

Company Code: 600754, 900934

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

Shanghai Jin Jiang International Hotels Co., Ltd. 2022 Half-Year Interim Report

Important 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 factuality, accuracy and completeness of the information carried in the interim report, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.**
- II. On 29 August 2022, the 4th Meeting of the 10th 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 2022 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 (22) No. R00065) 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, Ms. Shen Li, Chief Executive Officer ("CEO"), Mr. Ai Gengyun, 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 on 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. 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 interim 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.

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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 <i>Shanghai Securities News</i> and <i>Hong Kong Commercial Daily</i> 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	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.
Shenzhen Jin Jiang	Refers to	Shenzhen Jin Jiang Hotel Management Co., Ltd.
Goldmet Inn	Refers to	Shanxi Goldmet Inn Management Co., Ltd.
Smart Hotel	Refers to	Smart Hotel Management Co., Ltd.
Jin Lu Investment	Refers to	Shanghai Jin Lu Investment Management Co., Ltd.
Sailing Investment	Refers to	Sailing Investment Co., SARL, registered in Luxembourg
Group de Louvre, GDL	Refers to	Group du Louvre, registered in France
Louvre Hotels Group, LHG	Refers to	Louvre Hotels Group, registered in France
Plateno Group	Refers to	Keystone Lodging Holdings Limited and its subsidiaries
Vienna Hotel	Refers to	Vienna Hotel Co., Ltd.
Da Hua Hotel	Refers to	Shanghai Jin Jiang Da Hua Hotel Co., Ltd.
Minhang Hotel	Refers to	Shanghai Minhang Hotel Co., Ltd.
Jin Pan Hotel	Refers to	Shanghai Jin Pan Hotel Co., Ltd.
East Asia Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. East Asia Hotel
Nan Jing Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Nan Jing Hotel
Metropolo Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Metropole Hotel
New Asia Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. New Asia Hotel
Huating Guest House	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Huating Guest House
Magnotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Magnotel Hotel
Qing Nianhui Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Qing Nianhui Hotel
Dongfeng Hotel	Refers to	Shanghai Jin Jiang International Hotels Co., Ltd. Dongfeng Hotel
Jiaozhou Hotel	Refers to	Jiaozhou Resort Hotel of Shanghai Food Group Hotel Management 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 Hedong District Jin Jiang Inn	Refers to	Tianjin Hedong District Jin Jiang Inn Co., Ltd.
Ningbo Jinbo Hotel	Refers to	Ningbo Jinbo Hotel Co., Ltd.
Dishuihu Jin Jiang Inn	Refers to	Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.
Tianjin Hu Jin Investment	Refers to	Tianjin Hu Jin Investment and Management Co., Ltd.
Shenyang Songhuajiang Jin Jiang Inn	Refers to	Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.
Changchun Jinlv Investment	Refers to	Changchun Jinlv Investment and Management Co., Ltd.
Tianjin Jin Jiang Inn	Refers to	Tianjin Jin Jiang Inn Co., Ltd.
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.
Longevity Village Catering	Refers to	Shenzhen Longevity Village 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
Jin Jiang Finance Company	Refers to	Jin Jiang International Finance Co., Ltd.
Jin Jiang Online	Refers to	Shanghai Jin Jiang Online Network Service Co., Ltd.
Bank of Beijing	Refers to	Bank of Beijing Co., Ltd.
Agricultural Bank of China	Refers to	Agricultural Bank of China Limited
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
SEHK	Refers to	The Stock Exchange of Hong Kong Ltd.
Shanghai SASAC	Refers to	Shanghai State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government
<i>Company Law</i>	Refers to	<i>The Company Law of The People's Republic of China</i>
<i>Securities Law</i>	Refers to	<i>The Securities Law of The People's Republic of China</i>
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
<i>Articles of Association of the Company</i>	Refers to	<i>Articles of Association of Shanghai Jin Jiang International Hotels Co., Ltd.</i>
Reporting period, the current period, end of the reporting period, end of the current period	Refers to	1 January 2022 to 30 June 2022, 30 June 2022
Same period of prior year, prior period, end of the prior year	Refers to	1 January 2021 to 30 June 2021, 31 December 2021
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
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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	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"; 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"; 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"; 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)".
Business address	19th 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	<i>Shanghai Securities News, Hong Kong Commercial Daily</i>
Internet website address of the interim report	http://www.sse.com.cn
Where this report is placed	Secretarial Office of 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 2022)	Same period of prior year (from January to June 2021)	Year-on-year changes (%)
Operating income	5,042,696,591.86	5,262,540,955.04	-4.18
Net profit attributable to shareholders of the Company	-117,967,260.12	4,648,428.88	-2,637.79
Net profit attributable to shareholders of the Company, net of non-recurring profit or loss	-247,472,105.59	-132,959,855.28	N/A
Net cash flows from operating activities	805,931,022.81	649,799,805.98	24.03

