity of Plateno Group. On 12 January 2018, the Company completed the delivery of the 12.0001% equity of Plateno Group; after the completion of the delivery, the Company held 93.0035% equity of Plateno Group. On 14 January 2019, the Company completed the delivery of 3.49825% equity of Plateno Group; after the completion of the delivery, the Company held 96.50175% equity of Plateno Group.
4. In February 2017, the Company, as a joint investor, contributed RMB 100,000,000 to establish Shanghai WeHotel Network Technology Co., Ltd. with Shanghai Jin Jiang Capital Management Co., Ltd., Shanghai Lianyin Venture Capital Co., Ltd., Shanghai Jin Jiang Capital Company Limited, Tibet Hongyi Mezzanine Investment Management Center (Limited Partnership) and Shanghai Guosheng Group Investment Co., Ltd.

(VII) Structured entities controlled by the Company

Applicable Not Applicable

V. Other disclosures

1) The potential risks in the future

Applicable Not Applicable

1. Risks from macro-economy fluctuations

Limited service hotel industry and chain catering industry are positively related to the domestic macroeconomic conditions. Although our GDP has been keeping increasing for years, it has been subject to national financial situations and is very likely to show a periodical fluctuation. During the period of decline in macroeconomic growth, residents' domestic travel and dining out consumption decreased accordingly, due to the expected decrease in their actual income. Moreover, the macroeconomic adjustment will pose great pressure on the operation of SMEs, and business travel and consumption of SME employees will be reduced accordingly, resulting in an adverse influence on the Company's financial conditions and operation performance.

2. Risk 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 Metropolo, Jin Jiang Inn, "Campanile", "Golden Tulip", Plateno, and Vienna. 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 be relocated, the Company is likely to suffer loss in operation as the franchise hotels will lost customers and revenue. Abuse of trademark Metropolo, Jin Jiang Inn, "Campanile", "Golden Tulip", Plateno, and Vienna 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. Risk from lease property ownership

According to "significant assets replacement and affiliated transactions report" disclosed by the Company on 30 September 2009, as of 31 July 2009, the number of leased-and-operated hotels of "Jin Jiang Inn" 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 signing date the report, 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 has taken and will continue to take proactive and effective 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, it fails to be reduced to 20% within 12 months from the day the reorganization is approved by CSRC, or failed to be reduced to 10% within 24 months, or failed to be fully resolved within 36 months), for the stores that fail to reach the planned rectification percentage and the number of stores rectified, the Company will, within three months after the expiration of the above-mentioned three deadlines, transfer the project at a value not less than the appraised value, terminate the lease and reopen the store at a new location or resolve the issue in other ways.

In response to these risks, on 1 March 2010, Jin Jiang International made a commitment to the Company that if the Company was unable to resolve the leased business rental property in accordance with the proportion and number of units determined in the relevant period specified in the settlement schedule Of the above-mentioned ownership of the defect, the Company for the three time points were not to achieve the planned rectification ratio and the number of rectification of the number of part of the leasing business stores, to lift the lease, re-opened, Jin Jiang International will bear the Cancellation of tenancy re-opening of the leasing business stores may be liable for breach of contract and shall be compensated according to the specific asset valuation value as of 31 July 2009, on the basis of the asset valuation basis. In addition, Jin Jiang International promised, in the future business process, if the relevant Jin Jiang Inn stores had to be re-located for opening due to the above-mentioned defects, within one year from the date the store is suspended for operation, where the relevant tenant fails to compensate or fully compensate for the loss of the store (the specific amount of the loss is calculated on the basis of the audited total initial investment cost of fixed assets and renovation of the store as of 31 July 2009, the base date of the audit), Jin Jiang International will immediately calculate the loss in accordance with the above method and fully compensate the store to support the relocation of its new store. The compensation actually recovered from the lessor of the property after the above compensation by Jin Jiang International shall belong to Jin Jiang International. At the same time, Jin Jiang International will provide compensation for the store in accordance

with the audited net profit amount of the closed fiscal year to make up for the loss of business during the period.

6. Risks from depreciation on assets including goodwill and trademarks

The acquisition of shares in Louvre Group, Plateno Group, Vienna Hotel and Jinguang Express, as well as the external acquisition of Louvre Group, may result in a large amount of goodwill. According to the relevant provisions of China's "Accounting Standards for Business Enterprises", the acquisition of Louvre Group, Plateno Group, Vienna Hotel and Jinguang informs acquisition not under common control. The parent Company has paid more than fair value to acquire the shares of the subsidiaries, the excess is goodwill arising on consolidation. According to China's "Accounting Standards for Business Enterprises", the goodwill is not for amortization, and at least should be tested at the end of each year for impairment. If future business conditions of Louvre Group, Plateno Group, Vienna Hotel and Jinguang continue 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 recoverable amount of the intangible assets such as trademarks and brands of the Company is less than their carrying amount, the carrying amount of the assets should be written down to the recoverable amount, and the write-down will be recognized as an impairment loss on assets, which will have an adverse impact on the Company's current and future earnings.

7. Risk of overseas business management

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

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

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

9. Increasing changes of shareholders equity and return of equity

According to the 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 rate 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. Risk of diluted immediate return from private offering of shares

On 28 January 2021, the Company received the *Official Reply on Approving the Private Offering of Shares of Shanghai Jin Jiang International Hotels Co., Ltd.* On 19 March 2021, China Securities Depository and Clearing Corporation Limited Shanghai Branch completed the procedures regarding the registration of new shares. The Company's share capital and net assets have increased, and there is a risk of decline in the Company's earnings per share and other indicators in the short term.

14. Risks associated with the investment projects of funds raised from private offering of shares

The Company's fund-raising investment projects are based on the current industry 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, are postponed or fail to generate expected revenue.

2) Other disclosures

Applicable Not Applicable

Section IV Company Governance

I. Profile of general meeting of shareholders

Session	Date	Website index where the resolution is published	Disclosure date of resolution	Resolution
2020 General Meeting of Shareholders	2021-05-25	www.sse.com.cn	2021-05-26	<p>The following proposals were considered 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 Directors' Report 2. 2020 Supervisors' Report 3. 2020 Annual Report and Summary 4. 2020 Financial Report 5. 2020 Profit Distribution Plan 6. Proposal on the Payment of Audit Fees of Accounting Firm 7. Proposal on the Appointment of the Company's 2021 Financial Statements and Internal Control Auditor 8. Proposal on the Implementation of Daily Related-Party Transactions in 2020 and Proposed Related-Party Transactions in 2021 9. Proposal on the Amendment of Certain Articles of the Articles of Association of the Company 10. Proposal on the Addition of Directors 11. Proposal on the Addition of Independent Directors

Preferred stockholders whose voting rights have been restored request an extraordinary general meeting
Applicable Not Applicable

Explanation on the General Meeting of Shareholders
Applicable Not Applicable

II. Changes in directors, supervisors and senior management of the Company

Applicable Not Applicable

Name	Post		Change
Zhang Xiaoqiang	CEO	Resigned	
Zhu Qian	CEO	Appointed	
Yu Miaogen	Independent Director	Resigned	
Yu Minliang	Chairman	Resigned	
Guo Lijuan	Vice Chairman	Resigned	
Lv Haiyan	Vice Chairman	Resigned	
Zhang Xiaoqiang	Chairman	Elected	
Zhu Qian	Director	Elected	
Zhang Huiming	Independent Director	Elected	

Description of changes in directors, supervisors and senior management of the Company
Applicable Not Applicable

1. The Proposal on the Adjustment of Senior Management of the Company was passed at the 49th 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 report to the Board of Directors.

4. The Proposal on the Adjustment of Directors of the Company was passed 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 the Company held on 25 May 2021; the Proposal on the Election of Chairman of the Ninth Board of Directors of the Company was passed at the forty-sixth session of ninth board meeting of the Company on 25 May 2021 and Mr. Zhang Xiaoqiang was selected as the Chairman of the ninth Board of Directors.

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

Preplans of profit distribution, and capital reserve transferring to share capital for the six months

Distribution or capitalization	No
Number of Bonus Shares Per 10 Common Shares	
Number of Dividends (Taxes Included) Per 10 Common Shares	
Number Of Shares Converted By Capital Reserve Per 10 Common Shares	
Explanation of the preplan for profit distribution, and capitalization of capital reserve	

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

1) Related equity incentives have been disclosed in the temporary announcement but have no updates or changes

Applicable Not Applicable

2) Incentives have not been disclosed in the temporary announcement or have follow-up progress

Equity incentive

Applicable Not Applicable

Other description

Applicable Not Applicable

Employee Stock Ownership Plan

Applicable Not Applicable

Other incentives

Applicable Not Applicable

Section V Environment and Social Responsibility

I. Environment information

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

Applicable Not Applicable

2) Environmental description of companies excluding key pollutant discharging units

Applicable Not Applicable

1. Administrative penalties for environmental problems

Applicable Not Applicable

2. Disclosure of other environmental information with reference to key emission units

Applicable Not Applicable

Jinjiang Hotels (China) is highly responsible for the society, and takes positive measures to reduce energy consumption and pollution emissions and promote sustainable development of enterprises. The hotel's emissions, including sewage and exhaust gases, have met the national and local emission standards.

(1) Water pollution prevention and control:

Wastewater separation is adopted in hotel sewage treatment. The Company required to save construction water and electricity to realize "water and power off as people go away".

(2) Thermal pollution prevention and control

Energy-saving and environmental-friendly equipment such as solar energy and air-source heat pumps is utilized as heat sources with full use of excess heat and waste heat. Construction materials are strictly inspected for acceptance in accordance with national standards to ensure that the materials exceeding the standards are not entering the site. The Company applied the material standards that meet the requirements of environmental protection, energy saving and fire protection, etc.

(3) Air pollution prevention and control

The construction waste on site shall be removed by using containers, and is not allowed to throw away aloft at will to cause dust. The garbage should be properly water sprayed to reduce dust. The construction road shall be hardened with cleaning and watering at all times to reduce road dust. All kinds of diesel and gasoline machinery used on the construction site shall be subject to relevant pollutant emission standards, and it is prohibited to use machinery that exceeds the gas emission standard.

(4) Noise pollution prevention and control

Noises shall be controlled on construction sites, and the use of equipment with excessive noise shall be cut or avoided. The Company took steps to minimize the noise impact during the construction. Closed operating sheds for loud-noise machinery (such as mixers, electric saws, grinders, etc.) are set up to reduce noise diffusion. Night construction shall be avoid, if necessary, please contact the environmental protection administration to get permission in advance.

3. Reasons for not disclosing other environmental information

Applicable Not Applicable

3) Explanation of the updates or changes in the environmental information disclosure during the reporting period

Applicable Not Applicable

4) Information that is conducive to protecting the ecology, preventing pollution, and fulfilling environmental responsibility

Applicable Not Applicable

Adhering to the concept of sustainable development, exploration and innovation, Jinjiang Hotels (China) focuses on the organic unity of economic and ecological benefits, which is reflected in the hotel design and operation, brand environmental communication and the development of activities.

a. Eco-friendly operation:

- (1) The discharge of sewage and grease in kitchens and hotels is separated by grease traps, septic tanks and exhaust ducts to reduce unnecessary waste of natural resources and avoid river pollution;
- (2) Wastewater diversion system is adopted if condition permits, and waste water is recycled and treated in reclaimed water system;
- (3) The number of signboards of hotels is reduced during 2020 to respond to the policy of reducing light pollution;
- (4) Equipment units are maintained and cleaned on a regular basis, with qualified environmental protection companies for equipment maintenance, cleaning of cooling towers, fresh air duct systems, domestic water tanks, air conditioning units, etc. to reduce exhaust gas emissions and air pollution and purify indoor air;
- (5) Low-noise equipment, frequency conversion equipment, vibration-damping equipment are used. If it is closer to residential area, the use of soundproof walls and double-layer vacuum soundproof glass is required, and regular inspection of the sound insulation effect should be made to reduce noise pollution;
- (6) For the central air conditioning system 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%.

b. Eco-friendly design:

- (1) Eco-friendly design is made according to the climate where the project is located and national and local codes to determine the insulation measures and materials for exterior walls, roofs, exterior windows, and flooring;
- (2) Put an end to the use of low-quality raw materials containing harmful substances at source by adopting assembled construction and decoration to eliminate air pollution, noise pollution and construction waste at the construction site as far as possible;
- (3) Give priority to exterior door and window materials that meet the requirements of national and local energy-saving design codes, and only consider broken-bridge doors and windows and Low-E glass if the energy-saving standards can't be met;
- (4) Under the premise of meeting the code requirements for window-to-floor ratio and planning requirements, reduce the area of exterior windows as much as possible to meet energy-saving requirements;
- (5) The insulation and energy-saving materials used for exterior walls, roofs, floors, doors and windows must meet the national standards for environmental protection and fire protection;
- (6) Develop an effective engineering program to reduce the waste of engineering materials and construction waste emissions;
- (7) Consider the use of mature new insulation and energy-saving technology as far as possible under the premise of meeting the cost control;
- (8) Use water-based paints for renovation and maintenance to reduce air pollution;
- (9) Take into account both the diversity and sustainability of hotel operation in the later stage by designing variable room types;

c. Environmental communication and activities:

The Metapoint Project was launched by ZMAX in May 2019. As of May 2021, a total of thirty-six boxes (548 kg) of disposable toothbrushes and combs were recycled and 8,900 stationery boxes were made, helping a total of 6,501 children.

There is a kindly reminder for an option of not offering "toiletries" on the online hotel booking webpage for hotels including Metropolo, Magnolia, Jin Jiang Inn of Jinjiang Hotels (China) and other brands. Relevant environmental tips are also placed in a prominent position in public areas and in each room of all hotels in Shanghai. Vienna Sanhao Hotel advocates green travel, encourages ride-sharing and gives environmentally friendly cultural and creative souvenirs to promote the concept of environment protection. All the gifts are made of biodegradable materials with reduced number of layers of packaging, such as eco-friendly cups, chopsticks and shopping bags, to encourage people to apply the concept of environment protection in their daily lives.

5) Measures taken to reduce carbon emissions during the reporting period and their effectiveness
Applicable Not Applicable

To meet the requirements of green and eco-sustainable development, Jinjiang Hotels (China) exerts strong synergy and operational capabilities to effectively promote the implementation of products and services with environment protection and green as the core, introduces technological means and develops scientific mechanisms to achieve energy saving and emission reduction and green operation.

a. Green products:

The brands under Jinjiang Hotels (China) uphold the concept of green development, energy saving and consumption reduction.

With the brand new Vienna Hotel V5, PVC wallpaper with breathable micropore is used, so that wallpaper won't get moldy easily. Besides, the PVC material is also more durable than conventional materials; eco-friendly SPC flooring with good strength and stability is adopted; a new mature chip set of LED lights is used to replace the previous T5 lamps, and calcium filament lamp and fluorescent tube are completely abandoned, reducing a lot of harmful substances. It is energy saving and environmentally friendly.

Park Inn applies a number of cutting-edge black technologies in the industry to achieve the leading level of semi-permanent, fully environmentally friendly, low-maintenance cost and high-experience products, such as the use of aviation technology wall panels, multi-layer microporous structure, heat insulation, reduction of indoor energy consumption, with power saving reaching 30%; special waterproof composite frame flooring, the application of 360° three-dimensional copolymer patented technology, which is E0 grade eco-friendly base material.

Adhering to the brand mission of "creating a highly eco-friendly and healthy living environment", Vienna Sanhao Hotel fully applies environmentally friendly building materials and techniques: E0-grade environmentally friendly latex paint, aldehyde-free decorative materials, imitation wood grain floor tiles, environmentally friendly panels and fabrics, to ensure that the Hotel is environmentally friendly and odorless.

b. Green Office:

First, the office staff should be conservation-minded, namely the awareness of saving water, electricity, paper, etc. Second, office behavior should be "greenized", by the use of IT system instead of paper for office work, set the air conditioning temperature in the public office area at 26 degrees, and employees turn off office equipment at the end of the day to reduce carbon emissions.

II. Particulars in consolidation and expansion of the achievements in poverty alleviation and rural revitalization

Applicable Not Applicable

Section VI Significant Events

I. Fulfillment of commitment

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

II. Non-operating appropriation of funds by controlling shareholders and other related parties during the reporting period

Applicable Not Applicable

III. Non-compliance of guarantees

Applicable Not Applicable

IV. Audit of interim report

Applicable Not Applicable

V. Changes in matters covered by the non-standard audit opinion on the previous year's annual report and its treatment

Applicable Not Applicable

VI. Matters related to bankruptcy and reorganization

Applicable Not Applicable

VII. Major litigation and arbitration matters

There is significant litigation or arbitration events in current reporting period

There is no significant litigation or arbitration events in current reporting period

VIII. Penalty and rectification of the listed company, and its directors, supervisors, senior management, controlling shareholders and actual controllers suspected of violating law and regulations

Applicable Not Applicable

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

Applicable Not Applicable

X. Significant related party transactions

1. 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 its wholly owned subsidiaries Jin Jiang Inn, Hotels Investment, Metropolo, and its holding subsidiary Vienna were entrusted to operate Xi'an Jin Jiang Inn, Zhengzhou Jin Jiang Inn, Dahua Hotel, Jiaozhou Hotel, Golden Tulip, Metropole Hotel, Classiq YMCA, Tianjin Hedong Jin Jiang Inn, Dishuihu Jin Jiang Inn, Tianjin Hujin Investment, Tianjin Jin Jiang Inn,

Zhenjiang Jingkou Jin Jiang Inn, Shenyang Songhuajiang Jin Jiang Inn, Changchun Jinlv Investment, Ningbo Jinbo Hotel, etc. under Jin Jiang International and Jin Jiang Capital. The entrusted operating expense is RMB43.79 million in total; the Company leased Nanhuating Hotel and Magnotel Hotel. The relevant leasing expense totaled RMB9.26 million; the Company paid Jin Jiang Capital, Classiq YMCA, Nanhuating Hotel and Magnotel Hotel the labor remuneration and social insurances of relevant personnel, which totaled RMB33.76 million.

3) Events not disclosed in the temporary announcement

√Applicable □Not Applicable

Unit: RMB

Related party	Related party relationship	Transaction type	Content	Pricing policy	Transaction amount	Proportion in congener business (%)	Settled by
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Rendering of labor service	Income form room rate accounting service of limited service hotels	Market price	10,954,325.89	100.00	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Rendering of labor service	Membership gift package design and promotion services	Market price	43,752,103.14	100.00	Cash
Jin Jiang Capital and its subsidiaries	Associates	Rendering of labor service	Supply chain cooperation income from hotel goods	Market price	42,999,954.15	100.00	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary	Rendering of labor service	Group meal service income	Market price	3,373,584.90	3.58	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	2,691,459.97	20.90	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	863,352.89	0.28	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Purchase of goods	Membership gift package	Market price	15,273,543.47	100.00	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Receipts of service	Room reservation fees	Market price	9,122,599.41	14.46	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Other outflows	Share of brand management fee	Market price	422,867.94	100.00	Cash
Total					129,453,791.76	21.73	/
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 the brand's market influence, 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 subordinate enterprises, which can expand the scale of group meal business.					

Details of related party transactions	The Company's related party transaction agreements relating to daily operations have been discussed and approved at the 62 nd Meeting of the 9 th Session of Board of Directors held on 29 March 2019. (Proposed once every three years)
---------------------------------------	--

2. Related party transactions on acquisition of assets 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

3. 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

4. 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

5. Financial business between the Company and the finance company where a related relationship exists, the Company's controlling finance company and related parties

Applicable Not Applicable

1) Saving activities

Applicable Not Applicable

Unit: RMB 0'000

Related party	Relationship	Maximum daily deposit limit	Range of interest rate	Opening balance	Net amount occurred in the current period	Closing balance
Finance Company	A holding subsidiary of Jin Jiang capital, the controlling shareholder of the Company	400,000	0.39%-3.18%	386,254	11,549	397,803
Total	/	/	/	386,254	11,549	397,803

The Company deposited a part of settlement funds or idle funds in Finance Company (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 3,978.03 million. On 22 May 2020, the 2019 general meeting of shareholders approved the *Resolution on the Supplementary Agreement to the Financial Services Framework Agreement signed with Finance Company*: the Company's daily deposit balance in Finance Company shall not exceed RMB 4,000 million. The deposit interest income obtained accordingly in the first half of 2021 was RMB 27.93 million.

2) Loan activities

Applicable Not Applicable

Unit: RMB 0'000

Related party	Relationship	Loan limit	Range of interest rate	Opening balance	Net amount occurred in the current period	Closing balance
Finance Company	A holding subsidiary of Jin Jiang capital, the controlling shareholder of the Company	550,000	3.325%-3.8875%	266,378	-3,206	263,172
Total	/	/	/	266,378	-3,206	263,172

The Company's subsidiaries obtained borrowings from Finance Company, carrying an opening balance and closing balance over the reporting period to be RMB 2,663.78 million and RMB 2,631.72 million. On 22 May 2020, the 2019 general meeting of shareholders approved the *Resolution on the Supplementary Agreement to the Financial Services Framework Agreement signed with Finance Company*: the Company's daily loan balance in Finance Company shall not exceed RMB 5,500 million. The borrowing interest expense incurred in the first half of 2021 was RMB 45.15 million.

3) Credit business or other financial business

Applicable Not Applicable

4) Other description

Applicable Not Applicable

According to Article 12 of Chapter III of Finance Company's Articles of Association, 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., made 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."

6. Other significant related party transactions

Applicable Not Applicable

7. Others

Applicable Not Applicable

XI. Significant contracts and fulfillment of contracts

1) Trusteeship, contracting or leasing

Applicable Not Applicable

2) Significant guarantees performed and outstanding during the reporting period

Applicable Not Applicable

Unit: EUR 0'000

Guarantees provided by the Company (excluding guarantees for subsidiaries)															
Guarantor	Relationship between guarantor and listed company	Guaranteed party	Guaranteed amount	Date of guarantee (Date of agreement)	Start date	Maturity date	Type of guarantee	Principal debt	Collateral (if any)	Guarantee completed or not	Overdue or not	Amount overdue	Counter Guarantee information	Related-party guarantee or not	Related relationship
Total amount of guarantees incurred during the reporting period (excluding guarantees for subsidiaries)															
Total balance of guarantee at the end of the reporting period (A) (excluding guarantees for subsidiaries)															
Guarantees provided by the Company to subsidiaries															
Total amount of guarantees for subsidiaries during the reporting period							0								
Total balance of guarantees for subsidiaries at the end of the reporting period (B)							44,930								
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)															
Total (A+B)							44,930								
Proportion of total guarantees in the Company's net assets (%)							20.79								
Including:															
Amount of guarantees provided to shareholders, actual controller and their related parties (C)							0								
Amount of debt guarantee provided directly or indirectly for the guaranteed parties with gearing ratio over 70% (D)							44,930								
Amount of total guarantees in excess of 50% of net assets (E)							0								
Total (C+D+E)							44,930								
Explanation of possible joint and several liability for unexpired guarantees															

Description of guarantees	<p>On 23 September 2020, the Company signed the Guarantee Contract with China Minsheng Bank Co., Ltd. Shanghai Branch for the EUR300 million working capital loan of Sailing Investment Co, S.à r.l.</p> <p>On 27 September, 9 November and 11 November 2020, the Company signed the Guarantee Contracts with Industrial and Commercial Bank of China Limited Shanghai Bund Sub-branch for the EUR60 million, EUR60 million and EUR30 million working capital loans of GDL respectively.</p> <p>The above guarantees have been passed at the 26th Meeting of the 9th Session of Board of Directors, the 29th Meeting of the 9th Session of Board of Directors, and the first extraordinary general meeting of shareholders in 2020.</p> <p>On 30 June 2021, the Company signed the Guarantee Contract with BNP Paribas for GDL's one-year EUR60 million overdraft facility. The above guarantee was approved at the 48th Meeting of the 9th Session of Board of Directors of the Company and is yet to be submitted to the general meeting of shareholders for deliberation.</p>
---------------------------	--

3) Other significant contracts

Applicable Not Applicable

XII. Description of other significant events

Applicable Not Applicable

Section VII Changes in Shares and Particulars of Shareholders

I. Change of share capital

1. Statement of change in share capital

1) Statement of change in share capital

Unit: Share

	Before the change		Change (+ , -)					After the change	
	Quantity	Ratio (%)	New shares issued	Bonus issue	Capitalization of surplus reserves	Others	Sub-total	Quantity	Ratio (%)
I. Restricted shares			112,107,623				112,107,623	112,107,623	10.48
1. State-owned shares									
2. State-owned legal person shares			3,363,228				3,363,228	3,363,228	0.31
3. Other domestic shares			77,757,845				77,757,845	77,757,845	7.27
Including: Domestic non-state-owned legal person shares			77,757,845				77,757,845	77,757,845	7.27
Domestic natural person shares									
4. Foreign shares			30,986,550				30,986,550	30,986,550	2.90
Including: Foreign legal person shares			30,986,550				30,986,550	30,986,550	2.90
Foreign natural person shares									
II. Unrestricted tradable shares	957,936,440	100.00						957,936,440	89.52
1. RMB Ordinary shares	801,936,440	83.71						801,936,440	74.94
2. Foreign capital shares listed domestically	156,000,000	16.29						156,000,000	14.58
3. Foreign capital shares listed overseas									
4. Others									
III. Total shares	957,936,440	100.00	112,107,623				112,107,623	1,070,044,063	100.00

2) Explanation on the changes in shares

√Applicable □Not Applicable

During the reporting period, based on the inquiry of the private offering and in the principle of share placement, the Company implemented the non-public offering of shares 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) Limited, Ontario Teachers' Pension Plan Committee, Huaxia Fund Management Co. Ltd., Taikang Asset Management Co., Ltd. and CITIC Securities Co., Ltd.-Qingdao City Construction Investment Golden Control No. 1 Targeted Asset Management Plan. After the completion of share registration, there are 112,107,623 new restricted shares, and the total share capital increased from 957,936,440 shares to 1,070,044,063 shares.

3) Effects of changes in shares from the end of the reporting period to the disclosure date of the interim report on financial indicators such as earnings per share and net asset per share (if any)

Applicable Not Applicable

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

Applicable Not Applicable

2. Details of changes in restricted shares

Applicable Not Applicable

Unit: Share

Name of shareholder	Restricted shares at the beginning of the period	Number of shares released from sales restriction during the period	Increase in number of restricted shares during the period	Restricted shares at the end of the period	Reasons for sales restriction	Release date
Aegon-Industrial Fund Management Co., Ltd.			53,991,031	53,991,031	Private offering	2021-9-22
Allianz Global Investors (Singapore) Limited			13,295,969	13,295,969	Private offering	2021-9-22
Zhong Ou Asset Management Co., Ltd.			12,331,838	12,331,838	Private offering	2021-9-22
UBS AG			6,726,457	6,726,457	Private offering	2021-9-22
Caitong Securities Asset Management Co., Ltd.			4,708,520	4,708,520	Private offering	2021-9-22
FSS Trustee Corporation			4,147,982	4,147,982	Private offering	2021-9-22
Neo-Criterion Capital (Singapore) Limited			3,408,071	3,408,071	Private offering	2021-9-22
Ontario Teachers' Pension Plan Committee			3,408,071	3,408,071	Private offering	2021-9-22
Huaxia Fund Management Co. Ltd.			3,363,228	3,363,228	Private offering	2021-9-22
Taikang Asset Management Co., Ltd.			3,363,228	3,363,228	Private offering	2021-9-22
CITIC Securities Co., Ltd.-Qingdao City Construction Investment Golden Control No. 1 Targeted Asset Management Plan			3,363,228	3,363,228	Private offering	2021-9-22
Total			112,107,623	112,107,623	/	/

II. Shareholders

1. Total number of shareholders

Total number of common shareholders at the end of reporting period (households)	38,124 (including: A-share shareholders of 16,572 and B-share shareholders of 21,552)
Total number of preferred shareholders recovering with voting rights as at the end of the reporting period (households)	

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

Unit: Share

Particulars of the top 10 shareholders							
Name of shareholder (Full name)	Changes during the reporting period	Shareholding at end of reporting period	Proportion (%)	Restricted shares held	Pledge or freeze		Nature of shareholder
					Status	Qty.	
Shanghai Jin Jiang Capital Co., Ltd.		482,007,225	45.05		Nil		State-owned legal person
Hong Kong Securities Clearing Company Limited	+12,623,931	54,469,507	5.09		Nil		Unknown
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	-8,767,656	27,164,614	2.54		Nil		Foreign legal person
China Merchants Bank Co., Ltd. - Xingquan Heyi flexible allocation of hybrid securities investment fund (LOF)	+18,139,736	22,802,873	2.13	21,082,063	Nil		Others
China Merchants Bank Co., Ltd. - Xingquan Herun hybrid securities investment fund	+15,114,353	19,758,834	1.85	15,840,807	Nil		Others
China Everbright Bank Company Limited - Xingquan business model preferred hybrid securities investment fund (LOF)	+6,785,070	15,765,007	1.47	4,484,305	Nil		Others
HuaAn Future Asset -ICBC-Anxin Trust Co., Ltd.		15,244,482	1.42		Nil		Domestic non-state-owned legal person
Allianz Global Investors (Singapore) Limited - Allianz Shenzhou A-Share Fund (Exchange)	+12,365,251	12,365,251	1.16	12,365,251	Nil		Foreign legal person
INVESCO FUNDS SICAV		11,141,926	1.04		Unknown		Foreign legal person
Industrial and Commercial Bank of China Limited - Fullgoal military industry themed hybrid securities investment fund	+3,896,226	7,642,627	0.71		Nil		Others
Particulars of the top 10 unrestricted tradable 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	55,394,341	RMB ordinary share	55,394,341
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	27,164,614	RMB ordinary share	27,164,614
HuaAn Future Asset - ICBC-Anxin Trust Co., Ltd.	15,244,482	RMB ordinary share	15,244,482
INVESCO FUNDS SICAV	11,141,926	Foreign shares domestically listed	11,141,926
China Everbright Bank Company Limited - Xingquan business model preferred hybrid securities investment fund (LOF)	10,759,002	RMB ordinary share	10,759,002
Industrial and Commercial Bank of China Limited - Fullgoal military industry themed hybrid securities investment fund	7,151,143	RMB ordinary share	7,151,143
CITIC Securities - China CITIC Bank - CITIC Securities dividend value one-year hybrid collective asset management plan	6,762,628	RMB ordinary share	6,762,628
Industrial and Commercial Bank of China Limited - Fullgoal Tianhui selective growth hybrid securities investment fund (LOF)	5,212,400	RMB ordinary share	5,212,400
Agricultural Bank of China Limited - BOCOM Schroder domestic growth one-year hybrid securities investment fund	5,043,254	RMB ordinary share	5,043,254
Description of special account for repurchase among the top ten shareholders			
Description of the above shareholders' proxy voting rights, fiduciary voting rights and abstention from voting rights			
Description of related party relationship with above shareholders and concerted action	<p>The fund manager of China Merchants Bank Co., Ltd. - Xingquan Heyi flexible allocation of hybrid securities investment fund (LOF), China Merchants Bank Co., Ltd. - Xingquan Herun hybrid securities investment fund, China Everbright Bank Company Limited - Xingquan business model preferred hybrid securities investment fund (LOF) is Aegon-Industrial Fund Management Co., Ltd.; the fund manager of Industrial and Commercial Bank of China Limited - Fullgoal military industry themed hybrid securities investment fund, Industrial and Commercial Bank of China Limited - Fullgoal Tianhui selective growth hybrid securities investment fund (LOF) is Fullgoal Fund Management Co., Ltd. Except for above, the Company is not aware of whether there is related party relationship between shareholders other than the Company and any concerted action according to <i>Measures for the Administration Of Information Disclosure of Changes in the Shareholding of Listed Companies</i>.</p>		
Description of 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

Unit: Share

No.	Name of shareholder of restricted shares	Number of restricted shares held	Trading of restricted shares		Restriction conditions
			Date shares available for trading	Number of new tradable shares	
1	China Merchants Bank Co., Ltd. - Xingquan Heyi flexible allocation of hybrid securities investment fund (LOF)	21,082,063	2021-9-22		Shall not be transferred within 6 months from the date of issuance
2	China Merchants Bank Co., Ltd. - Xingquan Herun hybrid securities investment fund	15,840,807	2021-9-22		Shall not be transferred within 6 months from the date of issuance
3	Allianz Global Investors (Singapore) Limited - Allianz Shenzhen A-Share Fund (Exchange)	12,365,251	2021-9-22		Shall not be transferred within 6 months from the date of issuance
4	UBS AG	6,726,457	2021-9-22		Shall not be transferred within 6 months from the date of issuance
5	China Everbright Bank Company Limited - Xingquan business model preferred hybrid securities investment fund (LOF)	4,484,305	2021-9-22		Shall not be transferred within 6 months from the date of issuance
6	China Merchants Bank Co., Ltd. - Xingquan light assets investment hybrid securities investment fund (LOF)	4,204,036	2021-9-22		Shall not be transferred within 6 months from the date of issuance
7	FSS Trustee Corporation - equity fund	4,147,982	2021-9-22		Shall not be transferred within 6 months from the date of issuance
8	China Construction Bank Co., Ltd. - Zhong Ou Xinlanchou flexible hybrid securities investment fund	3,811,659	2021-9-22		Shall not be transferred within 6 months from the date of issuance
9	China Merchants Bank Co., Ltd. - Xingquan social value three-year hybrid securities investment fund	3,422,421	2021-9-22		Shall not be transferred within 6 months from the date of issuance
10	Ontario Teachers' Pension Plan Committee - equity fund	3,408,071	2021-9-22		Shall not be transferred within 6 months from the date of issuance
Description of related party relationship with above shareholders and concerted action		The fund manager of China Merchants Bank Co., Ltd. - Xingquan Heyi flexible allocation of hybrid securities investment fund (LOF), China Merchants Bank Co., Ltd. - Xingquan Herun hybrid securities investment fund, China Everbright Bank Company Limited - Xingquan business model preferred hybrid securities investment fund (LOF), China Merchants Bank Co., Ltd. - Xingquan light assets investment hybrid securities investment fund (LOF), China Merchants Bank Co., Ltd. - Xingquan social value three-year hybrid securities investment fund is Aegon-Industrial Fund Management Co., Ltd. Except for above, the Company is not aware of whether there is related party relationship between shareholders other than the Company and any concerted action according to <i>Measures for the Administration Of Information Disclosure of Changes in the Shareholding of Listed Companies</i> .			

3. Strategic investors, or legal person for placement of new shares to become the top 10 shareholders

Applicable Not Applicable

III. Particulars of directors, supervisors and senior management**1. Changes in shareholding of incumbent/resigned directors, supervisors and senior management during the reporting period**

Applicable Not Applicable

Unit: Share

Name	Position	Opening shares	Closing shares	Changes during the reporting period	Reason for the changes
Shen Li	Senior management	97,200	103,700	6,500	Secondary market trading

Other descriptions

Applicable Not Applicable

2. Equity incentives granted to the directors, supervisors and senior management during the reporting period

Applicable Not Applicable

3. Other descriptions

Applicable Not Applicable

IV. Change of controlling shareholder or actual controller

Applicable Not Applicable

Section VIII Preferred Stock

Applicable Not Applicable

Section IX Corporate Bond

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

Applicable Not Applicable

II. Convertible bonds

Applicable Not Applicable

Section X Financial Report

Auditor's Report

Applicable Not Applicable

REVIEW REPORT

De Shi Bao (Yue) Zi (21) No. R00067

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

We have reviewed the accompanying financial statements of Shanghai Jin Jiang International Hotels Co., Ltd. (the "Company"), which comprise the consolidated and company's balance sheets as at 30 June 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 period from 1 January 2021 to 30 June 2021, as well as the notes to the financial statements. The Company's management is responsible for the preparation of these financial statements. Our responsibility is to express a review report on these financial statements based on our review.

We conducted our review in accordance with *China Certified Public Accountant Review Standard No. 2101-Review of Financial Statements*. This Standard requires us to plan and perform the review to obtain limited assurance about whether the Interim Financial Statements are free from material misstatements. A review is limited primarily to procedures as enquiry of the Company's personnel and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared and do not reflect the reviewee's financial status, the results of operations and cash flows fairly in all material respects, in accordance with Accounting Standards of Business Enterprises.

Deloitte Touche Tohmatsu CPA LLP

Shanghai, China

Chinese Certified Public Accountant:Chen Yan
(Partner in Charge)

Chinese Certified Public Accountant:Huang Yiting

27 August 2021

AT 30 JUNE 2021

CONSOLIDATED BALANCE SHEET

RMB

Item	Note	30 June 2021	31 December 2020	Item	Note	30 June 2021	31 December 2020
Current Assets:				Current Liabilities:			
Cash and bank balances	(V)1	10,745,424,272.57	6,793,091,362.79	Short-term borrowings	(V)21	785,740,186.51	1,016,085,319.50
Held-for-trading financial assets	(V)2	255,198,433.67	254,237,956.80	Accounts payable	(V)22	929,830,689.68	1,787,371,141.16
Accounts receivable	(V)3	1,271,869,843.29	1,076,310,781.42	Advances from customers	(V)23	6,951,946.02	5,481,209.40
Advances to suppliers	(V)4	110,048,839.53	220,048,228.41	Contract liabilities	(V)24	807,926,760.36	939,940,644.27
Other receivables	(V)5	954,652,659.65	629,552,892.40	Employee benefits payable	(V)25	962,168,504.26	913,311,668.85
Inventories	(V)6	67,742,249.77	72,750,580.47	Taxes payable	(V)26	398,359,955.72	475,766,987.74
Non-current assets due within one year	(V)7	39,777,607.68	-	Other payables	(V)27	1,774,276,392.21	1,783,950,729.13
Other current assets	(V)8	412,547,251.66	372,195,728.76	Non-current liabilities due within one year	(V)28	7,619,775,090.63	895,058,362.90
Total Current Assets		13,857,261,157.82	9,418,187,531.05	Total Current Liabilities		13,285,029,525.39	7,816,966,062.95
Non-current Assets:				Non-current Liabilities:			
Long-term receivables	(V)9	430,894,818.20	-	Long-term borrowings	(V)29	8,684,429,249.10	14,540,076,203.12
Long-term equity investments	(V)10	609,758,622.68	657,222,783.26	Lease liabilities	(V)30	9,086,291,624.04	
Investments in other equity instruments	(V)11	45,606,873.13	47,175,565.45	Long-term payables	(V)31	12,928,372.87	152,172,338.41
Other non-current financial assets	(V)12	452,100,000.00	452,100,000.00	Long-term employee benefits payable	(V)32	93,233,974.78	99,640,012.22
Fixed assets	(V)13	5,447,933,980.53	5,862,697,408.46	Provisions	(V)33	53,260,683.70	51,368,852.96
Construction in progress	(V)14	401,991,442.56	459,165,097.25	Deferred tax liabilities	(V)19	1,835,635,784.67	2,093,326,462.71
Right-of-use assets	(V)15	8,821,604,815.55		Other non-current liabilities	(V)34	171,363,145.77	176,991,203.94
Intangible assets	(V)16	6,902,297,262.67	7,211,873,325.87	Total Non-current Liabilities		19,937,142,834.93	17,113,575,073.36
Goodwill	(V)17	11,293,048,219.91	11,503,365,924.11	TOTAL LIABILITIES		33,222,172,360.32	24,930,541,136.31
Long-term prepaid expenses	(V)18	1,718,526,819.45	1,976,131,675.68	SHAREHOLDERS' EQUITY:			
Deferred tax assets	(V)19	786,225,919.55	926,602,110.52	Share capital	(V)35	1,070,044,063.00	957,936,440.00
Other non-current assets	(V)20	135,207,648.96	122,040,641.81	Capital reserve	(V)36	12,732,022,756.16	7,865,585,211.86
Total Non-current Assets		37,045,196,423.19	29,218,374,532.41	Other comprehensive income	(V)37	(5,621,126.25)	(10,276,626.61)
				Surplus reserve	(V)38	659,649,508.50	659,649,508.50
				Retained profits	(V)39	2,156,492,764.92	3,236,624,231.69
				Total owners' equity attributable to the equity holders of the Company		16,612,587,966.33	12,709,518,765.44
				Non-controlling interests		1,067,697,254.36	996,502,161.71
				TOTAL SHAREHOLDERS' EQUITY		17,680,285,220.69	13,706,020,927.15
TOTAL ASSETS		50,902,457,581.01	38,636,562,063.46	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		50,902,457,581.01	38,636,562,063.46

The accompanying notes form part of the financial statements.