	End of the reporting period (30 June 2022)	End of the prior year (31 December 2021)	Changes in the end of the reporting period compared to end of the prior year (%)
Net assets attributable to shareholders of the Company	16,440,320,747.83	16,611,607,379.34	-1.03
Total assets	46,796,611,651.77	48,263,130,694.72	-3.04

(II) Financial indicator highlights

Financial indicator highlights	Reporting period (From January to June 2022)	Same period of prior year (From January to June 2021)	Year-on-year changes (%)
Basic EPS (RMB/share)	-0.1102	0.0046	-2,504.85
Diluted EPS (RMB/share)	N/A	N/A	N/A
Basic EPS, net of non-recurring profit or loss (RMB/share)	-0.2313	-0.1311	N/A
Weighted average ROE (%)	-0.71	0.03	Decreased by 0.74%
Weighted average ROE, net of non-recurring profit or loss (%)	-1.49	-0.94	Decreased by 0.55%

Description of accounting and financial indicator highlights of the Company

Applicable Not Applicable

Exchange rate

	30 June 2022	31 December 2021	30 June 2021
1 USD to RMB	6.7114	6.3757	6.4601
1 EUR to RMB	7.0084	7.2197	7.6862
1 HKD to RMB	0.85519	0.81760	0.83208

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	91,909,717.87	Receipts of expropriation compensation income
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)	66,878,861.25	Receipts of government grants
Income earned from lending funds to non-financial institutions and recognized in profit or loss	253,547.84	
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, derivative financial assets and liabilities as well as other debt investments, other than those used in the effective hedging activities relating to normal operating business	-12,999,294.51	Profit or loss on changes in fair value of held-for-trading financial assets and minority interest acquisition balance
Other non-operating income or expenses other than the above	-425,945.49	
Less: Income tax effects	13,393,881.71	
Effects attributable to minority interests (after tax)	2,718,159.78	
Total	129,504,845.47	

Explanation on classifying non-recurring profit or loss listed in the *Explanatory Notice No. 1 of Information Disclosure for Public Offering Securities - Non-recurring Profit and Loss* as recurring profit or loss

 Applicable Not Applicable**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 of its own brand, registered trademarks, operating methods, operating procedures and other operating resources to hotels within an agreed period by signing 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 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 of its own brand, registered trademarks, operating methods, operating procedures and other operating resources to restaurants within an agreed period by signing 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 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 Third Quarter of 2021* of the China Securities Regulatory Commission, the Company belongs to H61 hotel industry in H category accommodation and catering industry of listed companies. The hotel industry, also known as hospitality industry, refers to an activity providing short-term accommodation 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' development, the Company has been forming and strengthening its core-competitiveness actively. During the reporting period, the Company has taken the following major measures in strengthening, optimizing and increasing its core competitiveness, and has achieved corresponding achievements:

2022 witnessed the Company to enhance its independent innovation capability for continuous organizational innovation, product innovation and brand innovation, co-ordinate the implementation of the global hotel industry integration and further optimize the integration in China region, exert itself to improving brand, quality and efficiency, and promote high-quality development in accordance with the principle of "genetically unchanged, background integrated and mutually developed with complementary advantages" and basic principles of "adhering to the core business development, high quality development, and progressive development in stable improvements". The Company will make further efforts to enhance its advantages in "brand, digitalization, innovation and talent", and consolidate its market leadership in related industries such as limited service hotels.