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

AT 30 JUNE 2021

COMPANY'S BALANCE SHEET

RMB

Item	Note	30 June 2021	31 December 2020	Item	Note	30 June 2021	31 December 2020
Current Assets:				Current Liabilities:			
Cash and bank balances	(XIV)1	5,033,703,736.68	767,185,291.46	Short-term borrowings	(XIV)18	570,000,000.00	620,000,000.00
Held-for-trading financial assets	(XIV)2	215,741,000.00	214,412,000.00	Accounts payable		28,374,130.90	31,336,205.40
Accounts receivable	(XIV)3	33,903,780.25	22,471,734.82	Advances from customers		125,966.73	125,966.73
Advances to suppliers		924,678.23	1,138,401.09	Contract liabilities		1,952,352.72	2,028,780.08
Other receivables	(XIV)4	313,573,556.56	138,057,691.92	Employee benefits payable	(XIV)19	15,560,356.62	18,522,242.51
Inventories	(XIV)5	2,851,424.12	2,338,017.76	Taxes payable	(XIV)20	3,240,485.87	2,239,340.65
Other current assets	(XIV)6	3,156,700.22	4,853,813.12	Other payables	(XIV)21	300,002,215.19	264,903,899.31
Non-current assets due within one year	(XIV)7	772,600.98	-	Non-current liabilities due within one year	(XIV)22	2,083,484,526.00	781,000,000.00
Total Current Assets		5,604,627,477.04	1,150,456,950.17	Total Current Liabilities		3,002,740,034.03	1,720,156,434.68
Non-current Assets:				Non-current Liabilities:			
Long-term receivables	(XIV)8	17,970,482.87	10,328,000.00	Long-term borrowings	(XIV)23	2,167,000,000.00	4,166,000,000.00
Long-term equity investments	(XIV)9	16,057,199,516.62	16,088,970,972.10	Lease liabilities	(XIV)24	289,687,505.10	
Investments in other equity instruments	(XIV)10	20,047,514.62	20,526,014.62	Deferred tax liabilities	(XIV)17	91,410,578.26	86,711,036.43
Other non-current financial assets	(XIV)11	452,100,000.00	452,100,000.00	Other non-current liabilities	(XIV)25	3,758,700.00	4,467,100.00
Fixed assets	(XIV)12	67,611,586.74	74,385,564.84	Total Non-current Liabilities		2,551,856,783.36	4,257,178,136.43
Construction in progress	(XIV)13	47,331,370.55	44,352,551.01	TOTAL LIABILITIES		5,554,596,817.39	5,977,334,571.11
Right-of-use assets	(XIV)14	298,866,014.49		SHAREHOLDERS' EQUITY:			
Intangible assets	(XIV)15	51,960,483.37	53,915,253.37	Share capital		1,070,044,063.00	957,936,440.00
Long-term prepaid expenses	(XIV)16	157,104,272.17	173,734,744.07	Capital reserve	(XIV)26	14,057,173,665.38	9,190,736,121.08
Deferred tax assets	(XIV)17	-	-	Other comprehensive income	(XIV)27	3,892.61	362,767.61
Other non-current assets		11,700,000.00	11,700,000.00	Surplus reserve		659,649,508.50	659,649,508.50
Total Non-current Assets		17,181,891,241.43	16,930,013,100.01	Retained profits		1,445,050,771.59	1,294,450,641.88
				TOTAL SHAREHOLDERS' EQUITY		17,231,921,901.08	12,103,135,479.07
TOTAL ASSETS		22,786,518,718.47	18,080,470,050.18	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,786,518,718.47	18,080,470,050.18

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

CONSOLIDATED INCOME STATEMENT

RMB

Item	Note	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2020
I. Operating income	(V)40	5,262,540,955.04	4,089,973,128.72
Less: Operating costs	(V)40, 41	3,647,854,043.59	3,503,292,537.63
Taxes and levies	(V)42	62,800,215.24	63,260,659.81
Selling expenses	(V)41	344,956,016.25	299,506,170.12
Administrative expenses	(V)41	1,113,046,928.78	970,331,235.31
R&D expenses	(V)41	12,242,916.63	11,391,438.52
Financial expenses	(V)43	297,611,436.44	149,888,705.98
Including: Interest expenses		160,424,465.40	171,381,215.60
Interest income		75,358,222.38	28,458,392.74
Add: Other income	(V)44	253,607,387.90	366,735,158.59
Investment income	(V)45	170,513,510.83	738,690,308.37
Including: Gains from investment in associates and joint ventures		71,996,711.22	31,413,502.48
Gains (losses) from changes in fair values	(V)46	(3,109,838.71)	8,053,521.84
Loss (gain) from credit impairment	(V)47	(929,949.83)	(7,902,673.01)
Loss (gain) from impairment of assets	(V)48	-	(1,742,052.04)
Gains (losses) from disposal of assets	(V)49	6,088,739.99	(5,293,999.40)
II. Operating profit		210,199,248.29	190,842,645.70
Add: Non-operating income	(V)50	29,458,559.71	37,333,136.95
Less: Non-operating expenses	(V)51	14,124,832.90	20,167,761.44
III. Total profit		225,532,975.10	208,008,021.21
Less: Income tax expenses	(V)52	114,127,141.18	(91,696,911.70)
IV. Net profit		111,405,833.92	299,704,932.91
Including: Net profit from continuing operations		111,405,833.92	299,704,932.91
Net profit attributable to the owners of the Company		4,648,428.88	285,301,707.13
Profit or loss attributable to non-controlling interests		106,757,405.04	14,403,225.78
V. Other comprehensive income (loss), net of tax	(V)37	(1,600,961.02)	(29,582,821.30)
Other comprehensive income (loss) attributable to owners of the Company, net of tax		4,655,500.36	(29,411,290.19)
(I) Other comprehensive income (loss) that cannot be reclassified subsequently to profit or loss		3,358,795.06	(1,011,644.34)
1. Changes as a result of remeasurement of the defined benefit plan		3,717,670.06	(269.34)
2. Changes in fair value of investments in other equity instruments		(358,875.00)	(1,011,375.00)
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		1,296,705.30	(28,399,645.85)
1. Other comprehensive income that may be transferred to profit or loss under equity method		50,764.07	-
2. Cash flow hedging reserve (effective proportion of profit or loss of cash flow hedging)		-	639,053.54
3. Translation differences of financial statements denominated in foreign currency		1,245,941.23	(29,038,699.39)
Other comprehensive income (loss) attributable to non-controlling interests, net of tax		(6,256,461.38)	(171,531.11)
VI. Total comprehensive income		109,804,872.90	270,122,111.61
Total comprehensive income attributable to owners of the Company		9,303,929.24	255,890,416.94
Total comprehensive income attributable to non-controlling interests		100,500,943.66	14,231,694.67
VII. Earnings per share:			
(I) Basic earnings per share	(V)56	0.0046	0.2978
(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 PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

COMPANY'S INCOME STATEMENT

RMB

Item	Note	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2020
I. Operating income	(XIV)28	100,674,658.47	57,226,849.05
Less: Operating costs	(XIV)28, 29	98,238,949.97	84,053,994.27
Taxes and levies		2,357,502.35	826,779.99
Selling expenses	(XIV)29	6,140,736.65	2,994,616.08
Administrative expenses	(XIV)29	71,482,846.85	56,637,116.86
Financial expenses	(XIV)30	63,859,508.20	95,017,969.14
Including: Interest expenses		92,307,623.64	97,128,112.55
Interest income		36,117,993.01	2,616,713.28
Add: Other income	(XIV)31	713,105.10	15,862,564.17
Investment income	(XIV)32	385,080,011.39	310,305,272.30
Including: Gains from investment in associates and joint ventures		75,854,442.75	46,156,071.53
Gains (losses) from changes in fair values	(XIV)33	1,329,000.00	(34,554,000.00)
Loss (gain) from credit impairment		627,888.79	6,353.56
Gains (losses) from disposal of assets		153,976.39	1,926.84
II. Operating profit		246,499,096.12	109,318,489.58
Add: Non-operating income		4,481,893.18	50,640.15
Less: Non-operating expenses		60,639.28	8,481.50
III. Total profit		250,920,350.02	109,360,648.23
Less: Income tax expenses		3,506,219.46	(8,980,024.05)
IV. Net profit		247,414,130.56	118,340,672.28
V. Other comprehensive income (loss), net of tax		(358,875.00)	(1,011,375.00)
(I) Other comprehensive income (loss) that cannot be reclassified subsequently to profit or loss		(358,875.00)	(1,011,375.00)
Changes in fair value of investments in other equity instruments		(358,875.00)	(1,011,375.00)
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-	-
VI. Total comprehensive income		247,055,255.56	117,329,297.28

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

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

CONSOLIDATED CASH FLOW STATEMENT

RMB

Item	Note	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2020
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		5,247,260,043.19	4,122,437,045.56
Other cash receipts relating to operating activities	(V)53(1)	421,062,659.68	113,197,021.69
Sub-total of cash inflows from operating activities		5,668,322,702.87	4,235,634,067.25
Cash payments for goods purchased and services received		1,542,774,328.08	1,457,003,710.65
Cash payments to and on behalf of employees		2,096,326,883.54	2,181,374,904.60
Payments of various types of taxes		520,001,537.74	504,070,579.24
Other cash payment relating to operating activities	(V)53(2)	859,420,147.53	1,452,271,089.04
Sub-total of cash outflows from operating activities		5,018,522,896.89	5,594,720,283.53
Net cash flow from operating activities	(V)54(1)	649,799,805.98	(1,359,086,216.28)
II. Cash flows from investing activities:			
Cash receipts from returns on investments		69,630,680.99	80,485,573.13
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		35,696,906.30	7,476,553.04
Net cash received from disposal of subsidiaries and other business units		2,283,068.73	460,186,244.65
Other cash receipts relating to investing activities		16,233,551.42	39,848,358.80
Sub-total of cash inflows from investing activities		123,844,207.44	587,996,729.62
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		252,914,512.56	363,146,251.94
Cash payments to acquire investments	(V)53(3)	16,510,000.00	68,948,455.26
Other cash payments relating to investing activities		-	1,255,472.11
Sub-total of cash outflows from investing activities		269,424,512.56	433,350,179.31
Net cash flow from investing activities		(145,580,305.12)	154,646,550.31
III. Cash flows from financing activities:			
Cash receipts from capital contributions		4,978,299,985.86	-
Including: cash receipts from capital contributions from minority owners of subsidiaries		-	-
Cash receipts from borrowings	(V)53(4)	1,002,730,663.84	2,507,968,714.25
Other cash receipts relating to financing activities		-	-
Sub-total of cash inflows from financing activities		5,981,030,649.70	2,507,968,714.25
Cash repayments of borrowings	(V)53(5)	1,431,376,027.48	2,101,524,064.21
Cash payments for distribution of dividends or profits or settlement of interest expenses		335,129,400.68	768,105,876.60
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		135,345,078.86	44,896,449.35
Other cash payments relating to financing activities	(V)53(6)	771,671,289.44	26,350,127.31
Sub-total of cash outflows from financing activities		2,538,176,717.60	2,895,980,068.12
Net Cash Flow from Financing Activities		3,442,853,932.10	(388,011,353.87)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(10,280,189.64)	(3,624,312.24)
V. Net Increase (Decrease) in Cash and Cash Equivalents		3,936,793,243.32	(1,596,075,332.08)
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)	10,723,503,851.14	4,315,674,822.84

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

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

COMPANY'S CASH FLOW STATEMENT

RMB

Item	Note	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2020
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		97,685,114.56	59,094,125.69
Other cash receipts relating to operating activities		53,404,719.83	88,165,348.44
Sub-total of cash inflows from operating activities		151,089,834.39	147,259,474.13
Cash payments for goods purchased and services received		28,025,890.86	23,947,458.06
Cash payments to and on behalf of employees		74,800,659.40	58,626,280.85
Payments of various types of taxes		1,196,753.47	826,779.99
Other cash payment relating to operating activities		40,031,054.66	51,626,864.15
Sub-total of cash outflows from operating activities		144,054,358.39	135,027,383.05
Net cash flow from operating activities	(XIV)35(1)	7,035,476.00	12,232,091.08
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments		-	-
Cash receipts from returns on investments	(XIV)34(1)	280,273,379.62	75,623,094.66
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		286,747.51	41,887.93
Net cash received from disposal of subsidiaries and other business units	(XIV)34(2)	-	171,441,616.06
Other cash receipts relating to investing activities		-	39,848,358.80
Sub-total of cash inflows from investing activities		280,560,127.13	286,954,957.45
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		7,790,249.16	21,027,186.40
Cash payments to acquire investments	(XIV)34(3)	10,000,000.00	32,472,438.78
Sub-total of cash outflows from investing activities		17,790,249.16	53,499,625.18
Net cash flow from investing activities		262,769,877.97	233,455,332.27
III. Cash flows from financing activities:			
Cash receipts from capital contributions		4,978,299,985.86	-
Cash receipts from borrowings		570,000,000.00	2,350,000,000.00
Sub-total of cash inflows from financing activities		5,548,299,985.86	2,350,000,000.00
Cash repayments of borrowings		1,381,000,000.00	2,071,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		147,638,887.90	656,032,465.26
Other cash payments relating to financing activities		22,924,194.90	-
Sub-total of cash outflows from financing activities		1,551,563,082.80	2,727,032,465.26
Net Cash Flow from Financing Activities		3,996,736,903.06	(377,032,465.26)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(23,811.81)	35,217.16
V. Net Increase (Decrease) in Cash and Cash Equivalents			
		4,266,518,445.22	(131,309,824.75)
Add: Opening balance of Cash and Cash Equivalents	(XIV)35(2)	767,185,291.46	455,861,836.57
VI. Closing Balance of Cash and Cash Equivalents	(XIV)35(2)	5,033,703,736.68	324,552,011.82

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

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	Period from 1 January 2021 to 30 June 2021						
	Attributable to equity holders 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 period	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	-	-	-	-	(1,022,717,340.00)	(4,767,767.73)	(1,027,485,107.73)
II. Opening balance of the current period	957,936,440.00	7,865,585,211.86	(10,276,626.61)	659,649,508.50	2,213,906,891.69	991,734,393.98	12,678,535,819.42
III. Changes for the period	112,107,623.00	4,866,437,544.30	4,655,500.36	-	(57,414,126.77)	75,962,860.38	5,001,749,401.27
(I) Total comprehensive income (loss)	-	-	4,655,500.36	-	4,648,428.88	100,500,943.66	109,804,872.90
(II) Owner's contributions and reduction in capital	112,107,623.00	4,866,437,544.30	-	-	-	-	4,978,545,167.30
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
(III) Profit distribution	-	-	-	-	(62,062,555.65)	(24,538,083.28)	(86,600,638.93)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(62,062,555.65)	(24,538,083.28)	(86,600,638.93)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the current period	1,070,044,063.00	12,732,022,756.16	(5,621,126.25)	659,649,508.50	2,156,492,764.92	1,067,697,254.36	17,680,285,220.69

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- continued

RMB

Item	Period from 1 January 2020 to 30 June 2020						
	Attributable to equity holders 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 period	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 period	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 period	-	-	(29,411,290.19)	-	(289,460,156.87)	(22,664,754.68)	(341,536,201.74)
(I) Total comprehensive income (loss)	-	-	(29,411,290.19)	-	285,301,707.13	14,231,694.67	270,122,111.61
(II) Owner's contributions and reduction in capital	-	-	-	-	-	-	-
1. Ordinary shares invested by the shareholders	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(574,761,864.00)	(36,896,449.35)	(611,658,313.35)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(574,761,864.00)	(36,896,449.35)	(611,658,313.35)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the current period	957,936,440.00	7,865,128,399.60	(4,852,580.10)	659,649,508.50	3,411,715,027.16	1,078,267,760.37	13,967,844,555.53

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	Period from 1 January 2021 to 30 June 2021						Period from 1 January 2020 to 30 June 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 period	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
Add: Changes in accounting policies	-	-	-	-	(34,751,445.20)	(34,751,445.20)	-	-	-	-	-	-
II. Opening balance of the current period	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 period	112,107,623.00	4,866,437,544.30	(358,875.00)	-	185,351,574.91	5,163,537,867.21	-	-	(1,011,375.00)	-	(462,029,013.61)	(463,040,388.61)
(I) Total comprehensive income (loss)	-	-	(358,875.00)	-	247,414,130.56	247,055,255.56	-	-	(1,011,375.00)	-	118,340,672.28	117,329,297.28
(II) Owner's contributions and reduction in capital (Note V 35(note))	112,107,623.00	4,866,437,544.30	-	-	-	4,978,545,167.30	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(62,062,555.65)	(62,062,555.65)	-	-	-	-	(574,761,864.00)	(574,761,864.00)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	(5,607,821.89)	(5,607,821.89)
IV. Closing balance of the current period	1,070,044,063.00	14,057,173,665.38	3,892.61	659,649,508.50	1,445,050,771.59	17,231,921,901.08	957,936,440.00	9,190,279,308.82	1,786,114.68	659,649,508.50	866,240,204.96	11,675,891,576.96

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

(I) GENERAL INFORMATION

Shanghai Jin Jiang International Hotels Co., Ltd. (formerly known as "Shanghai Jin Jiang International Hotels Development Co., Ltd.") (hereinafter "the Company") was incorporated in Shanghai, the People's Republic of China (the "PRC") on 9 June 1993, with its headquarter located 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, of which unified social credit code is 91310000132203715W. The legal representative is Mr. Zhang Xiaoqing.

In June 1993, the Company was established by private placing with total share capital of RMB235,641,500.

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 RMB335,641,500.

In September 1996, upon the approval of China Securities Regulatory Commission, 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 RMB4.90. 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 RMB354,641,500.

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 RMB425,569,800.

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 RMB553,240,740.

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 RMB10.80. 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 RMB603,240,740.

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 Co., Ltd. (hereinafter "Jin Jiang Capital"). Total raised fund is RMB3,035,257,160. Total raised fund deducts issuing expenses amounting to RMB7,001,277, the net raised fund is RMB3,028,255,883 in which RMB201,277,000 included in share capital and RMB2,826,978,883 included in capital reserve. The total share capital of the Company accordingly increased to RMB804,517,740.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 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% non-controlling interests in Keystone. In January 2019, the Company acquired 3.49825% non-controlling interests 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 Hotels") and Longevity Village Catering Chain Co., Ltd ("Longevity Village Catering"). On 1 July 2016, the share equity acquisition was completed and the Company became the shareholding company of Vienna Hotels and Longevity Village Catering.

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 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 112,107,623 (A share) non-public issuing shares which have RMB 1 per share at premium with the issue price of RMB 44.60 per share to Aegon-industrial Fund Management Co., Ltd., Allianz Global Investors Singapore Pte Ltd, Zhong Ou Asset Management Company Limited, UBS AG, Caitong Securities Asset Management Co., Ltd., International No. 1 Pension Trust Co., Ltd., NEO-Criterion Capital (Singapore) Co., Ltd., Ontario Teachers' Pension Plan Board, China Asset Management Co., Ltd., Taikang Asset Management Co., Ltd. and Citic Securities Company Limited - QCCI No. 1 Targeted Asset Management Plan. Total raised fund is RMB4,999,999,985.80. The net raised fund amounts to RMB4,978,545,167.30 after deducting issuing expenses and deductible input tax in related expenses, in which RMB112,107,623.00 is included in share capital and RMB4,866,437,544.30 is included in capital reserve. The total share capital of the Company accordingly increased to RMB1,070,044,063.00.

As of 30 June 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, resulting in Jin Jiang Capital as the controlling shareholder of the Company. Jin Jiang International (Holdings) Co., Ltd. ("Jin Jiang International") was the shareholding company of Jin Jiang capital and the ultimate holding company of the Company.

On 27 August 2021, Board of Directors of the Company authorized the consolidated and Company's financial statements for issuance.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the *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 the *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 remain as going concern for the 12 months since 30 June 2021 and didn't notice any event or circumstance that may cast significant doubt on its ability to remain as going concern. Therefore, the financial statements are prepared on 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.

When measuring non-financial assets at fair value, take into consideration of the ability of market participants to make best use of such assets to generate economic benefits, or the ability to sell such assets to other market participants who can make best use of such assets to generate economic benefits.

For financial assets of which the transaction price is considered as the fair value at initial recognition, and the subsequent fair value measurement involves the valuation technique of unobservable inputs, calibrate the valuation technique in the course of valuation so that the results of initial recognition determined using valuation technique is equivalent 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 ESTIMATE

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 of 30 June 2021, and the Company's and consolidated results of operations and cash flows for the period from 1 January 2021 to 30 June 2021.

2. Accounting period

The Group adopts the calendar year as its accounting year, i.e. from 1 January to 31 December. The accounting period for the financial statements is from 1 January 2021 to 30 June 2021.

3. Business cycle

The Group principally engages in operation and management of limited service hotels, food and cuisine at home and abroad. The Group's business cycle is less than 12 months. The Group uses 12 months as the standard to divide assets/liabilities into current and non-current assets/liabilities.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries adopt RMB as their functional currency. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. 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 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - 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

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in 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 acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

When the business combination contract provides that, upon the occurrence of one 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 an 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 of the acquisition date, the amount preciously included in the goodwill shall be adjusted. Changes in or adjustments on contingent consideration under other conditions: the contingent consideration of nature of liability is measured in accordance with *Accounting Standards for Business Enterprises No.22–Recognition and Measurement of Financial Instruments* and *Accounting Standards for Business Enterprises No.13–Contingencies*, and the changes or adjustments incurred will be included into profit or loss for the current period. The Group's obligation to acquire non-controlling interests in subsidiaries at certain considerations in accordance with the contract is recognized as a financial liability measured at fair value and deducts the Group's capital reserve.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree'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 on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE** - continued

6. Preparation of consolidated financial statements

Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

The combination of subsidiaries begins with the Group's control over the subsidiary, and ceases with the Group's losing control of the subsidiary.

For a subsidiary disposed 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[or the combined party under combination by merge, 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.

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' 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 owners' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "Profit or loss attributable to 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 is still allocated against non-controlling interests.

Acquisition of non-controlling 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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling 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 profits.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

6. Preparation of consolidated financial statements - continued

Preparation of consolidated financial statements - continued

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, it 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 re-measured, and the difference between the fair value and the carrying amount will be recognized in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

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

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet 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 available-for-sale monetary items 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 other comprehensive income, and in profit and 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 dates of the transactions 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 and loss or as other comprehensive income.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - 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 purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into functional currency using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. 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 closing balances and 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 equity investments 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 of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group's 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 and 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 financial assets purchased or sold in a regular way, the Group recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss; transaction costs relating to other categories of financial assets and financial liabilities are included in the value initially recognized. For accounts receivable recognized that do not contain a significant financing component or a financing component included in the contracts less than one year which are not considered by the Group, which are within the scope of *Accounting Standard for Business Enterprises No.14 - Revenue* (hereinafter referred to as "new standards for revenue"), transaction prices defined in the standards shall be adopted on initial recognition.

The effective interest method is a method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - 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 book value 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 or at fair value through profit or loss.

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 assets measured at amortized cost, which include cash and bank balances, accounts receivable, other receivables, other current assets and entrusted loans and deposits and margin of 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 fair value through other comprehensive income ("FVTOCI") on an individual basis. Such financial assets at FVTOCI are presented as investments in other equity instruments.

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; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

Financial assets measured at fair value through profit or loss ("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 measurement or financial assets at FVTOCI are classified into financial assets at FVTPL.
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group may irrevocably designate the financial assets as financial assets at FVTPL.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.1 Classification, recognition and measurement of financial assets - continued

Financial assets measured at FVTPL are presented as held-for-trading financial assets. Where such assets are of a term over one year (or has no fixed term) since the balance sheet date and are expected to be held for more than one year are presented as other non-current financial assets.

The Group's financial assets include financial assets measured at amortized cost and those at FVTPL, as well as non-trading equity instrument investments designated as financial assets at fair value through other comprehensive income ("FVTOCI").

9.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

For financial assets measured at amortized cost, the Group recognizes interest income using 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 with credit impairment, 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 financial assets purchased or originated without credit impairment but become credit impairment in the subsequent period, the interest income of the Group should be calculated and determined according to the amortized cost and actual interest rate of the financial assets in the subsequent period. If the credit impairment of the financial instrument ceases to exist in the subsequent period because of the improvement of its credit risk, and this improvement can be related to an event occurring after the application of the above provisions, the Group should calculate and determine interest income by multiplying the actual interest rate by the book amount of the financial asset.

9.1.2 Financial assets classified as at FVTOCI

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 FVTOCI

Changes in fair value of non-trading equity instrument investments designated as financial assets at FVTOCI are recognized in other comprehensive income. When the financial asset is derecognized, 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.2 Impairment of financial instruments

The Group makes accounting treatment on impairment and recognizes loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost, finance lease receivable, operating lease receivable and contract assets.

The Group makes a loss allowance equivalent to the amount of lifetime ECL for all contract assets and accounts receivable arising from transactions adopting *Revenue Standards*, as well as finance lease receivable and operating lease receivable arising from transactions adopting the *Accounting Standards for Business Enterprises No. 21 - Lease*.

For other financial instrument, other than purchased or originated credit-impaired financial assets, the Group assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date. If the credit loss of the financial instrument has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Except for the financial assets classified as at FVTOCI, increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. For the financial assets classified as at FVTOCI, the Group recognizes credit loss allowance in other comprehensive income and recognizes the loss/gain on impairment in profit or loss, while the Group does not decrease the carrying amount of such financial assets in the balance sheet.

The Group has makes a loss allowance against amount of expected credit losses during the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

9.2.1 Significant increase of credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group uses available, reasonable and supportable forward-looking information, to compare the risk of a default occurring on the financial instrument as at the reporting 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) An actual or expected internal credit rating downgrade for the borrower.
- (2) Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations.
- (3) An actual or expected significant change in the operating results of the debtor.
- (4) Significant adverse change in the regulatory, economic, or technological environment of the debtor.
- (5) Significant changes in circumstances expected to reduce the debtor's economic incentive to make scheduled contractual payments.
- (6) Significant changes in the expected performance and behavior of the debtor.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.2 Impairment of financial instruments - continued

9.2.1 Significant increase of credit risk - continued

Regardless whether the credit risk has increased significantly according to the above assessment, the credit risk of the financial instrument has increased significantly whenever the contractual payment for the financial instrument has past due for 30 days (inclusive).

At the balance sheet date, if the Group determines that the financial instrument has only lower credit risk, the Group assumes that the credit risk of such financial instrument has not increased significantly since initial recognition. The financial instrument is deemed as having lower credit risk if the financial instrument is of lower risk of default; the borrower has strong ability to fulfill its contract cash flow obligations in short term; and even the adverse change in economic and operating environment in the long term will not necessary reduce the borrower's ability to fulfill its contract cash flow obligation.

9.2.2 Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial assets. Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- (4) It becoming probable that the debtor will enter bankruptcy or other financial reorganizations;

Based on the Group's internal credit risk management, when internal proposals or information obtained externally indicate that debtors of the financial instruments cannot make the full compensations to creditors including the Group (regardless of any guarantee it obtains), the Group shall consider it as an event of default.

9.2.3 Determination of expected credit loss

The Group determines credit losses on finance lease receivable, operating lease receivable and entrusted loans of other current assets on an individual basis and uses a provision matrix to determine the credit losses on accounts receivable, contract assets, other receivables and deposits and margins of other non-current assets on a portfolio basis. The Group classifies financial instruments into different groups based on common risk characteristics. Common credit risk characteristics include type of financial instruments, credit risk rating, industry of borrower and geographical location of the borrower etc.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.2 Impairment of financial instruments - continued

9.2.3 Determination of expected credit loss - continued

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

- For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.
- For finance lease receivable and operating lease receivable, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.
- For a financial asset with credit-impaired at the balance sheet date, but not purchased or originated credit-impaired, a credit losses is the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

9.2.4 Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the book value of the financial asset, which constitutes derecognition of relevant financial assets.

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 will measure relevant liabilities as follows:

- For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortized cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortized cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at FVTPL.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.3 Transfer of financial assets - continued

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred and (2) the sum of the consideration received from the transfer and accumulated changes in fair value initially recorded in other comprehensive income is recognized in profit or loss. For the investments in non-tradable equity instruments designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of financial asset prior to transfer is allocated between the part that is derecognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income; and (2) the carrying amount allocated to the part derecognized on derecognition date; is recognized in profit or loss. For the investments in non-tradable equity instruments designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognized as a liability upon receipts.

9.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual arrangements and their economic substance, together with the definition of financial liability and equity instrument.

9.4.1 Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

9.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of held-for-trading financial liabilities (including derivatives classified as financial liabilities) and those designated as at FVTPL. Except for derivative financial liabilities presented separately, the financial liabilities at FVTPL 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 acquired principally for the purpose of repurchasing 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; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - 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

9.4.1.1 Financial liabilities at FVTPL - continued

A financial liability may be designated as at FVTPL on initial recognition when one of the following conditions is satisfied: (i) Such designation eliminates or significantly reduces accounting mismatch; or (ii) The Group makes management and performance evaluation on a fair value basis, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis. (iii) The qualified hybrid financial instrument combines financial asset with embedded derivatives.

Transaction financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss.

For financial liabilities designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, other changes in fair values are included in profit or loss for the current period. Upon the derecognition of such liability, the accumulated amount of change in fair value that is attributable to changes in the credit risk of that liability, which is recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.

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

9.4.1.2 Other financial liabilities

Other financial liabilities (other than financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets) are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

That the Group and its counterparty modify or renegotiate the contract does not result in derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortization during the remaining term of the modified financial liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.4 Classification of financial liabilities and equity instruments - continued

9.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing creditor 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. Changes 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, dividends paid do not affect total amount of shareholders' equity.

9.5 Derivative instruments

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

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 for management of financial assets, the affected financial assets will be reclassified. All financial liabilities will not be reclassified.

For reclassification of financial assets, the Group adopts prospective accounting since the date of reclassification (i.e. the first day of the first reporting period after the change of business model resulting in the entity's reclassification of financial assets).

Where the Group reclassifies the financial assets at amortized cost to financial assets at FVTPL, such assets are measured at the fair value at the date of reclassification. The difference between the original carrying amount and fair value is included in profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

9. Financial instruments - continued

9.7 Reclassification of financial instruments - continued

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

Where the Group reclassifies the financial assets at FVTOCI to financial assets at amortized cost, the accumulated gains or losses previously included in other comprehensive income is transferred out to adjust the fair value of such financial assets at the date of reclassification. The amount after adjustment is the new carrying amount, i.e. the financial assets are deemed as have always been measured at amortized cost. The reclassification of such financial assets does not affect the measurement of its effective interest rate and expected credit loss.

Where the Group reclassifies the financial assets at FVTOCI to financial assets at FVTPL, such financial assets continue to be measured at fair value. Meanwhile, the Group should transfer the accumulated gains or losses previously included in other comprehensive income to profit or loss for the period.

Where the Group reclassifies the financial assets at FVTPL to financial assets at amortized cost, the new book value of such financial assets is the fair value of such assets at the date of reclassification.

Where the Group reclassifies the financial assets at FVTPL to financial assets at FVTOCI, such financial assets continue to be measured at fair value.

Where the Group reclassifies the financial assets at FVTPL, the effective interest rate is determined based on the fair value of such financial assets at the date of reclassification.

10. Inventories

10.1 Categories of inventories

The Group's inventories mainly 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

Cost of sales is determined using the weighted average method or first-in-first-out ("FIFO") 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 the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher

than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

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 consumables are amortized on one-off basis. Abundant consumables used by newly-opened hotels shall be amortized within 12 months.

11. Long-term equity investments

11.1 Basis for determining joint control and significant influence over investee

Control is achieved when the Group has the power over the investee, is exposed or, has the rights to, variable returns from its involvement with the investee; and has the ability to use its power to affect its return. 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.

11.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognized as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and the aggregate of cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to Retained profits. 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 determined in accordance with shares of book value of owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination, with the aggregate face value of the shares issued accounted for as share capital, and the difference between the initial investment cost and the aggregate face value of the shares issued adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to Retained profits.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition at 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

11. Long-term equity investments - continued

11.2 Determination of initial investment cost - continued

The expenses incurred by the acquirer or in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Long-term equity investment acquired otherwise 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, 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* and the additional investment cost.

11.3 Subsequent measurement and recognition of profit and loss

11.3.1 Long-term equity investment accounted for using the cost method

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. 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.

11.3.2 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 and a joint venture is an entity over which the Group exercises joint control along with other investors.

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 of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses are not eliminated if they result from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE** - continued

11. Long-term equity investments - continued

11.3 Subsequent measurement and recognition of profit and loss - continued

11.3.2 Long-term equity investment accounted for using the equity method - continued

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.

11.4 Disposal of long-term equity investments

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

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 make joint control or significant influence on 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 make joint control or significant influence on 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.

12. Fixed assets

12.1 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 and 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 are recognized in profit or loss in the period in which they are incurred.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued**12. Fixed assets - continued****12.2 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
Fixed assets improvements	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.

12.3 Other descriptions

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

13. 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.

14. 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued**14. Borrowing costs - continued**

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.

15. Intangible assets15.1 Valuation method and useful life of intangible assets

Intangible assets include land use rights, patent and relevant rights and software, trademark and brand, membership right, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized. The amortization methods, useful lives, and estimated net residual value rates of each class of fixed assets are as follows:

Category	Amortization method	Useful life (years)	Residual value rate (%)
Land use right	Evenly amortized using straight line method by stage	40	0
Trademark	Evenly amortized using straight line method by stage	10	0
Brand	Not amortized	Uncertain	0
Membership right	Evenly amortized using straight line method by stage	20	0
Patent and 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 adjustments if necessary.

15.2 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

15. Intangible assets - continued

15.2 Research and development expenditure - continued

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.

16. 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 a finite useful life, leasehold improvement and decoration 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.

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 determination of impairment losses of assets related to contract costs, firstly impairment losses of other assets related to the contract recognized based on other relevant accounting standards; secondly, the Group shall recognized an impairment loss to the extent that the carrying amount of an asset exceeds: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; (2) the estimated costs that relate to providing those goods or services.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), 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 on the pro-rata basis of the carrying amount of each asset (other than goodwill) in the group.

Except for impairment losses related to contract costs, once the impairment loss of such assets is recognized, it is not reversed in any subsequent period. The Group shall, after the impairment has been provided, recognized 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.

17. 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

18. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

19. Employee benefits

19.1 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 trade union fund and employee education fund 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.

19.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

For defined benefit plans, during the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

For defined benefit plans, the Group calculates defined benefit plan obligations using projected unit credit method and the service cost resulting from employee service in the current period is recorded in profit or loss or the cost of relevant assets. Defined benefit costs are categorized as follows:

- 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 costs and net interest of net liabilities and net assets of defined benefit plans are recognized in profit or loss of current period or costs of related assets. Re-measurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized in other comprehensive income.

19.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognizes any related restructuring costs or expenses.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

20. 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.

21. Revenue

21.1 Accounting policies adopted for revenue recognition and measurement

The Group's source of revenue comes from business types as follows:

- (1) Revenue from hotel room service
- (2) Revenue from food and catering business
- (3) Revenue from upfront service
- (4) Revenue from recurring franchise service
- (5) Revenue from reservation channel service
- (6) Revenue from sales of goods
- (7) Revenue from issue of membership card

When (or as) a performance obligation in a contract is satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. A performance obligation is the Group's promise to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts that the Group expects to refund to the customer.

Revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (2) the Group's performance creates or enhances an asset that the customer controls as the Group performs;
or
- (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

As to revenue from hotel room service, recurring franchise service and staff dispatch service, the Group determines performance progress using the output method, i.e. determines the performance progress based on the value of goods or services transferred to the customer. As to revenue from upfront service, the Group determines performance progress using the input method, i.e. determines the performance progress based on the Group's inputs to fulfill its performance obligations. When the Group is not able to reasonably measure its performance progress, the Group recognizes revenue only to the extent of the recoverable amount of costs incurred until such time that it can reasonably measure the performance progress.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

21. Revenue - continued

21.1 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 each performance obligation on a basis of relative stand-alone selling price, at which an entity would sell a promised good or service separately to a customer. When an entity has observable evidence that the contract discount or the variable consideration relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate the contract discount or the variable consideration to one or more, but not all, performance obligations in the contract. 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 estimation methods consistently in similar circumstances.

The customer's additional purchase option includes credit bonus. If offered the customer with additional purchase option for significant rights, the Group recognizes it as a single performance obligation, and recognizes relevant revenue when the customer obtains control of related goods or services when exercising the purchase option in future or when the option expires. Where the stand-alone selling price of the customer's additional purchase option is not directly observable, the Group makes estimates based on comprehensive consideration about all information that is reasonably available including difference in discounts available for the customer by exercising or not exercising the option, and the probability for the customer's exercising the option etc.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission determined by some established amounts or proportions.

Where the Group receives payments for sales of goods or services from the customer in advance, the Group shall firstly recognize the payment as liability and transfers it to revenue when relevant performance obligation is fulfilled. When it is unnecessary for the Group to refund receipts in advance, and the customer may give up all or part of the contractual rights, the Group is expected to obtain amounts relevant to the contractual rights given up by the customer, the above amounts are recognized as revenue in proportion based on the model for the customer's performance of contract; Otherwise, the Group only transfers amounts related to the above liability to revenue when it is highly unlikely that the customer will require the fulfillment of remaining performance obligation.

A non-refundable initial fee charged to the customer at (or near) the contract commencement date is included in the transaction price. Such initial fee is not related to the transfer of the committed goods or services to the customer, such initial fee is recognized as a receipts in advance for the goods or services to be transferred in the future and is recognized as revenue when such goods or services are transferred in the future.

22. Contract costs

22.1 Incremental costs of obtaining a contract

If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognizes it as an asset. 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 current period. If the amortization period of the asset does not exceed one year, it is recognized in profit or loss for the period in which it occurs. Other expenses incurred by the Group for obtaining the contract are recognized in profit or loss for the period in which it occurs, except as expressly borne by the customer.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

22. Contract costs - continued

22.2 Costs to fulfill a contract

If the costs incurred in fulfilling a contract are not within the scope of any standards other than *Accounting Standards for Business Enterprises No.14*, the Group recognizes an asset from the costs incurred to fulfill 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 Group 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 current period.

23. Government grant

Government grants are 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.

23.1 Determination basis and accounting treatment of government grants related to assets

Government grants of the Group include subsidies for hotel property support and special support funds for the Metropolo brand innovation projects. Because the subsidy payments used for investing of related assets, these payments are government grant of related 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.

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

Government grants to the Group mainly includes industry support funds and special support subsidies for tax weighted deduction and the pandemic. Hence the grant is 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 over the periods in which the related costs or losses 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 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

24. Deferred tax assets/ deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

24.1 Current income tax

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.

24.2 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 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

24. Deferred tax assets/ deferred tax liabilities - continued

24.3 Income tax offsetting

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

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

25. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration.

For contracts entered into, the Group assesses whether the 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.

25.1 The Group as a lessee

25.1.1 Separation of a lease

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

In order to simplify the process, the Company chooses not to separate non-lease components from lease component for the lease of buildings, and instead account for the lease component and any associated non-lease components as a single lease component for contracts containing leases for all leases.

25.1.2 Right-of-use assets

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

- The amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

25. Leases - continued

25.1 The Group as a lessee - continued

25.1.2 Right-of-use assets - continued

The Group depreciates right-of-use assets in accordance with the *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease terms are depreciated from commencement date to the end of their useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms. The Group assesses and determines whether the right-of-use asset is impaired and accounts for any impairment loss identified in accordance with the *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*.

25.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of a lease, the Group recognizes the lease liability 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 incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determined.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable, if applicable;
- variable lease payments dependent on index or rate;
- the exercise price of a purchase option reasonably contain to be exercised by the Group;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate;
- Estimated payables based on the residual value of guarantees provided by the Group

Variable lease payments that depend on an index or rate are determined at initial measurement based on the index or rate at the inception date of the lease term. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss for the period or the costs of the related assets when they are actually incurred.

After the commencement date, the Group determines interest expenses in each accounting periods during the lease, based on a constant periodic rate of interest on the remaining balance of the lease liabilities, and recognizes in profit or loss for the period or costs of related assets.

If the carrying amount of the right-of-use assets has been reduced to zero, but the lease liability still needs to be further reduced, the Group includes the difference into profit or loss for the period. After the commencement date, the Group shall remeasure the lease liability and make corresponding adjustments to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, 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;
- the lease payments change due to changes in expected payment under a guaranteed residual value or changes in market rates and indexes, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

25. Leases - continued

25.1 The Group as a lessee - continued

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

The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases 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 any purchase options. A lease of a low-value asset, 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 as the cost of the related assets or profit or loss on a straight-line basis over the lease term.

25.1.5 Lease modifications

If the lease is modified and meets the following conditions at the same time, the Group accounts for the lease modification as a separate lease:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and;
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract, and remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

If the lease change results in a reduction in the scope of the lease or a shortened lease period, the Group will reduce the carrying amount of the right-of-use assets accordingly, and include the gains or losses related to the lease partially or completely terminated in profit or loss of the current period. If other lease changes cause the re-measurement of lease liabilities, the Group adjusts the carrying amount of the right-of-use assets accordingly.

25.2 The Group as a lessor

25.2.1 Separation of a lease

Where a contract contains both lease and non-lease components, the Group applies the *Accounting Standards for Business Enterprises No.14* to allocate the consideration of the contract in accordance with the provisions of Revenue Standards on allocation of transaction price. The basis of the allocation is the respective stand-alone selling price of lease component and non-lease component.

25.2.2 Classification of a lease

Finance lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets. Operational lease refers to the leases other than finance leases.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

25. Leases - continued

25.2 The Group as a lessor - continued

25.2.2 Classification of a lease - continued

25.2.2.1 The Group as lessor under operating leases

During the periods within the lease term, the Group recognizes the lease receipts from operating lease as rental income. The initial direct costs incurred by the Group to obtain the operating lease are capitalized when they are incurred, and are allocated over the lease term on the same basis of recognition of rental income, and are included in profit or loss by stages. The variable lease receipts obtained by the Group from operating lease but not included in the lease receivables are included in profit or loss when they incur.

25.2.2.2 The Group as a lessor under finance leases

On the commencement date of the lease term, the Group uses the net lease investment as the entry value of the finance lease receivables and derecognizes the finance lease assets. The net lease investment is the sum of the unsecured residual value and the leased amount that has not been received on the start date of the lease term, which is discounted according to the present value of the leased interest rate.

The amount of the lease receivable refers 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 lessee exercises the amount to be paid for the termination of the lease option, 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 payments that are not included in the net investment in the 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.

25.2.3 Subleases

As a lessor of the 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

25. Leases - continued

25.2 The Group as a lessor - continued

25.2.4 Lease modifications

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

The Group should account for a modification to a finance lease as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope with any appropriate adjustment to that stand-alone price.

For a modification to a finance lease that is not accounted for as a separate lease, the Group should 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 should 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 operating lease if the modification had been in effect at the inception date, the Group should apply the requirements of contract modification and renegotiation under the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

26. Significant accounting policies

26.1 Changes in accounting policies

Content of and reasons for the changes in accounting policies	Approval procedures
<p><i>New lease standards</i></p> <p>The Group began to adopt revised <i>Accounting Standards for Business Enterprises No. 21 - Leases</i> ("New lease standards", and the pre-revision standards is referred as "Original Lease Standards"), promulgated by Ministry of Finance in 2018, from 1 January 2021. New lease standards improve the definition of a lease and add the identification, spinoff and combination of a lease; cancels the classification of the operating lease and finance lease of a lease, and requires recognizing right-of-use assets and lease liabilities of all leases in addition to short-term leases and leases of low value assets at the commencement date of the lease, and recognizing depreciation and interest expense respectively; improves subsequent measurement of leases by the lease, adds option re-evaluation and the accounting under lease modifications, and also adds requirements in disclosure thereon. In addition, new lease standards enrich disclosures by a lessor. The revised accounting policies on the recognition and measurement of leases with the Group as a lessor and lessee are presented in Note (III), 25.</p> <p>For contracts existing at the initial application date, the Group elects not to re-assess whether they are, or contain leases.</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 initial application date in accordance with the accumulated impact from 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 initial application date, the Group adopts one or more simplifying approaches below for each lease:</p> <ul style="list-style-type: none"> • Leases expected to be completed within 12 months after the initial application 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 initial application date and other most updated information; • As a substitute of impairment test for right-of-use assets, the Group applies the <i>Accounting Standards for Business Enterprises No. 13 - Contingencies</i>, to assess if the contract containing a lease is a loss contract and adjust the right-of-use assets based on the loss incurred at the initial application date; • For lease modifications before the initial application date, the Group makes accounting treatments based on the final lease arrangements after the lease modification. 	<p>These changes in accounting policies are approved by the Board of Directors.</p>

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

26. Significant accounting policies - continued

26.1 Changes in accounting policies - continued

Content of and reasons for the changes in accounting policies - continued	Approval procedures
<p><i>New lease standards</i> - continued</p> <p><u>The Group as a lessee</u> - continued</p> <p>On the initial application date, the Group makes following adjustments due to adoption of the new lease standards:</p> <ul style="list-style-type: none"> • For leases that were classified as finance leases previously, the right-of-use asset and the lease liability shall be determined respectively at the initial application date, at the costs of the lease asset and finance lease payables; • For a lease previously classified as an operating lease, the Group recognized a lease liability at the initial application date, by measuring that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial implementation, and a right-of-use assets is measured based on each lease option at: <ul style="list-style-type: none"> -- Carrying amount if it is assumed to apply new lease standards as of the commencement date of the lease (applying incremental borrowing rate of a lessor as discount rate at the initial application date); -- An amount equal to the lease liability, adjusted by the amount of any prepaid lease payment. <p>On 1 January 2021, the Group recognized lease liabilities of RMB11,263,270,420.22, and right-of-use assets of RMB9,548,558,561.08. For operating leases before the initial application date, the Group measures the lease liabilities at the present value of the lease payments, with the incremental borrowing rate as the discount rate. The weight average incremental borrowing rate is 2.5%-4.58%.</p>	<p>These changes in accounting policies are approved by the Board of Directors.</p>

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

26. Significant accounting policies - continued

26.1 Changes in accounting policies - continued

Content of and reasons for the changes in accounting policies - continued		Approval procedures
<p><i>New lease standards</i> - continued</p> <p><u>The Group as a lessee</u> - continued</p> <p>The differences between lease liabilities recognized on 1 January 2021, and the significant operating lease commitment disclosed in the 2020 annual financial statements, are as follows:</p>		These changes in accounting policies are approved by the Board of Directors.
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 on the initial application date	11,213,682,692.78	
Less: Expedient - short-term leases	44,295,921.06	
Expedient - lease of low value assets	68,397,347.69	
Lease liabilities related to previous operating lease commitments, recognized due to application of new lease standards	11,100,989,424.03	
Add: Finance lease payables 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	
<p>The components of the carrying amount of right-of-use assets as at 1 January 2021 are as follows</p>		
RMB		
Item	1 January 2021	
Right-of-use assets:		
Right-of-use assets recognized for operating leases prior to the initial application date	9,230,107,940.75	
Lease assets recognized as fixed assets under original lease standards	206,916,701.48	
Favorable/unfavorable operating lease terms arising from business combination	111,533,918.86	
Total	9,548,558,561.09	
<p>Right-of-use assets as at 1 January 2021 are disclosed by category as follows.</p>		
RMB		
Item	1 January 2021	
Land and land use rights outside China	294,202,217.58	
Buildings	9,041,920,233.07	
Machinery and equipment	207,648,292.84	
Transportation vehicles	2,495,799.34	
Others	2,292,018.26	
Total	9,548,558,561.09	

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

26. Significant accounting policies - continued

26.1 Changes in accounting policies - continued

Content of and reasons for the changes in accounting policies - continued				Approval procedures																																																																																																							
<i>New lease standards</i> - continued				These changes in accounting policies are approved by the Board of Directors.																																																																																																							
<p><u>The Group as a lessor</u></p> <p>The Group, as a sublessor, reassesses the subleases of buildings which are classified as operating leases prior to the date of initial application and remain in existence subsequent on the date of initial application, reclassifies them as finance leases and accounts for them as a new finance lease. Except for the above, the Group does not adjust the lease in which the Group as a lessor in accordance with the convergence provision and accounts for it in accordance with the new lease standard from the date of initial application.</p> <p><u>Impact on related items in the balance sheet at 1 January 2021</u></p> <p>Impact of application of new lease standards on related items in the Group's balance sheet at 1 January 2021 is as follows:</p> <p style="text-align: right;">RMB</p> <table border="1"> <thead> <tr> <th>Item</th> <th>31 December 2020</th> <th>Adjustments</th> <th>1 January 2021</th> </tr> </thead> <tbody> <tr> <td>Current assets:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Accounts receivable</td> <td>1,076,310,781.42</td> <td>(22,063,052.33)</td> <td>1,054,247,729.09</td> </tr> <tr> <td>Advances to suppliers</td> <td>220,048,228.41</td> <td>(93,263,102.28)</td> <td>126,785,126.13</td> </tr> <tr> <td>Non-current assets due within one year</td> <td>-</td> <td>38,755,756.51</td> <td>38,755,756.51</td> </tr> <tr> <td>Other current assets</td> <td>372,195,728.76</td> <td>1,773,410.13</td> <td>373,969,138.89</td> </tr> <tr> <td>Non-current assets:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Long-term receivables</td> <td>-</td> <td>446,666,585.03</td> <td>446,666,585.03</td> </tr> <tr> <td>Fixed assets</td> <td>5,862,697,408.46</td> <td>(206,916,701.48)</td> <td>5,655,780,706.98</td> </tr> <tr> <td>Intangible assets</td> <td>7,211,873,325.87</td> <td>(114,555,191.85)</td> <td>7,097,318,134.02</td> </tr> <tr> <td>Right-of-use assets</td> <td>-</td> <td>9,548,558,561.09</td> <td>9,548,558,561.09</td> </tr> <tr> <td>Long-term prepaid expenses</td> <td>1,976,131,675.68</td> <td>(6,247,904.42)</td> <td>1,969,883,771.26</td> </tr> <tr> <td>Deferred tax assets</td> <td>926,602,110.52</td> <td>6,589,964.08</td> <td>933,192,074.60</td> </tr> <tr> <td>Current liabilities:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Accounts payable</td> <td>1,787,371,141.16</td> <td>(437,120,171.05)</td> <td>1,350,250,970.11</td> </tr> <tr> <td>Contract liabilities</td> <td>939,940,644.27</td> <td>798,454.86</td> <td>940,739,099.13</td> </tr> <tr> <td>Other payables</td> <td>1,783,950,729.13</td> <td>(19,114,479.77)</td> <td>1,764,836,249.36</td> </tr> <tr> <td>Non-current liabilities due within one year</td> <td>895,058,362.90</td> <td>1,395,555,279.12</td> <td>2,290,613,642.02</td> </tr> <tr> <td>Non-current liabilities:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lease liabilities</td> <td>-</td> <td>9,821,370,024.24</td> <td>9,821,370,024.24</td> </tr> <tr> <td>Long-term payables</td> <td>152,172,338.41</td> <td>(138,157,137.19)</td> <td>14,015,201.22</td> </tr> <tr> <td>Provisions</td> <td>51,368,852.96</td> <td>(3,021,272.99)</td> <td>48,347,579.97</td> </tr> <tr> <td>Deferred tax liabilities</td> <td>2,093,326,462.71</td> <td>6,472,734.99</td> <td>2,099,799,197.70</td> </tr> <tr> <td>Shareholders' equity:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Retained profits</td> <td>3,236,624,231.69</td> <td>(1,022,717,340.00)</td> <td>2,213,906,891.69</td> </tr> <tr> <td>Non-controlling interests</td> <td>996,502,161.71</td> <td>(4,767,767.73)</td> <td>991,734,393.98</td> </tr> </tbody> </table>					Item	31 December 2020	Adjustments	1 January 2021	Current assets:				Accounts receivable	1,076,310,781.42	(22,063,052.33)	1,054,247,729.09	Advances to suppliers	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	6,589,964.08	933,192,074.60	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	6,472,734.99	2,099,799,197.70	Shareholders' equity:				Retained profits	3,236,624,231.69	(1,022,717,340.00)	2,213,906,891.69	Non-controlling interests	996,502,161.71	(4,767,767.73)
Item	31 December 2020	Adjustments	1 January 2021																																																																																																								
Current assets:																																																																																																											
Accounts receivable	1,076,310,781.42	(22,063,052.33)	1,054,247,729.09																																																																																																								
Advances to suppliers	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	6,589,964.08	933,192,074.60																																																																																																								
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	6,472,734.99	2,099,799,197.70																																																																																																								
Shareholders' equity:																																																																																																											
Retained profits	3,236,624,231.69	(1,022,717,340.00)	2,213,906,891.69																																																																																																								
Non-controlling interests	996,502,161.71	(4,767,767.73)	991,734,393.98																																																																																																								

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE - continued

26. Significant accounting policies - continued

26.1 Changes in accounting policies - continued

Content of and reasons for the changes in accounting policies - continued				Approval procedures
<i>New lease standards</i> - continued				These changes in accounting policies are approved by the Board of Directors.
<u>Impact on related items in the balance sheet at 1 January 2021</u> - continued				
Impact of application of new lease standards on related items in the Company's balance sheet at 1 January 2021 is 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 ESTIMATE - continued

27. Critical accounting estimates and judgements

The Group evaluates the critical accounting estimates and key judgments used on an ongoing basis, based on historical experience and other factors, including reasonable expectations of future events.

Critical accounting estimates and key assumptions

The following critical accounting estimates and key assumptions are associated with important risks that will lead to significant adjustment of the carrying amount of assets and liabilities in the next accounting period:

27.1 Estimated useful lives and residual values of fixed assets

The Group's management determines the estimated useful lives and residual values for its fixed assets. This estimate is based on the historical experience of the actual useful lives and residual lives of fixed assets of similar nature and functions. While fixed assets are used, their useful lives and residual values could change significantly as a result of changes in economic environment, technical innovations and other conditions. The management will adjust the estimations where the actual useful lives and residual values are different from estimated useful lives and residual values.

27.2 Estimated beneficial periods of leasehold improvement and decoration

The Group operates numbers of hotels with rental properties, and makes payments to leasehold improvement and decoration of the hotels. Based on the historical experience and available information, the expense for leasehold improvement of fixed assets is amortized within shorter period among actual useful lives, residual operating term and residual lease term. The management will adjust the estimations where the estimated beneficial period of leasehold improvement and decoration is different from the original expectation.

27.3 Useful life of land and trademark and brand

Useful life of land and trademark and brand is indefinite, deemed by the management, as the Group-owned overseas land and trademark arising from acquisition of GDL, Keystone, Vienna Hotels and Longevity Village Catering will be utilized and will bring about expectant economic interest inflow in the foreseeable future, and therefore neither land nor trademark is depreciated or amortized. Nevertheless, whether impairment indication of aforementioned land and trademark exists, the management conducts impairment test annually.

27.4 Deferred tax assets and deferred tax liabilities

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related assets are recovered or the related 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 will adjust the estimations where the intending tax rate is different from the original expectation.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred income tax assets is written down when it is expected that there is not sufficient taxable profits to be obtained to utilize the temporary differences in the coming periods.

Deferred tax assets are not recognized for certain deductible tax losses and the deductible temporary differences, as the Group is not assured that relevant deductible tax losses and deductible temporary differences can be reversed in all probability. If actual gain generated in the future is superior to the estimate, the corresponding deferred tax assets will be adjusted depending on circumstances and be recognized in the consolidated income statement for the relevant period.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATE** - continued

27. Critical accounting estimates and judgements -

Critical accounting estimates and key assumptions

27.5 Impairment for 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 long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, leasehold improvement and decoration expenses have any indication of impairment, in accordance with the accounting policy stated in Note (III) 17. The recoverable amount is the higher of an asset's present value of estimated future cash flows and fair value less costs to sell, which is estimated based on the best information available to reflect the amount that is obtainable at each of the balance sheet date from the disposal of the asset (net of the costs to disposal) in an arm's length transaction between parties at a known and willing basis, or the cash that is generated from continuous use of the assets. The estimation is likely to be adjusted in each impairment test.

27.6 Impairment of goodwill

Goodwill is tested for impairment at least once at the end of each year. For the purpose of impairment testing, the Group allocates goodwill to relevant asset group or a set of asset groups. The recoverable amount of the asset group or the set of asset groups including goodwill is the higher of the present value of the future cash flows expected to be derived from the asset group or the set of asset groups and their fair values less costs of disposal. Accounting estimate are made for calculation.

When determining the recoverable amount, if the actual condition differs from key assumptions and estimation adopted, the recoverable amount of the asset group or the set of asset groups will be affected, which lead to impact over the impairment amount of goodwill.

27.7 Long-term employee benefits payable

At the end of each accounting year, the management invites experts to conduct actuarial valuation over the Group's defined benefit plan such as employee retirement benefit plan. The actuary valuation involves estimate of discount rate, long-term inflation rate, wage growth and mortality. If the actual situation differs from estimate, the difference influences the carrying amount of long-term employee benefits payable.

(IV) TAXATION**Major tax types and tax rates**

Tax type	Tax basis	Tax rate and simple levy rate
The Company and subsidiaries in Mainland China:		
Value added tax	Balance of VAT output deducting deductible VAT input	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% or 12%
Subsidiaries out of Mainland China:		
Value added tax	Taxable revenue	20%, 19.6% or 10%
Don mutual des sociétés	Taxable revenue	0.16%
Effort construction	Taxable employee salary	0.45%
Taxed' apprentissage	Taxable employee salary	0.68%
Formation prof. continue	Taxable employee salary	0.15%, 1.05% or 1.60%
Income tax	Taxable income	(Note 2)
Contribution for value added by business (CVAE)	The value added amount of companies in accordance with France Tax Law	0% - 1.5%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**(IV) TAXATION - continued****Major tax types and tax rates - continued**

Note 1: According to the Announcement on the Continuation of the Enterprise Income Tax Policy for the Development of the Western Region issued by the Ministry of Finance (“MoF”), the State Administration of Taxation (“SAT”) and the National Development and Reform Commission (“NDRC”) (No. 23 Announcement of 2020 issued by the MoF, the SAT and the NDRC), from 1 January 2021 to 31 December 2030, enterprises which are engaged in industries in "Catalogue of Industries Encouraged to Develop in the Western Region" with principal operating income accounting for over 60% of the gross revenue of the enterprise, are subject to 15% of enterprise income tax rate for Western Region Development. From 1 January 2018 to 31 December 2020, where operating income in Tibet accounts for over 40% (inclusive) of the gross revenue, the enterprise income tax payable attributable to the share of local government is half-reduced. Lhasa Jin Jiang Inn Hotel Co., Ltd. applies income tax rate at 9%.

Plateno Information Technology Guangzhou Co., Ltd. was assessed as high-tech enterprises in 2020 and are subject to enterprise income tax rate of 15% for the three years since 2021.

Note 2: GDL, an oversea subsidiary outside of Mainland China, is applicable for basic income tax rate of 26.5%. In accordance with relevant finance acts of France in 2019, the tax rate of enterprise income tax applicable to GDL is gradually changed since 2020 to 25.83% in 2022.

In January 2018, Keystone and 6 enterprises incorporated out of Mainland China subordinate to it (7Days 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-controlled resident enterprises incorporated overseas as recognized by the State Administration of Taxation, with income tax levied at 25%.

Except for above Keystone and 6 enterprises incorporated out of Mainland China subordinate to it, subsidiaries incorporated in Cayman Islands by the Group 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 %.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**1. Cash and bank balances**

RMB

Item	30 June 2021			31 December 2020		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			4,415,645.10			5,267,562.76
Bank deposit (Note 1):						
RMB			6,146,982,370.25			2,404,688,658.96
USD	16,214,777.54	6.4601	104,749,051.55	13,641,207.34	6.5249	89,007,509.68
EUR	57,650,033.52	7.6862	443,109,687.66	39,957,665.48	8.0250	320,660,265.44
GBP	1,322,270.87	8.9578	11,844,587.92	1,112,947.99	8.9266	9,934,824.94
BRL	7,439,990.00	1.3016	9,684,227.69	6,600,793.00	1.2590	8,310,537.15
PLN	13,416,024.87	1.7004	22,813,256.50	41,387,755.06	1.7599	72,837,003.15
MAD	1,689,000.00	0.7258	1,225,872.04	1,287,000.00	0.7366	947,973.84
IDR	7,857,942,585.00	0.0004	3,495,145.73	8,387,785,672.00	0.0005	3,904,235.08
HKD	8,662,265.55	0.8323	7,209,767.27	8,383,198.36	0.8416	7,055,299.76
KRW	527,218,000.00	0.0057	3,020,907.19	495,000.00	0.0060	2,973.33
INR	70,317,000.00	0.0870	6,119,214.41	56,335,000.00	0.0895	5,042,196.44
THB	13,535,440.00	0.2016	2,729,292.76	13,255,422.00	0.2185	2,896,364.03
Deposit in other financial institution (Note2):						
RMB			3,978,025,246.50			3,862,535,958.23
Total			10,745,424,272.57			6,793,091,362.79

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****1. Cash and bank balances - continued**

Note 1: The bank balances of the Group include frozen fund of RMB17,829,746.88 for litigation (Opening balance: RMB2,305,498.09), frozen fund of RMB3,090,674.55 for account unused for a long time (Opening balance: RMB3,075,256.88), as well as L/G deposits of RMB1,000,000.00 (Opening balance: RMB1,000,000.00).

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").

2. Held-for-trading financial assets

RMB

Item	30 June 2021	31 December 2020
Financial assets at FVTPL	255,198,433.67	254,237,956.80
Including: Investment in equity instruments (Note)	255,198,433.67	254,237,956.80
Total	255,198,433.67	254,237,956.80

Note: It refers to shares purchased from the public market and held by the Group. The Group recognizes their fair value at the closing price on the last trading day before the balance sheet date.

3. Accounts receivable

(1) Disclosure by aging:

RMB

Aging	30 June 2021			31 December 2020		
	Accounts receivable	Bad debt provision	Provision ratio (%)	Accounts receivable	Bad debt provision	Provision ratio (%)
Within 1 year	1,290,761,872.61	67,357,563.38	5.22	1,157,598,750.99	92,779,458.88	8.01
Over 1 year	211,924,823.26	163,459,289.20	77.13	155,168,835.69	143,677,346.38	92.59
Total	1,502,686,695.87	230,816,852.58	15.36	1,312,767,586.68	236,456,805.26	18.01

(2) Disclosure by bad debt provision method:

RMB

Category	30 June 2021				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Bad debt provision collectively assessed on a portfolio basis					
Including:					
GDL client portfolio	473,786,349.91	31.53	169,625,008.01	35.80	304,161,341.90
Plateno client portfolio	317,022,545.55	21.10	7,969,180.60	2.51	309,053,364.95
Vienna client portfolio	287,674,108.27	19.14	18,807,306.99	6.54	268,866,801.28
Louvre Asia client portfolio	424,203,692.14	28.23	34,415,356.98	8.11	389,788,335.16
Total	1,502,686,695.87	100.00	230,816,852.58	15.36	1,271,869,843.29

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Accounts receivable - continued

(2) Disclosure by bad debt provision method:- continued

RMB

Category	31 December 2020				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Bad debt provision collectively assessed on a portfolio basis					
Including:					
GDL client portfolio	526,983,735.22	40.14	178,786,166.19	33.93	348,197,569.03
Plateno client portfolio	273,116,673.67	20.81	6,890,259.53	2.52	266,226,414.14
Vienna client portfolio	201,545,438.24	15.35	16,528,193.72	8.20	185,017,244.52
Louvre Asia client portfolio	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 the accounts receivable into the four categories described above, which all involve a large number of customers. The Group evaluates the expected credit loss of accounts receivable by aging on a portfolio basis. Customers of different portfolios have the same risk characteristics, and the aging information of each portfolio of customers can reflect the solvency of such customers when accounts receivable come due. The credit risk and credit loss of each portfolio of accounts receivable are as follows:

GDL client portfolio:

RMB

Aging	30 June 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Loss provision	Book value	Expected average loss rate (%)	Book balance	Loss provision	Book value
Within months ³	12.62	241,673,595.28	30,503,158.45	211,170,436.83	14.33	335,540,957.05	48,070,452.34	287,470,504.71
3-12 months	34.17	68,392,683.87	23,370,797.69	45,021,886.18	37.85	79,780,880.62	30,196,210.93	49,584,669.69
Over 12 months	70.70	163,720,070.76	115,751,051.87	47,969,018.89	90.02	111,661,897.55	100,519,502.92	11,142,394.63
Total		473,786,349.91	169,625,008.01	304,161,341.90		526,983,735.22	178,786,166.19	348,197,569.03

Plateno client portfolio:

RMB

Aging	30 June 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Loss provision	Book value	Expected average loss rate (%)	Book balance	Loss provision	Book value
Within months ⁶	1.16	305,270,682.24	3,534,379.27	301,736,302.97	1.11	263,980,629.70	2,940,644.01	261,039,985.69
6-12 months	14.91	8,016,060.90	1,195,514.09	6,820,546.81	14.31	5,645,097.22	807,763.44	4,837,333.78
Over 12 months	86.71	3,735,802.41	3,239,287.24	496,515.17	90.00	3,490,946.75	3,141,852.08	349,094.67
Total		317,022,545.55	7,969,180.60	309,053,364.95		273,116,673.67	6,890,259.53	266,226,414.14

Vienna client portfolio:

RMB

Aging	30 June 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Loss provision	Book value	Expected average loss rate (%)	Book balance	Loss provision	Book value
Within months ⁶	1.11	258,263,197.01	2,859,051.10	255,404,145.91	2.25	163,073,557.84	3,671,937.15	159,401,620.69
6-12 months	5.75	14,283,650.50	820,995.13	13,462,655.37	4.66	26,867,390.24	1,251,766.41	25,615,623.83
Over 12 months	100.00	15,127,260.76	15,127,260.76	-	100.00	11,604,490.16	11,604,490.16	-
Total		287,674,108.27	18,807,306.99	268,866,801.28		201,545,438.24	16,528,193.72	185,017,244.52

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Accounts receivable - continued

(2) Disclosure by bad debt provision method:- continued

Louvre Asia client portfolio:

RMB

Aging	30 June 2021			31 December 2020				
	Expected average loss rate (%)	Book balance	Loss provision	Book value	Expected average loss rate (%)	Book balance	Loss provision	Book value
Within months ⁶	0.32	378,294,782.76	1,206,310.51	377,088,472.25	0.99	269,155,894.83	2,651,522.71	266,504,372.12
6-12 months	23.34	16,567,220.05	3,867,357.14	12,699,862.91	23.53	13,554,343.50	3,189,161.89	10,365,181.61
Over 12 months	100.00	29,341,689.33	29,341,689.33	-	100.00	28,411,501.22	28,411,501.22	-
Total		424,203,692.14	34,415,356.98	389,788,335.16		311,121,739.55	34,252,185.82	276,869,553.73

(3) Information of bad debt provision

At the end of the period, the credit risk and expected credit loss of accounts receivable are as follows:

RMB

30 June 2021	Not credit impaired	Credit impaired	Total
Book balance	1,290,761,872.61	211,924,823.26	1,502,686,695.87
Expected credit loss	67,357,563.38	163,459,289.20	230,816,852.58
Book value	1,223,404,309.23	48,465,534.06	1,271,869,843.29

Changes in provision for impairment

RMB

Provision for impairment	Total
Balance as at 31 December 2020	236,456,805.26
Provision for expected credit loss for the period	3,273,786.02
Reversal of expected credit loss for the period	(2,530,949.58)
Write-off	(30,172.27)
Decrease due to changes in consolidation scope	(6,352,616.85)
Translation difference	230,816,852.58

(4) Top five entities with the largest balances of accounts receivable at the end of period

As at 30 June 2021, the balance of top five entities with the largest balances of accounts receivable at the end of period is RMB365,121,849.32 (31 December 2020: RMB199,094,681.09), accounting for total balances of accounts receivable of 24.31% (31 December 2020: 15.17%). The provision for credit loss of top five entities with the largest balance of accounts receivable is RMB2,921,855.48 (31 December 2020: RMB2,267,580.76).

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**4. Advances to suppliers**

(1) The aging analysis of advances to suppliers is as follows:

Aging	30 June 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	110,048,839.53	100.00	220,048,228.41	100.00
Total	110,048,839.53	100.00	220,048,228.41	100.00

RMB

(2) Top five entities with the largest balances of advances to suppliers at the end of period

As at 30 June 2021, the balance of top five entities with the largest balances of advances to supplier at the end of period is RMB22,367,998.81 (31 December 2020: RMB19,972,075.21), accounting for total balances of advances to supplier of 20.33% (31 December 2020: 9.08%).

5. Other receivables**5.1 Other receivables are categorized as below:**

Item of other receivables	30 June 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Interest receivable	26,488,469.59		6,662,141.98	
Dividends receivable	173,032,455.75		26,473,856.43	
Other receivables	755,131,734.31		596,416,893.99	
Total	954,652,659.65		629,552,892.40	

RMB

5.2 Interest receivable

(1) Interest receivable is categorized as below:

Name of entity	30 June 2021		31 December 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Fixed deposit at banks	17,715,914.73		3,494,965.40	
Fixed deposit at financial companies	8,762,385.83		3,158,344.50	
Others	180,532.86		205,839.86	
Less: Provision for bad debt	170,363.83		197,007.78	
Total	26,488,469.59		6,662,141.98	

RMB

(2) Provision for bad debts

As at 30 June 2021, the credit risk on interest receivable has not increased significantly since the initial recognition, and the Group's loss provision based on 12-month ECL is immaterial.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Other receivables - continued

5.3 Dividends receivable

RMB

Item	30 June 2021	31 December 2020
Dividends receivable within one year		
(1) Hangzhou Kentucky Fried Chicken Co., Ltd.	48,096,535.22	11,408,151.43
(2) Suzhou Kentucky Fried Chicken Co., Ltd.	25,001,187.23	7,606,919.94
(3) Wuxi Kentucky Fried Chicken Co., Ltd.	15,372,100.04	6,898,359.18
(4) Shanghai Kentucky Fried Chicken Co., Ltd.	83,906,651.08	-
(5) Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	119,247.15	-
(6) Equity investment of GDL	536,735.03	560,425.88
Total	173,032,455.75	26,473,856.43

(1) Provision for bad debt

As at 30 June 2021, the credit risk on dividends receivable has not increased significantly since the initial recognition, and the Group's loss provision based on 12-month ECL is immaterial.

5.4 Other receivables

(1) Disclosure of other receivables by nature

RMB

Nature	30 June 2021	31 December 2020
Deposits and guarantees	248,094,815.24	250,082,262.12
Revolving fund	4,907,455.64	13,099,874.94
Special support subsidy for the epidemic (Note)	123,747,820.00	-
Prepaid overseas social securities	14,507,332.33	34,629,934.07
Funds of equity transfer	-	3,671,820.96
Advances and others	363,874,311.10	294,933,001.90
Total	755,131,734.31	596,416,893.99

Note: During the reporting period, the Group has applied to the overseas governments outside China for special support subsidy for the epidemic amounting to RMB123,747,820.00. The special support subsidy meets requirements of relevant governmental departments and can be received, so the Group recognized it as other receivables.

(2) Provision for bad debts

At 30 June 2021, the credit risk and expected credit loss of other receivables are as follows:

RMB

Internal credit rating	30 June 2021				31 December 2020			
	Expected credit loss for the next 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total	Expected credit loss for the next 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
Normal	735,716,946.34	-	-	735,716,946.34	548,687,084.98	-	-	548,687,084.98
Attention	-	-	-	-	-	-	-	-
Loss	-	-	51,827,323.95	51,827,323.95	-	-	53,418,632.54	53,418,632.54
Total book balance	735,716,946.34	-	51,827,323.95	787,544,270.29	548,687,084.98	-	53,418,632.54	602,105,717.52
Less: Provision for impairment	-	-	51,827,323.95	51,827,323.95	-	-	53,418,632.54	53,418,632.54
Book value	735,716,946.34	-	-	735,716,946.34	548,687,084.98	-	-	548,687,084.98

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Other receivables - continued

5.4 Other receivables - continued

(3) Provision for bad debts

RMB

Item	31 December 2020	Provision	Reversal	Write-off	Translation difference	30 June 2021
Provision for bad debts	53,418,632.54	232,269.34	-	(672,123.01)	(1,151,454.92)	51,827,323.95

Changes in provision for impairment:

RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss for the next 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
Balance at 31 December 2020	-	-	53,418,632.54	53,418,632.54
Provision	-	-	232,269.34	232,269.34
Reversal	-	-	-	-
Write-off	-	-	(672,123.01)	(672,123.01)
Translation difference	-	-	(1,151,454.92)	(1,151,454.92)
Balance at 30 June 2021	-	-	51,827,323.95	51,827,323.95

(4) Top five entities with the largest balances of other receivables at the end of period

RMB

Name of entity	Nature	Relationship with the Company	30 June 2021	Aging	Proportion of the amount to the total other receivables (%)	Closing balance of provision for bad debts
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Advances	Related party	111,083,295.53	Within 1 year	13.77	-
Hangzhou Qianjiang Xincheng Asset Operation and Management Investment Co., Ltd.	Deposits and guarantees	Third party	15,516,524.00	Over 3 years	1.92	-
Shanghai Guanglv Enterprise Management Co., Ltd.	Advances	Related party	11,005,848.74	Within 1 year	1.36	-
Shenzhen Futian Huanqing Industry Co., Ltd.	Deposits and guarantees	Third party	8,489,647.00	Over 3 years	1.05	-
Xi'an Tianhao Industrial Co., Ltd.	Deposits and guarantees	Third party	5,000,000.00	Over 3 years	0.62	-
Total			151,095,315.27		18.72	-

6. Inventories

Category of inventories

RMB

Item	30 June 2021			31 December 2020		
	Book balance	Provision for the decline in value	Book value	Book balance	Provision for the decline in value	Book value
Raw materials	38,638,636.97	-	38,638,636.97	40,902,545.54	-	40,902,545.54
Finished goods	395,293.32	-	395,293.32	171,069.95	-	171,069.95
Work-in-progress	26,825.50	-	26,825.50	-	-	-
Goods on hand	23,787,306.13	-	23,787,306.13	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	67,742,249.77	-	67,742,249.77	72,750,580.47	-	72,750,580.47

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Non-current assets due within one year

Item	30 June 2021	31 December 2020
Finance lease payments receivable	39,777,607.68	-
Total	39,777,607.68	-

RMB

8. Other current assets

Item	30 June 2021	31 December 2020
Deferred expenses	39,882,821.05	29,706,501.29
Prepaid taxes	371,752,406.30	341,249,085.60
Entrusted loans	5,150,249.36	7,360,415.89
Others	912,024.31	1,240,141.87
Less: Provision for impairment	5,150,249.36	7,360,415.89
Total	412,547,251.66	372,195,728.76

RMB

As at 30 June 2021, the Group made provision for impairment of entrusted loans of its associate Ganzi Holy Shambhala Tourism Investment Co., Ltd. on an individual basis in full amount. The reversal of provision for impairment is RMB45,155.95 and the write-off of provision for impairment is RMB2,165,010.58 for the period.

9 Long-term receivables

Item	30 June 2021			31 December 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Finance lease payments receivable	611,598,102.85	-	611,598,102.85	-	-	-
Less: Unrealized financing income	140,925,676.97	-	140,925,676.97	-	-	-
Less: Long-term receivables due within one year	39,777,607.68	-	39,777,607.68	-	-	-
Long-term receivables due after one year	430,894,818.20	-	430,894,818.20	-	-	-

(1) Provision for bad debts

As at 30 June 2021, the Group's loss provision for the expected credit loss of the above finance lease payments receivable based on an individual basis is immaterial.

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Long-term equity investments

RMB

Investee	31 December 2020	Changes for the period							30 June 2021	Closing balance of provision for impairment
		Additions	Other changes	Investment income recognized under equity method	Adjustment on other comprehensive income	Declaration of cash dividends or profits	Provision for impairment	Translation difference		
Joint ventures										
Shanghai Jinjiang Okura Garden Hotel Management Co., Ltd.	706,496.84	-	-	133,293.96	-	(119,247.15)	-	-	720,543.65	-
Associates										
Shanghai Kentucky Fried Chicken Co., Ltd.	218,841,613.71	-	-	74,134,637.29	-	(117,506,651.08)	-	-	175,469,599.92	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	90,416,343.74	-	-	(2,975,105.13)	-	-	-	-	87,441,238.61	-
Shanghai Jin Jiang Da Hua Hotel Co., Ltd. ("Da Hua Hotel")	70,409,490.84	-	-	(1,910,416.13)	-	-	-	-	68,499,074.71	-
Shanghai Qicheng Network Technology Co., Ltd.	49,513,518.84	-	-	1,668,527.87	-	-	-	-	51,182,046.71	-
Shanghai New Asia Fulihua Catering Co., Ltd.	29,995,281.21	-	-	2,893,088.76	-	-	-	-	32,888,369.97	-
Shanghai Xinjin Hotel Management Co., Ltd.	2,948,347.17	-	-	(1,032,632.19)	-	-	-	-	1,915,714.98	-
Shanghai Yoshinoya Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-
Shanghai Jing'an Bakery Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-
SNC Angers Montpellier Villeneuve Rennes Invest Hotels	7,902,984.86	-	-	345,698.63	-	-	-	(339,192.01)	7,909,491.48	-
SNC Chaville Bx Arles	5,511,029.01	-	-	(549,811.87)	-	-	-	(164,052.18)	4,797,164.96	-
SNC Rouen Annecy	5,277,239.20	-	-	(514,205.50)	-	(16,521.33)	-	(213,483.32)	4,533,029.05	-
SNC Bayeux Bergerac Blagnac	5,090,078.08	-	-	59,521.46	-	-	-	(215,848.02)	4,933,751.52	-
Guangzhou Wo Qu Apartment Management Co., Ltd.	8,456,865.74	-	-	(584,463.52)	-	-	-	-	7,872,402.22	-
Guangzhou Wormhole Network Technology Co., Ltd.	2,534,017.60	-	-	-	-	-	-	-	2,534,017.60	-
Guangzhou Fulunzi Information Technology Co., Ltd.	2,407,093.67	-	-	23,488.68	-	-	-	-	2,430,582.35	-
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	-	-	-	-	-	-	-	1,450,612.39	-
Guangzhou Muximei Internet Service Co., Ltd.	1,398,504.70	-	-	(4,562.23)	-	-	-	-	1,393,942.47	-
Guangzhou Yaji Hotel Management Co., Ltd.	840,496.08	-	-	(43,358.16)	-	-	-	-	797,137.92	-
Guangzhou Xiaopang Information Technology Co., Ltd.	410,484.23	-	-	-	-	-	-	-	410,484.23	-
Tianjin Jin Jiang Inn Co., Ltd.	38,990,851.82	-	-	(543,571.26)	-	-	-	-	38,447,280.56	-
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	27,725,575.05	-	-	(545,554.90)	-	-	-	-	27,180,020.15	-
Tianjin Hu Jin Hotel Investment Co., Ltd.	24,384,702.63	-	-	(165,843.11)	-	-	-	-	24,218,859.52	-
Shenyang Songhuaijiang Jin Jiang Inn Co., Ltd.	15,787,394.23	-	-	150,565.89	-	-	-	-	15,937,960.12	-
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	15,637,131.89	-	-	(529,140.50)	-	-	-	-	15,107,991.39	-
Changchun Jinlv Investment and Management Co., Ltd.	4,822,698.73	-	-	(117,653.49)	-	-	-	-	4,705,045.24	-
Shenzhen Fifth Space Apartment Hotel Management Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	(1,645,279.95)
Guangzhou Eggshell Network Technology Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-
Ganzi Holy Shambhala Tourism Investment Co., Ltd. (Note1)	-	-	-	-	-	-	-	-	-	(3,057,262.29)
Guangzhou Leji Information Technology Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	(1,801,815.71)
Others	24,246,751.46	-	-	2,104,206.67	50,764.07	-	-	(936,640.78)	25,465,081.42	-
Total	657,222,783.26	-	-	71,996,711.22	50,764.07	(117,642,419.56)	-	(1,869,216.31)	609,758,622.68	(6,504,357.95)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Long-term equity investments - continued

Note 1: Guangzhou Leji Information Technology Co., Ltd., Shenzhen Fifth Space Apartment Hotel Management Co., Ltd. and Ganzi Holy Shambhala Tourism Investment Co., Ltd. have ceased operations. The Group makes full provision for impairment of the long-term equity investments.