1. Enrich the brand matrix and enhance the brand connotation

After years of cultivation, the Company has established a systematic and comprehensive limited service hotel brand matrix, with 39 existing brands under the Company. According to the comprehensive assessment on the value of the Company's brands, the Company launched a brand matrix plan in 2021, released the latest brand matrix in June 2022, and completed the delineation of "pathway brands", "track brands" and "light development brands", and developed national advantageous brands, laid out strategic brands and enhanced brand value through resource focus and policy traction, contributing to the development of Jin Jiang Hotels with high quality. The Company strengthened the development layout and implemented regional differentiation in line with national strategies.

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

As the times progress with development of technology, the Company accelerated digital transformation, refined management and information enabling and regarded them as an important strategic tool. Through active organizational transformation and capability building, the Information Management Center was transformed into a customer-centric information sharing competence center so as to be more quickly changed to a digital business transformation center, guiding the enterprise to establish a business model that was dependent on digital platforms. Firstly, build digital hotels from "seven scenarios". Secondly, commence digital direct sales to achieve higher booking rate of members. As at 30 June 2022, the Company had 182.10 million valid members in total. Thirdly, create operation-construction integrated system to build a heart-saving, time-saving and high-quality project management system from the perspective of overall business optimization, realizing full lifetime management of projects and improving the service and quality of the preparatory process. Fourthly, build a digital platform for human resources and upgrade Jin Jiang's "Cloud Academy" with 123,000 online learners. Fifthly, build a collaborative supply chain ecology, to strengthen collaboration with the global procurement sharing platform and continue to optimize processes, improving service efficiency and promoting brand standard control.

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

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

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

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

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

Since its establishment, Jin Jiang Hotels has always been deeply involved in the social service industry, determined to serve the people's better life. After the outbreak of the COVID-19, Jin Jiang Hotels have always been on the front line, never daring to slacken off in the slightest. In March 2022, the Company coordinated pandemic prevention and guarantee, devoted itself to the pandemic prevention of Shanghai, and carefully guaranteed provision of supplies for medical team supporting Shanghai. In early April, over domestic 2,000 hotels of the Company have been expropriated. The Company also undertook 10,000 sets of guaranteed housing projects for the municipal government, allocating a strong work team, building a good command system and optimizing the service process. It is this culture of love that has made Jin Jiang a long-established brand, and Jin Jiang people are transforming it into an attitude of serving the market.

III. Operation Discussion and Analysis

In the first half of 2022, in the face of a complex external environment, under the backdrop where multiple variables played out in the global economy, the Company, while keeping a stable pace and seeking progress to achieve stronger coordination in accordance with the work direction of "market-oriented reform, international development, systematic governance, digital transformation, humanistic management and consolidated Party's construction". 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 to June 2022, the Company realized consolidated operating income of RMB 5,042.70 million, with a year-on-year decrease of 4.18%; realized net profit attributable to shareholders of listed company amounting to RMB -117.97 million, with a year-on-year decrease of 2,637.79%; realized net profit attributable to shareholders of listed company net of non-recurring profit or loss amounting to RMB -247.47 million, with a year-on-year increase in loss of RMB 114.51 million.

At 30 June 2022, the Company had total assets of RMB 46,796.61 million, a decrease of 3.04% comparing with that at prior year end; total liabilities of RMB 29,572.82 million, a decrease of 4.38% compared to that at prior year end; net assets attributable to shareholders of listed company amounting to RMB 6,440.32 million, a decrease of 1.03% compared with that at prior year end; and asset-liability ratio of 63.19%, a decrease of 0.88% compared with that at prior year end.

From January to June 2022, the Company realized net cash flow from operating activities amounting to RMB 805.93 million, a year-on-year increase of 24.03%.

During the reporting period, the Company enjoyed a year-on-year decrease in the consolidated operating income and realized net profit attributable to shareholders of listed company mainly because its domestic limited service hotels were affected by the pandemic in the current period.

The total assets decreased since the end of prior year mainly because the Company's domestic limited service hotels were affected by the pandemic and the long-term loan was repaid in the current period.

Net cash inflow from operating activities increased compared with that for the same period of prior year mainly because the Company's domestic limited service hotels were affected by the pandemic, and both value-added tax and corporate income tax actually paid decreased compared with that for the same period of prior year.

Limited Service Hotel Business

1. Overview of global hotel business development

From January to June 2022, the limited service hotel business realized the consolidated operating income of RMB 4,945.77 million, a year-on-year decrease of 3.78%; realized net profit attributable to the limited service hotel business amounting to RMB -169.88 million, a year-on-year increase in loss of RMB 72.64 million.