Note 2: Shanghai Jing'an Bakery Co., Ltd., Guangzhou Eggshell Network Technology Co., Ltd. and Shanghai Yoshinoya Co., Ltd. have reduced their long-term equity investment to zero due to continuous losses.

11. Investments in other equity instruments

(1) Information of investments in other equity instruments

Item	30 June 2021	31 December 2020
Agricultural Bank of China (Note)	13,180,500.00	13,659,000.00
Shanghai Trade Center Company Limited	5,067,014.62	5,067,014.62
Changjiang United Development (Group) Co., Ltd.	1,800,000.00	1,800,000.00
Jinjiang Goods	18,241.19	18,241.19
Equity investment of GDL	25,041,117.32	26,131,309.64
Equity investment of Keystone	500,000.00	500,000.00
Total	45,606,873.13	47,175,565.45

Note: It refers to the 4,350,000 shares of Agricultural Bank of China (stock code: 601288) the Group acquires from the open market and currently holds, which are non-restricted shares. The Group recognizes their fair value at the closing price on the last trading day before the balance sheet date.

(2) Investments in equity instruments not held for trading

Item	Dividend income recognized for the period	Cumulative gain (loss)	Amount transferred from other comprehensive income to retained earnings	Reason for being designated as at FVTOCI	Reason for being transferred from other comprehensive income to retained earnings
Agricultural Bank of China	805,185.00	(3,394,814.67)	-	Held for a long time and not held for trading	N/A
Shanghai Trade Center Company Limited	-	(120,685.38)	-	Held for a long time and not held for trading	N/A
Changjiang United Development (Group) Co., Ltd.	-	1,100,000.00	-	Held for a long time and not held for trading	N/A
Jinjiang Goods	-	(1,451,232.76)	-	Held for a long time and not held for trading	N/A
Equity investment of GDL	-	23,431,866.99	-	Held for a long time and not held for trading	N/A
Equity investment of Keystone	-	(3,850,000.00)	-	Held for a long time and not held for trading	N/A
Total	805,185.00	15,715,134.18	-		

12. Other non-current financial assets

Item	30 June 2021	31 December 2020
Hangzhou Kentucky Fried Chicken Co., Ltd.	276,000,000.00	276,000,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	117,900,000.00	117,900,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,200,000.00	58,200,000.00
Total	452,100,000.00	452,100,000.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Fixed assets

(1) Information of fixed assets

RMB

Item	Land and land use right out of China (Note)	Buildings	Machinery and equipment	Transportation vehicles	Fixed assets improvements	Total
I. Original book value						
1.31 December 2020	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)	(664,381,617.70)	(5,452,333.00)	-	(19,524,825.00)	(819,748,975.70)
2. 1 January 2021	1,232,802,812.87	7,976,295,985.69	3,170,645,510.48	11,121,952.15	661,522,184.77	13,052,388,445.96
3. Addition	666,238.66	277,485,531.14	45,963,581.76	-	13,700,232.62	337,815,584.18
(1) Purchase	41,984.20	232,429,572.92	18,157,677.63	-	2,452,846.29	253,082,081.04
(2) Transferred from construction in progress	624,254.46	45,046,625.21	27,805,904.13	-	10,179,490.61	83,656,274.41
(3) Adjustment to completion settlement	-	9,333.01	-	-	1,067,895.72	1,077,228.73
4. Deduction	-	-	(61,160,271.04)	(747,214.23)	(177,535.68)	(62,085,020.95)
(1) Disposal or retirement	-	-	(56,408,540.96)	(747,214.23)	(177,535.68)	(57,333,290.87)
(2) Decrease due to changes in consolidation scope	-	-	(4,751,730.08)	-	-	(4,751,730.08)
5. Translation difference	(42,771,006.61)	(220,426,608.11)	(44,065,007.43)	-	(13,834,822.05)	(321,097,444.20)
6.30 June 2021	1,190,698,044.92	8,033,354,908.72	3,111,383,813.77	10,374,737.92	661,210,059.66	13,007,021,564.99
II. Accumulated depreciation						
1.31 December 2020	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)	(608,623,917.70)	(3,839,206.52)	-	(296,925.00)	(612,832,274.22)
2. 1 January 2021	41,612,957.63	4,304,231,081.72	2,488,561,394.12	9,707,075.91	479,939,882.67	7,324,052,392.05
3. Addition	761,911.33	273,179,029.52	93,932,064.50	300,193.01	31,467,670.79	399,640,869.15
(1) Provision	761,911.33	273,179,029.52	93,932,064.50	300,193.01	31,467,670.79	399,640,869.15
4. Deduction	-	-	(52,214,238.74)	(709,313.80)	(175,075.00)	(53,098,627.54)
(1) Disposal or retirement	-	-	(52,214,238.74)	(709,313.80)	(175,075.00)	(53,098,627.54)
5. Translation difference	(1,304,108.15)	(127,583,852.18)	(40,085,830.96)	-	(9,630,329.23)	(178,604,120.52)
6.30 June 2021	41,070,760.81	4,449,826,259.06	2,490,193,388.92	9,297,955.12	501,602,149.23	7,491,990,513.14
III. Provision for impairment loss						
1.31 December 2020	-	71,599,066.05	956,280.88	-	-	72,555,346.93
2. Addition	-	-	-	-	-	-
3. Disposal or retirement	-	-	-	-	-	-
4. Translation difference	-	(5,458,275.61)	-	-	-	(5,458,275.61)
5. 30 June 2021	-	66,140,790.44	956,280.88	-	-	67,097,071.32
IV. Book value						
1.30 June 2021	1,149,627,284.11	3,517,387,859.22	620,234,143.97	1,076,782.80	159,607,910.43	5,447,933,980.53
2.31 December 2020	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 30 June 2021, the buildings belonging to a subsidiary of the Group with net book balance of RMB188,475,332.02 were pledged for long-term borrowings. Details are set forth in Note 2 of Note (V) 29.

14. Construction in progress

(1) Information of construction in progress

RMB

Item	30 June 2021			31 December 2020		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
I. Renovation of fixed assets						
Construction in progress of Hotels Investment						
Shanghai Longcao Road Construction Project of Jin Jiang Brand Company	70,122,228.27	-	70,122,228.27	68,217,767.32	-	68,217,767.32
Renovation of the self-operated projects on Hutai Road and Zhidan Road of Magnolia (Business) Shanghai	14,275,211.32	-	14,275,211.32	10,254,226.59	-	10,254,226.59
Renovation of "Jin Jiang Inn" hotel on Tongyuan Road of Suzhou Industrial Park	51,705.74	-	51,705.74	21,965,473.21	-	21,965,473.21
Renovation of "Jin Jiang Inn" hotel on Lianhe Road, Dalian	-	-	-	2,112,076.14	-	2,112,076.14
Renovation of Shanghai Minhang Hotel of "Ducheng Business"	-	-	-	144,655.96	-	144,655.96
Other renovation projects of Hotel Investment	8,930,938.27	(4,127,415.28)	4,803,522.99	5,742,775.66	(4,127,415.28)	1,615,360.38
Subtotal	93,380,083.60	(4,127,415.28)	89,252,668.32	108,436,974.88	(4,127,415.28)	104,309,559.60

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(1) Information of construction in progress - continued

RMB

Item	30 June 2021			31 December 2020		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Construction in progress of GDL						
Renovation and system development of Louvre Hôtels Group	49,811,864.11	-	49,811,864.11	53,421,470.03	-	53,421,470.03
Renovation of Bleu Joinville	18,817,752.68	-	18,817,752.68	31,860,211.88	-	31,860,211.88
Renovation of Hôtelière du marché de Rungis	14,852,833.94	-	14,852,833.94	39,542,546.38	-	39,542,546.38
Renovation of Hôtels du pont de Suresnes	7,127,764.44	-	7,127,764.44	7,980,287.11	-	7,980,287.11
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	7,067,045.85	-	7,067,045.85	7,075,128.90	-	7,075,128.90
Renovation of LWIH Property Holding Poland	7,334,931.95	(1,148,325.81)	6,186,606.14	7,611,317.33	(1,198,942.86)	6,412,374.47
Renovation of Hôtel du Château (Fontainebleau)	2,256,827.04	-	2,256,827.04	3,048,466.14	-	3,048,466.14
Renovation of Sarovar	1,163,146.47	-	1,163,146.47	1,199,529.90	-	1,199,529.90
Renovation of Hôtel Grill Nice l'Arenas	1,090,307.07	-	1,090,307.07	1,189,484.84	-	1,189,484.84
Renovation of Hôtelière de Magny (Disney)	780,782.41	-	780,782.41	1,487,037.40	-	1,487,037.40
Renovation of Roissy Invest Hôtels	740,129.56	-	740,129.56	895,094.14	-	895,094.14
Renovation of Louvre Hotels Group	784,808.16	-	784,808.16	867,139.84	-	867,139.84
Other construction in progress of GDL	65,295,965.67	-	65,295,965.67	76,677,524.55	-	76,677,524.55
Subtotal	177,124,159.35	(1,148,325.81)	175,975,833.54	232,855,238.44	(1,198,942.86)	231,656,295.58
Construction in progress of Keystone						
Construction of commercial properties	26,358,868.15	-	26,358,868.15	26,358,868.15	-	26,358,868.15
Renovation of directly-operated 7 Days Inn	15,823,635.95	-	15,823,635.95	10,833,576.20	-	10,833,576.20
Reception desk management software of Lotus Hotel	2,600,420.00	(2,600,420.00)	-	2,600,420.00	(2,600,420.00)	-
Other construction in progress of Keystone	6,188,387.36	(80,000.00)	6,108,387.36	254,565.94	(80,000.00)	174,565.94
Subtotal	50,971,311.46	(2,680,420.00)	48,290,891.46	40,047,430.29	(2,680,420.00)	37,367,010.29
Construction in progress of Vienna						
Renovation of Shanghai Nuijiang Road "Vienna International"	9,481,034.30	-	9,481,034.30	9,481,034.30	-	9,481,034.30
Renovation of Qingyuan Lianjiang Road "Vienna Classic"	2,282,469.88	-	2,282,469.88	5,827,130.93	-	5,827,130.93
Renovation of 1st Shenzhen Airport Road "Vienna Best Sleep"	4,765,686.30	-	4,765,686.30	4,765,686.30	-	4,765,686.30
Renovation of Shenzhen Airong Road "Vienna Classic"	5,150,551.96	-	5,150,551.96	3,284,788.83	-	3,284,788.83
Renovation of Taiyuan South Railway Station "Vienna International"	2,633,809.36	-	2,633,809.36	2,475,975.73	-	2,475,975.73
Renovation of Foshan Nanhai Avenue "Vienna International"	2,880,555.32	-	2,880,555.32	2,379,690.50	-	2,379,690.50
Renovation of Shenzhen Tanglang "Vienna Best Sleep"	2,124,070.44	-	2,124,070.44	662,920.30	-	662,920.30
Renovation of Dongguan Liaobu "Vienna International"	2,077,652.30	-	2,077,652.30	2,055,045.86	-	2,055,045.86
Renovation of "Vienna" Shanghai Putuo Branch	1,862,686.07	-	1,862,686.07	1,276,914.95	-	1,276,914.95
Renovation of Shenzhen Bay "Vienna Classic"	1,245,539.70	-	1,245,539.70	1,395,172.72	-	1,395,172.72
Renovation of Shenzhen Henggang Xincheng "Vienna"	943,329.55	-	943,329.55	1,701,591.87	-	1,701,591.87
Renovation of Hangzhou Wulin Square "Vienna International"	926,086.62	-	926,086.62	1,489,763.77	-	1,489,763.77
Renovation of Shenzhen Shajing "Vienna International"	108,668.86	-	108,668.86	290,349.89	-	290,349.89
Renovation of Shenzhen Yousong "Vienna"	66,462.06	-	66,462.06	746,462.06	-	746,462.06
Renovation of Shanghai Songjiang "Vienna international"	-	-	-	1,387,190.93	-	1,387,190.93
Other renovations of Vienna	2,759,387.08	-	2,759,387.08	307,129.54	-	307,129.54
Subtotal	39,307,989.80	-	39,307,989.80	39,526,848.48	-	39,526,848.48
Construction in progress of Longevity Village						
Headquarters of Longevity Village Group	723,900.00	-	723,900.00	723,900.00	-	723,900.00
Renovation of Shanghai Nuijiang Road	264,411.00	-	264,411.00	264,411.00	-	264,411.00
Other projects of Longevity Village	71,500.00	-	71,500.00	71,500.00	-	71,500.00
Subtotal	1,059,811.00	-	1,059,811.00	1,059,811.00	-	1,059,811.00
Other construction in progress						
Renovation of Renovation of Magnotel "Radisson"	39,217,874.27	-	39,217,874.27	35,864,142.48	-	35,864,142.48
Other renovation projects	8,886,374.17	-	8,886,374.17	9,381,429.82	-	9,381,429.82
Subtotal	48,104,248.44	-	48,104,248.44	45,245,572.30	-	45,245,572.30
Total	409,947,603.65	(7,956,161.09)	401,991,442.56	467,171,875.39	(8,006,778.14)	459,165,097.25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(2) Movements of significant construction in progress

RMB												
Item	31 December 2020	Acquisition or construction	Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expenses	Other changes	Translation difference	30 June 2021	Cumulative amount of interest capitalization	Including: amount of interest capitalization for this period	Ratio of interest capitalization for this period (%)	Source of fund
Shanghai Longcao Road Construction Project of Jin Jiang Brand Company	68,217,767.32	1,904,460.95	-	-	-	-	-	70,122,228.27	-	-	-	Self-financing
Renovation of "Renovation of Renovation of Magnotel "Radisson	35,864,142.48	4,289,644.98	(194,265.92)	-	(741,647.27)	-	-	39,217,874.27	-	-	-	Self-financing
Renovation of Tongyuan Road Suzhou Industrial Park Jin Jiang Inn	21,965,473.21	1,345,337.09	(3,415,230.64)	-	(19,843,873.92)	-	-	51,705.74	-	-	-	Self-financing
Renovation of the self-operated projects on Hutai Road and Zhidan Road of Magnolia (Business) Shanghai	10,254,226.59	4,020,984.73	-	-	-	-	-	14,275,211.32	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel on Lianhe Road, Dalian	2,112,076.14	-	(3,613.86)	-	(2,046,000.98)	(62,461.30)	-	-	-	-	-	Self-financing
Renovation of Shanghai Nujiang Road "Vienna International	9,481,034.30	-	-	-	-	-	-	9,481,034.30	-	-	-	Self-financing
Renovation of Qingyuan Lianjiang Road "Vienna Classic"	5,827,130.93	2,248,507.14	(205,096.25)	-	(5,588,071.94)	-	-	2,282,469.88	-	-	-	Self-financing
Renovation of 1st Shenzhen Airport Road "Vienna Best Sleep"	4,765,686.30	-	-	-	-	-	-	4,765,686.30	-	-	-	Self-financing
Renovation of Shenzhen Airong Road "Vienna Classic"	3,284,788.83	6,085,620.79	(56,482.50)	-	(4,163,375.16)	-	-	5,150,551.96	-	-	-	Self-financing
Renovation of Taiyuan South Railway Station "Vienna International"	2,475,975.73	225,161.07	-	-	(67,327.44)	-	-	2,633,809.36	-	-	-	Self-financing
Renovation of Foshan Nanhai Avenue "Vienna International"	2,379,690.50	500,864.82	-	-	-	-	-	2,880,555.32	-	-	-	Self-financing
Renovation of Dongguan Liaobu "Vienna International"	2,055,045.86	22,606.44	-	-	-	-	-	2,077,652.30	-	-	-	Self-financing
Renovation of Shenzhen Henggang Xincheng "Vienna International"	1,701,591.87	953,153.14	(25,242.72)	-	(1,686,172.74)	-	-	943,329.55	-	-	-	Self-financing
Renovation of Hangzhou Wulin Square "Vienna International"	1,489,763.77	22,929.77	-	-	(586,606.92)	-	-	926,086.62	-	-	-	Self-financing
Renovation of Shenzhen Bay "Vienna Classic"	1,395,172.72	72,408.05	(8,279.61)	-	(213,761.46)	-	-	1,245,539.70	-	-	-	Self-financing
Renovation of Shanghai Songjiang "Vienna international"	1,387,190.93	-	-	-	(1,005,587.62)	(381,603.31)	-	-	-	-	-	Self-financing
Renovation of "Vienna" Shanghai Putuo Branch	1,276,914.95	665,959.80	-	-	(80,188.68)	-	-	1,862,686.07	-	-	-	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	1,461,150.14	-	-	-	-	-	2,124,070.44	-	-	-	Self-financing
Renovation of Shenzhen Shajing "Vienna International"	290,349.89	765,215.91	(169,398.23)	-	(777,498.71)	-	-	108,668.86	-	-	-	Self-financing

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Construction in progress - continued

(2) Movements of significant construction in progress - continued

RMB

Item	31 December 2020	Acquisition or construction	Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expenses	Other changes	Translation difference	30 June 2021	Cumulative amount of interest capitalization	Including: amount of interest capitalization for this period	Ratio of interest capitalization for this period (%)	Source of fund
Renovation and system development of Louvre Hôtels Group	53,421,470.03	19,605,318.32	(2,312,204.00)	(18,670,469.25)	-	-	(2,232,250.99)	49,811,864.11	-	-	-	Self-financing
Renovation of Hôtelière du marché de Rungis	39,542,546.38	20,495.66	(23,416,073.84)	-	-	-	(1,294,134.26)	14,852,833.94	-	-	-	Self-financing
Renovation of Bleu Joinville	31,860,211.88	242,036.52	(12,130,109.18)	-	-	-	(1,154,386.54)	18,817,752.68	-	-	-	Self-financing
Renovation of Hôtels du pont de Suresnes	7,980,287.11	180,216.69	(704,232.50)	-	-	-	(328,506.86)	7,127,764.44	-	-	-	Self-financing
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	7,075,128.90	295,352.82	-	-	-	-	(303,435.87)	7,067,045.85	-	-	-	Self-financing
Renovation of LWIH Property Holding Poland	6,412,374.47	19,125.78	-	-	-	-	(244,894.11)	6,186,606.14	-	-	-	Self-financing
Renovation of Hôtel du Château (Fontainebleau)	3,048,466.14	-	(673,745.94)	-	-	-	(117,893.16)	2,256,827.04	-	-	-	Self-financing
Renovation of Hôtelière de Magny (Disney)	1,487,037.40	54,165.49	(708,130.52)	-	-	-	(52,289.96)	780,782.41	-	-	-	Self-financing
Renovation of Sarovar	1,199,529.90	-	-	-	-	-	(36,383.43)	1,163,146.47	-	-	-	Self-financing
Renovation of Hôtel Grill Nice l'Arenas	1,189,484.84	101,406.47	(151,164.63)	-	-	-	(49,419.61)	1,090,307.07	-	-	-	Self-financing
Renovation of Roissy Invest Hôtels	895,094.14	81,386.14	(200,471.76)	-	-	-	(35,878.96)	740,129.56	-	-	-	Self-financing
Renovation of Louvre Hotele Group	867,139.84	-	(53,708.38)	-	-	-	(28,623.30)	784,808.16	-	-	-	Self-financing
Construction of commercial properties	26,358,868.15	-	-	-	-	-	-	26,358,868.15	-	-	-	Self-financing
Directly-operated IU2.0 light construction upgrade	2,764,313.53	-	-	-	-	-	-	2,764,313.53	-	-	-	Self-financing
Upgrade of ordinary guest rooms in directly-operated 7 Days Inn	2,595,136.70	1,900,048.08	-	-	(4,495,184.78)	-	-	-	-	-	-	Self-financing
Renovation Project of directly-operated 7 Days Inn	897,872.71	5,161,416.74	-	-	-	-	-	6,059,289.45	-	-	-	Self-financing
Reconstruction Project of directly-operated "7 Tup"	694,270.51	72,806.78	-	-	(22,116.66)	-	-	744,960.63	-	-	-	Self-financing
Renovation of Superior Rooms in directly-operated 7 Days Inn	3,881,982.75	8,842,756.41	-	(410,377.37)	-	-	-	12,314,361.79	-	-	-	Self-financing
Other overseas renovation projects and system development	76,677,524.55	23,306,235.02	(29,078,978.16)	(3,066,174.51)	-	-	(2,542,641.23)	65,295,965.67	-	-	-	Self-financing
Other domestic renovation projects and system development	12,682,952.64	36,979,279.71	(10,116,182.40)	(699,110.88)	(15,327,036.05)	(5,961,709.87)	-	17,558,193.15	-	-	-	Self-financing
Total	459,165,097.25	122,115,357.51	(83,656,274.41)	(22,846,132.01)	(57,960,093.02)	(6,405,774.48)	(8,420,738.28)	401,991,442.56	-	-	-	-

(3) During the reporting period, the Group's provision for impairment of construction in progress has decreased by RMB50,617.05 due to translation difference.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Right-of-use assets

RMB

Item	Land and land use right out of China	Buildings	Machinery and equipment	Transportation vehicles	Others	Total
I. Original book value						
1. 1 January 2021	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	2,346,339.28	102,321,317.31	894,699.41	1,781,022.00	52,494.57	107,395,872.57
3. Disposals	-	(138,597,926.85)	(2,741,916.29)	(1,585,734.50)	-	(142,925,577.64)
4. Translation difference	(11,580,603.32)	(161,535,360.84)	-	(363,954.50)	-	(173,479,918.66)
5. 30 June 2021	291,525,421.80	17,492,159,961.06	456,399,172.70	8,377,958.00	1,331,077.73	18,249,793,591.29
II. Accumulated depreciation						
1. 1 January 2021	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	2,150,905.68	621,107,404.62	14,675,607.74	1,296,709.00	51,750.48	639,282,377.52
3. Disposals	-	(71,358,826.28)	-	(1,585,734.50)	-	(72,944,560.78)
4. Translation difference	(271,650.65)	(47,871,225.18)	-	(250,819.10)	-	(48,393,694.93)
5. 30 June 2021	8,436,698.94	9,149,929,051.54	263,660,578.00	5,511,005.40	651,441.86	9,428,188,775.74
III. Provision for impairment loss						
1. 1 January 2021	-	-	-	-	-	-
2. Addition	-	-	-	-	-	-
3. Deduction	-	-	-	-	-	-
4. 30 June 2021	-	-	-	-	-	-
IV. Book value						
1.30 June 2021	283,088,722.86	8,342,230,909.52	192,738,594.70	2,866,952.60	679,635.87	8,821,604,815.55
2. 1 January 2021	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

The Group leased several assets, including land and land use right out of China, buildings, machinery and equipment, transportation vehicles and others, with lease terms from 2 years 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 book value							
1.31 December 2020	317,107,989.73	150,400,000.00	368,556,940.21	6,215,551,009.26	335,600,000.00	1,319,434,649.36	8,706,650,588.56
Changes in accounting policies	-	-	(368,556,940.21)	-	-	-	(368,556,940.21)
2. 1 January 2021	317,107,989.73	150,400,000.00	-	6,215,551,009.26	335,600,000.00	1,319,434,649.36	8,338,093,648.35
3. Addition	-	-	-	-	1,271,142.88	22,820,803.53	24,091,946.41
(1) Acquisition	-	-	-	-	639,944.00	605,870.40	1,245,814.40
(2) Transfer from construction in progress	-	-	-	-	631,198.88	22,214,933.13	22,846,132.01
4. Deduction	(23,117,146.15)	-	-	-	-	(10,144,632.21)	(33,261,778.36)
(1) Disposal	(23,117,146.15)	-	-	-	-	(10,144,632.21)	(33,261,778.36)
5. Translation difference	-	-	-	(103,685,887.25)	-	(26,824,747.14)	(130,510,634.39)
6.30 June 2021	293,990,843.58	150,400,000.00	-	6,111,865,122.01	336,871,142.88	1,305,286,073.54	8,198,413,182.01
II. Accumulated amortization							
1.31 December 2020	157,396,664.83	56,783,797.92	254,001,748.36	1,285,912.06	83,773,158.19	941,215,797.97	1,494,457,079.33
Changes in accounting policies	-	-	(254,001,748.36)	-	-	-	(254,001,748.36)
2. 1 January 2021	157,396,664.83	56,783,797.92	-	1,285,912.06	83,773,158.19	941,215,797.97	1,240,455,330.97
3. Addition	2,706,552.21	5,570,370.40	-	126,798.50	13,525,870.97	56,235,276.59	78,164,868.67
(1) Provision	2,706,552.21	5,570,370.40	-	126,798.50	13,525,870.97	56,235,276.59	78,164,868.67
4. Deduction	(5,129,672.01)	-	-	-	-	-	(5,129,672.01)
(1) Disposal	(5,129,672.01)	-	-	-	-	-	(5,129,672.01)
5. Translation difference	-	-	-	(45,584.70)	-	(17,649,206.95)	(17,694,791.65)
6.30 June 2021	154,973,545.03	62,354,168.32	-	1,367,125.86	97,299,029.16	979,801,867.61	1,295,795,735.98
III. Provision for impairment losses							
1.31 December 2020	-	-	-	-	-	320,183.36	320,183.36
2. Addition	-	-	-	-	-	-	-
3. Deduction	-	-	-	-	-	-	-
4.30 June 2021	-	-	-	-	-	320,183.36	320,183.36
IV. Book Value							
1.30 June 2021	139,017,298.55	88,045,831.68	-	6,110,497,996.15	239,572,113.72	325,164,022.57	6,902,297,262.67
2.31 December 2020	159,711,324.90	93,616,202.08	114,555,191.85	6,214,265,097.20	251,826,841.81	377,898,668.03	7,211,873,325.87

Note: The Group believes that group brands will bring projected economic benefit inflow to the Group in the foreseeable future. All the brands' useful life is infinite except for the trademark of Longevity Village Catering which is amortized within 10 years. As at 30 June 2021, the amount of brands with infinite useful life is RMB6,110,497,996.15.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Goodwill

(1) Original carrying amount of goodwill

RMB

Name of the investee and item resulting in goodwill	31 December 2020	Additions	Translation difference	30 June 2021
Keystone	5,766,874,767.03	-	-	5,766,874,767.03
GDL	5,015,888,643.31	-	(210,317,704.20)	4,805,570,939.11
Vienna Hotel and Longevity Village Catering	668,816,710.56	-	-	668,816,710.56
Smartel project	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	-	(210,317,704.20)	11,336,960,394.35

(2) Provision of goodwill impairment

RMB

Name of the investee and item resulting in goodwill	31 December 2020	Additions	30 June 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 asset groups

The Group classified reporting segments based on operation segments. For the purpose of impairment test, the Group allocate goodwill to six 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. On 30 June 2021, carrying amount and impairment allowance for the goodwill allocated to the six asset groups are as follows:

RMB

	Cost	Impairment	30 June 2021
Foreign operation and management of limited service hotels segment -GDL	4,805,570,939.11	-	4,805,570,939.11
Domestic operation and management of limited service hotels segment -Keystone	5,766,874,767.03	-	5,766,874,767.03
Domestic operation and management of limited service hotel segment - Vienna and Longevity Village	668,816,710.56	-	668,816,710.56
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 – Smartel	51,785,803.21	-	51,785,803.21
Domestic operation and management of limited service hotels segment – Duzhuhua	3,740,756.59	(3,740,756.59)	-
Total	11,336,960,394.35	(43,912,174.44)	11,293,048,219.91

Key assumption and basis for determine the recoverable amount of the above asset group:

A. Asset group: GDL

The recoverable amount of the asset group GDL is determined based on the estimated future cash flow, which is based on the financial budget for the period from 2021 to 2025 approved by the management. Management believes any reasonable change of assumptions in calculating the above recoverable amount will not lead to carrying amount of GDL exceeding its recoverable amount.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**17. Goodwill - continued****(2) Provision of goodwill impairment - continued**

Key assumption and basis for determine the recoverable amount of the above asset group: - continued

B. Asset group: Keystone

The recoverable amount of the asset group Keystone is determined based on the estimated future cash flow, which is based on the financial budget for the period from 2021 to 2025 approved by the management. Management believes any reasonable change of assumptions in calculating the above recoverable amount will not lead to carrying amount of Keystone exceeding its recoverable amount.

C. Asset group: Vienna Hotel and Longevity Village

The recoverable amount of the asset groups Vienna Hotel and Longevity Village is determined based on the estimated future cash flow, which is based on the financial budget for the period from 2021 to 2025 approved by the management. Management believes any reasonable change of assumptions in calculating the above recoverable amount will not lead to carrying amount of Vienna Hotel and Longevity Village exceeding its recoverable amount.

D. Asset Group: Smartel

The recoverable amount of the asset group Smartel is determined based on the fair value less cost of disposal. Key assumption used in the estimate of fair value and cost of disposal is: the expected price for disposal of property held by the asset group which is estimated based on the disposal price of property in the similar category on the market. Management believes any reasonable change of assumptions in calculating the above recoverable amount will not lead to carrying amount of Smartel exceeding its recoverable amount.

E. Asset group: Jinguang Inn and Duzhuhua

For Jinguang Inn and Duzhuhua asset groups, the management makes provision for impairment of goodwill based on the recoverable amount of the asset groups.

18. Long-term prepaid expenses

RMB

Item	31 December 2020	Changes in accounting policies	1 January 2021	Addition (Note 1)	Amortization	Other deduction (Note2)	Translation difference	30 June 2021
Leasehold improvement	1,618,036,216.21	-	1,618,036,216.21	28,770,712.49	(141,295,346.54)	(79,271,788.01)	-	1,426,239,794.15
Leasehold decoration	331,362,684.56	-	331,362,684.56	46,768,210.20	(101,535,342.85)	(8,895,894.24)	-	267,699,657.67
Others	26,732,774.91	(6,247,904.42)	20,484,870.49	11,377,314.88	(136,130.23)	(7,138,687.51)	-	24,587,367.63
Total	1,976,131,675.68	(6,247,904.42)	1,969,883,771.26	86,916,237.57	(242,966,819.62)	(95,306,369.76)	-	1,718,526,819.45

Note 1: The addition includes amount transferred from construction in progress amounting to RMB57,960,093.02, increase from acquisition amounting to RMB199,590.55 and increase from construction completion amounting to RMB28,756,554.00.

Note 2: Other deduction includes decrease of long-term prepaid expenses arising from construction completion of RMB16,053,878.45 and disposal of long-term prepaid expense amounting to RMB79,252,491.31

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Deferred tax assets/ liabilities

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

RMB

Item	30 June 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	305,348,006.65	77,171,796.14	334,333,469.70	84,496,389.07
Advances of membership card and deferred revenue on membership points	44,346,190.11	11,086,547.53	42,439,749.30	10,609,937.32
Lease-related	504,763,037.43	127,014,859.04	485,007,469.70	121,251,867.42
Government grants	7,777,354.08	1,944,338.52	8,559,752.80	2,139,938.20
Provision for impairment loss of assets	177,415,542.69	45,178,697.37	162,915,931.57	41,315,926.79
Provision for credit impairment loss	91,565,059.11	22,891,264.78	92,309,669.91	23,077,417.48
Depreciation of fixed assets	3,093,056.68	773,264.17	5,851,203.01	1,462,800.75
Deductible losses	3,431,577,658.74	879,329,694.18	3,247,532,219.56	828,001,620.37
Capitalized expenses	-	-	16,908.75	4,227.19
Accrued expenses	79,138,050.66	19,784,512.67	67,250,392.54	16,812,598.14
Changes in fair value of held-for-trading financial assets recognized in profit or loss	55,140,338.94	13,785,084.74	56,469,338.94	14,117,334.73
Changes in fair value of other equity investment recognized in other comprehensive income	3,433,624.01	858,406.00	7,238,232.80	1,809,558.20
Long-term contract liabilities related to franchise services	43,867,602.27	11,326,614.91	50,228,686.35	12,969,046.82
Others	16,137,430.14	4,036,104.72	21,756,535.74	5,441,116.40
Total	4,763,602,951.51	1,215,181,184.77	4,581,909,560.67	1,163,509,778.88

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

RMB

Item	30 June 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Adjustment of fair value of assets derived from business combination involving enterprises not under common control	8,266,719,574.76	2,097,473,010.74	8,550,085,207.09	2,170,126,066.73
Depreciation of fixed assets	32,441,529.12	8,376,402.82	58,374,985.06	15,072,421.14
Lease-related	110,791,436.34	28,232,745.18	78,633,023.49	20,303,046.65
Changes in fair value of other non-current financial assets recognized in profit or loss	430,588,337.23	107,647,084.30	430,588,337.23	107,647,084.31
Others	91,447,227.40	22,861,806.85	66,183,480.97	17,085,512.24
Total	8,931,988,104.85	2,264,591,049.89	9,183,865,033.84	2,330,234,131.07

(3) Deferred tax assets or liabilities after offsetting are set below:

RMB

Item	30 June 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	428,955,265.22	786,225,919.55	236,907,668.36	926,602,110.52
Deferred tax liabilities	428,955,265.22	1,835,635,784.67	236,907,668.36	2,093,326,462.71

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Deferred tax assets/ liabilities - continued

(4) Details of unrecognized deferred tax assets:

RMB

Item	30 June 2021	31 December 2020
Deductible losses	1,694,456,421.59	1,182,892,678.37
Deductible temporary differences	866,100,328.79	30,544,131.73
Total	2,560,556,750.38	1,213,436,810.10

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

RMB

	30 June 2021	31 December 2020
2021	163,525,777.01	184,216,729.64
2022	230,153,534.86	237,536,783.12
2023	108,900,122.03	143,726,112.51
2024	312,961,095.44	314,697,142.02
2025	293,205,510.59	33,119,175.00
2026 and subsequent years	585,710,381.66	269,596,736.08
Total	1,694,456,421.59	1,182,892,678.37

20. Other non-current assets

RMB

Item	30 June 2021			31 December 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Use right of underground buildings	47,529,698.56	-	47,529,698.56	48,393,721.53	-	48,393,721.53
Deposits and guarantees	45,362,548.81	-	45,362,548.81	47,839,452.53	-	47,839,452.53
Entrusted loans	41,835,200.00	-	41,835,200.00	25,325,200.00	-	25,325,200.00
Others	480,201.59	-	480,201.59	482,267.75	-	482,267.75
Total	135,207,648.96	-	135,207,648.96	122,040,641.81	-	122,040,641.81

As at 30 June 2021, the Group entrusted the Finance Company to issue an entrusted loan of RMB11,700,000.00 to Da Hua Hotel, with a term from 29 June 2020 to 28 June 2023 and an annual interest rate of 1.15%; the Group entrusted the Finance Company to issue an entrusted loan of RMB9,000,000.00 to Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd., with a term from 30 June 2020 to 29 June 2023 and an annual interest rate of 1.15%; the Group entrusted Bank of Communications Co., Ltd., Shanghai Branch to issue an entrusted loan of RMB1,200,000.00 to Shanghai Xinjin Hotel Management Co., Ltd., with a term from 30 November 2020 to 10 November 2022 and an annual interest rate of 4.25%. The Group entrusted the Finance Company to issue an entrusted loan of RMB3,425,200.00 to Shanghai Yoshinoya Co., Ltd., with a term from 29 July 2019 to 28 July 2022 and an annual interest rate of 2.1%. The Group entrusted the Finance Company to issue an entrusted loan of RMB12,100,000.00 to Zhenjiang Jingkou Jin Jiang Inn Co., Ltd., with a term from 1 June 2021 to 31 May 2024 and an annual interest rate of 1.15%. The Group entrusted the Finance Company to issue an entrusted loan of RMB4,410,000.00 to Changchun Jinlv Investment and Management Co., Ltd., with a term from 1 June 2021 to 31 May 2024 and an annual interest rate of 1.15%.

The Group's loss provision for the expected credit loss of the above entrusted loans based on an individual basis is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Other non-current assets - continued

At 30 June 2021, the credit risk and expected credit loss of deposits in other non-current assets are as follows:

(1) Provision for bad debts

At 30 June 2021, the credit risk and expected credit loss of deposits and guarantee in other non-current assets are as follows:

Internal credit rating	30 June 2021			Total
	Expected credit loss in the next 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
Normal	45,362,548.81	-	-	45,362,548.81
Loss	-	-	-	-
Total book balance	45,362,548.81	-	-	45,362,548.81
Provision for impairment	-	-	-	-
Book value	45,362,548.81	-	-	45,362,548.81

RMB

21. Short-term borrowings

Short-term borrowings by category:

Item	30 June 2021		31 December 2020	
Credit borrowings - bank (Note 1)	769,240,186.51		994,585,319.50	
Credit borrowings - other financial institution (Note 2)	16,500,000.00		21,500,000.00	
Total	785,740,186.51		1,016,085,319.50	

RMB

Note 1: As at 30 June 2021, the Group borrowed an unsecured borrowings of RMB570,000,000.00 from Bank of Communications Co., Ltd., Shanghai Pudong Branch, with a term from 19 March 2021 to 18 March 2022 and an annual interest rate of 3.20%.

As at 30 June 2021, an overseas subsidiary of the Group borrowed a bank overdraft borrowings equivalent to RMB122,378,186.51, the interest of the borrowing is calculated at a floating rate, and the annual interest rate is the 3-month Euro Interbank Offered Rate (EURIBOR) plus 70 basis points.

As at 30 June 2021, an overseas subsidiary of the Group borrowed a bank overdraft borrowings equivalent to RMB76,862,000.00, the interest of the borrowing is calculated at a floating rate, and the annual interest rate is the 3-month EURIBOR plus 120 basis points.

Note 2: As at 30 June 2021, the total amount of unsecured loans obtained by the subsidiaries of the Group from Finance Company was RMB 16,500,000.00, with an annual interest rate of 3.60%.

22. Accounts payable

Details of accounts payable are as follows:

Item	30 June 2021		31 December 2020	
Payables for operation	670,777,238.39		1,445,757,507.82	
Payables for constructions	259,053,451.29		341,613,633.34	
Total	929,830,689.68		1,787,371,141.16	

RMB

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**23. Advances from customers**

Details of advances from customers are as follows:

Item	30 June 2021	31 December 2020
Advances for room payments/rentals	6,951,946.02	5,481,209.40
Total	6,951,946.02	5,481,209.40

RMB

24. Contract liabilities

Details of contract liabilities are as follows:

Item	30 June 2021	31 December 2020
Contracted liabilities related to income from membership card (Note 1)	197,603,396.33	235,396,408.56
Contracted liabilities related to room and catering services (Note 2)	48,563,078.80	63,430,051.33
Contracted liabilities related to sales of goods (Note 3)	164,814,121.39	81,440,212.85
Contracted liabilities related to franchise service (Note 2)	351,454,402.08	549,322,732.05
Other contract liabilities	45,491,761.76	10,351,239.48
Total	807,926,760.36	939,940,644.27

RMB

Note 1: After the Group sold membership cards to customers, it commits to the customers that the customers can be entitled to relevant membership benefits during a period of time in the future, therefore the Group generated a contract liability. When the sales transaction incurred, a contract liability related to income from membership cards is recognized.

Note 2: Income from rooms and franchise services is recognized during a period of time. The Group recognizes the funds received as a contract liability upon transaction and transfers them to the income during the period of rendering services.

Income from catering services is recognized when the catering and food are provided to customers. The Group recognizes the funds received as a contract liability until the catering and food are provided to customers.

Note 3: Income from sales of goods is recognized when the control over goods is transferred to the customer (i.e. when the goods are delivered to the customer). The Group recognizes transaction payments received as contract liabilities until completion of delivering the goods.

The opening carrying amount of contract liabilities is recognized as income in the current period while the closing carrying amount of contract liabilities will be recognized as income in the next period.

25. Employee benefits payable**(1) List of employee benefits payable**

Item	31 December 2020	Addition	Deduction	Translation difference	30 June 2021
1. Short-term benefits	766,320,650.00	2,034,749,903.95	(1,968,073,275.30)	(14,168,954.88)	818,828,323.77
2. Domestic post-employment benefits-defined contribution plan	140,180,243.42	115,481,769.00	(118,466,303.56)	-	137,195,708.86
3. Termination benefits	6,810,775.43	8,488,922.33	(9,155,226.13)	-	6,144,471.63
Total	913,311,668.85	2,158,720,595.28	(2,095,694,804.99)	(14,168,954.88)	962,168,504.26

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

25. Employee benefits payable - continued

(2) List of short-term employee benefits payable

RMB

Item	31 December 2020	Addition	Deduction	Translation difference	30 June 2021
1. Wages or salaries, bonus, allowance, subsidies	504,470,196.34	1,695,961,732.87	(1,724,304,334.77)	(5,616,189.75)	470,511,404.69
2. Staff welfare	963,725.47	29,045,402.14	(29,208,523.98)	-	800,603.63
3. Domestic social insurance	23,343,959.41	57,481,666.71	(63,649,321.14)	-	17,176,304.98
Including: Medical insurance	11,923,892.39	52,317,411.35	(57,400,775.46)	-	6,840,528.28
Work injury insurance	4,808,574.68	2,344,666.49	(2,727,089.44)	-	4,426,151.73
Maternity insurance	6,611,492.34	2,819,588.87	(3,521,456.24)	-	5,909,624.97
4. Domestic housing fund	72,686,588.03	43,536,505.21	(44,635,288.33)	-	71,587,804.91
5. Overseas social insurance	164,308,119.69	199,662,711.73	(98,917,823.97)	(8,552,765.13)	256,500,242.32
6. Labor union and education fund	539,293.24	7,940,785.06	(6,236,882.88)	-	2,243,195.42
7. Others	8,767.82	1,121,100.23	(1,121,100.23)	-	8,767.82
Total	766,320,650.00	2,034,749,903.95	(1,968,073,275.30)	(14,168,954.88)	818,828,323.77

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

RMB

Item	31 December 2020	Addition	Deduction	30 June 2021
1. Pension insurance	139,742,918.86	110,036,847.91	(112,908,188.73)	136,871,578.04
2. Unemployment insurance	437,324.56	5,444,921.09	(5,558,114.83)	324,130.82
Total	140,180,243.42	115,481,769.00	(118,466,303.56)	137,195,708.86

The Company and its domestic subsidiaries follow policies to join in pension insurance and unemployment insurance plans which are established by government. According to these plans, the Group follows specific rates of monthly average salaries last year to deposit payments for these plans monthly. Except for the monthly fee deposit mentioned above, the Group and its domestic subsidiaries assume no further payment obligations. Corresponding expenses are expensed into current period P&L or incurred as costs of related assets.

The Company and its domestic subsidiaries shall contribute RMB110,036,847.91 and RMB5,444,921.09 to pension insurance and unemployment insurance plan respectively in this reporting period. As at 30 June 2021, the Group still has outstanding contribution of RMB 136,871,578.04 and RMB324,130.82 for pension insurance and unemployment insurance respectively.

26. Taxes payable

RMB

Item	30 June 2021	31 December 2020
Value added tax	156,686,098.47	140,650,705.59
Enterprise income tax	154,350,387.44	275,913,026.85
Property tax	4,912,737.14	5,047,313.50
Other domestic taxes	37,085,548.91	28,081,686.15
Other foreign taxes	45,325,183.76	26,074,255.65
Total	398,359,955.72	475,766,987.74

27. Other payables

27.1 Other payables by category:

RMB

Item	30 June 2021	31 December 2020
Other payables	1,618,489,874.57	1,530,316,680.37
Interest payable	25,643,835.09	12,688,447.97
Dividends payable	130,142,682.55	240,945,600.79
Total	1,774,276,392.21	1,783,950,729.13

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. Other payables - continued

27.2 Other payables

(1) Details of other payables are as follows:

Item	30 June 2021	31 December 2020
Agency fund	911,649,393.40	894,751,883.39
Accrued expenses	235,164,240.19	171,662,933.05
Deposits and guarantees	326,571,321.96	305,583,091.05
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	30,000,000.00
Amount for acquisition of non-controlling equity interest of Keystone	-	4,450,000.00
Others	56,481,470.73	65,245,324.59
Total	1,618,489,874.57	1,530,316,680.37

(2) Explanations of other payables aging over 1 year with significant amount:

As at 30 June 2021, other payables aging over 1 year with significant amount include:

The accrual amount of significant replacement and related transactions payment and involved taxation is RMB 58,623,448.29 that should be paid by the Company after the report and verification of the involved taxation.

The Group's subsidiary Keystone shall pay the rest project cooperation amounting to RMB 30,000,000.00, which arises from amount received by Keystone in 2013 from third party for cooperated property development project. As of 30 June 2021, the cooperated project was not launched yet, hence the amount would be used for cooperated project expenditures in the future.

(3) Except for item (2), other payables of the Group mainly include accrues expenses, collection charge on behalf of others, deposits and guarantees, etc., which are related to daily operation.

27.3 Interest payable

Item	30 June 2021	31 December 2020
Interest payable for long-term borrowings	25,119,948.64	12,073,395.19
Interest payable for short-term borrowings	523,886.45	615,052.78
Total	25,643,835.09	12,688,447.97

27.4 Dividends payable

Name of entity	30 June 2021	31 December 2020
Dividends payable due to A share shareholders	590,851.03	586,773.69
Dividends payable to minority shareholders of Vienna Hotel	129,551,831.52	129,551,831.52
Dividends payable to minority shareholders of Jin Jiang Inn	-	28,753,600.00
Dividends payable to minority shareholders of Keystone	-	82,053,395.58
Total	130,142,682.55	240,945,600.79

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**28. Non-current liabilities due within one year**

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

Item	30 June 2021	31 December 2020
Long-term borrowings due within one year (Note (V)29)	6,039,557,672.92	837,818,420.86
Lease liabilities due within one year(Note (V)30)	1,543,590,992.20	-
Long-term payables due within one year (Note (V)31)	36,626,425.51	57,239,942.04
Total	7,619,775,090.63	895,058,362.90

29. Long-term borrowings

Item	30 June 2021	31 December 2020
Pledged borrowings (Note 1)	1,729,000,000.00	2,459,000,000.00
Mortgage loan (Note 2)	49,844,386.44	54,225,621.01
Credit borrowing (Note 3)	6,015,376,335.58	5,621,619,002.97
Guaranteed loans (Note 4)	6,925,266,200.00	7,238,550,000.00
Entrusted loans (Note 5)	4,500,000.00	4,500,000.00
Total (Note 6)	14,723,986,922.02	15,377,894,623.98
Less: Long-term loan due within 1 year	6,039,557,672.92	837,818,420.86
Long-term loan due after one year	8,684,429,249.10	14,540,076,203.12

Note 1: As at 30 June 2021, the Group obtained borrowings of RMB1,729,000,000.00 from Export-Import Bank of China, of which RMB1,729,000,000.00 was due within one year. Such borrowing was pledged by 81.0034% equity of Keystone. The term of the borrowing is from 18 February 2016 to 18 February 2022 with floating annual interest rate, the financing costs have decreased to 3.325% since 30 March 2021. The weighted average financing cost during the reporting period is 3.4625%

Note 2: As at 30 June 2021, the subsidiary of the Group obtained borrowings denominated in PLN equivalent to RMB49,844,386.44 from overseas banks, including borrowings due within one year equivalent to RMB7,822,200.91. The relevant subsidiaries pledged their fixed assets as collateral, details are set out in Note V 55. The term of the borrowing is from 30 September 2013 to 31 March 2023, and annual interest rate is the three-month interest rate of Poland Inter Bank Offered Rate plus 270 basis points.

Note 3: As at 30 June 2021, the Group's subsidiary Sailing Investment received borrowings of EUR 250,000,000.00 (equivalent to RMB1,921,550,000.00) from the related party Master Melon Capital, including borrowings due within one year equivalent to RMB1,921,550,000.00. The term of the borrowing is from 15 May 2017 to 10 May 2022, carried at a financing cost of 1.17%.

As at 30 June 2021, the Group's overseas subsidiaries received a foreign currency borrowing equivalent to RMB1,478,611,335.58 from an overseas bank, including borrowings amounting to RMB11,263,872.01 which will fall due within one year.

The Group obtained borrowings of RMB2,615,215,000.00, with annual interest rate of 3.325%, 3.60%, 3.80% and 3.8875%, respectively, including borrowings amounting to RMB310,020,000.00 which will fall due within one year.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**29. Long-term borrowings - continued**

Note 4: As at 30 June 2021, the Group's subsidiary Sailing Investment received a borrowing of EUR248,000,000.00 (equivalent to RMB1,906,177,600.00) from the Bank of China Shanghai Branch, with a loan term from 17 November 2017 to 29 April 2022, with an annual interest rate of 1.10% and a management fee rate of 0.20%; received a borrowing of EUR20,000,000.00 (equivalent to RMB153,724,000.00) from the Bank of China Paris Branch, with a loan term from 17 November 2017 to 29 April 2022, with an annual interest rate of 1.20% and a management fee rate of 0.10%; received a borrowing of EUR333,000,000.00 (equivalent to RMB2,559,504,600.00) with a loan term from 17 November 2017 to 16 November 2022, with an loan interest rate in the first three years of 1.00% and EURIBOR plus 1.00% in the following two years. Among them, the borrowing of RMB2,059,901,600.00 will fall due within one year. All of the above borrowings are guaranteed by Jinjiang International (Group) Co., Ltd.

As at 30 June 2021, the Group's subsidiary Sailing Investment received a borrowing of EUR300,000,000.00 (equivalent to RMB2,305,860,000.00) from China Minsheng Bank Shanghai Branch, with a loan term from 23 September 2020 to 23 September 2023 and an annual interest rate of 1.00%.

Note 5: As at 30 June 2021, Shenyang Jinfu Hotel Investment Management Co., Ltd. (a subsidiary of Hotel Investment) obtained a borrowing of RMB4,500,000.00 from Shenyang Nonstaple Food Group with a loan term from 24 April 2020 to 20 April 2023 and an annual interest rate of 1.2%.

Note 6: As at 30 June 2021, the long-term borrowings of the Group (including those due within one year) were equivalent to RMB 7,192,517,350.88 carries at a floating interest rate.

30. Lease liabilities

Item	30 June 2021	31 December 2020
Lease liabilities	10,629,882,616.24	
Less: Lease liabilities included in non-current liabilities due within one year	1,543,590,992.20	
Net amount	9,086,291,624.04	

RMB

31. Long-term payables

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

Item	30 June 2021	31 December 2020
Finance lease		162,280,996.19
Acquisition of GT SEA	6,683,919.52	7,334,850.00
Acquisition of minority equity payment payables of Hôtels et Préférence (Note 1)	6,129,160.35	6,576,026.22
Acquisition of minority equity of Sarovar (Note 2)	36,626,425.51	33,116,083.04
Others	115,293.00	104,325.00
Less: Long-term payables due within one year	36,626,425.51	57,239,942.04
Total	12,928,372.87	152,172,338.41

RMB

Note 1: It is the final payment which is unpaid when the Group's subsidiary GDL acquires equity interest of Hôtels et Préférence. Such payment will be determined based on the earnings before interest, taxes, depreciation and amortization (EBITDA) for the prior year proposed by minority shareholders of Hôtels et Préférence and the corporation value. As of 30 June 2021, the above payment is equivalent to RMB6,129,160.35.

Note 2: The Group's subsidiary GDL acquired 74% equity interest of Sarovar. In accordance with the equity acquisition agreement, minority shareholders of Sarovar can start to exercise power since March 2020 to require GDL to acquire the remaining 26% of equity interest. Acquisition consideration is determined based on EBITDA of Sarovar for the period of 12 consecutive months prior to execution of power made by minority shareholders. As of 30 June 2021, the fair value of acquisition consideration is equivalent to RMB36,626,425.51, which is expected to be paid off by the Group within one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

32. Long-term employee benefits payable

(1) Long-term employee benefits payable

Item	30 June 2021	31 December 2020
Post-employment benefits - Net liabilities derived from defined benefit plan (Note)	93,233,974.78	99,640,012.22
Total	93,233,974.78	99,640,012.22

RMB

Note: It is a supplementary pension plan provided by GDL to its full-time employees, which is determined by GDL based on salary agreement, length of service and salary levels of employees in the country, industry and the company.

(2) Changes in defined benefit plan

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
I. Opening balance	99,640,012.22	89,587,384.84
II. Defined benefit costs recognized in profit and loss for the current period	1,895,204.26	2,887,843.92
1. Service cost for the current period	1,832,712.26	2,585,801.51
2. Net amount of interest	62,492.00	302,042.41
III. Defined benefit costs recognized in other comprehensive income	(5,263,724.59)	396.22
Actuarial gain	(5,263,724.59)	396.22
IV. Considerations paid upon settlement	(632,078.55)	(378,596.51)
V. Translation difference	(2,405,438.56)	1,729,824.29
VI. Closing balance	93,233,974.78	93,826,852.76

RMB

Contents of defined benefit plans and related risks, and its impact on GDL's future cash flows, timing and uncertainty:

GDL estimated present value of above retirement benefit plan by actuary in accordance with the projected unit credit method. Currency inflation rate and mortality rate are used to estimate the future cash outflows to recognize the present value of the plan at a discounted rate which is determined in accordance with the market yield rate of high-quality corporate bonds in an active market matched with the defined benefit plan obligation period and currency at the balance sheet date. GDL recognizes liabilities based on the actuarial result, with gains or losses arising from actuary recognized in other comprehensive income and not to be reversed to profit or loss in subsequent accounting periods. Past service cost is included in profit or loss for the period when the modification to the plan is made. And net interest is recognized as the amount of net liabilities of the defined benefit plan multiplying by an appropriate discount rate.

Discount rate, currency inflation rate and mortality rate are used as significant assumptions in the recognition of present value of defined benefit plan obligations. The discount rate and the currency inflation rate are 0.40% and 1.50% respectively for the year. The mortality rate assumption is made based on average remaining life expectancy expected for male employees retired at the age of 65 and female employees retired at the age of 60. The projected growth rate of employment benefits of headquarters employees in GDL is 3% while that of the hotel employees is 2.5%. After retirement, the employees' social welfare will be unaffected (ages ranging from 60 to 65, depending on categories of 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.

33. Provisions

Item	30 June 2021	31 December 2020
Pending litigation (Note1)	18,903,477.99	18,153,905.46
Provision for operating risks (Note2)	34,357,205.71	30,193,674.51
Loss of long-term lease	-	3,021,272.99
Total	53,260,683.70	51,368,852.96

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

33. Provisions - continued

Note 1: At the end of the reporting period, the Group's subsidiary GDL was faced with charges against labor disputes. Therefore, GDL management made provisions of RMB9,243,000.99, based on estimation on the estimates of prosecution results.

The Group's subsidiary Keystone is prosecuted as a result of matters such as contract disputes, house leasing and labor disputes. Keystone's management made provisions of RMB9,660,477.00 in accordance with the estimates of prosecution results.

Note 2: It mainly related to claim estimated losses of GDL, a subsidiary of the Group, in respect of disputes with third parties occurred in the operating activities.

34. Other non-current liabilities

Item	RMB	
	30 June 2021	31 December 2020
Government grant	54,108,050.20	55,390,178.33
Long-term contract liabilities related to membership credit (Note)	70,060,422.38	67,559,407.04
Long-term contract liabilities related to franchise service (Note V (24))	46,188,604.80	52,774,727.25
Others	1,006,068.39	1,266,891.32
Total	171,363,145.77	176,991,203.94

Note: The Group's membership credit plan provides customers with benefits available at the premise that the customers check in the Group's hotel rooms. The commitment to provide loyalty plan points to customers is a single performance obligation, so the Group generates a contract liability. A contract liability related to membership credit plan is recognized when the income from rooms is incurred.

Items involving government grants:

Item	RMB				
	31 December 2020	Amount of added grants	Amount recognized in other income	30 June 2021	Related to asset /Related to income
Special Support Fund for Metropolo Brand Innovation Project	8,493,100.00	-	(798,400.00)	7,694,700.00	Related to asset
GDL property support subsidy	46,846,418.06	-	(475,727.49)	46,370,690.57	Related to asset
Others	50,660.27	-	(8,000.64)	42,659.63	Related to asset
Total	55,390,178.33	-	(1,282,128.13)	54,108,050.20	

35. Share capital

	31 December 2020	Changes for the period					30 June 2021
		Non-public new issue of 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	3,363,228.00	3,363,228.00
3. Other domestic shares	-	77,757,845.00	-	-	77,757,845.00	77,757,845.00	77,757,845.00
4. Other foreign shares	-	30,986,550.00	-	-	30,986,550.00	30,986,550.00	30,986,550.00
Total restricted tradable shares	-	112,107,623.00	-	-	112,107,623.00	112,107,623.00	112,107,623.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	801,936,440.00	-	-	-	-	801,936,440.00	801,936,440.00
2. Foreign capital shares listed domestically	156,000,000.00	-	-	-	-	156,000,000.00	156,000,000.00
3. Foreign capital share listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	957,936,440.00	-	-	-	-	957,936,440.00	957,936,440.00
III. Total shares	957,936,440.00	112,107,623.00	-	-	-	112,107,623.00	1,070,044,063.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Share capital - continued

RMB

	31 December 2019	Changes for prior period				Subtotal	30 June 2020
		Non-public new issue of shares	Bonus issue	Capitalization of surplus reserve	Others		
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	117,848,242.00	-	-	-	-	-	117,848,242.00
3. Other domestic shares	15,244,482.00	-	-	-	-	-	15,244,482.00
4. Other foreign shares	20,325,976.00	-	-	-	-	-	20,325,976.00
Total restricted tradable shares	153,418,700.00	-	-	-	-	-	153,418,700.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	648,517,740.00	-	-	-	-	-	648,517,740.00
2. Foreign capital shares listed domestically	156,000,000.00	-	-	-	-	-	156,000,000.00
3. Foreign capital share listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	804,517,740.00	-	-	-	-	-	804,517,740.00
III. Total shares	957,936,440.00	-	-	-	-	-	957,936,440.00

Note: During the reporting period, the Group raised a total amount of RMB4,999,999,985.80 from the non-public issue of 112,107,623 shares of ordinary stocks denominated in RMB (A share), after deducting the issuance expenses and the deductible taxes in relevant expenses, the net amount of raised funds is RMB4,978,545,167.30, including RMB112,107,623.00 recognized in the share capital and RMB4,866,437,544.30 recognized in capital reserve.

36. Capital reserve

RMB

Item	31 December 2020	Addition	Deduction	30 June 2021
Capital premium	7,735,393,526.58	4,866,437,544.30	-	12,601,831,070.88
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 non-controlling interests	(1,077,504,712.40)	-	-	(1,077,504,712.40)
Other capital reserve	130,191,685.28	-	-	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 investees except net profit or loss, other comprehensive income and profit appropriation	(33,311,126.72)	-	-	(33,311,126.72)
Total	7,865,585,211.86	4,866,437,544.30	-	12,732,022,756.16

RMB

Item	31 December 2019	Addition	Deduction	30 June 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 non-controlling interests	(1,077,504,712.40)	-	-	(1,077,504,712.40)
Other capital reserve	129,734,873.02	-	-	129,734,873.02
Including: Transfer from capital reserve under the previous accounting system	163,502,812.00	-	-	163,502,812.00
Other changes in owners' equity of investees except net profit or loss, other comprehensive income and profit appropriation	(33,767,938.98)	-	-	(33,767,938.98)
Total	7,865,128,399.60	-	-	7,865,128,399.60

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Other comprehensive income

RMB

Item	31 December 2020	Period from 1 January 2021 to 30 June 2021					30 June 2021
		Amount incurred for current period before tax	Less: amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expenses	Attributable to owners of the company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be subsequently reclassified to profit or loss							
Including: Changes of net liability and assets from defined benefit plans	(17,411,474.72)	5,263,724.59	-	1,546,054.53	3,717,670.06	-	(13,693,804.66)
Changes in fair value of investments in other equity instruments	17,040,692.39	(478,500.00)	-	(119,625.00)	(358,875.00)	-	16,681,817.39
II. Other comprehensive income that will be reclassified to profit or loss							
Shares of other comprehensive income in the investee that will be reclassified to profit or loss under equity method	1,571,438.99	50,764.07	-	-	50,764.07	-	1,622,203.06
Effective portion of profit or loss from cash flow hedges	4,666,317.10	-	-	-	-	-	4,666,317.10
Translation differences of financial statements denominated in foreign currencies	(16,143,600.37)	(5,010,520.15)	-	-	1,245,941.23	(6,256,461.38)	(14,897,659.14)
Total	(10,276,626.61)	(174,531.49)	-	1,426,429.53	4,655,500.36	(6,256,461.38)	(5,621,126.25)

RMB

Item	31 December 2019	Period from 1 January 2020 to 30 June 2020					30 June 2020
		Amount incurred for current period before tax	Less: amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expenses	Attributable to owners of the company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be subsequently reclassified to profit or loss							
Including: Changes of net liability and assets from defined benefit plans	(15,627,954.35)	(396.22)	-	(126.88)	(269.34)	-	(15,628,223.69)
Changes in fair value of investments in other equity instruments	20,519,417.34	(1,348,500.00)	-	(337,125.00)	(1,011,375.00)	-	19,508,042.34
II. Other comprehensive income that will be reclassified to profit or loss							
Shares of other comprehensive income in the investee that will be reclassified to profit or loss under equity method	1,777,348.67	-	-	-	-	-	1,777,348.67
Effective portion of profit or loss from cash flow hedges	3,986,870.07	940,061.10	-	301,007.56	639,053.54	-	4,625,923.61
Translation differences of financial statements denominated in foreign currencies	13,903,028.36	(32,467,810.27)	-	-	(29,038,699.39)	(171,531.11)	(15,135,671.03)
Total	24,558,710.09	(32,876,645.39)	-	(36,244.32)	(29,411,290.19)	(171,531.11)	(4,852,580.10)

38. Surplus reserve

RMB

Item	31 December 2020	Addition	Deduction	30 June 2021
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

RMB

Item	31 December 2019	Addition	Deduction	30 June 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

39. Retained profits

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
31 December 2020	3,236,624,231.69	3,747,848,954.65
Add: Changes in accounting policies	(1,022,717,340.00)	(46,673,770.62)
Total amount of retained profits at beginning of period	2,213,906,891.69	3,701,175,184.03
Add: Net profit attributable to owners of the Company for the period	4,648,428.88	285,301,707.13
Less: Appropriation to statutory surplus reserve	-	-
Appropriation to discretionary surplus reserve	-	-
Declaration of dividends on ordinary shares	62,062,555.65	574,761,864.00
Conversion of ordinary shares' dividends into share capital	-	-
Others	-	-
Retained profits at end of period	2,156,492,764.92	3,411,715,027.16

40. Operating income and operating costs

(1) Operating income and operating costs

RMB

Item	Period from 1 January 2021 to 30 June 2021		Period from 1 January 2020 to 30 June 2020	
	Income	Cost	Income	Cost
Principal operating activities	5,262,328,859.77	3,647,854,043.59	4,089,916,515.85	3,503,292,537.63
Other operating activities	212,095.27	-	56,612.87	-
Total	5,262,540,955.04	3,647,854,043.59	4,089,973,128.72	3,503,292,537.63

(2) Information of operating income

RMB

Category	Domestic limited service hotel operation and management	Overseas limited service hotel operation and management	Food and catering business	Others	Total
Income from contacts with customers					
Rooms	1,773,599,976.32	488,847,473.56	-	-	2,262,447,449.88
Catering service	121,109,279.58	131,833,259.82	121,873,276.16	-	374,815,815.56
Sales of goods	121,850,188.20	-	-	-	121,850,188.20
Upfront franchise service	368,936,799.15	11,502,752.67	-	-	380,439,551.82
Ongoing franchise fee	1,497,429,986.82	193,048,690.05	-	-	1,690,478,676.87
Reservation channel fee	43,387,998.02	-	-	-	43,387,998.02
Membership cards	194,330,701.27	-	-	-	194,330,701.27
Others	138,920,051.73	9,001,021.62	487,239.99	212,095.27	148,620,408.61
Lease income					
Lease	46,170,164.81	-	-	-	46,170,164.81
Total	4,305,735,145.90	834,233,197.72	122,360,516.15	212,095.27	5,262,540,955.04

The Group's income is generated from the following business types:

Income from rooms: if the Group provides room services, it recognizes income from rooms during a period of time for providing relevant services based on progress of contract performance.

Income from catering service: if the Group provides catering service, it recognizes income at a point in time when the catering service is provided to the customer.

Income from upfront franchise service: it refers to income recognized when the Group provides services for the franchisee before opening of the franchised hotel. The upfront services provided by the Group include franchise consulting service, decoration design service and engineering consultant service, etc. The Group recognizes upfront franchise income based on progress of performance during the period of rendering relevant services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

40. Operating income and operating costs - continued

(2) Information of operating income - continued

Income from ongoing franchise fee and labor dispatch service: it refers to after opening of the franchise hotel, the Group grants the right of using the Group's hotel brand to the franchisee, dispatches staff to provide supporting service for hotel operation to the franchised hotel and other operating supporting services. When the Group provides above ongoing franchise and labor dispatch service, the Group recognizes ongoing franchise income based on progress of performance during the period of rendering relevant services.

Income from reservation channel service: when the Group provides reservation channel service, it recognizes the income from reservation channel service upon completion of relevant services.

Income from sales of goods: when the Group sells goods, it recognizes income at the point in time when the control over relevant goods has been transferred to customers.

Income from membership cards: when the Group sells membership cards, income from membership cards is recognized using the straight-line method during the effective period of the membership cards.

(3) Operating income by regions

Item	RMB	
	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Domestic regions of China's mainland	4,428,307,757.34	3,179,615,571.49
Including: Shanghai	662,111,141.20	465,678,874.89
Regions other than Shanghai	3,766,196,616.14	2,713,936,696.60
Overseas regions	834,233,197.70	910,357,557.23
Total	5,262,540,955.04	4,089,973,128.72

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

Item	RMB			
	Period from 1 January 2021 to 30 June 2021		Period from 1 January 2020 to 30 June 2020	
	Operating income	Operating costs	Operating income	Operating costs
Rooms	2,262,447,449.88	2,320,201,552.03	1,837,620,840.81	2,415,485,774.75
Catering service	252,942,539.40	167,330,740.68	242,134,352.64	171,557,456.75
Sales of goods	121,850,188.20	72,477,314.09	175,558,743.93	105,869,595.77
Upfront franchise service	380,439,551.82	212,737,970.72	290,310,818.11	130,025,246.80
Ongoing franchise fee	1,690,478,676.87	656,342,595.92	1,169,061,711.18	512,679,242.86
Reservation channel fee	43,387,998.02	-	35,459,510.76	-
Membership cards	194,330,701.27	46,879,558.58	103,601,210.23	15,551,545.08
Lease of properties	46,170,164.81	320,598.53	75,549,630.61	33,424,206.20
Others	147,921,073.35	66,099,259.31	56,146,173.74	24,754,129.39
Total	5,139,968,343.62	3,542,389,589.86	3,985,442,992.01	3,409,347,197.60

(5) Operating income and costs of catering business

Item	RMB			
	Period from 1 January 2021 to 30 June 2021		Period from 1 January 2020 to 30 June 2020	
	Operating income	Operating costs	Operating income	Operating costs
Chain restaurants	14,764,877.42	8,950,376.42	12,112,958.90	4,585,479.78
Groups meal	93,818,165.45	86,514,758.37	81,926,477.04	76,914,452.63
Sales of food	13,290,233.29	9,855,053.26	9,795,741.94	12,173,997.26
Others	487,239.99	144,265.68	638,345.96	271,410.36
Total	122,360,516.15	105,464,453.73	104,473,523.84	93,945,340.03

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

41. Costs and expenses classified by nature

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Cost of goods sold	180,557,335.76	267,112,204.68
Employee benefits	2,160,553,307.54	1,832,962,218.14
Including: Wages or salaries	1,695,961,732.87	1,610,538,686.31
Social insurance and housing fund	417,995,364.91	176,465,791.70
Welfare and other expenditures	46,596,209.76	45,957,740.13
Energy fees and materials consumption	208,547,380.63	189,323,683.62
Depreciation and amortization	1,212,876,381.02	645,066,809.07
Rental of operating lease	119,399,312.40	872,823,089.31
Repair and maintenance fee	150,928,966.91	154,249,012.93
Others	1,085,237,220.99	822,984,363.83
Total operating costs, selling expense, administrative expense and R&D expenses	5,118,099,905.25	4,784,521,381.58

42. Taxes and levies

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Urban maintenance and construction tax	9,597,400.42	5,280,801.30
Education surcharges	7,155,434.32	3,777,542.15
Property tax	43,630,599.10	52,565,214.88
Others	2,416,781.40	1,637,101.48
Total	62,800,215.24	63,260,659.81

43. Financial expenses

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Interest expenses	160,424,465.40	171,381,215.60
Interest expenses of lease liabilities	201,950,943.91	-
Less: Interest income	75,358,222.38	28,458,392.74
Foreign exchange difference	(981,032.76)	(6,263,847.50)
Others	11,575,282.27	13,229,730.62
Total	297,611,436.44	149,888,705.98

44. Other income

(1) Details of other income are as follows:

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020	Amount recognized in non-recurring profit or loss of the period
Government grant	239,021,325.70	360,523,123.83	239,021,325.70
Additional deduction of input tax	14,586,062.20	6,212,034.76	-
Total	253,607,387.90	366,735,158.59	239,021,325.70

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 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:

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020	Related to asset/ Related to income
Epidemic special support subsidies	209,418,029.94	302,418,621.06	Related to income
Project and industry support funds	15,127,061.29	34,144,206.90	Related to asset/income
Tax relief/refund	13,194,106.34	19,526,853.98	Related to income
Special support fund for metropolo brand innovation project	798,400.00	4,425,450.00	Related to asset
Others	483,728.13	7,991.89	Related to asset
Total	239,021,325.70	360,523,123.83	

45. Investment income

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Investment income from long-term equity investments under equity method	71,996,711.22	31,413,502.48
Dividend income from held-for-trading financial assets, investments in other equity instruments and other non-current financial assets	98,400,782.11	106,798,059.12
Investment income from disposal of subsidiaries	-	600,453,560.91
Others	116,017.50	25,185.86
Total	170,513,510.83	738,690,308.37

46. Gains (losses) from changes in fair values

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Changes in the fair value of other non-current financial assets	-	15,564,357.73
Changes in the fair value of held-for-trading financial assets	1,329,000.00	(34,554,000.00)
Changes in fair value of acquisition balance over non-controlling interest of Sarovar and Hôtels et Préférence (Note (V) 27)	(4,438,838.71)	27,043,164.11
Total	(3,109,838.71)	8,053,521.84

47. Loss (gain) from credit impairment

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Loss from bad debts of accounts receivable	742,836.44	7,753,598.35
Loss from (reversal of) bad debt of other receivables	232,269.34	149,074.66
Loss from (reversal of) impairment loss of entrusted loans	(45,155.95)	-
Total	929,949.83	7,902,673.01

48. Loss (gain) from impairment of assets

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Impairment losses for long-term prepaid expenses	-	1,742,052.04
Total	-	1,742,052.04

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

49. Gains (losses) from disposal of assets

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Gains (losses) from disposal of other non-current assets	6,088,739.99	(5,293,999.40)
Total	6,088,739.99	(5,293,999.40)

50. Non-operating income

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

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020	Amount recognized in non-recurring profit or loss of the period
Government grants	63,862.54	1,744,693.76	63,862.54
Income from claims	7,604,099.01	22,481,736.02	7,604,099.01
Payables not required to be paid	4,520,574.99	-	4,520,574.99
Income from termination of leases	8,444,023.37	-	8,444,023.37
Others	8,825,999.80	13,106,707.17	8,825,999.80
Total	29,458,559.71	37,333,136.95	29,458,559.71

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

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020	Related to asset/related to income
Local financial support subsidy	10,862.54	214,108.77	Related to income
Innovation reward	-	200,000.00	Related to income
Tax refund	-	554,557.50	Related to income
Other government grants	53,000.00	776,027.49	Related to income
Total	63,862.54	1,744,693.76	

51. Non-operating expenses

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020	Amount recognized in non-recurring profit or loss of the period
Loss on retirement of fixed assets	511,823.85	1,376,150.40	511,823.85
Donation to external entities	20,000.00	50,244.94	20,000.00
Termination loss of the project	2,523,114.50	2,221,962.60	2,523,114.50
Penalty expenses	4,335,470.38	946,064.03	4,335,470.38
Accident claim expenses	520,108.10	655,369.98	520,108.10
Expenditure on termination of leases	780,940.50	-	780,940.50
Others	5,433,375.57	14,917,969.49	5,433,375.57
Total	14,124,832.90	20,167,761.44	14,124,832.90

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

52. Income tax expenses

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Current income tax calculated according to tax laws and relevant regulations	222,783,922.13	189,024,919.23
Adjustment of annual filing of income tax in prior period	(12,825,935.50)	(4,324,939.09)
Deferred income tax	(97,936,858.41)	(278,202,282.91)
	2,106,012.96	1,805,391.07
Total	114,127,141.18	(91,696,911.70)

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

RMB

	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Total profit	225,532,975.10	208,008,021.21
Income tax expenses calculated based on tax rate of 25%	56,383,243.78	52,002,005.30
Effect of non-taxable income	(43,196,553.88)	(83,374,420.66)
Effect of non-deductible cost, expense and loss	(3,093,566.31)	2,736,937.93
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	(9,111,207.27)	(41,388,821.23)
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	136,645,829.41	19,093,543.90
Changes in opening balances of deferred tax assets/liabilities arising from adjustment of tax rate	(4,658,693.55)	(3,749,715.56)
Effect of utilizing different tax rates by subsidiaries	(8,121,988.46)	(34,045,545.59)
Effects of adjusting income tax of prior periods and others	(12,825,935.50)	(4,324,939.09)
Tax effect of CVAT (Note)	2,106,012.96	1,354,043.30
Income tax expenses	114,127,141.18	(91,696,911.70)

Note: In accordance with tax laws of France, CVAT can be presented and charged before income tax. It is presented after deduction of 25% income tax expense.

53. Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Government grant and expropriation compensation	225,891,081.90	36,447,281.49
Interest income	55,531,894.77	34,976,685.74
Collection of funds on behalf of others and others	139,639,683.01	41,773,054.46
Total	421,062,659.68	113,197,021.69

(2) Other cash payments relating to operating activities

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Rental expenses	-	803,922,980.82
Other payments in administrative expenses and selling expenses	550,299,108.40	343,572,696.55
Payment of bank charges	11,575,282.27	13,229,730.62
Others	297,545,756.86	291,545,681.05
Total	859,420,147.53	1,452,271,089.04

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

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

(3) Cash payments for investments

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Purchase of held-for-trading financial assets	-	47,674,455.26
Payment of entrusted loans	16,510,000.00	20,700,000.00
Amount paid by associates	-	574,000.00
Others	-	-
Total	16,510,000.00	68,948,455.26

(4) Cash receipts from borrowings

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Borrowings from banks	983,750,663.84	1,695,468,714.25
Borrowings from related parties	18,980,000.00	812,500,000.00
Total	1,002,730,663.84	2,507,968,714.25

(5) Cash repayments of borrowings

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Repayments of borrowings to related parties	51,040,000.00	1,580,000,000.00
Repayments of borrowings to bank	1,380,336,027.48	521,524,064.21
Total	1,431,376,027.48	2,101,524,064.21

(6) Other cash payments relating to financing activities

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Payments for acquisition of minority interests of Keystone	-	20,198,438.78
Payments of rentals	771,671,289.44	6,110,840.78
Others	-	40,847.75
Total	771,671,289.44	26,350,127.31

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

54. Supplementary information to the cash flow statements

(1) Supplementary information to the cash flow statements

RMB

Supplementary information	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	111,405,833.92	299,704,932.91
Add: Provision for credit impairment	929,949.83	7,902,673.01
Provision for asset impairment	-	1,742,052.04
Depreciation of fixed assets	252,462,315.21	284,838,071.01
Depreciation of right-of-use assets	639,282,377.52	
Amortization of intangible assets	78,164,868.67	103,139,839.94
Amortization of long-term prepaid expenses	242,966,819.62	257,088,898.12
Loss (income) on disposal of fixed assets, intangible assets and other long-term assets	(14,532,763.36)	5,293,999.40
Loss (income) on retirement of fixed assets	511,823.85	1,376,150.40
Loss (income) from changes in fair value	3,109,838.71	(8,053,521.84)
Financial expenses	362,375,409.31	171,381,215.60
Investment loss (income)	(170,513,510.83)	(738,690,308.37)
Decrease(increase) in deferred tax assets	146,966,155.05	(236,233,924.52)
Increase (decrease) in deferred tax liabilities	(264,163,413.03)	(41,968,358.39)
Decrease (increase) in inventory	5,008,330.70	18,256,876.02
Decrease (increase) in operating receivables	(410,160,654.44)	(446,881,650.62)
Increase (decrease) in operating payables	(334,013,574.75)	(1,037,983,160.99)
Net cash flows from operating activities	649,799,805.98	(1,359,086,216.28)
2. Significant investing and financing activities that do not involve cash receipts and payments		
Capital transferred from debts	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under finance lease	-	-
3. Net changes in cash and cash equivalents:		
Cash at end of period	10,723,503,851.14	4,315,674,822.84
Less: Cash at beginning of period	6,786,710,607.82	5,911,750,154.92
Add: Cash equivalents at end of period		-
Less: Cash equivalents at beginning of period		-
Net increase (decrease) in cash and cash equivalents	3,936,793,243.32	(1,596,075,332.08)

(2) Composition of cash and cash equivalents

RMB

Item	30 June 2021	31 December 2020
I. Cash	10,723,503,851.14	6,786,710,607.82
Including: Cash on hand	4,415,645.10	5,267,562.76
Bank deposits that can be readily paid on demand	10,719,088,206.04	6,781,443,045.06
Other currency fund that can be readily paid on demand	-	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	10,723,503,851.14	6,786,710,607.82

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

55. Assets with restricted ownership or right of use

RMB

Item	Closing balance of book value	Reason of restriction
Cash and bank balances(Note (V)1)	1,000,000.00	Guarantee deposit
Cash and bank balances(Note (V)1)	17,829,746.88	Frozen due to lawsuit
Cash and bank balances(Note (V)1)	3,090,674.55	Frozen because unused for a long time
Net assets of Keystone (Note (V) 29 (Note 1))	3,250,998,064.52	Pledged
Fixed assets (Note (V) 13 (2))	188,475,332.02	Mortgaged
Total	3,461,393,817.97	

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

When calculating basic earnings per share, the net profit attributable to ordinary shareholder is as follows:

RMB

	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Net profit attributable to ordinary shareholders	4,648,428.88	285,301,707.13
Including: Net profit attributable to continuous operation	4,648,428.88	285,301,707.13

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

RMB

	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Number of ordinary shares issued at beginning of the period	957,936,440.00	957,936,440.00
Add: weighted ordinary shares issued for the period	112,107,623.00	-
Number of weighted ordinary shares issued at end of the period	1,070,044,063.00	957,936,440.00

Earnings per share

RMB

	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Calculation based on net profit attributable to the Company		
Basic earnings per share	0.0046	0.2978
Diluted earnings per share (Note)	N/A	N/A
Calculated based on net profit of continuous operation attributable to the Company		
Basic earnings per share	0.0046	0.2978
Diluted earnings per share (Note)	N/A	N/A

Note: The Group holds no diluted ordinary shares.