It realized domestic operating income of RMB 3,464.82 million, a year-on-year decrease of 19.53%; realized overseas operating income of RMB 1,480.95 million, a year-on-year increase of 77.52%. The domestic operating income and overseas operating income accounted for 70.06% and 29.94%, of the total revenue of hotel business, respectively.

The consolidated operating income includes upfront franchise service income of RMB 222.75 million, a year-on-year decrease of 41.45%, and recurring franchise and labor dispatch service income of RMB 1,631.67 million, a year-on-year decrease of 3.48%.

From January to June 2022, the Company newly opened 584 hotels, exited from 221 previously operated hotels and had 1 hotel transferred to be built, with a net increase of 362 new hotels. Therein, the number of directly operated hotels decreased by 41, while the number of franchise hotels increased by 403. As of 30 June 2022, 10,975 hotels with 1,050,871 rooms in total have been opened for business.

As of 30 June 2022, 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 hotels	5,896	53.72	653,377	62.17
Budget hotels	5,079	46.28	397,494	37.83
Total number of hotels	10,975	100.00	1,050,871	100.00
Including: Directly operated hotels	880	8.02	97,684	9.30
Franchise hotels	10,095	91.98	953,187	90.70

As of 30 June 2022, the number of contracted hotels reached 15,778, and the number of contracted rooms was 1,514,807 in total.

As of 30 June 2022, the Company's contracted limited service chain hotels were located in 31 provinces in Mainland China, 336 prefecture-level cities in autonomous regions and municipalities and counties and cities directly under the jurisdiction of the province, and 61 countries or regions outside Mainland China.

2. Operation of limited service chain hotels by region

(1) Operation in Mainland China

From March 2022, the operations of the Company's domestic limited service chain hotels reduced under the effects of local pandemic outbreaks in Shanghai, etc. In April, the overall average RevPAR of the Company's domestic limited service chain hotels decreased to 54.35% of that for the same period of 2019 while the overall average RevPAR in June increased to 88.00% of that for the same period of 2019 as local pandemic was contained. As the pandemic gets better, RevPAR is expected to recover rapidly.

From January to June 2022, for limited service chain hotel business in Mainland China, the Company realized consolidated operating income of RMB 3,464.82 million, a year-on-year decrease of 19.53%; realized net profit attributable to owners of the Company amounting to RMB 3.01 million, a year-on-year decrease of 98.78%; the consolidated operating income included upfront franchise service income of RMB 217.76 million, a year-on-year decrease of 40.98%, and recurring franchise and labor dispatch service income of RMB 1,356.23 million, a year-on-year decrease of 9.43%.

The table below presents the number of the Company's hotels and rooms for limited service in Mainland China as of 30 June 2022:

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	28	3,634	409	35,936	28	3,634	573	52,416
Tianjin	1	9	1,056	197	17,988	9	1,056	323	29,360
Hebei	11	5	617	455	34,498	5	617	727	58,373
Shanxi	11	19	2,436	191	14,571	20	2,543	300	23,666
Inner Mongolia	12	1	123	123	11,380	1	123	191	17,830
Liaoning	14	24	3,176	184	16,067	24	3,176	274	24,270
Jilin	9	10	1,354	80	7,852	10	1,354	135	12,926
Heilongjiang	12	6	633	106	9,267	6	633	149	13,238
Shanghai	1	57	8,283	222	26,570	60	8,638	275	32,063
Jiangsu	13	50	5,973	709	67,057	51	6,071	990	92,273
Zhejiang	11	27	3,530	274	29,922	27	3,530	394	41,741
Anhui	16	10	1,197	302	28,116	10	1,197	463	42,760
Fujian	9	14	1,493	138	14,108	14	1,493	231	24,110
Jiangxi	11	20	2,229	371	36,054	20	2,229	556	54,301
Shandong	17	13	1,561	668	56,597	13	1,561	1,144	100,387
Henan	17	8	1,095	354	30,422	8	1,095	565	49,779
Hubei	14	29	3,790	383	36,952	29	3,790	609	58,797
Hunan	14	36	3,680	410	44,673	36	3,680	634	69,039
Guangdong	21	103	14,837	1,460	161,099	104	14,942	2,068	224,758
Guangxi	14	12	1,830	269	31,787	12	1,830	398	45,586
Hainan	4	7	867	79	9,015	7	867	110	12,527
Chongqing	1	11	1,327	241	19,838	11	1,327	338	28,702
Sichuan	21	33	3,795	436	37,500	33	3,795	650	57,821
Guizhou	9	15	1,478	239	22,793	15	1,478	357	34,676
Yunnan	16	8	813	161	15,768	8	813	276	26,315
Tibet	7	2	208	40	4,033	2	208	74	7,794
Shaanxi	10	17	1,956	257	23,912	17	1,956	401	36,912
Gansu	14	5	469	127	10,204	5	469	219	18,560
Qinghai	6	4	240	71	6,292	4	240	100	9,052
Ningxia	5	2	314	52	4,016	2	314	80	7,032
Xinjiang	14	5	567	143	12,683	5	567	256	23,947
Total	336	590	74,561	9,151	876,970	596	75,226	13,860	1,331,011

The following table sets out the RevPAR of mid-priced hotels and budget hotels in Mainland China from January to June 2022:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	January to June 2022	January to June 2021	January to June 2022	January to June 2021	January to June 2022	January to June 2021	Year-on-year change (%)
Mid-priced hotel	239.31	244.58	52.47	69.47	125.57	169.91	-26.10
Budget hotel	159.28	150.75	47.54	60.17	75.72	90.71	-16.53
Average	212.98	210.66	50.74	65.79	108.07	138.59	-22.02

Note: In the first half of 2022, the RevPAR of mid-priced hotels in China, the RevPAR of budget hotels in China and the overall average RevPAR in China were 62.90%, 67.45% and 71.03% of that for the same period of 2019, respectively.

The following table sets out the RevPAR of mid-priced hotels and budget hotels in Mainland China from April to June 2022:

Category	Average room price (RMB/Room)		Average occupancy rate (%)		RevPAR (RMB/Room)		
	April to June 2022	April to June 2021	April to June 2022	April to June 2021	April to June 2022	April to June 2021	Year-on-year change (%)
Mid-priced hotel	243.19	254.49	52.44	75.22	127.53	191.43	-33.38
Budget hotel	173.14	160.56	47.34	67.85	81.96	108.94	-24.77
Average	220.41	220.21	50.67	72.35	111.68	159.32	-29.90

Note: In the second quarter of 2022, the RevPAR of mid-priced hotels in China, the RevPAR of budget hotels in China and the overall average RevPAR in China were 61.55%, 69.30% and 69.78% of that for the same period of 2019, respectively.

(2) Overseas business information

Major European countries adopted more liberal policies and even release strict pandemic prevention and control measures. From early 2022, the European hotel market has been constantly recovered. In April 2022, the overall average RevPAR of the Company's overseas limited service chain hotels was resumed to 88.52% of that for the same period of 2019. In May and June 2022, the overall average RevPAR reached the level for the same period of 2019. Groupe du Louvre will continue to control costs, realize fund optimization and positively promote various measures of the recovery plan. 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 2022, for limited service chain hotel business outside Mainland China, the Company realized consolidated operating income of EUR 209.87 million, a year-on-year increase of 94.29%, and realized net profit attributable to owners of the Company amounting to EUR -24.41 million, a year-on-year decrease in loss of EUR 19.78 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 2022:

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	288	22,915	696	46,682	288	22,915	720	49,064
Including: France	197	14,437	638	40,365	197	14,437	653	41,483
Asia	2	208	200	21,816	2	208	251	27,041
America			16	3,010			17	3,157
Africa			32	4,709			44	6,185
Total	290	23,123	944	76,217	290	23,123	1,032	85,447

The following table sets out the RevPAR of mid-priced hotels and budget hotels outside Mainland China from January to June 2022:

Category	Average room price (EUR/room)		Average occupancy rate (%)		RevPAR (EUR/room)		
	January to June 2022	January to June 2021	January to June 2022	January to June 2021	January to June 2022	January to June 2021	Year-on-year change (%)
Mid-priced hotel	68.37	58.10	48.56	33.84	33.20	19.66	68.87
Budget hotel	55.18	47.51	57.83	38.12	31.91	18.11	76.20
Average	58.11	50.03	55.48	37.01	32.24	18.52	74.08

Note: In the first half of 2022, the RevPAR of mid-priced hotels outside Mainland China, the RevPAR of budget hotels outside Mainland China and the overall average RevPAR outside Mainland China were 88.49%, 90.31% and 89.62% of that for the same period of 2019, respectively.