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(VI) CHANGES IN COMBINATION SCOPE

1. Newly established subsidiary

During the reporting period, the Company established a new subsidiary, Shenzhen Jin Jiang Hotel Management Co., Ltd. ("Shenzhen Jin Jiang"), with a contribution of RMB10,000,000.00.

(VII) EQUITY IN OTHER ENTITIES

1. Interest in subsidiaries

(1) Major subsidiaries of the Group

No.	Name of subsidiaries	Place of business and registration	Nature of business	Shares (%)		Methods of acquisition
				Direct	Indirect	
1	Shanghai Jin Jiang International Catering Investment Co., Ltd. (Catering Investment)	China	Service	100.00	-	Subsidiaries set up or invested by the Group
2	Shanghai Jin Jiang International Hotels Investment Co., Ltd. (Hotels Investment)	China	Service	100.00	-	Subsidiaries acquired through a business combination involving enterprises under common control
3	Jin Jiang Inn Co., Ltd. (Jin Jiang Inn)	China	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)	China	Service	100.00	-	Subsidiaries set up or invested by the Group
5	Smartel	China	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)	China	Trade	100.00	-	Subsidiaries set up or invested by the Group
7	Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
8	New Metropolis	China	Service	100.00	-	Subsidiaries set up or invested by the Group
9	Shanghai Jinpan Hotel Co., Ltd. (Jinpan Hotel)	China	Service	100.00	-	Subsidiaries set up or invested by the Group
10	Shanghai Minhang Hotel Co., Ltd. (Minhang Hotel)	China	Service	98.25	1.75	Subsidiaries set up or invested by the Group
11	Shanghai Jin Jiang International Food & Catering Management Co., Ltd. (Jin Jiang Food) (Note 1)	China	Service	18.00	82.00	Subsidiaries set up or invested by the Group
12	Shanghai New Asia Food Sales Co., Ltd. (Note 1)	China	Production	5.00	95.00	Subsidiaries set up or invested by the Group
13	Shanghai Jin Jiang Tung Lok Catering Management Inc. ("Tung Lok Catering") (Note 1)	China	Service	-	51.00	Subsidiaries set up or invested by the Group
14	Shanghai Junzhu Catering Management Co., Ltd. (Note 1)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
15	Shanghai Jinya Catering Management Co., Ltd. ("Jinya Catering") (Note 1)	China	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
16	Shanghai Jinqi Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
17	Shanghai Jinbei Investment Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
18	Shanghai Jinzhen Investment Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
19	Shenyang Jinlu Hotel Investment Management Co., Ltd. (Note 2)	China	Service	-	55.00	Subsidiaries set up or invested by the Group
20	Xian Jinlu Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
21	Shanghai Jinzhang Hotel Investment Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
22	Jiaying Jin Hu Hotel Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
23	Zhoushan Shenjiamen Jin Jiang Inn Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
24	Tianjin Junjin Hotel Co. Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
25	Shanghai Jinpu Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
26	Nanjing Hu Jin Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
27	Kunshan Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
28	Changzhou Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
29	Xi'an Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
30	Changchun Jin Jiang Inn Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
31	Wuhan Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
32	Jinhua Jinlv Jin Jiang Inn Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
33	Shenzhen Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
34	Shenyang Wenhualu Jingkou Jin Jiang Inn Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
35	Fuzhou Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
36	Changzhou Jinning Hotels Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
37	Ma'an Shan Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
38	Hefei Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
39	Hohhot Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
40	Kunming Huijin Hotel Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
41	Changzhou Jin Jiang Inn Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
42	Xining Jinlv Inn Investment (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
43	Qingdao Jin Jiang Inn Hotel Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
44	Jingyang Express (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
45	Shenzhen Jindu Hotel Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
46	Shanghai Jinle Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interest in subsidiaries - continued

(1) Major subsidiaries of the Group - continued

No.	Name of subsidiaries	Place of business and registration	Nature of business	Shares (%)		Methods of acquisition
				Direct	Indirect	
47	Shanghai Jinhong Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
48	Wuxi Jinxi Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
49	Beijing Jin Jiang Inn Hotels Investment and Management Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
50	Shanghai Jinhai Hotel Co., Ltd. (Note 3)	China	Service	-	70.00	Subsidiaries acquired through a business combination involving enterprises under common control
51	Shanghai Jinhua Hotel Co., Ltd. (Note 3)	China	Service	-	80.00	Subsidiaries acquired through a business combination involving enterprises under common control
52	Yangzhou Jinyang Hotel Co., Ltd. (Note 3)	China	Service	-	75.00	Subsidiaries acquired through a business combination involving enterprises under common control
53	Huai'an Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
54	Shanghai Jinya Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
55	Hangzhou Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
56	Chongqing Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
57	Chengdu Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
58	Shanghai Jinming Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
59	Shanghai Jinmin Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
60	Nanchang Razulu Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
61	Nanchang West Nanjing Road Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
62	Shenyang Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
63	Jiaying Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
64	Nanning Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
65	Shanghai Lin Qing Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
66	Shanghai Jin Feng Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
67	Lhasa Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
68	Shanghai Yujin Hotels Management Co., Ltd. (Note 3)	China	Service	-	60.00	Subsidiaries acquired through a business combination involving enterprises under common control
69	City Inn (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
70	Lushan Jin Jiang International Hotel Investment Co., Ltd. (Note 2)	China	Service	-	60.00	Subsidiaries set up or invested by the Group
71	Yili Jinlu Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
72	Shanghai Jinxian Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
73	Hangzhou Jinshe Inn Hotels Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
74	Tianjin Jintai Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
75	Shanghai Jin Jiang Brand Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
76	Shanghai Jin Jiang Shares (Hong Kong) Ltd. (Note 4)	Hong Kong	Investment	-	100.00	Subsidiaries set up or invested by the Group
77	Sailing Investment (Note 4)	Luxembourg	Investment	-	100.00	Subsidiaries set up or invested by the Group
78	GDL (Note 4)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
79	Louvre Hôtels Group (Note 4 and 5)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
80	Keystone (Note 6)	China	Service	96.50175	-	Subsidiaries acquired through a business combination not involving enterprises under common control
81	7 Days Hotel (Shenzhen) Co., Ltd. (Note 7)	China	Service	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
82	7 Days Four Seasons (Guangzhou) Co., Ltd. (Note 7)	China	Service	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
83	Plateno Investment Limited (Note 7)	Cayman Islands	Investment	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
84	Plateno Group Limited (Note 7)	Cayman Islands	Investment	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
85	7 Days Group Holdings Limited (Note 7)	Cayman Islands	Investment	-	96.50175	Subsidiaries acquired through a business combination not involving enterprises under common control
86	Vicenna (Note 8)	China	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
87	Longevity Village (Note 9)	China	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
88	Shenzhen Jin Jiang	China	Service	100.00	-	Subsidiaries set up or invested by the Group

Note 1: Subsidiaries of Catering Investment.

Note 2: Subsidiaries of Hotel Investment.

Note 3: Subsidiaries of Jin Jiang Inn.

Note 4: Subsidiaries of Jinlu Investment.

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interest in subsidiaries - continued

(1) Major subsidiaries of the Group - continued

Note 5: Louvre Hôtels Group has 330 subsidiaries, including 289 wholly-owned subsidiaries: 247 registered in France, 14 in Poland, 14 in Netherlands, 12 in Britain, 11 in Germany, 8 in Spain, and the rest 23 in other countries.

Note 6: Keystone has 105 subsidiaries, including 71 wholly-owned subsidiaries: 70 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: Longevity Village has 2 subsidiaries in total, both of which are wholly-owned subsidiaries.

(2) Important but not wholly-owned subsidiaries

RMB

Name of subsidiaries	Minority shareholding (%)	Gain or loss attributable to minority shareholders in the current period	Declaration of dividends to minority shareholders in the current period	Closing balance of minority interest
Keystone	3.49825	65,267,953.50	21,973,223.03	333,955,926.19
Vienna	20.00	51,021,467.69	-	141,606,888.52
Longevity Village	20.00	499,567.03	-	3,855,523.71

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**(VII) EQUITY IN OTHER ENTITIES - continued****1. Interest in subsidiaries - continued****(3) Key financial information of important but not wholly-owned subsidiaries**

RMB

Name of subsidiaries	30 June 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
Keystone	3,266,243,868.62	5,123,547,762.96	8,389,791,631.58	2,198,546,671.75	1,978,012,476.65	4,176,559,148.40	3,559,161,657.17	3,606,466,024.38	7,165,627,681.55	2,145,391,046.48	602,578,404.57	2,747,969,451.05
Vienna	1,763,045,160.66	2,578,323,848.25	4,341,369,008.91	1,493,475,257.48	2,139,859,308.81	3,633,334,566.29	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
Longevity Village	69,018,063.15	45,216,305.78	114,234,368.93	74,044,350.96	20,912,399.40	94,956,750.36	61,876,648.10	27,576,610.97	89,453,259.07	71,042,188.03	-	71,042,188.03

RMB

Name of subsidiaries	Period from 1 January 2021 to 30 June 2021				Period from 1 January 2020 to 30 June 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
Keystone	1,561,211,603.50	244,474,818.99	244,556,185.74	212,024,964.24	1,041,342,015.53	24,624,184.18	51,329,582.78	(595,291,135.28)
Vienna	1,567,564,011.48	255,107,338.43	255,107,338.43	262,390,157.20	1,111,724,175.42	11,893,918.66	11,893,918.66	(323,522,701.47)
Longevity Village	124,680,931.44	2,497,835.17	2,497,835.17	7,469,908.18	89,223,645.65	(8,090,931.81)	(8,090,931.81)	(23,438,343.80)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**(VII) EQUITY IN OTHER ENTITIES - continued****2. Interest in associates**

(1) Financial information summary of unimportant associates

	RMB	
	30 June 2021 /Period from 1 January 2021 to 30 June 2021	30 June 2020 /Period from 1 January 2020 to 30 June 2020
Joint ventures		
Total book value of investments	720,543.65	-
Total amount of the following items based on shareholding ratio		
-- Net profit (loss)	62,238.02	-
-- Total comprehensive income (loss)	62,238.02	-
Associates		
Total book value of investments	609,038,079.03	598,860,069.56
Total amount of the following items based on shareholding ratio		
-- Net profit	71,863,417.27	31,413,502.48
-- Other comprehensive income (loss)	50,764.09	-
-- Total comprehensive income (loss)	71,914,181.36	31,413,502.48

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, accounts receivable, investments in other equity instruments, other non-current financial assets, accounts payable, borrowings and lease liabilities, 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 monitored at a certain level.

	RMB	
	30 June 2021	31 December 2020
Financial assets		
Measured at fair value through profit or loss		
Held-for-trading financial assets	255,198,433.67	254,237,956.80
Other non-current financial assets	452,100,000.00	452,100,000.00
Measured at fair value through other comprehensive income		
Investments in other equity instruments	45,606,873.13	47,175,565.45
Measured at amortized cost		
Cash and bank balances	10,745,424,272.57	6,793,091,362.79
Accounts receivable	1,271,869,843.29	1,076,310,781.42
Other receivables	935,237,871.68	581,823,083.39
Other current assets	-	-
Other non-current assets	87,197,748.81	73,164,652.53
Financial liabilities		
Measured at fair value through profit or loss		
Non-current liabilities due within one year	36,626,425.51	33,116,083.04
Long-term payables	6,129,160.35	6,576,026.22
Measured at amortized cost		
Short-term borrowings	785,740,186.51	1,016,085,319.50
Accounts payable	929,830,689.68	1,787,371,141.16
Other payables	1,774,276,392.21	1,783,950,729.13
Non-current liabilities due within one year	7,583,148,665.12	861,942,279.86
Long-term borrowings	8,684,429,249.10	14,540,076,203.12
Lease liabilities	9,086,291,624.04	
Long-term payables	-	145,596,312.19

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period or shareholders' 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 changes in the fair value or future cash flow that occur because of changes in foreign exchange rates. As the Company and its subsidiaries in Mainland China mainly operate 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 30 June 2021, the Company and its domestic subsidiaries' exposure to the foreign currency risk is primarily associated with certain cash and bank balances in USD. The Company and its subsidiaries in Mainland China closely monitor the influence on the Group's currency risks incurred by fluctuations in foreign exchange rate. Due to the limited transactions denominated in foreign currencies, the Company and its subsidiaries in Mainland China believe that the current foreign currency risk has no significant impact on their business operation.

GDL, the Group's subsidiary out of Mainland China, mainly operates in Europe with Euro as the settlement currency for its principal operating activities, and Euro is the unit for most transactions, assets and liabilities. As at 30 June 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 on the Group incurred by fluctuations in foreign exchange rate. Due to the limited transactions denominated in foreign currencies, 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 to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The Group's risk of changes in cash flow of financial instruments caused by changes in interest rates is mainly associated with floating-rate borrowings and finance lease payments. The Group's policy is to maintain floating interest rates for these borrowings and payables to eliminate the risk of changes in the fair value of interest rates.

Sensitivity analysis on interest rate risk

The sensitivity analysis on interest rate risk is based on the impact of changes in the market interest rate on the interest income or expense of the 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 effect on the profit or loss and owners' equity for the period from 1 January 2021 to 30 June 2021 and the period from 1 January 2020 to 30 June 2020:

Changes in interest rate	30 June 2021/Period from 1 January 2021 to 30 June 2021		30 June 2020/Period from 1 January 2020 to 30 June 2020	
	Effect on after-tax profit	Effect on shareholders' equity	Effect on after-tax profit	Effect on shareholders' equity
25% increase	(9,240)	(6,768)	(8,426)	(6,138)
25% decrease	9,240	6,768	8,426	6,138

RMB'000

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies - continued**1.1 Market risk - continued1.1.3. Other price risk

Other price risks refer to market risks other than exchange risk and interest rate risk. The major other price risks faced by the Group include held-for-trading financial assets and other non-current financial assets. The Group adopts a combination of multiple equity securities to reduce the price risk of equity instrument investment.

Sensitivity analysis on other price risk

The Group faces price risk due to holding financial assets measured at fair value. At 30 June 2021, where other variables are held constant, based on possible reasonable changes in the value of securities, a 10% increase (decrease) in the price of relevant equity instruments will result in an increase (decrease) in the total profit of the Group by RMB25,519,843.37, which will lead to an increase (decrease) in the Group's shareholders' equity by RMB20,128,420.03.

Since the fair value of certain financial instruments is determined in accordance with a general pricing model based on the discounted future cash flow method or other valuation techniques, and the valuation technique itself is based on certain valuation assumptions, the valuation results are highly sensitive to the valuation assumptions. The possible effects of changing valuation assumptions are as follows:

Changes in interest rate	RMB'000	
	30 June 2021/ Period from 1 January 2021 to 30 June 2021	
	Effect on total profit	Effect on shareholders' equity
Discount rate increases 1%	(12,200)	(9,150)
Discount rate decreases 1%	12,500	9,375

1.2 Credit risk

As at 30 June 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 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. As at balance sheet date, the book value of the Group's financial assets has represented its maximum credit risk exposure.

In order to minimize the credit risk, the Group controls the credit limits, performs credit approvals and other monitoring procedures (including cash flow that controls franchised hotels within mainland 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. Therefore, the management of the Group believes that the credit risk assumed by the Group has been greatly reduced.

The credit risk on liquid funds is limited because they are deposited with banks and financial companies with high credit ratings.

The Group's risk exposure is distributed to multiple contracting parties and multiple customers, therefore, the Group does not have significant credit concentration risks.

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 borrowings and ensures compliance with loan covenants.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 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:

	RMB			
	Less than 1 year	1 - 5 years	More than 5 years	Total
Short-term borrowings	799,214,836.51			799,214,836.51
Accounts payable	929,830,689.68			929,830,689.68
Dividends payable	130,142,682.55			130,142,682.55
Other payables	1,618,489,874.57			1,618,489,874.57
Long-term borrowings and non-current liabilities due within one year	6,264,528,955.14	8,862,091,724.04		15,126,620,679.18
Lease liabilities and non-current liabilities due within one year	1,543,590,992.20	6,525,956,998.20	4,025,198,870.20	12,094,746,860.60
Long-term payables and non-current liabilities due within one year	36,626,425.51	12,928,372.87		49,554,798.38

Above table is prepared based on un-discounted cash flow of the Group's financial liabilities on the possible earliest repayment day, with considering the cash flows of the principal and interest. If the interest flow is based on the floating interest rate, the undiscounted amount shall arise from the interest rate at the end of the financial reporting, and the contract will expire at the earliest demanded repayment day.

2. Financial asset transfer

The Group has no financial assets that have been transferred but not fully derecognized during the year. During the year, the Group has no financial assets transferred that have been fully derecognized but the transferor continued to be involved in.

(IX) DISCLOSURE OF FAIR VALUE**1. Closing fair value of assets and liabilities measured at fair value**

	RMB			
	Fair value on 30 June 2021			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
Continuous fair value measurement				
Held-for-trading financial assets	255,198,433.67	-	-	255,198,433.67
Other non-current financial assets	-	-	452,100,000.00	452,100,000.00
Other equity investments	13,180,500.00	-	32,426,373.13	45,606,873.13
Total assets continuously measured at fair value	268,378,933.67	-	484,526,373.13	752,905,306.80
Long-term payables	-	-	6,129,160.35	6,129,160.35
Non-current liabilities due within one year	-	-	36,626,425.51	36,626,425.51
Total liabilities continuously measured at fair value	-	-	42,755,585.86	42,755,585.86

2. Determination basis of market price for items measured continuously at Level 1 fair value

At the end of this reporting period, fair value was determined with reference to the open market quotation on 30 June 2021.

(IX) DISCLOSURE OF FAIR VALUE - continued**3. Key items measured continuously at Level 2 fair value, valuation techniques, quantitative and qualitative information of key parameters**

	Fair value on 30 June 2021	Valuation techniques	Input	Weighted average value
Long-term payables - Hôtels et Préférence	6,129,160.35	Discounted cash flow analysis	Discount rate	3.9%
Non-current liabilities due within one year - Sarovar	36,626,425.51	Discounted cash flow analysis	Discount rate	10%
Other non-current financial assets - Hangzhou Kentucky Fried Chicken Co., Ltd.	276,000,000.00	Discounted cash flow analysis	Discount rate	11.23%
			Income increase rate	2.9%
Other non-current financial assets - Suzhou Kentucky Fried Chicken Co., Ltd.	117,900,000.00	Discounted cash flow analysis	Discount rate	11.23%
			Income increase rate	2.9%
Other non-current financial assets - Wuxi Kentucky Fried Chicken Co., Ltd.	58,200,000.00	Discounted cash flow analysis	Discount rate	11.23%
			Income increase rate	2.9%
Equity investment of GDL	25,041,117.32	Discounted cash flow analysis	Discount rate	11%

RMB

4. Fair value information of financial assets and financial liabilities which are not measured by fair value

For the Group's current assets and current liabilities that are not measured at fair value, the carrying amount of financial assets and the financial liabilities approximate the fair value.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**1. Basic information of the holding company**

Name of parent company	Registered address	Nature of business	Registered capital	Shareholding ratio of the parent company (%)	Voting rights of the parent company (%)
Jin Jiang Capital	Room 316-318, No.24 Yangxin East Road, Pudong New Area, Shanghai, PRC	Hotel investment, hotel management and others	RMB 556,600	45.05	45.05
Description of the parent company					
Jin Jiang Capital is a limited liability company restructured from Shanghai New Asia Group Co., Ltd. on 6 June 1995 in PRC. It is mainly engaged in hotels and food etc. On 15 December 2006, Jin Jiang Capital (Stock code: 02006) was approved to be listed on The Stock Exchange of Hong Kong Limited. Its parent company and ultimate holding company is Jin Jiang International.					

The ultimate controlling party of the Company is Jin Jiang International.

2. Basic information of subsidiaries

The basic information and other related information of the subsidiaries is set out in Note (VII) 1.

3. Basic information of joint ventures and associates

The Group has no joint ventures. The basic information and other related information of associates is set out in Note (VII) 2.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Shanghai Jin Jiang Capital Co., Ltd. New 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	The same parent company
Shanghai Jin Jiang International Hotel Co., Ltd.	The same parent company
Shanghai Longbo Hotel Co., Ltd.	The same parent company
Shanghai Jin Jiang Jinmen Hotel Co., Ltd.	The same parent company
Shanghai Hongqiao Hotel Co., Ltd.	The same parent company
Shanghai Hotel Co., Ltd.	The same parent company
Jinshajiang Hotel Co., Ltd.	The same parent company
Shanghai Peace Hotel Co., Ltd.	The same parent company
Wuhan Jin Jiang Hotel Co., Ltd.	The same parent company
Marvel Hotel	The same parent company
Shanghai Hailun Hotel Co., Ltd.	The same parent company
Shanghai Jianguo Hotel Co., Ltd.	The same parent company
Shanghai MAGNOTEL Hotel Co., Ltd.	The same parent company
Shanghai New Asia Plaza Great Wall Hotel Co., Ltd.	The same parent company
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	The same parent company
Jin Jiang International Hotel Management Co., Ltd.	The same parent company
Shanghai South Hua Ting Guest House Co., Ltd.	The same parent company
Shanghai Jinjiang Online Network Service Co., Ltd. Xin Jin Jiang Hotel	The same parent company
Shanghai Jing An Hotel Co., Ltd.	The same parent company
Jing'an Bakery	The same parent company, associate
Les Roches Jin Jiang International Hotel Management College	Associate of the parent company
Ningbo Jinbo Hotel Co., Ltd.	The same parent company
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	The same parent company, associate
Tianjin Hu Jin Hotel Investment Co., Ltd.	The same parent company, associate
Tianjin He Dongqu Jin Jiang Inn Co., Ltd.	The same parent company
Tianjin Jin Jiang Inn Co., Ltd.	The same parent company, associate
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	The same parent company, associate
Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.	The same parent company, associate
Changchun Jinlv Investment and Management Co., Ltd.	The same parent company, associate
Shanghai Xintiantian Cryogenic Logistics Co., Ltd.	The same parent company
Kunming Jinjiang Hotel Co., Ltd.	The same parent company
Shanghai Jinjiang Online Network Service Co., Ltd.	The same parent company
Finance Company	The same parent company

(Jin Jiang Capital and the above companies are hereinafter referred to as "Jin Jiang Capital and its subsidiaries")

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties - continued

<u>Name of related party</u>	<u>Relationship with the Group</u>
Shanghai Longshen Business Service Co., Ltd.	Subsidiary of the same ultimate holding company
Jiaozhou Resort Hotel of Shanghai Food Group	Subsidiary of the same ultimate holding company
Shanghai Jin Jiang Amusement Park	Subsidiary of the same ultimate holding company
Shanghai Jin Jiang Property Management Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai Jinjiang International Real Estate Co., Ltd.	Subsidiary of the same ultimate holding company
Hong Kong Jin Jiang Travel Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai East Jin Jiang Hotel Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai Meat Company	Subsidiary of the same ultimate holding company
Shanghai Jin Jiang International Investment Management Co., Ltd.	Subsidiary of the same ultimate holding company
Jin Jiang International Business Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai South Hua Ting Guest House Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai Hunan Egg Products Company	Subsidiary of the same ultimate holding company
Pictet Huitong Network Technology (Shanghai) Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai WeHotel Space Management Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai Jinjiang Supermarket Co., Ltd.	Subsidiary of the same ultimate holding company
Master Melon Capital	Subsidiary of the same ultimate holding company
Da Hua Hotel	Subsidiary of the same ultimate holding company, associate
Xi'an Jin Jiang Inn Co., Ltd.	Subsidiary of the same ultimate holding company
Zhengzhou Jin Jiang Inn Co., Ltd.	Subsidiary of the same ultimate holding company
Radisson Hotels Asia Pacific Investments Pte Ltd.	Subsidiary of the same ultimate holding company
Jin Jiang International (Group) Co., Ltd.	
Restaurant in Lian Yi Building	Subsidiary of the same ultimate holding company
Jin Jiang International (Group) Co., Ltd. Shanghai Lian Yi Building	Subsidiary of the same ultimate holding company
The Kunlun Jing An Hotel	Subsidiary of the same ultimate holding company
Beijing Kunlun Hotel Management Co., Ltd.	Subsidiary of the same ultimate holding company
Shanghai Guanglv Enterprise Management Co., Ltd.	Associate of the ultimate holding company

(Jin Jiang International and the above companies are hereinafter referred to as "Jin Jiang International and its subsidiaries")

Shanghai Jin Jiang Liancai Supply Chain Co., Ltd. Associate

(The above company is hereinafter referred to as "Associate of the Company")

Shanghai Xinjin Hotel Management Co., Ltd. Associate

(The above company is hereinafter referred to as "Associate of Hotel Investment")

Shanghai Yoshinoya Co., Ltd. Associate

(The above company is hereinafter referred to as "Associate of Catering Investment")

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****4. Other related parties - continued**

<u>Name of related party</u>	<u>Relationship with the Group</u>
GOLDEN TULIP MENA	Associate
GOLDEN TULIP SOUTHERN ASIA LTD	Associate
SNC LISIEUX	Associate

(The above companies are hereinafter referred to as "Associates of GDL")

Ganzi Shengdi Xiang Ba La Tourism Investment Co., Ltd.	Associate
Guangzhou Muximei Internet Service Co., Ltd.	Associate
Guangzhou Yaji Hotel Management Co., Ltd.	Associate
Shenzhen Quwow Apartment Management Co., Ltd.	Associate

(The above companies are hereinafter referred to as "Associates of Keystone")**5. Related party transactions****(1) Purchases or sales of goods, rendering or receipt of services**

Table of purchases of goods / receipt of services:

		RMB	
Related party	Transaction type	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
1. Purchases of goods			
Jin Jiang International and its subsidiaries	Purchase of membership packages	15,273,543.47	4,347,020.40
Jin Jiang Capital and its subsidiaries	Purchases of hotel commodities and food	863,352.89	536,797.70
Jin Jiang International and its subsidiaries	Purchases of hotel commodities and food	-	19,200.00
	Subtotal	16,136,896.36	4,903,018.10
2. Receipt of services			
Jin Jiang International and its subsidiaries	Room booking service fees	9,122,599.41	12,021,192.71
Jin Jiang Capital and its subsidiaries	Payment of remuneration and social insurance premium of qualified support personnel	33,759,025.05	20,998,199.23
	Subtotal	42,881,624.46	33,019,391.94
3. Others			
Jin Jiang International and its subsidiaries	Share of brand management fee	422,867.94	729,056.62
	Subtotal	422,867.94	729,056.62

Table of sales of goods / rendering of services:

		RMB	
Related party	Transaction type	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
1. Service fees of room charge accounting (Note)			
Jin Jiang International and its subsidiaries	Service fees of room charge accounting	10,954,325.89	5,590,740.60
	Subtotal	10,954,325.89	5,590,740.60
2. Membership package design and promotion (Note)			
Jin Jiang International and its subsidiaries	Membership package design and promotion	43,752,103.14	11,325,652.62
	Subtotal	43,752,103.14	11,325,652.62
3. Income from cooperation of goods supply chain			
Jin Jiang Capital and its subsidiaries	Income from cooperation of goods supply chain	42,999,954.15	2,459,653.87
	Subtotal	42,999,954.15	2,459,653.87

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Purchases or sales of goods, rendering or receipt of services - continued

Table of sales of goods / rendering of services:- continued

RMB

Related party	Transaction type	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
4. Income from sales of goods and food			
Jin Jiang Capital and its subsidiaries	Sales of food	2,165,973.66	1,493,409.74
Jin Jiang International and its subsidiaries	Sales of food	525,486.31	238,577.67
	Subtotal	2,691,459.97	1,731,987.41
5. Income from group meal service			
Jin Jiang Capital and its subsidiaries	Income from group meal service	2,264,150.94	2,102,992.45
Jin Jiang International and its subsidiaries	Income from group meal service	1,109,433.96	1,109,433.96
	Subtotal	3,373,584.90	3,212,426.41

(2) Related leases

The Group as a lessor:

RMB

Name of lessee	Asset for lease	Rental income recognized in the current period	Rental income recognized in the prior period
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Office area	488,761.25	213,709.80
Associates of Keystone	Office area	505,664.83	-
Les Roches Jin Jiang International Hotel Management College	Office area	-	123,576.48
Subtotal		994,426.08	337,286.28

The Group as a lessee:

RMB

Name of lessor	Asset for lease	Rental fee recognized in the current period	Rental fee recognized in the prior period
Jin Jiang International and its subsidiaries	Office area and operating area	2,679,710.73	4,114,631.34
Jin Jiang Capital	Operating area	13,122,089.30	14,354,285.71
Marvel Hotel	Operating area	5,863,293.52	4,741,599.26
Jinshajiang Hotel Co., Ltd.	Operating area	8,996,584.08	9,035,696.88
Shanghai MAGNOTEL Hotel Co., Ltd. (Note)	Operating area	4,733,699.35	4,229,649.60
Shanghai South Hua Ting Guest House Co., Ltd. (Note)	Operating area	4,525,621.39	4,070,080.86
Shanghai Hunan Egg Products Company	Operating area	5,844,805.31	5,227,201.86
Shanghai Jing An Hotel Co., Ltd.	Operating area	2,343,863.98	2,234,329.98
Shanghai Jinjiang Supermarket Co., Ltd.	Operating area	2,483,731.34	2,217,710.82
Shanghai Jin Jiang Amusement Park	Operating area	1,849,003.23	1,985,013.54
Shanghai Jin Jiang Hotel Co., Ltd.	Restaurant and staff building	-	1,386,565.71
Shanghai Jinjiang International Real Estate Co., Ltd.	Operating area and office area	4,597,596.12	5,290,763.06
Shanghai Jinjiang Online Network Service Co., Ltd.	Operating area	3,844,730.23	3,816,441.48
Shanghai Jin Jiang Property Management Co., Ltd.	Office area and Haining retail store	213,813.60	288,807.90
Subtotal		61,098,542.18	62,992,778.00

(3) Guarantees

The Group as the guaranteed party:

RMB

Guarantor	Guaranteed party	Guaranteed amount	Starting date	Expiring date	Whether the guarantee has been performed
Jin Jiang International	Sailing Investment	2,059,901,600.00	17 November 2017	29 April 2022	No
Jin Jiang International	Sailing Investment	2,559,504,600.00	17 November 2017	16 November 2022	No

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Borrowed from / Lent to related parties

RMB

Related party	Amount	Starting date	Expiring date	Remarks
Borrowed from:				
Finance Company	6,000,000.00	11 November 2020	11 November 2021	Credit borrowing
Finance Company	4,500,000.00	6 July 2020	5 July 2021	Credit borrowing
Finance Company	6,000,000.00	20 April 2020	9 April 2021	Credit borrowing
Finance Company	6,000,000.00	7 April 2021	6 April 2022	Credit borrowing
Finance Company	5,000,000.00	10 August 2020	9 February 2021	Credit borrowing
Finance Company	7,935,000.00	26 December 2019	25 December 2022	Credit borrowing
Finance Company	7,935,000.00	29 September 2020	28 September 2023	Credit borrowing
Finance Company	11,565,000.00	3 November 2020	2 November 2023	Credit borrowing
Finance Company	6,985,000.00	11 May 2018	10 May 2021	Credit borrowing
Finance Company	1,000,000.00	1 June 2018	10 May 2021	Credit borrowing
Finance Company	1,000,000.00	14 June 2018	10 May 2021	Credit borrowing
Finance Company	1,000,000.00	28 June 2018	10 May 2021	Credit borrowing
Finance Company	3,000,000.00	8 March 2021	1 March 2024	Credit borrowing
Finance Company	5,000,000.00	7 May 2021	6 May 2024	Credit borrowing
Finance Company	4,980,000.00	8 May 2021	7 May 2024	Credit borrowing
Finance Company	4,920,000.00	12 October 2016	9 October 2022	Credit borrowing
Finance Company	2,970,000.00	9 January 2020	8 January 2023	Credit borrowing
Finance Company	110,000,000.00	17 November 2020	16 November 2023	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 June 2021	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 December 2021	Credit borrowing
Finance Company	200,000,000.00	12 June 2020	21 April 2022	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 June 2021	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	20 December 2021	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	20 June 2022	Credit borrowing
Finance Company	50,000,000.00	12 June 2020	5 December 2022	Credit borrowing
Finance Company	500,000,000.00	14 August 2020	5 December 2022	Credit borrowing
Finance Company	10,000,000.00	18 September 2020	15 June 2021	Credit borrowing
Finance Company	10,000,000.00	18 September 2020	15 December 2021	Credit borrowing
Finance Company	10,000,000.00	18 September 2020	15 June 2022	Credit borrowing
Finance Company	10,000,000.00	18 September 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	18 September 2020	15 June 2023	Credit borrowing
Finance Company	550,000,000.00	18 September 2020	27 September 2023	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2021	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2023	Credit borrowing
Finance Company	457,000,000.00	4 November 2020	3 November 2023	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2021	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2023	Credit borrowing
Finance Company	390,000,000.00	4 November 2020	3 November 2023	Credit borrowing
Finance Company	160,000,000.00	17 November 2020	3 November 2023	Credit borrowing
MasterMelonCapital	1,921,550,000.00	15 May 2017	10 May 2022	Credit borrowing
Subtotal	4,604,340,000.00			

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Borrowed from / Lent to related parties - continued

RMB

Related party	Amount	Starting date	Expiring date	Remarks
Lent to:				
Xinjin Hotel Management	1,200,000.00	30 November 2020	10 November 2022	Entrusted loan
Shanghai Yoshinoya	3,425,200.00	29 July 2019	28 July 2022	Entrusted loan
Da Hua Hotel	11,700,000.00	29 June 2020	28 June 2023	Entrusted loan
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	9,000,000.00	30 June 2020	29 June 2023	Entrusted loan
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	12,100,000.00	1 June 2021	31 May 2024	Entrusted loan
Changchun Jinlv Investment and Management Co., Ltd.	4,410,000.00	1 June 2021	31 May 2024	Entrusted loan
Subtotal	41,835,200.00			

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

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Interest expenses	45,151,050.32	17,733,918.79
Interest income	27,925,211.20	19,189,511.26
Investment income	182,159.62	24,914.63

The Group deposits part of settlement funds and idle funds into Finance Company, and the closing balance and transaction amount of the current period are listed as below:

RMB

Finance Company	30 June 2021	31 December 2020
Closing balance of the deposit	3,978,025,246.50	3,862,535,958.23

RMB

Finance Company	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Accumulative amount of deposits at Finance Company	10,317,246,719.30	9,393,233,093.92
Accumulative amount of deposits withdrawn from Finance Company	10,201,757,431.03	10,142,516,155.51

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties

(1) Accounts receivable

RMB

Items	Related parties	30 June 2021		31 December 2020	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jin Jiang Capital and its subsidiaries	94,842,372.58	-	48,898,067.07	-
Accounts receivable	Jin Jiang International and its subsidiaries	191,175,055.93	-	110,208,163.83	-
Accounts receivable	Associates of Keystone	492,687.07	-	280,936.01	-
Subtotal		286,510,115.58	-	159,387,166.91	-
Other receivables	Jin Jiang Capital and its subsidiaries	10,151,851.58	-	24,085,807.25	-
Other receivables	Jin Jiang International and its subsidiaries	129,023,571.85	-	12,806,231.97	-
Other receivables	ASSOCIATES OF GDL	7,809,179.20	7,494,045.00	8,016,975.00	7,824,375.00
Other receivables	Associates of Keystone	72,786.85	-	72,786.85	-
Other receivables	Shanghai Guanglv Enterprise Management Co., Ltd.	11,013,455.88	-	-	-
Subtotal		158,070,845.36	7,494,045.00	44,981,801.07	7,824,375.00
Advances to suppliers	Jin Jiang Capital and its subsidiaries	46,980.00	-	19,680.00	-
Advances to suppliers	Jin Jiang International and its subsidiaries	155,406.00	-	1,068,639.89	-
Subtotal		202,386.00	-	1,088,319.89	-
Interest receivable	Jin Jiang Capital and its subsidiaries	8,377,233.61	-	3,161,507.00	-
Interest receivable	Jin Jiang International and its subsidiaries	3,737.50	-	4,111.25	-
Interest receivable	Associates of Hotel Investment	2,020.00	-	1,595.00	-
Subtotal		8,382,991.11	-	3,167,213.25	-
Other current assets	Associates of Keystone	3,500,000.00	3,500,000.00	5,543,803.80	5,543,803.80
Subtotal		3,500,000.00	3,500,000.00	5,543,803.80	5,543,803.80
Other non-current assets	Associates of Catering Investment	3,425,200.00	-	3,425,200.00	-
Other non-current assets	Jin Jiang International and its subsidiaries	11,700,000.00	-	11,700,000.00	-
Other non-current assets	Jin Jiang Capital and its subsidiaries	25,510,000.00	-	9,000,000.00	-
Other non-current assets	Associates of Hotel Investment	1,200,000.00	-	1,200,000.00	-
Subtotal		41,835,200.00	-	25,325,200.00	-

(2) Accounts payable

RMB

Items	Related parties	30 June 2021		31 December 2020	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts payable	Jin Jiang Capital and its subsidiaries	3,308,983.02	-	776,946.90	-
Accounts payable	Jin Jiang International and its subsidiaries	7,187,947.32	-	21,584,728.12	-
Accounts payable	Associates of Keystone	140.00	-	475,034.42	-
Subtotal		10,497,070.34	-	22,836,709.44	-
Other payables	Jin Jiang Capital and its subsidiaries	118,595,307.83	-	63,819,372.84	-
Other payables	Jin Jiang International and its subsidiaries	51,826,385.57	-	13,641,802.01	-
Other payables	Shanghai Guanglv Enterprise Management Co., Ltd.	4,107,053.98	-	-	-
Other payables	Associates of Keystone	411,017.52	-	-	-
Subtotal		174,939,764.90	-	77,461,174.85	-
Interest payable	Jin Jiang Capital and its subsidiaries	2,400,701.40	-	2,750,822.78	-
Interest payable	Associate of Hotel Investment	3,300.00	-	1,650.00	-
Subtotal		2,404,001.40	-	2,752,472.78	-
Lease liabilities	Jin Jiang International and its subsidiaries	289,321,460.24	-	-	-
Lease liabilities	Jin Jiang Capital and its subsidiaries	384,651,183.28	-	-	-
Subtotal		673,972,643.52	-	-	-
Other non-current liabilities due within one year	Jin Jiang International and its subsidiaries	23,680,847.87	-	-	-
Other non-current liabilities due within one year	Jin Jiang Capital and its subsidiaries	49,988,763.62	-	-	-
Subtotal		73,669,611.49	-	-	-

(XI) COMMITMENTS AND CONTINGENCIES**1. Significant commitments**

(1) Capital commitments

	RMB'000	
	30 June 2021	31 December 2020
Capital commitments that have been entered into but have not been recognized in the financial statements:		
- Commitment for acquisition and construction of long-term assets	87,257	38,433
Total	87,257	38,433

(2) Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

	RMB'000	
	30 June 2021	31 December 2020
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	32,651	1,832,899
2nd year subsequent to the balance sheet date	1,486	1,702,555
Subsequent years	1,853	10,634,939
Total	35,990	14,170,393

2. Fulfillment of prior commitments

During the reporting period, the prior commitments of the Group have been fully achieved.