The following table sets out the RevPAR of mid-priced hotels and budget hotels outside Mainland China from April to June 2022:

	Average room price (EUR/room)		Average occupancy rate(%)		RevPAR (EUR/room)		
	April to June 2022	April to June 2021	April to June 2022	April to June 2021	April to June 2022	April to June 2021	Year-on-year change (%)
Mid-priced hotel	71.40	59.16	52.57	35.46	37.53	20.98	78.88
Budget hotel	58.10	48.91	66.73	38.49	38.77	18.83	105.89
Average	60.89	51.38	63.16	37.72	38.46	19.38	98.45

Note: In the second quarter of 2022, the RevPAR of mid-priced hotels outside Mainland China, the RevPAR of budget hotels outside Mainland China and the overall average RevPAR outside Mainland China were 93.93%, 99.17% and 97.75% of that for the same period of 2019, respectively.

Food and catering business

From January to June 2022, the food and catering business realized consolidated operating income of RMB 96.92 million, a year-on-year decrease of 20.79%. The net profit attributable to food and catering business segment was RMB 76.26 million, a year-on-year decrease of 56.26%, which was mainly because the Company's food and catering business was affected by the 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.

In early July, as the pandemic got better and summer holidays was around the corner, increasing demands in domestic trips further warmed the hospitality market in China; in middle July, RevPAR was slightly affected by the associated occurrence of multiple outbreaks in China; in late July, RevPAR improved gradually; and the overall average RevPAR for the whole July was resumed to 85% of that for the same period of 2019. The operating recovery of domestic hotels was directly associated with the local and surrounding pandemic situation.

The European hotel operations have been resumed continuously since 2022. The overall average RevPAR of Groupe du Louvre's hotels outside Mainland China was 106% of that for the same period of 2019. Groupe du Louvre will continue to control costs and optimize capital as it moves forward with its recovery plan initiatives.

In the second half of 2022, the Company's operating income is expected to amount to RMB 6-6.5 billion, a year-on-year increase of 0%-8%; operating income from Mainland China is expected to decrease by 1%-10% on a year-on-year basis; that outside Mainland China is expected to increase by 30%-37% on a year-on-year basis.

In 2022, the Company is expected to newly open 1,200 limited service chain hotels and newly contract 2,200 limited service chain hotels throughout the year.

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 2022	1 January to 30 June 2021	Changes (%)
Operating income	5,042,696,591.86	5,262,540,955.04	-4.18
Operating cost	3,501,352,755.77	3,647,854,043.59	-4.02
Selling expenses	384,294,948.57	344,956,016.25	11.40
Administrative expenses	1,103,071,180.52	1,113,046,928.78	-0.90
Research and development expenditure	7,038,552.47	12,242,916.63	-42.51
Financial expenses	219,836,723.04	297,611,436.44	-26.13
Other income	77,269,732.11	253,607,387.90	-69.53
Investment income	83,183,212.85	170,513,510.83	-51.22
Losses from investments in associates and joint ventures	-8,497,647.73	71,996,711.22	-111.80
Gains (losses) from changes in fair value	-13,036,336.54	-3,109,838.71	
Credit impairment gains (losses)	-13,289,633.05	-929,949.83	
Gains (losses) from disposal of assets	92,313,892.30	6,088,739.99	1,416.14
Non-operating income	19,867,634.47	29,458,559.71	-32.56
Non-operating expenses	20,675,478.55	14,124,832.90	46.38
Income tax expenses	45,683,898.90	114,127,141.18	-59.97
Net cash flows from operating activities	805,931,022.81	649,799,805.98	24.03
Net cash flows from investing activities	281,554,858.43	-145,580,305.12	N/A
Net cash flows from financing activities	-1,912,219,464.27	3,442,853,932.10	-155.54

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

(1) Research and development expenditure

The amounts for the current period and the same period of prior year were RMB 7,038,552.47 and RMB 12,242,916.63, respectively, a year-on-year decrease of 42.51%, which was mainly due to a year-on-year decrease in the research and development expenditure incurred.