3. Contingencies

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

(XII) EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

None

(XIII) OTHER SIGNIFICANT MATTERS**1. Segment Information**

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 4 reporting segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. The Group has determined 4 reporting segments on the basis of operating segments, including management and operation business of limited-service hotels in China, management and operation business of limited-service hotels outside China, food and catering business and other business. The major products and services provided by the reporting segments are hotel services in China, hotel services outside China, catering services and other businesses respectively.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

The inter-segment transfer price is determined by reference to the market price, and the expenses indirectly attributed to each segment are distributed among the segments according to the income ratio.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments

Segment information for the period from 1 January 2021 to 30 June 2021 is set below:

RMB

	Operation and management of limited-service hotels in China	Operation and management of limited-service hotels outside China	Food and catering business	Others	Inter-segment eliminations	Total
Operating income						
Revenue arising from external transactions	4,305,735,145.92	834,233,197.70	122,360,516.15	212,095.27	-	5,262,540,955.04
Revenue arising from inter-segment transactions	372,439.95	9,592,948.26	-	1,296,403.19	(11,261,791.40)	-
Total operating income	4,306,107,585.87	843,826,145.96	122,360,516.15	1,508,498.46	(11,261,791.40)	5,262,540,955.04
Operating cost						
Cost arising from external transactions	2,684,436,758.28	787,229,517.59	105,464,453.73	-	-	3,577,130,729.60
Cost arising from inter-segment transactions	10,050,091.14	-	-	-	(10,050,091.14)	-
Total operating cost of segments	2,694,486,849.42	787,229,517.59	105,464,453.73	-	(10,050,091.14)	3,577,130,729.60
Less: Taxes and levies	26,143,277.33	34,509,852.17	333,309.96	1,813,775.78	-	62,800,215.24
Selling expenses	199,782,392.16	139,424,978.97	5,907,375.27	-	(158,730.15)	344,956,016.25
Administrative expenses	684,663,431.85	392,851,379.91	8,992,929.64	17,040,956.44	(1,052,970.11)	1,102,495,727.73
Research and development expenses	12,242,916.63	-	-	-	-	12,242,916.63
Financial expenses	128,284,971.11	110,953,843.91	1,150,171.99	57,222,449.43	-	297,611,436.44
Credit impairment losses	3,670,868.32	(2,740,918.49)	-	-	-	929,949.83
Add: Profits or losses arising from changes in fair value	-	(4,438,838.71)	-	1,329,000.00	-	(3,109,838.71)
Investment income	(5,217,146.41)	1,379,267.26	174,655,668.70	(304,278.72)	-	170,513,510.83
Income (loss) from disposal of assets	6,721,537.65	(655,889.71)	(124,770.25)	147,862.30	-	6,088,739.99
Other income	41,887,517.94	209,893,757.43	1,826,112.53	-	-	253,607,387.90
Carrying amount of operating profit of segments	600,224,788.23	(412,224,211.83)	176,869,286.54	(73,396,099.61)	-	291,473,763.33
Non-operating income	23,865,094.50	1,107,193.65	33,357.32	4,452,914.24	-	29,458,559.71
Non-operating expenses	4,479,950.88	9,635,070.07	9,811.95	-	-	14,124,832.90
Total carrying amount of operating profit of segments	619,609,931.85	(420,752,088.25)	176,892,831.91	(68,943,185.37)	-	306,807,490.14
Income tax	220,906,756.42	(88,978,446.17)	1,276,547.22	3,506,219.45	-	136,711,076.92
Net carrying amount of profits of segments	398,703,175.43	(331,773,642.08)	175,616,284.69	(72,449,404.82)	-	170,096,413.22
Less: Amortization of fair value of net identifiable assets of the acquiree exceeding the carrying amount at the acquisition date (Note)	34,938,141.47	23,752,437.83	-	-	-	58,690,579.30
Net profit	363,765,033.96	(355,526,079.91)	175,616,284.69	(72,449,404.82)	-	111,405,833.92
Profit or loss attributable to minority shareholders	115,782,942.00	(10,298,022.54)	1,272,485.58	-	-	106,757,405.04
Net profit attributable to owners of the parent company	247,982,091.96	(345,228,057.37)	174,343,799.11	(72,449,404.82)	-	4,648,428.88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments - continued

Segment information for the period from 1 January 2021 to 30 June 2021 is set below: - continued

RMB

	Operation and management of limited-service hotels in China	Operation and management of limited-service hotels outside China	Food and catering business	Others	Inter-segment eliminations	Total
Total assets	29,053,256,685.77	15,564,803,235.33	753,242,802.34	5,879,417,922.50	(348,263,064.93)	50,902,457,581.01
Including: Carrying amount of assets	20,034,465,385.58	8,618,070,535.37	544,884,832.45	5,740,074,093.52	(348,263,064.93)	34,589,231,781.99
Carrying amount of long-term equity investment	214,418,305.39	47,638,518.42	208,357,969.89	139,343,828.98	-	609,758,622.68
Amortized amount of fair value of identifiable assets of the acquiree exceeding the carrying amount at the acquisition date(note)	2,316,895,714.00	2,093,523,242.43	-	-	-	4,410,418,956.43
Goodwill	6,487,477,280.80	4,805,570,939.11	-	-	-	11,293,048,219.91
Total liabilities	12,967,739,686.11	15,242,184,913.79	193,037,970.54	5,019,625,731.34	(200,415,941.46)	33,222,172,360.32
Including: Carrying amount of liabilities	12,388,515,757.62	14,689,879,602.81	193,037,970.54	5,019,625,731.34	(200,415,941.46)	32,090,643,120.85
Amortized amount of fair value of identifiable liabilities of the acquiree exceeding the carrying amount at the acquisition date(note)	579,223,928.49	552,305,310.98	-	-	-	1,131,529,239.47
Supplementary information:	-	-	-	-	-	-
Depreciation	626,670,451.24	261,391,072.34	701,655.06	2,445,308.76	-	891,208,487.40
Amortization	281,002,722.27	38,650,051.00	57,894.48	1,421,020.54	-	321,131,688.29
Interest income	38,747,264.84	367,335.28	174,601.82	36,069,020.44	-	75,358,222.38
Interest expenses	162,449,102.63	105,692,919.65	1,244,501.13	92,988,885.90	-	362,375,409.31
Impairment losses recognized (reversed) in the current period	3,670,868.32	(2,740,918.49)	-	-	-	929,949.83
Investment income(loss) from long-term equity investments under equity method	(5,303,140.92)	1,445,409.39	77,027,726.05	(1,173,283.30)	-	71,996,711.22
Amount of long-term equity investments under equity method	214,418,305.39	47,638,518.42	208,357,969.89	139,343,828.98	-	609,758,622.68
Non-current assets other than long-term equity investment	21,716,621,772.94	14,164,831,975.98	465,277,123.25	242,532,831.55	(153,825,903.21)	36,435,437,800.51
Capital expenditure	90,856,937.29	285,581,561.45	91,051.77	113,292.98	-	376,642,843.49
Including: Expenditure arising from construction in progress	78,209,618.60	43,905,738.91	-	-	-	122,115,357.51
Expenditure arising from acquisition of fixed assets	11,770,616.01	241,160,263.54	91,051.77	60,149.72	-	253,082,081.04
Expenditure arising from acquisition of intangible assets	677,112.14	515,559.00	-	53,143.26	-	1,245,814.40
Expenditure arising from acquisition of long-term prepaid expenses	199,590.54	-	-	-	-	199,590.54

Note: The amounts represent the amortized amounts of fair value of identifiable assets and liabilities exceeding their carrying amount at the time of the acquisition of Smartel, GDL, Keystone, Vienna and Longevity Village, segments not involving enterprises under common control during the reporting period and the deferred income tax influences and amortized amounts at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments - continued

Segment information for the period from 1 January 2020 to 30 June 2020 is set below:

RMB

	Operation and management of limited-service hotels in China	Operation and management of limited-service hotels outside China	Food and catering business	Others	Inter-segment eliminations	Total
Operating income						
Revenue arising from external transactions	3,075,085,434.78	910,357,557.23	104,473,523.84	56,612.87	-	4,089,973,128.72
Revenue arising from inter-segment transactions	404,185.98	1,382,899.80	1,180,691.53	457,142.88	(3,424,920.19)	-
Total operating income	3,075,489,620.76	911,740,457.03	105,654,215.37	513,755.75	(3,424,920.19)	4,089,973,128.72
Operating cost						
Cost arising from external transactions	2,641,369,668.60	686,295,376.16	93,945,340.03	-	-	3,421,610,384.79
Cost arising from inter-segment transactions	457,142.88	-	443,842.45	-	(900,985.33)	-
Total operating cost of segments	2,641,826,811.48	686,295,376.16	94,389,182.48	-	(900,985.33)	3,421,610,384.79
Less: Taxes and levies	20,861,445.54	41,460,264.04	577,128.55	361,821.68	-	63,260,659.81
Selling expenses	175,742,801.80	114,344,716.16	9,609,128.34	-	(190,476.18)	299,506,170.12
Administrative expenses	541,428,744.13	408,880,252.67	3,678,535.44	8,125,960.73	(2,333,458.68)	959,780,034.29
Research and development expenses	11,391,438.52				-	11,391,438.52
Financial expenses	(20,791,404.09)	74,885,302.57	1,128,310.04	94,666,497.46	-	149,888,705.98
Credit impairment losses	1,742,052.04	-	-	-	-	1,742,052.04
Impairment losses of assets	1,099,208.90	6,803,464.11	-	-	-	7,902,673.01
Add: Profits or losses arising from changes in fair value	15,564,357.73	27,043,164.11	-	(34,554,000.00)	-	8,053,521.84
Investment income	594,803,925.25	(7,544,911.20)	137,993,134.15	13,438,160.17	-	738,690,308.37
Income (loss) from disposal of assets	830,903.90	(6,124,903.30)	-	-	-	(5,293,999.40)
Other income	340,993,990.80	1,118,111.08	8,542,923.62	16,080,133.09	-	366,735,158.59
Carrying amount of operating profit of segments	654,381,700.12	(406,437,457.99)	142,807,988.29	(107,676,230.86)	-	283,075,999.56
Non-operating income	31,226,254.66	6,056,244.43	123.23	50,514.63	-	37,333,136.95
Non-operating expenses	5,811,351.87	14,282,568.54	71,451.78	2,389.25	-	20,167,761.44
Total carrying amount of operating profit of segments	679,796,602.91	(414,663,782.10)	142,736,659.74	(107,628,105.48)	-	300,241,375.07
Income tax	78,371,461.60	(135,617,403.38)	3,816,125.98	(8,980,024.05)	-	(62,409,839.85)
Net carrying amount of profits of segments	601,425,141.31	(279,046,378.72)	138,920,533.76	(98,648,081.43)	-	362,651,214.92
Less: Amortization of fair value of net identifiable assets of the acquiree exceeding the carrying amount at the acquisition date (Note)	42,689,782.57	20,256,499.44	-	-	-	62,946,282.01
Net profit	558,735,358.74	(299,302,878.16)	138,920,533.76	(98,648,081.43)	-	299,704,932.91
Profit or loss attributable to minority shareholders	25,824,065.94	(10,414,412.28)	(1,006,427.88)	-	-	14,403,225.78
Net profit attributable to owners of the parent company	532,911,292.80	(288,888,465.88)	139,926,961.64	(98,648,081.43)	-	285,301,707.13

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments - continued

Segment information for the period from 1 January 2020 to 30 June 2020 is set below: - continued

RMB

	Operation and management of limited-service hotels in China	Operation and management of limited-service hotels outside China	Food and catering business	Others	Inter-segment eliminations	Total
Total assets	22,358,929,213.06	13,819,851,070.69	678,363,630.06	1,270,302,107.62	(338,753,778.16)	37,788,692,243.27
Including: Carrying amount of assets	13,225,487,885.38	6,549,619,507.61	503,389,824.33	1,129,705,835.64	(338,753,778.16)	21,069,449,274.80
Carrying amount of long-term equity investment	225,564,434.15	57,725,557.70	174,973,805.73	140,596,271.98	-	598,860,069.56
Amortized amount of fair value of identifiable assets of the acquiree exceeding the carrying amount at the acquisition date(note)	2,420,399,612.73	2,235,812,572.40	-	-	-	4,656,212,185.13
Goodwill	6,487,477,280.80	4,976,693,432.98	-	-	-	11,464,170,713.78
Total liabilities	5,293,064,497.79	12,579,698,029.06	209,117,644.87	5,854,849,100.81	(115,881,584.79)	23,820,847,687.74
Including: Carrying amount of liabilities	4,687,964,594.61	11,985,577,679.38	209,117,644.87	5,854,849,100.81	(115,881,584.79)	22,621,627,434.88
Amortized amount of fair value of identifiable liabilities of the acquiree exceeding the carrying amount at the acquisition date(note)	605,099,903.18	594,120,349.68	-	-	-	1,199,220,252.86
Supplementary information:	-	-	-	-	-	-
Depreciation	125,625,434.27	158,349,597.14	486,335.82	376,703.78	-	284,838,071.01
Amortization	322,464,299.99	34,209,392.62	65,178.12	3,489,867.33	-	360,228,738.06
Interest income	25,022,888.86	689,942.96	174,946.54	2,570,614.38	-	28,458,392.74
Interest expenses	2,468,149.20	70,551,764.29	1,233,189.55	97,128,112.56	-	171,381,215.60
Impairment losses recognized (reversed) in the current period	2,841,260.94	6,803,464.11	-	-	-	9,644,725.05
Investment income(loss) from long-term equity investments under equity method	(5,674,116.33)	(8,445,945.67)	(622,507.05)	46,156,071.53	-	31,413,502.48
Amount of long-term equity investments under equity method	225,564,434.15	57,725,557.70	174,973,805.73	140,596,271.98	-	598,860,069.56
Non-current assets other than long-term equity investment	16,755,125,272.53	12,340,328,627.12	411,086,691.78	290,235,954.02	(231,459,626.44)	29,565,316,919.01
Capital expenditure	155,501,253.90	104,143,685.51	37,070.49	44,397.37	-	259,726,407.27
Including: Expenditure arising from construction in progress	132,076,957.43	50,411,638.97	-	-	-	182,488,596.40
Expenditure arising from acquisition of fixed assets	21,978,019.09	38,322,338.71	37,070.49	44,397.37	-	60,381,825.66
Expenditure arising from acquisition of intangible assets	288,581.18	9,796,080.45	-	-	-	10,084,661.63
Expenditure arising from acquisition of long-term prepaid expenses	1,157,696.20	5,613,627.38	-	-	-	6,771,323.58

Note: The amounts represent the amortized amounts of fair value of identifiable assets and liabilities exceeding their carrying amount at the time of the acquisition of Smartel, GDL, Keystone, Vienna and Longevity Village, segments not involving enterprises under common control during the prior reporting period and the deferred income tax influences and amortized amounts at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

Item	30 June 2021			31 December 2020		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			137,185.40			120,253.88
Bank balances:						
RMB			4,360,749,002.44			593,908,610.04
USD	-	-	-	368,587.83	6.5249	2,404,998.73
Deposit in other financial institution (Note):						
RMB			672,817,548.84			170,751,428.81
Total			5,033,703,736.68	368,587.83		767,185,291.46

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

2. Held-for-trading financial assets

RMB

Item	30 June 2021	31 December 2020
Financial assets at fair value through profit or loss	215,741,000.00	214,412,000.00
Including: Investment in equity instrument	215,741,000.00	214,412,000.00
Total	215,741,000.00	214,412,000.00

Note: The Company purchased 44,300,000 unrestricted shares of Bank of Beijing (stock code: 601169) from the open market. The Company recognized the fair value of the shares at RMB 215,741,000.00 according to the closing price of the last trading day before the balance sheet date.

3. Accounts receivable

(1) Disclosure of accounts receivable by aging:

RMB

Aging	30 June 2021			31 December 2020		
	Accounts receivable	Bad debt provision	Ratio (%)	Accounts receivable	Bad debt provision	Ratio (%)
Within 1 year	34,077,605.10	173,824.85	0.51	22,714,716.62	242,981.80	1.07
Over 1 year	361,885.67	361,885.67	100.00	920,475.46	920,475.46	100.00
Total	34,439,490.77	535,710.52	1.56	23,635,192.08	1,163,457.26	4.92

(2) Disclosure of accounts receivable by bad debt provision:

RMB

Category	30 June 2021				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Bad debt provision collectively assessed on a portfolio basis	34,439,490.77	100.00	535,710.52	1.56	33,903,780.25
Including:					
New Metropolo client portfolio	34,439,490.77	100.00	535,710.52	1.56	33,903,780.25
Total	34,439,490.77	100.00	535,710.52	1.56	33,903,780.25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Accounts receivable - continued

(2) Disclosure of accounts receivable by bad debt provision: - continued

RMB

Category	31 December 2020				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Bad debt provision collectively assessed on a portfolio basis	23,635,192.08	100.00	1,163,457.26	4.92	22,471,734.82
Including:					
New 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

New Metropolo client portfolio

RMB

Aging	30 June 2021				31 December 2020			
	Expected average loss rate (%)	Book balance	Loss provision	Book value	Expected average loss rate (%)	Book balance	Loss provision	Book value
Within 6 months	0.06	33,470,587.58	20,914.22	33,449,673.36	0.02	21,384,385.86	3,579.77	21,380,806.09
6-12 months	25.19	607,017.52	152,910.63	454,106.89	18.00	1,330,330.76	239,402.03	1,090,928.73
Over 12 months	100.00	361,885.67	361,885.67	-	100.00	920,475.46	920,475.46	-
Total	1.56	34,439,490.77	535,710.52	33,903,780.25	4.92	23,635,192.08	1,163,457.26	22,471,734.82

(3) Provision for bad debts

At 30 June 2021, the credit risk and expected credit loss of accounts receivable are as follows:

RMB

30 June 2021	Non-credit-impaired	Credit-impaired	Total
Book balance	34,077,605.10	361,885.67	34,439,490.77
Expected credit loss	173,824.85	361,885.67	535,710.52
Book value	33,903,780.25	-	33,903,780.25

Changes in provision for impairment

RMB

Provision for impairment	Total
Balance at 31 December 2020	1,163,457.26
Provision	-
Reversal	(627,746.74)
Balance at 30 June 2021	535,710.52

4. Other receivables

4.1 Disclosure of other receivables by category

RMB

Item of other receivables	30 June 2021	31 December 2020
Interest receivable	15,558,904.17	4,111.25
Dividends receivable	172,495,720.72	25,913,430.55
Other receivables	125,518,931.67	112,140,150.12
Total	313,573,556.56	138,057,691.92

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Other receivables - continued

4.2 Dividends receivable

RMB

Item	30 June 2021	31 December 2020
Dividends receivable within one year		
(1) Hangzhou Kentucky Fried Chicken Co., Ltd.	48,096,535.22	11,408,151.43
(2) Suzhou Kentucky Fried Chicken Co., Ltd.	25,001,187.23	7,606,919.94
(3) Wuxi Kentucky Fried Chicken Co., Ltd.	15,372,100.04	6,898,359.18
(4) Shanghai Kentucky Fried Chicken Co., Ltd.	83,906,651.08	-
(5) Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	119,247.15	-
Total	172,495,720.72	25,913,430.55

(1) Provision for bad debts

As of 30 June 2021, the credit risk of dividends receivable has not increased significantly since the initial recognition, and the Company's loss provision measured at expected credit losses in the next 12 months is not significant.

4.3 Other receivables

(1) Disclosure of other receivables by nature

RMB

Nature	30 June 2021	31 December 2020
Advances for related parties	120,362,823.87	107,928,549.37
Deposits and guarantees	274,353.35	273,853.35
Revolving fund	158,200.00	179,200.00
Others	4,723,554.45	3,758,547.40
Total	125,518,931.67	112,140,150.12

(2) Provision for bad debts

At 30 June 2021, the credit risk and expected credit loss of other receivables are as follows:

RMB

Internal credit rating	30 June 2021				31 December 2020			
	Expected credit loss for the next 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total	Expected credit loss for the next 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
Normal	125,360,731.67	-	-	125,360,731.67	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	125,360,731.67	-	606,265.93	125,966,997.60	111,960,950.12	-	606,265.93	112,567,216.05
Less: Provision for impairment	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
Book value	125,360,731.67	-	-	125,360,731.67	111,960,950.12	-	-	111,960,950.12

In the current period, the balance of provision for bad debts of other receivables is unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Other receivables - continued

4.3 Other receivables - continued

(3) Top five entities with the largest balances of other receivables at the end of period

RMB

Name of entity	Nature	Relationship with the Company	Closing balance	Aging	Proportion of the amount to the total other receivables (%)	Amount of bad debt provision
Jin Asia Catering	Advances for related parties	Subsidiary	47,900,000.00	Over 3 years	37.98	-
Vienna	Advances for related parties	Subsidiary	17,529,715.75	Within 1 year	13.90	
Minhang Hotel	Advances for related parties	Subsidiary	15,250,226.88	Over 3 years	12.09	-
Jin Jiang Inn Co., Ltd.(Jin Jiang Inn)	Advances for related parties	Subsidiary	14,073,888.19	Within 1 year	11.16	-
New Metropolo	Advances for related parties	Subsidiary	9,990,294.80	1 to 2 years	7.92	
Total			104,744,125.62		83.05	-

5. Inventories

RMB

Item	30 June 2021			31 December 2020		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Raw materials	962,078.47	-	962,078.47	1,249,077.53	-	1,249,077.53
Goods on hand	1,889,345.65	-	1,889,345.65	1,088,940.23	-	1,088,940.23
Total	2,851,424.12	-	2,851,424.12	2,338,017.76	-	2,338,017.76

6. Other current assets

RMB

Item	30 June 2021	31 December 2020
VAT	2,647,660.08	3,857,402.49
Prepaid expenses	509,040.14	996,410.63
Total	3,156,700.22	4,853,813.12

7. Non-current assets due within one year

RMB

Item	30 June 2021	31 December 2020
Finance lease receivable due within one year	772,600.98	-
Total	772,600.98	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Long-term receivables

RMB

Item	30 June 2021			31 December 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Capital appropriation to related parties	10,328,000.00	-	10,328,000.00	10,328,000.00	-	10,328,000.00
Finance lease receivable	10,162,634.03	-	10,162,634.03	-	-	-
Less: Unrealized financing income	1,747,550.18	-	1,747,550.18	-	-	-
Less: Long-term receivables due within one year	772,600.98	-	772,600.98	-	-	-
Long-term receivables due after one year	17,970,482.87	-	17,970,482.87	10,328,000.00	-	10,328,000.00

The capital appropriation to related parties is the current capital appropriation receivable from the Company's wholly-owned subsidiary, New Asia Food.

(1) Provision for bad debts

At 30 June 2021, the Group's provision for expected credit losses of the above-mentioned long-term receivables measured on an individual asset basis is not significant.

9. Long-term equity investments

(1) Details of long-term equity investments are as follows:

RMB

Item	30 June 2021	31 December 2020
Investments in subsidiaries	15,711,549,017.76	15,701,549,017.76
Investments in joint ventures	720,543.65	706,496.84
Investments in associates	346,981,255.21	388,766,757.50
Total	16,059,250,816.62	16,091,022,272.10
Less: Provision for impairment of long-term equity investments	2,051,300.00	2,051,300.00
Net value of long-term equity investments	16,057,199,516.62	16,088,970,972.10

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

RMB

Investee	31 December 2020	Addition	Deduction	30 June 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 PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

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

									RMB
Investee	Accounting method	31 December 2020	Additions	Deduction	30 June 2021	Equity interest in the investee (%)	Voting right in the investee (%)	Remark on inconsistency between equity interest and voting right	Closing balance of provision for impairment
Subsidiary									
Keystone	Cost method	9,688,534,453.53	-	-	9,688,534,453.53	96.50	96.50	N/A	-
Vienna	Cost method	1,748,800,000.00	-	-	1,748,800,000.00	80.00	80.00	N/A	-
Longevity Village	Cost method	800,000.00	-	-	800,000.00	80.00	80.00	N/A	-
Hotel 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	98.25	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	18.00	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	5.00	Note 1	-
New Metropolo	Cost method	43,000,000.00	-	-	43,000,000.00	100.00	100.00	N/A	-
Shenzhen Jin Jiang (Note VI (1))	Cost method	-	10,000,000.00	-	10,000,000.00	100.00	100.00	N/A	-
Total		15,701,549,017.76	10,000,000.00	-	15,711,549,017.76				2,051,300.00

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

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

(4) Details of investments in associates are as follows:

Investee	31 December 2020	Additions	Movements		30 June 2021	Closing balance of provision for impairment
			Profit or loss recognized under equity method	Declaration of cash dividends or profits		
Joint ventures (Note 1)						
Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	706,496.84	-	133,293.96	(119,247.15)	720,543.65	-
Associate (Note 1)						
Shanghai Kentucky Fried Chicken Co., Ltd.	218,841,613.71	-	74,134,637.29	(117,506,651.08)	175,469,599.92	-
Shanghai New Asia Fulihua Catering Co., Ltd.	29,995,281.21	-	2,893,088.76	-	32,888,369.97	-
Shanghai Qicheng Network Technology Co., Ltd.	49,513,518.84	-	1,668,527.87	-	51,182,046.71	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	90,416,343.74	-	(2,975,105.13)	-	87,441,238.61	-
Da Hua Hotel (Note 2)	-	-	-	-	-	-
Total	389,473,254.34	-	75,854,442.75	(117,625,898.23)	347,701,798.86	-

Note 1: At 30 June 2021, the Company is not exposed to limitation on the transfer of funds from the investee.

Note 2: At 30 June 2021, the book value of the net assets of Da Hua Hotel is lower than zero. Thus, the balance of the Company's long-term equity investment in Da Hua Hotel is zero.

10. Investments in other equity instruments

(1) Investments in other equity instruments

Item	RMB	
	30 June 2021	31 December 2020
Agricultural Bank of China (Note)	13,180,500.00	13,659,000.00
Changjiang United Development (Group) Co., Ltd.	1,800,000.00	1,800,000.00
Shanghai Trade Center Company Limited	5,067,014.62	5,067,014.62
Total	20,047,514.62	20,526,014.62

Note: It refers to the 4,350,000 shares of Agricultural Bank of China (stock code: 601288) the Company acquires from the open market and currently holds, which are non-restricted shares. The Company recognizes their fair value of RMB13,180,500.00 at the closing price on the last trading day before the balance sheet date.

(2) Investments in equity instruments not held for trading

Item	Dividend income recognized for the period	Cumulative gain	Amount transferred from other comprehensive income to retained earnings	RMB	
				Reason for being designated as at FVTOCI	Reason for being transferred from other comprehensive income to retained earnings
Agricultural Bank of China	805,185.00	(3,394,814.67)	-	Held for a long time and not held for trading	N/A
Changjiang United Development (Group) Co., Ltd.	-	1,100,000.00	-	Held for a long time and not held for trading	N/A
Shanghai Trade Center Company Limited	-	(120,685.38)	-	Held for a long time and not held for trading	N/A
Total	805,185.00	(2,415,500.05)	-		

11. Other non-current financial assets

Item	RMB	
	30 June 2021	31 December 2020
Hangzhou Kentucky Fried Chicken Co., Ltd.	276,000,000.00	276,000,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	117,900,000.00	117,900,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,200,000.00	58,200,000.00
Total	452,100,000.00	452,100,000.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

12. Fixed assets

Composition of fixed assets

RMB

Item	Buildings	Machinery and equipment	Motor vehicles	Decoration	Total
I. Cost					
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. Additions	-	1,843,923.16	-	238,946.43	2,082,869.59
(1) Purchase	-	978,595.74	-	-	978,595.74
(2) Transferred from construction in progress	-	842,789.65	-	238,946.43	1,081,736.08
(3) Transferred from allocation	-	11,735.03	-	-	11,735.03
(4) Construction clearing adjustment	-	10,802.74	-	-	10,802.74
3. Deduction	-	(262,175.73)	(221,200.00)	(147,081.14)	(630,456.87)
(1) Disposal or retirement	-	(262,175.73)	(221,200.00)	-	(483,375.73)
(2) Construction clearing adjustment	-	-	-	(147,081.14)	(147,081.14)
4. 30 June 2021	56,538,721.71	117,409,203.70	1,198,519.51	21,608,297.67	196,754,742.59
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. Additions	1,019,454.48	7,248,967.47	771.90	394,243.44	8,663,437.29
(1) Provision	1,019,454.48	7,248,967.47	771.90	394,243.44	8,663,437.29
3. Deduction	-	(237,966.47)	(199,080.00)	-	(437,046.47)
(1) Disposal or retirement	-	(237,966.47)	(199,080.00)	-	(437,046.47)
4. 30 June 2021	28,901,911.90	78,437,707.36	1,085,505.05	20,718,031.54	129,143,155.85
III. Provision for impairment					
1. 31 December 2020	-	-	-	-	-
2. Addition	-	-	-	-	-
3. Deduction	-	-	-	-	-
4. 30 June 2021	-	-	-	-	-
IV. Book value					
1. 30 June 2021	27,636,809.81	38,971,496.34	113,014.46	890,266.13	67,611,586.74
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	30 June 2021			31 December 2020		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Renovation of Shanghai Wuning Road "Park Inn by Radisson"	72,477.05	-	72,477.05	72,477.05	-	72,477.05
Renovation of Magotel "Radisson"	39,217,874.27	-	39,217,874.27	35,864,142.48	-	35,864,142.48
Other renovations	8,041,019.23	-	8,041,019.23	8,415,931.48	-	8,415,931.48
Total	47,331,370.55	-	47,331,370.55	44,352,551.01	-	44,352,551.01

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****13. Construction in progress - continued**

(2) Movements of significant construction in progress

RMB												
Item	Budget	31 December 2020	Addition	Transfer to fixed assets	Transfer to long-term prepaid expenses	Other deduction: Construction clearing adjustment	Transfer to intangible assets	30 June 2021	Cumulative capitalization amount of interest	Including: Capitalization amount of interest	Capitalization rate of interest (%)	Source of capital
Renovation of Shanghai Wuning Road "Park Inn by Radisson"	27,133,000.00	72,477.05	-	-	-	-	-	72,477.05	-	-	-	Self-financing
Renovation of Magnotel "Radisson"	39,281,500.00	35,864,142.48	4,289,974.24	(194,265.92)	(741,647.27)	(329.26)	-	39,217,874.27	-	-	-	Self-financing
Other renovation	-	8,415,931.48	2,552,905.59	(887,470.16)	(1,551,952.83)	(10,105.48)	(478,289.37)	8,041,019.23	-	-	-	Self-financing
Total		44,352,551.01	6,842,879.83	(1,081,736.08)	(2,293,600.10)	(10,434.74)	(478,289.37)	47,331,370.55				

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**14. Right-of-use assets**

	RMB
Item	Buildings
I. Cost	
1. 31 December 2020	619,174,490.01
2. Additions	18,554,054.20
(1) Purchase	18,554,054.20
3. Deduction	-
(1) Disposal or retirement	-
4.30 June 2021	637,728,544.21
II. Accumulated depreciation	
1. 31 December 2020	316,576,841.65
2. Additions	22,285,688.07
(1) Provision	22,285,688.07
3. Deduction	-
(1) Disposal or retirement	-
4.30 June 2021	338,862,529.72
III. Provision for impairment	
1. 31 December 2020	-
2. Additions	-
3. Deduction	-
4.30 June 2021	-
IV. Book value	
1.30 June 2021	298,866,014.49
2. 31 December 2020	302,597,648.36

The Group leases a number of assets, including buildings, machinery and equipment and motor vehicles with the lease term ranging from 2 to 10 years.

15. Intangible assets

	RMB		
Item	Land use rights	Others	Total
I. Cost			
1.31 December 2020	91,847,425.45	14,857,867.95	106,705,293.40
2. Additions	-	531,432.63	531,432.63
(1) Purchase	-	53,143.26	53,143.26
(2) Transfer from construction in progress	-	478,289.37	478,289.37
3.30 June 2021	91,847,425.45	15,389,300.58	107,236,726.03
II. Accumulated amortization			
1.31 December 2020	46,501,851.91	6,288,188.12	52,790,040.03
2. Provision	1,171,202.88	1,314,999.75	2,486,202.63
3.30 June 2021	47,673,054.79	7,603,187.87	55,276,242.66
III. Provision for impairment			
1.31 December 2020	-	-	-
2. Additions	-	-	-
3. Deduction	-	-	-
4.30 June 2021	-	-	-
IV. Book value			
1.30 June 2021	44,174,370.66	7,786,112.71	51,960,483.37
2.31 December 2020	45,345,573.54	8,569,679.83	53,915,253.37

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**16. Long-term prepaid expenses**

RMB

Item	31 December 2020	Additions (Note 1)	Amortization	Deduction (Note 2)	30 June 2021
Leasehold decoration expenses	37,301,749.43	2,293,929.36	(9,997,000.45)	(36,093.31)	29,562,585.03
Leasehold improvement expenses	136,432,994.64	7,275.73	(8,895,845.14)	(2,738.09)	127,541,687.14
Total	173,734,744.07	2,301,205.09	(18,892,845.59)	(38,831.40)	157,104,272.17

Note 1: The increase in the current period includes the transfer to long-term prepaid expenses of RMB 2,293,600.10 from construction in progress upon completion, and the increase in long-term prepaid expenses of RMB7,604.99 from purchases.

Note 2: In the current period, the long-term prepaid expenses decreased by RMB38,831.40 due to the settlement of the project upon completion.

17. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting are set below

RMB

Item	30 June 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	2,190,595.44	547,648.84	13,567,104.12	3,391,776.03
Provision for credit impairment loss	1,141,976.45	285,494.11	1,769,865.24	442,466.31
Government grants	3,758,700.00	939,675.00	4,467,100.00	1,116,775.00
Advances of membership card and deferred income of credit	298,913.38	74,728.35	281,993.75	70,498.43
Lease related	-	-	5,251,789.49	1,312,947.37
Changes in fair value of held-for-trading financial assets recognized in profit or loss of changes in fair value	55,140,338.94	13,785,084.74	56,469,338.94	14,117,334.73
Changes in fair value of other equity investments recognized in other comprehensive income	2,415,500.05	603,875.01	1,937,000.05	484,250.01
Total	64,946,024.26	16,236,506.05	83,744,191.59	20,936,047.88

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

RMB

Item	30 June 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 recognized in profit or loss	430,588,337.23	107,647,084.31	430,588,337.23	107,647,084.31
Total	430,588,337.23	107,647,084.31	430,588,337.23	107,647,084.31

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

RMB

Item	30 June 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	16,236,506.05	-	20,936,047.88	-
Deferred tax liabilities	16,236,506.05	91,410,578.26	20,936,047.88	86,711,036.43

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**18. Short-term borrowings**

RMB

Item	30 June 2021	31 December 2020
Credit borrowing — bank (Note)	570,000,000.00	620,000,000.00
Total	570,000,000.00	620,000,000.00

Note: At 30 June 2021, the Company obtained credit borrowings of RMB 570,000,000.00 from China Construction Bank Shanghai Pudong Branch with annual interest rate of 3.20%. The loan period is from 19 March 2021 to 18 March 2022.

19. Employee benefits payable

(1) Employee benefits payable

RMB

Item	31 December 2020	Addition	Deduction	30 June 2021
1. Short-term benefits	12,802,249.74	58,754,536.34	(61,313,825.15)	10,242,960.93
2. Domestic post-employment benefits-defined contribution plan	496,538.29	12,826,139.95	(12,630,250.23)	692,428.01
3. Termination benefits	5,223,454.48	258,097.22	(856,584.02)	4,624,967.68
Total	18,522,242.51	71,838,773.51	(74,800,659.40)	15,560,356.62

(2) Short-term employee benefits

RMB

Item	31 December 2020	Addition	Deduction	30 June 2021
1. Wages or salaries, bonus, allowance, subsidies	11,989,631.91	47,065,803.10	(49,650,614.17)	9,404,820.84
2. Staff welfare	-	1,785,368.49	(1,785,368.49)	-
3. Social security insurance	175,892.31	4,058,177.81	(4,042,641.53)	191,428.59
Including: Medical insurance	171,287.58	3,879,555.10	(3,867,834.23)	183,008.45
Work injury insurance	4,367.29	170,611.17	(166,795.76)	8,182.70
Maternity insurance	237.44	8,011.54	(8,011.54)	237.44
4. Housing funds	204,778.00	3,744,246.90	(3,849,890.90)	99,134.00
5. Labor union and employee education fund	431,947.52	1,048,803.21	(933,173.23)	547,577.50
6. Others	-	1,052,136.83	(1,052,136.83)	-
Total	12,802,249.74	58,754,536.34	(61,313,825.15)	10,242,960.93

(3) Defined contribution plan

RMB

Item	31 December 2020	Addition	Deduction	30 June 2021
1. Pension insurance	483,983.88	12,476,726.38	(12,288,288.64)	672,421.62
2. Unemployment insurance	12,554.41	349,413.57	(341,961.59)	20,006.39
Total	496,538.29	12,826,139.95	(12,630,250.23)	692,428.01

The Company follows policies to join in pension insurance and unemployment insurance plans which are established by government authorities. According to such plans, the Company contributes to these plans on a monthly basis following a certain ratio of monthly average salaries of last year. In addition to the contributions above, the Company does not assume further obligations. Corresponding expenditures incurred are included in profit or loss or costs of related assets.

The Company shall contribute RMB12,476,726.38 and RMB349,413.57 to pension insurance and unemployment insurance plan respectively for the reporting period. On 30 June 2021, the Company still has outstanding contribution of RMB672,421.62 and RMB20,006.39 for pension insurance and unemployment insurance respectively, which has been paid subsequent to the reporting period.

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**20. Taxes payable**

RMB

Item	30 June 2021	31 December 2020
Enterprise income tax	2,556,737.22	1,357,272.85
Individual income tax	267,531.34	616,961.37
Property tax	391,768.64	252,704.44
Others	24,448.67	12,401.99
Total	3,240,485.87	2,239,340.65

21. Other payables**21.1 Disclosure of other payables by classification**

RMB

Item	30 June 2021	31 December 2020
Interest payable	12,576,578.63	5,849,364.58
Dividends payable	590,851.03	586,773.69
Other payables	286,834,785.53	258,467,761.04
Total	300,002,215.19	264,903,899.31

21.2 Other payables

(1) Details of other payables are as follows:

RMB

Item	30 June 2021	31 December 2020
Amounts due to/from related parties	188,651,385.58	158,749,076.99
Accrued taxes for replacement of significant assets and attached transactions	58,623,448.29	58,623,448.29
Accrued expenses	11,770,851.78	6,527,649.08
Payments for acquisition of Keystone minority interests	-	4,450,000.00
Others	27,789,099.88	30,117,586.68
Total	286,834,785.53	258,467,761.04

(2) At the end of the reporting period, other payables aged over 1 year with significant amount:

The accrued taxes outstanding for replacement of significant assets and attached transactions is RMB 58,623,448.29 that should be paid after the settlement of the relevant taxes.

(3) In addition to items in (2), other payables of the Company mainly include accrued expenses, margin and deposits, etc.

22. Non-current liabilities due within one year

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

RMB

Item	30 June 2021	31 December 2020
Long-term borrowings due within one year (Note (XIV)23)	2,019,000,000.00	781,000,000.00
Lease liabilities due within one year (Note (XIV)24)	64,484,526.00	-
Total	2,083,484,526.00	781,000,000.00

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**23. Long-term borrowings**

RMB

Item	30 June 2021	31 December 2020
Pledged borrowing (Note 1)	1,729,000,000.00	2,459,000,000.00
Credit borrowing— Bank	-	1,000,000.00
Credit borrowing— Other financial institutions (Note 2)	2,457,000,000.00	2,487,000,000.00
Total	4,186,000,000.00	4,947,000,000.00
Less: Long-term borrowings due within one year	2,019,000,000.00	781,000,000.00
Long-term borrowings due after one year	2,167,000,000.00	4,166,000,000.00

Note 1: At the end of the reporting period, the Company has pledged borrowings of RMB 1,729,000,000.00 from the Export-import Bank of China Co., Ltd., of which RMB 1,729,000,000.00 will fall due within one year. Such borrowings are pledged by 81.0034% equity of its subsidiary Keystone. The loan term is from 18 February 2016 to 18 February 2022 with floating interest rate. The financing cost decreases to 3.325% from 30 March 2021, and the weighted average financing cost is 3.4625% for the current reporting period..