(2) Other income

The amounts for the current period and the same period of prior year were RMB 77,269,732.11 and RMB 253,607,387.90, respectively, a year-on-year decrease of 69.53%, which was mainly due to a year-on-year decrease in special subsidies for pandemic received in the current period, etc.

(3) Investment income

The amounts for the current period and the same period of prior year were RMB 83,183,212.85 and RMB 170,513,510.83, respectively, a year-on-year decrease of 51.22%, which was mainly due to a decrease in the investment income from operations by the Company's subsidiary catering enterprises under equity method under the effects of domestic pandemic, etc.

(4) Losses from investments in associates and joint ventures

The amounts for the current period and the same period of prior year were RMB -8,497,647.73 and RMB 71,996,711.22, respectively, a year-on-year decrease of 111.80%, which was mainly due to a decrease in the investment income from operations by the Company's subsidiary catering enterprises under equity method under the effects of domestic pandemic, etc.

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

The amounts for the current period and the same period of prior year were RMB -13,036,336.54 and RMB -3,109,838.71, respectively, a year-on-year increase in losses of RMB 9,926,497.83, which was mainly due to a year-on-year increase in closing fair value of Sarovar's remaining equity purchased by Groupe du Louvre, etc.

(6) Credit impairment gains (losses)

The amounts for the current period and the same period of prior year were RMB -13,289,633.05 and RMB -929,949.83, respectively, a year-on-year increase in losses of RMB 12,359,683.22, which was mainly due to a year-on-year increase in bad debt losses provided by Groupe du Louvre on accounts receivable.

(7) Gains (losses) from disposal of assets

The amounts for the current period and the same period of prior year were RMB 92,313,892.30 and RMB 6,088,739.99, respectively, a year-on-year increase of 1,416.14%, which was mainly due to receipts of expropriation compensation income in the current period, etc.

(8) Non-operating income

The amounts for the current period and the same period of prior year were RMB 19,867,634.47 and RMB 29,458,559.71, respectively, a year-on-year decrease of 32.56%, which was mainly due to the incurrence of income from termination of leases in the same period of prior year, etc.

(9) Non-operating expenses

The amounts for the current period and the same period of prior year were RMB 20,675,478.55 and RMB 14,124,832.90, respectively, a year-on-year increase of 46.38%, which was mainly due to a year-on-year increase in accident claim expenses, etc.

(10) Income tax expenses

The amounts for the current period and the same period of prior year were RMB 45,683,898.90 and RMB 114,127,141.18, respectively, a year-on-year decrease of 59.97%, which was mainly due to a decrease in recurring profits of domestic limited service hotels under the effects of the pandemic.

(11) Net cash flows from operating activities

The amounts for the current period and the same period of prior year were RMB 805,931,022.81 and RMB 649,799,805.98, respectively, a year-on-year increase of 24.03%, which was mainly due to a year-on-year decrease in value-add tax and corporate income tax actually paid by domestic limited service hotels under the effects of the pandemic, etc.

(12) Net cash flows from investing activities

The amounts for the current period and the same period of prior year were RMB 281,554,858.43 and RMB -145,580,305.12, respectively, a year-on-year increase of RMB 427,135,163.55, which was mainly because the one-year time deposits of raised fund deposited in the same period of prior year were due during the current period, etc.

(13) Net cash flows from financing activities

The amounts for the current period and the same period of prior year were RMB -1,912,219,464.27 and RMB 3,442,853,932.10, respectively, a year-on-year decrease of 155.54%, which was mainly due to the completion of non-public offering of A shares in the same period of prior year, etc.

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 as well as food and catering business. 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 repeated effects of domestic local pandemic outbreaks.