Note 2: At the end of the reporting period, the balance of the Company's credit borrowings from Finance Company is RMB 2,457,000,000.00, with annual interest rates of 3.325% and 3.60% and the loan period from 22 April 2019 to 3 November 2023, of which RMB 290,000,000.00 will fall due within one year.

24. Lease liabilities

RMB

Item	30 June 2021	31 December 2020
Lease liabilities	354,172,031.10	
Less: Lease liabilities included in non-current liabilities due within one year	64,484,526.00	
Net	289,687,505.10	

25. Other non-current liabilities

RMB

Item	30 June 2021	31 December 2020
Government grants	3,758,700.00	4,467,100.00

Items involving government grants

RMB

Item	31 December 2020	Addition	Included in other income	30 June 2021	Related to assets/ Related to income
Special Support Fund for Metropolo Brand Innovation Project	4,467,100.00	-	(708,400.00)	3,758,700.00	Related to assets
Total	4,467,100.00	-	(708,400.00)	3,758,700.00	

SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

26. Capital reserve

RMB

Item	31 December 2020	Addition	Deduction	30 June 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 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 investees 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

RMB

Item	31 December 2019	Addition	Deduction	30 June 2020
Capital premium	9,085,391,183.30	-	-	9,085,391,183.30
Including: Capital contributed by investors	7,785,762,028.28	-	-	7,785,762,028.28
Differences derived from business combination involving enterprises under common control	1,299,629,155.02	-	-	1,299,629,155.02
Other capital reserve	104,888,125.52	-	-	104,888,125.52
Including: Transfer from capital reserve under the previous accounting system	138,656,064.50	-	-	138,656,064.50
Other changes in owners' equity of investees except net profit or loss, other comprehensive income and profit appropriation	(33,767,938.98)	-	-	(33,767,938.98)
Total	9,190,279,308.82	-	-	9,190,279,308.82

27. Other comprehensive income

RMB

Item	31 December 2020	Period from 1 January 2021 to 30 June 2021			30 June 2021
		Amount before income tax	Less: income tax expense	Amount attributable to owners of the parent company after tax	
(I) Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	(1,452,750.03)	(478,500.00)	119,625.00	(358,875.00)	(1,811,625.03)
Change in fair value of other equity instrument	(1,452,750.03)	(478,500.00)	119,625.00	(358,875.00)	(1,811,625.03)
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	1,815,517.64	-	-	-	1,815,517.64
Including: Shares of other comprehensive income in the investee that will be subsequently reclassified to profit or loss under equity method	1,815,517.64	-	-	-	1,815,517.64
Total	362,767.61	(478,500.00)	119,625.00	(358,875.00)	3,892.61

RMB

Item	31 December 2019	Period from 1 January 2020 to 30 June 2020			30 June 2020
		Amount before income tax	Less: income tax expense	Amount attributable to owners of the parent company after tax	
(I) Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	898,864.01	(1,348,500.00)	337,125.00	(1,011,375.00)	(112,510.99)
Change in fair value of other equity instrument	898,864.01	(1,348,500.00)	337,125.00	(1,011,375.00)	(112,510.99)
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	1,898,625.67	-	-	-	1,898,625.67
Including: Shares of other comprehensive income in the investee that will be subsequently reclassified to profit or loss under equity method	1,898,625.67	-	-	-	1,898,625.67
Total	2,797,489.68	(1,348,500.00)	337,125.00	(1,011,375.00)	1,786,114.68

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

28. Operating income and operating costs

(1) Operating income and operating costs

RMB

Industry	Period from 1 January 2021 to 30 June 2021		Period from 1 January 2020 to 30 June 2020	
	Income	Costs	Income	Costs
Principal business	99,224,442.86	98,238,949.97	56,769,706.17	84,053,994.27
Other business	1,450,215.61	-	457,142.88	-
Total	100,674,658.47	98,238,949.97	57,226,849.05	84,053,994.27

(2) Principal business (by industry)

RMB

Industry	Period from 1 January 2021 to 30 June 2021		Period from 1 January 2020 to 30 June 2020	
	Operating income	Operating costs	Operating income	Operating costs
Limited service hotel operation and management				
Including: Room	86,634,798.79	91,579,521.11	43,813,869.42	74,044,625.63
Catering	3,804,727.74	2,323,539.66	2,871,995.32	3,753,495.62
Supplies	3,533,020.76	3,309,777.09	5,272,397.05	4,919,386.83
Lease business	3,389,884.76	7,238.67	3,999,089.45	888,871.39
Others	1,862,010.81	1,018,873.44	812,354.93	447,614.80
Total	99,224,442.86	98,238,949.97	56,769,706.17	84,053,994.27

29. Costs and expenses categorized by nature

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Costs of goods	3,309,777.09	4,919,386.83
Employee benefits	71,838,773.51	49,019,021.04
Including: Wages or salaries, bonus, allowance, subsidies	47,065,803.10	37,460,716.11
Social insurance and housing fund	20,628,564.66	8,824,379.93
Welfare and other expenditure	4,144,405.75	2,733,925.00
Utilities and material consumption	9,284,147.49	7,642,369.98
Depreciation and amortization	52,328,173.58	27,870,658.60
Rental of operating lease	7,388,399.45	18,431,841.72
Repair and maintenance expense	2,495,831.75	1,914,484.51
Advertising expense	3,618,569.62	1,729,747.33
Others	25,598,860.98	32,158,217.20
Total of operating costs, selling expense and administrative expense	175,862,533.47	143,685,727.21

30. Financial expenses

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Interest expenses	92,307,623.64	97,128,112.55
Interest expenses of lease liabilities	7,307,307.35	-
Less: Interest income	36,117,993.01	2,616,713.28
Foreign exchange difference	127,400.31	(234,184.72)
Others	235,169.91	740,754.59
Total	63,859,508.20	95,017,969.14

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

31. Other income

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020	Related to assets /related to income
Special support subsidy for the epidemic	-	12,284,482.31	Related to income
Special Support Fund for Metropolo Brand Innovation Project	708,400.00	3,266,450.00	Related to assets
Additional deduction of input tax	-	216,070.49	Related to income
Financial support fund	4,705.10	95,561.37	Related to income
Total	713,105.10	15,862,564.17	

32. Investment income

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Income from long-term equity investment under equity method	75,854,442.75	46,156,071.53
Income from long-term equity investment under cost method	210,760,966.95	900,000.00
Dividend income from held-for-trading financial assets, investments in other equity instruments and other non-current financial assets	98,400,782.11	105,897,024.65
Investment income from disposal of subsidiaries	-	157,351,470.93
Others	63,819.58	705.19
Total	385,080,011.39	310,305,272.30

33. Gains (losses) from changes in fair values

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Changes in fair value of held-for-trading financial assets	1,329,000.00	(34,554,000.00)
Total	1,329,000.00	(34,554,000.00)

34. Notes to items in the cash flow statements

(1) Cash receipts from investment income

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Receipt of dividends	280,205,357.12	75,623,094.66
Receipt of interest of entrusted loan	68,022.50	-
Total	280,273,379.62	75,623,094.66

(2) Net cash receipts from disposal of subsidiaries and other operating entities

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Net cash receipt from disposal of subsidiaries	-	171,441,616.06

(3) Cash payments to acquire investments

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Amount paid by associates	-	574,000.00
Payment for acquisition of minority shareholder of Keystone	-	20,198,438.78
Payment of entrusted loan	-	11,700,000.00
Capital contribution to newly established subsidiaries	10,000,000.00	-
Total	10,000,000.00	32,472,438.78

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**35. Supplementary information of cash flow statement**

(1) Supplementary information of cash flow statement

RMB

Supplementary information	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	247,414,130.56	118,340,672.28
Add: Provision (reversal) for credit	(627,888.79)	(6,353.56)
Depreciation of fixed assets	8,663,437.29	8,621,181.91
Depreciation of right-of-use assets	22,285,688.07	
Amortization of intangible assets	2,486,202.63	2,449,415.91
Amortization of long-term prepaid expenses	18,892,845.59	16,800,060.78
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(153,976.39)	(1,926.84)
Losses (gains) on retirement of fixed assets	60,639.28	3,481.50
Losses (gains) on changes in fair value	(1,329,000.00)	34,554,000.00
Financial expenses	99,614,930.99	97,128,112.55
Investment losses (gains)	(385,080,011.39)	(310,305,272.30)
Increase (decrease) in deferred tax liabilities	3,506,219.46	(8,980,024.05)
Decrease (increase) in inventory	(513,406.36)	(200,037.86)
Decrease (increase) in operating receivables	(37,423,428.54)	(20,075,218.37)
Increase (decrease) in operating payables	29,239,093.60	73,903,999.13
Net cash flows from operating activities	7,035,476.00	12,232,091.08
2. Significant investing and financing activities that do not involve cash receipts and payments		
Fixed assets under finance lease	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,033,703,736.68	324,552,011.82
Less: Opening balance of cash	767,185,291.46	455,861,836.57
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	4,266,518,445.22	(131,309,824.75)

(2) Composition of cash and cash equivalents

RMB

Item	30 June 2021	31 December 2020
I. Cash	5,033,703,736.68	767,185,291.46
Including: Cash on hand	137,185.40	120,253.88
Bank deposits that can be readily withdrawn on demand	5,033,566,551.28	767,065,037.58
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	5,033,703,736.68	767,185,291.46

36. Related party relationships and transactions

- (1) The basic and relevant information of the Company's subsidiaries and associates are set out in Note (XIV) 9 and that of the Company's other related parties is set out in Note (X).

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

36. Related party relationships and transactions - continued

(2) Purchases or sales of goods, rendering or receiving of services

Purchasing goods/Receiving services:

		RMB	
Related parties	Related transactions	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Purchase of membership packages	437,217.32	226,263.01
Keystone	Technical system service fee	15,680.00	-
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Room booking service fee	24,038.04	-
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Purchasing of hotel commodities	11,048.59	3,288.37
Subtotal		487,983.95	229,551.38

Sales of goods/Rendering of services:

		RMB	
Related parties	Related transactions	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
New Metropolo	Income from hotel management fee (continuing involvement)	839,260.31	-
Subtotal		839,260.31	-

(3) Related lease

The Company as lessor:

		RMB	
Lessee	Categories of assets under lease	Lease income recognized for the period	Lease income recognized for the prior period
Minhang Hotel	House renting	457,142.88	457,142.88
Jin Asia Catering	Logistics center and Republic New Road stores	158,730.15	190,476.18
Subtotal		615,873.03	647,619.06

The Company as lessee:

		RMB	
Lessor	Categories of assets under lease	Lease fee recognized for the period	Lease fee recognized for the prior period
Jin Jiang Capital	Operating area	13,122,081.30	14,354,285.71
Marvel Hotel	Operating area	5,863,293.52	4,741,599.26
Shanghai South Hua Ting Guest House Co., Ltd.	Operating area	4,525,621.39	4,070,080.86
Shanghai MAGNOTEL Hotel Co., Ltd.	Operating area	4,733,699.35	4,229,649.60
Jin Jiang International	Office area and operating area	1,334,855.73	1,317,062.88
Shanghai Jinmin Hotel Co., Ltd.	Office area	213,709.80	213,709.80
Shanghai Jin Jiang Property Management Co., Ltd.	Office area	84,361.73	74,994.30
Subtotal		29,877,622.82	29,001,382.41

(4) Entrusted operation of related parties

The Company as the guarantee:

RMB				
Related parties	Guaranteed amount	Starting date	Expiring date	Whether the guarantee has been performed
GDL	458,097,520.00	29 September 2020	29 September 2023	No
GDL	459,634,760.00	13 November 2020	13 November 2023	No
GDL	229,817,380.00	13 November 2020	13 November 2023	No
Sailing Investment	1,147,549,660.00	24 September 2020	23 September 2023	No

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

36. Related party relationships and transactions - continued

(5) Borrowed from / Lent to related parties

Amount incurred during the reporting period and balance at the end of the reporting period.

RMB

Related party	Amount	Starting date	Expiring date	Remarks
Borrowed from:				
Finance Company	10,000,000.00	12 June 2020	15 June 2021	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 December 2021	Credit borrowing
Finance Company	200,000,000.00	12 June 2020	21 April 2022	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 June 2021	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	20 December 2021	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	20 June 2022	Credit borrowing
Finance Company	50,000,000.00	12 June 2020	15 December 2022	Credit borrowing
Finance Company	500,000,000.00	14 August 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	28 September 2020	15 June 2021	Credit borrowing
Finance Company	10,000,000.00	28 September 2020	15 December 2021	Credit borrowing
Finance Company	10,000,000.00	28 September 2020	15 June 2022	Credit borrowing
Finance Company	10,000,000.00	28 September 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	28 September 2020	15 June 2023	Credit borrowing
Finance Company	550,000,000.00	28 September 2020	27 September 2023	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2021	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2023	Credit borrowing
Finance Company	457,000,000.00	4 November 2020	3 November 2023	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2021	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 December 2022	Credit borrowing
Finance Company	10,000,000.00	4 November 2020	15 June 2023	Credit borrowing
Finance Company	390,000,000.00	4 November 2020	3 November 2023	Credit borrowing
Finance Company	160,000,000.00	17 November 2020	3 November 2023	Credit borrowing
Subtotal	2,487,000,000.00			

RMB

Related party	Amount	Starting date	Expiring date	Remarks
Lent to:				
Da Hua Hotel	11,700,000.00	29 June 2020	28 June 2023	Entrusted loan

Interest income and expenses between the Company and the related parties are as below:

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Interest expenses	41,944,091.00	14,212,284.80
Interest income	3,761,839.25	1,979,983.58
Investment income	63,819.58	705.19

The Company deposits part of settlement funds and idle funds into Finance Company. The closing balance and the transaction amount of the current period are listed as below:

RMB

Finance Company	30 June 2021	31 December 2020
Closing balance of the deposit	672,817,548.84	170,751,428.81

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

36. Related party relationships and transactions - continued

(5) Borrowed from / Lent to related parties - continued

RMB

Finance Company	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Accumulative amount of deposits at Finance Company	1,130,636,738.60	1,466,982,715.43
Accumulative amount of deposits withdrawn from Finance Company	628,570,618.57	1,374,280,853.88

(6) Asset transfer and debt restructuring of related parties

RMB

Related party	Content of related transactions	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Shanghai Jin Jiang International Investment Management Co., Ltd.	Equity transfer	-	170,436,388.68

(7) The Company had no other related-party transactions during the financial reporting period.

(8) Amounts due from/to related parties

i) Accounts receivable

RMB

Items	Related parties	30 June 2021		31 December 2020	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Jin Jiang International and its subsidiaries	4,464,522.73	-	4,464,522.73	-
Accounts receivable	Jin Asia Catering	-	-	1,279,313.54	-
Accounts receivable	Jin Jiang Inn	889,615.92	-	2,315,226.76	-
Accounts receivable	Vienna	-	-	433,301.22	-
Subtotal		5,354,138.65	-	8,492,364.25	-
Other receivables	Jin Jiang Capital and its subsidiaries	6,350.00	-	6,350.00	-
Other receivables	Jin Jiang Inn	14,073,888.19	-	8,544,422.33	-
Other receivables	Hotel Investment	1,835,476.76	-	1,661,761.56	-
Other receivables	New Metropolo	9,990,294.80	-	9,954,741.70	-
Other receivables	Jin Jiang International and its subsidiaries	1,461,237.33	-	1,248,242.34	-
Other receivables	Minhang Hotel	15,250,226.88	-	14,869,252.68	-
Other receivables	Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.	5,500,000.00	-	5,500,000.00	-
Other receivables	Catering Investment	-	-	29,088.33	-
Other receivables	Jin Asia Catering	47,900,000.00	-	47,900,000.00	-
Other receivables	New Asia Food	48,956.23	-	19,867.90	-
Other receivables	Food and Beverage Serving Equipment	6,766,677.93	-	6,500,742.02	-
Other receivables	Vienna	17,529,715.75	-	11,694,080.51	-
Subtotal		120,362,823.87	-	107,928,549.37	-
Advances to suppliers	Jin Jiang International and its subsidiaries	22,764.00	-	-	-
Subtotal		22,764.00	-	-	-
Interest receivable	Jin Jiang International and its subsidiaries	3,737.50	-	4,111.25	-
Subtotal		3,737.50	-	4,111.25	-
Other non-current assets	Jin Jiang International and its subsidiaries	11,700,000.00	-	11,700,000.00	-
Subtotal		11,700,000.00	-	11,700,000.00	-
Long-term receivables	New Asia Food	10,328,000.00	-	10,328,000.00	-
Subtotal		10,328,000.00	-	10,328,000.00	-

(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**36. Related party relationships and transactions - continued**

(8) Amounts due from/to related parties - continued

ii) Accounts payable

RMB			
Items	Related parties	30 June 2021	31 December 2020
Accounts payable	Jin Jiang Food	-	38,221.44
Accounts payable	Jin Jiang Capital and its subsidiaries	2,367,964.54	-
Accounts payable	Jin Jiang International and its subsidiaries	95,365.51	105,354.58
Subtotal		2,463,330.05	143,576.02
Other payables	Jin Jiang International and its subsidiaries	1,172,322.04	826,510.40
Other payables	Jin Jiang Capital and its subsidiaries	71,337,669.33	33,695,540.31
Other payables	Marvel Hotel	-	4,749,868.02
Other payables	Shanghai MAGNOTEL Hotel Co., Ltd.	-	8,418,606.37
Other payables	Jin Jiang Inn	85,317,864.50	85,005,192.92
Other payables	Hotel Investment	7,876,340.51	7,876,340.51
Other payables	Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.	-	-
Other payables	New Metropolo	9,941,224.00	9,701,981.58
Other payables	GDL	6,517,889.92	7,051,888.00
Other payables	Vienna	6,488,075.28	1,423,148.88
Subtotal		188,651,385.58	158,749,076.99
Interest payable	Finance Company	2,290,701.40	2,551,931.25
Subtotal		2,290,701.40	2,551,931.25
Lease liabilities	Shanghai South Hua Ting Guest House Co., Ltd.	32,959,318.67	-
Lease liabilities	Shanghai MAGNOTEL Hotel Co., Ltd.	34,130,552.33	-
Lease liabilities	Jin Jiang Capital	233,052,975.77	-
Subtotal		300,142,846.77	-

END OF THE FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Gains (loss) on disposal of non-current assets	5,576,916.14	(5,293,999.40)
Tax refunds or reductions or exemptions with ultra vires approval or without official approval documents	-	-
Government grant recognized in profit or loss (other than grants which are closely related to the enterprise's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	239,085,188.24	362,267,817.59
Income earned from lending funds to non-financial institutions and recognized in profit or loss	182,159.62	-
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	-	-
Provision for impairment 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, with transacted price in excess of fair transaction price of a transaction	-	-
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of a business combination involving 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 fair value through profit or loss and held-for-trading financial liabilities, and investment income on disposal of financial assets at fair value through profit or loss, 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	(3,109,838.71)	(18,989,642.27)
Reversal of provision for accounts receivable that are tested for impairment losses individually	45,155.95	-
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 items	15,781,688.12	15,420,681.75
Gains or losses on disposal of subsidiaries	-	600,453,560.91
Other profit or loss that meets the definition of non-incurring profit or loss	(69,461,675.31)	(172,149,432.72)
Tax effects	(48,745,831.78)	(108,234,981.61)
Effects attributable to non-controlling interests (after tax)	(1,745,478.11)	(9,686,066.06)
Total	137,608,284.16	663,787,938.19

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 and Loss [2008]" issued by China Securities Regulatory Commission, non-recurring profit or loss is arising from the transactions or events that are not directly related to daily operations, or the transactions or events associated with normal operations but may affect the investors' proper judgments on the performance and profitability of the Company for special and incidental nature.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return rate on net assets and EPS have been prepared by Shanghai Jin Jiang International Hotels Co., Ltd. ("Jin Jiang Hotels") 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 in 2010) issued by China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return rate on net assets (%)	EPS	
		Basic EPS	Diluted EPS (Note)
Net profit attributable to ordinary equity holders of the Company	0.03	0.0046	N/A
Net profit attributable to ordinary equity holders of the Company after deducting non-recurring profit and loss	(0.94)	(0.1311)	N/A

Note: The Company has no diluted potential ordinary shares.

SUPPLEMENTARY INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS SEGMENTS OF LIMITED-SERVICE HOTELS**

In order to help the report users to read and compare the changes in assets and liabilities as at 30 June 2021 and 31 December 2020, and the results of operations, cash flows and room operation data for the period from 1 January 2021 to 30 June 2021 and the period from 1 January 2020 to 30 June 2020 of the business segments of limited-service hotels of the Company, the Company prepared the accompanying summarized accounting report and room operation report of business segments of the limited-service hotels, in which the transactions and transaction balances between the business segments of limited-service hotels and other business segments within the Company were not offset. This accounting report and room operation report is for report users' reference only.

Summarized balance sheet of business segments of limited-service hotels

RMB

Item	30 June 2021	31 December 2020	Item	30 June 2021	31 December 2020
Current Assets:			Current Liabilities:		
Cash and bank balances	5,773,821,254.20	6,053,841,923.59	Short-term borrowings	199,240,186.51	374,585,319.50
Held-for-trading financial assets	39,457,433.67	39,825,956.80	Accounts payable	890,996,513.34	1,745,889,747.58
Accounts receivable	1,239,925,991.91	1,062,264,320.40	Advances from customers	6,951,946.02	5,481,209.40
Advances to suppliers	109,950,892.53	219,860,539.48	Contract liabilities	803,040,954.31	932,343,409.44
Other receivables	778,649,583.28	623,868,790.40	Employee benefits payable	944,328,066.76	887,491,015.70
Inventories	64,589,892.63	69,279,719.62	Taxes payable	394,023,612.96	468,870,738.46
Non-current assets due within one year	39,777,607.68	-	Other payables	1,755,290,408.10	1,770,682,407.66
Other current assets	408,623,594.21	366,788,886.83	Non-current liabilities due within one year	5,594,770,711.46	104,003,362.90
Total Current Assets	8,454,796,250.11	8,435,730,137.12	Total Current Liabilities	10,588,642,399.46	6,289,347,210.64
Non-current Assets:			Non-current Liabilities		
Investments in other equity instruments	25,559,358.51	26,649,550.82	Lease liabilities	9,057,283,478.29	
Long-term receivables	431,092,520.82	-	Long-term borrowings	6,469,234,249.10	10,338,856,203.12
Long-term equity investments	262,056,823.81	267,749,528.92	Long-term payables	12,928,372.87	152,172,338.41
Fixed assets	5,419,795,931.11	5,833,181,846.23	Long-term employee benefits payable	93,233,974.78	99,640,012.22
Construction in progress	394,510,361.82	451,205,727.14	Provisions	53,260,683.70	51,368,852.96
Right-of-use asset	8,790,975,351.88		Deferred tax liabilities	1,744,225,206.42	2,006,615,426.28
Intangible assets	6,886,132,682.39	7,194,768,546.84	Other non-current liabilities	171,363,137.02	176,991,195.19
Goodwill	11,293,048,219.91	11,503,365,924.11	Total Non-current Liabilities	17,601,529,102.18	12,825,644,028.18
Long-term prepaid expenses	1,734,164,995.37	1,992,368,168.78	TOTAL LIABILITIES	28,190,171,501.64	19,114,991,238.82
Deferred tax assets	786,091,878.15	926,434,432.00	SHAREHOLDERS' EQUITY:		
Other non-current assets	120,082,448.96	106,915,441.81	Share capital	3,144,882,875.13	3,134,882,875.13
			Capital reserve	4,011,763,808.50	4,011,763,808.50
			Other comprehensive income	(309,939,301.80)	(314,953,677.16)
			Surplus reserve	165,038,712.59	165,038,712.59
			Retained profits	2,923,472,372.04	4,161,158,830.44
			Funds appropriated by the parent company	5,559,557,513.84	5,629,691,001.14
			Total owners' equity attributable to the equity holders of the business segments of limited-service hotels	15,494,775,980.30	16,787,581,550.64
			Non-controlling interests	913,359,340.90	835,796,514.31
Total Non-current Assets	36,143,510,572.73	28,302,639,166.65	TOTAL SHAREHOLDERS' EQUITY	16,408,135,321.20	17,623,378,064.95
TOTAL ASSETS	44,598,306,822.84	36,738,369,303.77	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	44,598,306,822.84	36,738,369,303.77

3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS SEGMENTS OF LIMITED-SERVICE HOTELS - continued**Summarized income statement of business segments of limited-service hotels**

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
I. Gross revenue		
Self-owned and leased hotels	2,616,293,216.99	2,195,433,742.55
Franchised and managed hotels	2,471,699,211.42	1,743,278,636.00
Others	52,348,355.16	47,134,799.44
Total operating income	5,140,340,783.57	3,985,847,177.99
Less: Taxes and levies	60,653,129.50	62,321,709.58
Net revenue	5,079,687,654.07	3,923,525,468.41
Operating costs and expenses:		
Rent	941,662,991.42	876,891,581.05
Energies	261,759,805.93	259,090,475.68
Labor cost of self-owned and leased hotels	1,070,448,868.55	918,617,120.54
Labor cost of franchised and managed hotels	661,218,942.45	606,061,116.77
Other franchised and managed hotels' cost	218,207,447.61	222,456,128.66
Depreciation & Amortization	482,543,041.17	569,097,312.66
Consumables, food and beverage	276,453,395.54	228,216,322.08
Others	245,612,359.45	305,834,008.94
Total operating costs of hotels	4,157,906,852.12	3,986,264,066.38
Sales and marketing expenses	346,906,788.93	198,444,233.85
General and administrative expenses	688,001,868.15	504,652,732.07
Organization costs	3,038,439.72	2,118,715.28
Total operating costs and expenses	5,195,853,948.92	4,691,479,747.58
II. Profit from operations	(116,166,294.85)	(767,954,279.17)
Investment income	(3,837,879.15)	587,259,014.05
Interest income	39,114,600.12	25,712,831.82
Interest expenses	66,900,882.43	73,019,913.49
Impairment loss of long-term assets	-	1,742,052.04
Other non-operating income	288,479,699.68	376,827,961.59
Other non-operating expenses	19,775,509.17	22,821,280.43
Gains from changes in fair value	(4,438,838.71)	42,607,521.84
Exchange gains (losses)	1,108,433.07	6,029,662.78
III. Total profit	117,583,328.56	172,899,466.95
Income tax expenses	109,344,374.51	(86,533,013.63)
IV. Net profit	8,238,954.05	259,432,480.58
Less: Non-controlling interests	105,484,919.46	15,409,653.66
Net profit attributable to business segments of limited-service hotels	(97,245,965.41)	244,022,826.92
V. Other comprehensive income (loss), net of tax	5,697,553.29	(28,571,446.32)
Other comprehensive income (loss) attributable to owners of the parent company, net of tax	5,014,375.36	(28,399,915.19)
(I) Other comprehensive income (loss) that cannot be subsequently reclassified to profit or loss	3,717,670.06	(269.34)
1. Changes from remeasurement of net liabilities or assets from defined benefit plans	3,717,670.06	(269.34)
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss	1,296,705.30	(28,399,645.85)
1. Shares of other comprehensive income in investee that will be reclassified subsequently to profit or loss under equity method	50,764.07	-
2. Effective portion of profit or loss of cash flow hedging	-	639,053.54
3. Translation differences of financial statements denominated in foreign currency	1,245,941.23	(29,038,699.39)
Other comprehensive income (loss) attributable to minority shareholders, net of tax	683,177.93	(171,531.13)
VI. Total comprehensive income (loss)	13,936,507.34	230,861,034.26
Comprehensive income (loss) attributable to owners of the parent company	(92,231,590.05)	215,622,911.73
Total comprehensive income (loss) attributable to minority shareholders	106,168,097.39	15,238,122.53

3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS SEGMENTS OF LIMITED-SERVICE HOTELS - continued**Summarized cash flow statement of business segments of limited-service hotels**

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	5,131,759,530.67	3,967,853,979.55
Other cash receipts relating to operating activities	363,522,686.16	169,900,120.18
Sub-total of cash inflows from operating activities	5,495,282,216.83	4,137,754,099.73
Cash payments for goods purchased and services received	1,518,705,703.79	1,166,782,702.20
Cash payments to and on behalf of employees	1,986,592,400.64	2,080,994,769.40
Payments of taxes	505,624,412.12	467,804,816.77
Other cash payment relating to operating activities	769,922,947.10	1,774,805,443.47
Sub-total of cash outflows from operating activities	4,780,845,463.65	5,490,387,731.84
Net cash flow from operating activities	714,436,753.18	(1,352,633,632.11)
II. Cash flows from investing activities:		
Cash receipts from investment income	23,899.78	5,402,478.47
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	35,310,681.61	6,547,798.56
Net cash receipts from disposal of subsidiaries and other operating entities	2,283,068.73	288,838,418.48
Other cash receipts relating to investing activities	2,927,515.32	-
Sub-total of cash inflows from investing activities	40,545,165.44	300,788,695.51
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	252,710,167.81	357,112,627.76
Cash payment for investment	16,510,000.00	56,674,455.26
Other cash payments relating to investing activities	-	1,255,472.11
Sub-total of cash outflows from investing activities	269,220,167.81	415,042,555.13
Net cash flow from investing activities	(228,675,002.37)	(114,253,859.62)
III. Cash flows from financing activities:		
Cash receipts from capital contributions	10,000,000.00	-
Including: Cash receipts from capital contribution from minority shareholders of subsidiaries	-	-
Cash receipts from borrowings	413,750,663.84	149,968,714.25
Sub-total of cash inflows from financing activities	423,750,663.84	149,968,714.25
Cash repayments of borrowings	29,336,027.48	30,524,064.21
Cash payments for interest expenses and distribution of dividends or profits or settlement of interest expenses	397,025,407.86	111,897,279.63
Including: Cash payments to minority shareholders for distribution of dividends or profits	132,780,218.61	44,896,449.35
Other cash payments relating to financing activities	768,490,902.99	6,151,688.53
Sub-total of cash outflows from financing activities	1,194,852,338.33	148,573,032.37
Net cash flow from financing activities	(771,101,674.49)	1,395,681.88
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(10,220,412.17)	3,616,568.33
V. Net increase (decrease) in cash and cash equivalents	(295,560,335.85)	(1,461,875,241.52)
Add: Opening balance of cash and cash equivalents	6,047,461,168.62	5,482,497,863.87
VI. Closing balance of cash and cash equivalents	5,751,900,832.77	4,020,622,622.35

3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS SEGMENTS OF LIMITED-SERVICE HOTELS - continued**Income statement before interest, tax, depreciation and amortization of business segments of limited-service hotels**

RMB

Item	Period from 1 January 2021 to 30 June 2021	Period from 1 January 2020 to 30 June 2020
Net profit attributable to business segments of limited-service hotels	(97,245,965.41)	244,022,826.92
Interest income	(39,114,600.12)	(25,712,831.82)
Interest expenses (except for the interest expenses of lease liabilities)	66,900,882.43	73,019,913.49
Income tax expenses	109,344,374.51	(86,533,013.63)
Depreciation (except for the depreciation of right-of-use assets)	256,740,208.20	283,975,031.41
Amortization	319,652,773.27	356,673,692.61
Earnings before interest, tax, depreciation and amortization(EBITDA) - except for the lease standards	616,277,672.88	845,445,618.98
Proportion of EBITDA in operating income (%)	11.99	21.21
Exchange gains (losses)	(1,108,433.07)	(6,029,662.78)
Organization costs	3,038,439.72	2,118,715.28
EBITDA after adjustment	618,207,679.53	841,534,671.48
Proportion of EBITDA after adjustment in operating income (%)	12.03	21.11

Expenses statement of business segments of limited-service hotels

RMB

Item	Period from 1 January 2021 to 30 June 2021		Period from 1 January 2020 to 30 June 2020	
	Amount	Proportion in operating income (%)	Amount	Proportion in operating income (%)
Operating income	5,140,340,783.57	100.00	3,985,847,177.99	100.00
Operating costs of hotels	4,157,906,852.12	80.89	3,986,264,066.38	100.01
Sales and marketing expenses	346,906,788.93	6.75	198,444,233.85	4.98
General and administrative expenses	688,001,868.15	13.38	504,652,732.07	12.66
Organization costs	3,038,439.72	0.06	2,118,715.28	0.05
Total operating costs and expenses	5,195,853,948.92	101.08	4,691,479,747.58	117.70

**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS
SEGMENTS OF LIMITED-SERVICE HOTELS - continued****Room operation report of domestic and overseas middle-end hotels and economy hotels by brands
(first half year)**

Brand	Number of hotels newly opened in the first half of 2021	Number of hotels as at 30 June 2021
1. Middle-end hotels	446	4,868
Including: Jin Jiang Metropolo	11	150
Lavande	77	796
James Joyce Coffetel	25	349
Xana Hotelle	49	375
Hampton	29	188
Chonpines	-2	84
Vienna International	72	765
Vienna Classic Hotel	16	180
Vienna Hotels	76	1,064
Vienna 3 Goods	25	294
Golden Tulip series	-3	238
Kyriad	23	152
Others	48	233
2. Economy hotels	-27	4,957
Including: Jin Jiang Inn	-7	1,010
7 Days series	-41	2,001
IU	11	279
Pai	-15	405
Magnotel	27	178
Première Classe	2	252
Campanile	-6	355
Kyriad series	-1	317
Sarovar managed	1	92
Others	2	68
Total	419	9,825

**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS
SEGMENTS OF LIMITED-SERVICE HOTELS - continued****Room operation report of domestic limited-service hotels (first half year)**

	As at 30 June 2020	As at 31 March 2021	As at 30 June 2021
Number of opened hotels			
Self-owned and leased hotels	656	625	621
Franchised and managed hotels	6,876	7,685	7,942
All opened hotels	7,532	8,310	8,563
Total number of rooms of opened hotels			
Self-owned and leased hotels	83,853	80,821	80,032
Franchised and managed hotels	679,053	752,903	777,843
All opened hotels	762,906	833,724	857,875
Total number of signed hotels			
Self-owned and leased hotels	680	649	650
Franchised and managed hotels	11,657	12,689	13,054
All signed hotels	12,337	13,338	13,704
Total number of rooms of signed hotels			
Self-owned and leased hotels	86,472	83,382	83,397
Franchised and managed hotels	1,166,298	1,250,885	1,279,014
All signed hotels	1,252,770	1,334,267	1,362,411

	Second quarter of 2020	First quarter of 2021	Second quarter of 2021
Occupancy rate of rooms (%)			
Self-owned and leased hotels	57.04	57.04	71.60
Franchised and managed hotels	58.18	59.14	72.43
All opened hotels	58.05	58.93	72.35
Average room rate (RMB/room)			
Self-owned and leased hotels	157.37	172.92	199.32
Franchised and managed hotels	183.63	201.20	222.44
All opened hotels	180.63	198.39	220.21
Revenue from each available room (RMB/room)			
Self-owned and leased hotels	89.76	98.63	142.71
Franchised and managed hotels	106.84	118.99	161.11
All opened hotels	104.86	116.91	159.32

**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS
SEGMENTS OF LIMITED-SERVICE HOTELS - continued****RevPAR of the domestic same hotels as at 30 June 2021 and
comparison with the same period of last year**

	Number of hotels opened for more than 18 months				
	January to June 2021	January to June 2020	Increase or decrease between 2021H1 and 2020H (%)	January to June 2019	Increase or decrease between 2021H1 and 2019H (%)
Middle-end hotels					
Average occupancy rate (%)	70.60	55.09	15.51	77.26	-6.66
Including: Direct hotels	72.19	55.95	16.24	80.64	-8.45
Franchised hotels	70.50	55.03	15.47	77.03	-6.53
Average room rate (RMB/room)	245.72	225.60	8.92	259.94	-5.47
Including: Direct hotels	288.30	262.72	9.74	314.89	-8.44
Franchised hotels	242.96	222.97	8.97	256.02	-5.10
RevPAR (RMB/room)	173.48	124.28	39.59	200.83	-13.62
Including: Direct hotels	208.12	146.99	41.59	253.93	-18.04
Franchised hotels	171.29	122.70	39.60	197.21	-13.14
Economy hotels					
Average occupancy rate (%)	60.39	40.74	19.65	70.99	-10.60
Including: Direct hotels	61.63	42.91	18.72	69.61	-7.98
Franchised hotels	60.05	40.16	19.89	71.37	-11.32
Average room rate (RMB/room)	148.17	136.96	8.18	160.07	-7.43
Including: Direct hotels	147.65	147.78	-0.09	163.35	-9.61
Franchised hotels	148.31	133.91	10.75	159.20	-6.84
RevPAR (RMB/room)	89.48	55.80	60.36	113.63	-21.25
Including: Direct hotels	91.00	63.41	43.51	113.71	-19.97
Franchised hotels	89.06	53.78	65.60	113.62	-21.62
Total					
Average occupancy rate (%)	65.76	47.88	17.88	74.15	-8.39
Including: Direct hotels	64.13	45.99	18.14	72.18	-8.05
Franchised hotels	66.01	48.18	17.83	74.46	-8.45
Average room rate (RMB/room)	203.26	187.72	8.28	212.37	-4.29
Including: Direct hotels	185.19	180.81	2.42	202.78	-8.67
Franchised hotels	205.93	188.77	9.09	213.85	-3.70
RevPAR (RMB/room)	133.66	89.88	48.71	157.47	-15.12
Including: Direct hotels	118.76	83.15	42.83	146.37	-18.86
Franchised hotels	135.93	90.95	49.46	159.23	-14.63

Note: As of the end of June 2021, 356 hotels within the country were expropriated. The comparison data of the same hotels above does not exclude expropriated hotels.

	Number of hotels opened for more than 18 months
Middle-end hotels	2,452
Including: Direct hotels	85
Franchised hotels	2,367
Economy hotels	3,107
Including: Direct hotels	487
Franchised hotels	2,620
Total	5,559

**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS
SEGMENTS OF LIMITED-SERVICE HOTELS - continued****Room operation report of overseas limited-services hotels (first half year)**

	As at 30 June 2020	As at 31 March 2021	As at 30 June 2021
Number of opened hotels			
Self-owned and leased hotels	291	293	294
Franchised and managed hotels	996	960	968
All opened hotels	1,287	1,253	1,262
Total number of rooms of opened hotels			
Self-owned and leased hotels	22,755	23,203	23,439
Franchised and managed hotels	83,269	77,374	77,844
All opened hotels	106,024	100,577	101,283
Total number of signed hotels			
Self-owned and leased hotels	295	294	295
Franchised and managed hotels	1,090	1,040	1,030
All signed hotels	1,385	1,334	1,325
Total number of rooms of signed hotels			
Self-owned and leased hotels	23,272	23,215	23,451
Franchised and managed hotels	93,536	87,099	86,099
All signed hotels	116,808	110,314	109,550

	Second quarter of 2020	First quarter of 2021	Second quarter of 2021
Occupancy rate of rooms (%)			
Self-owned and leased hotels	13.54	31.56	34.77
Franchised and managed hotels	19.03	37.75	38.71
All opened hotels	17.50	36.28	37.72
Average room rate (Euro/room)			
Self-owned and leased hotels	51.54	47.47	50.04
Franchised and managed hotels	52.31	48.86	51.79
All opened hotels	52.14	48.57	51.38
Revenue from available rooms (Euro/room)			
Self-owned and leased hotels	6.98	14.98	17.40
Franchised and managed hotels	9.95	18.44	20.05
All opened hotels	9.12	17.62	19.38