(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 (%)
Other receivables	1,082,608,485.08	2.31	718,312,550.24	1.49	50.72
Non-current assets due within one year	54,784,421.16	0.12	33,532,134.78	0.07	63.38
Other non-current assets	1,436,682,845.79	3.07	3,199,203,090.84	6.63	-55.09
Short-term borrowings	147,677,416.34	0.32	869,023,164.09	1.80	-83.01
Long-term payables	5,821,464.38	0.01	67,950,359.18	0.14	-91.43
Provisions	32,494,403.43	0.07	50,885,115.52	0.11	-36.14

Other explanations

During the reporting period, the amount of changes in balances in the consolidated balance sheet and major reasons are as follows:

(1) Other receivables

The closing balance and opening balance of other receivables were RMB 1,082,608,485.08 and RMB 718,312,550.24, respectively, with an increase of 50.72%, which was mainly due to the dividends receivable from Hangzhou KFC, Suzhou KFC and Wuxi KFC for 2021 and expropriation compensation during the current period, etc.

(2) Non-current assets due within one year

The closing balance and opening balance of non-current assets due within one year were RMB 54,784,421.16 and RMB 33,532,134.78, respectively, with an increase of 63.38%, which was mainly because the three-year entrusted loans provided for associates were due within one year, etc.

(3) Other non-current assets

The closing balance and opening balance of other non-current assets were RMB 1,436,682,845.79 and RMB 3,199,203,090.84, respectively, with a decrease of 55.09%, which was mainly because the two-year time deposits deposited during the same period of prior year were due within one year and thereby reclassified, etc.

(4) Short-term borrowings

The closing balance and opening balance of short-term borrowings were RMB 147,677,416.34 and RMB 869,023,164.09, respectively, with a decrease of 83.01%, which was mainly due to repayment of borrowings to banks during the current period.

(5) Long-term payables

The closing balance and opening balance of long-term payables were RMB 5,821,464.38 and RMB 67,950,359.18, respectively, with a decrease of 91.43%, which was mainly because the consideration of the acquisition of Sarovar's remaining equity by Groupe du Louvre was expected to be paid within one year according to the equity acquisition agreement, etc.

(6) Provisions

The closing balance and opening balance of provisions were RMB 32,494,403.43 and RMB 50,885,115.52, respectively, with a decrease of 36.14%, which was mainly due to a year-on-year decrease in estimated provision for operating risks of Groupe du Louvre.

2. Details of overseas assets

Applicable Not Applicable

(1) Scale of assets

Including: overseas assets amounted to RMB 14,053 million, accounting for 30.03% of the total assets.

(2) Explanation on overseas assets accounting for higher proportions

Applicable Not Applicable

Unit: EUR 0'000

Name of overseas assets	Reason	Operation mode	Operating income during the reporting period	Net profit during the reporting period
100% equity of Groupe du Louvre (GDL)	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 <i>Equity Purchase Agreement</i> with Star SDL Investment Co S.à r.l. for the acquisition of 100% equity of Groupe du Louvre. On 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 2022, Groupe du Louvre had 1,233 hotels in operation totally, including 984 hotels in Europe and 249 hotels outside Europe if divided by regions; 290 hotels managed directly and 943 hotels franchised if divided by mode of operation.	20,987	-2,100

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 174 million, refer to (V) Note/81 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 12,933,546.80, with a year-on-year increase of RMB 2,933,546.80 or 29.34%.

In June, the Company contributed RMB 12,913,521.80 and RMB 20,025, respectively, to pay certain amounts to accept 10% equity of Vienna Hotel and Longevity Village Catering transferred; in July, the Company contributed RMB 205,683,023.80 and RMB 79,975, respectively, to pay the remaining amounts to accept 10% equity of Vienna Hotel and Longevity Village Catering transferred. As at the disclosure date of the interim report, the Company held 90% equity of Vienna Hotel and Longevity Village Catering, respectively.

(1) Significant equity investment

Applicable Not Applicable

On 13 June 2022, the Company entered into an Equity Transfer Agreement of Shenzhen Vienna Inn Hotel Management Co., Ltd. with Shenzhen Vienna Inn Hotel Management Co., Ltd. ("Vienna Inn") and Mr. Huang Deman to purchase 7.05% share equity held by Vienna Inn in Vienna Hotel and 2.95% share equity held by Mr. Huang in Vienna Hotel.

On 13 June 2022, the Company entered into an Equity Transfer Agreement of Shenzhen Longevity Village Catering Chain Co., Ltd. with Mr. Huang Deman to purchase 10% share equity held by Mr. Huang in Longevity Village Catering.

On 7 July 2022, the delivery of equity was completed; upon completion of the delivery, the proportion of equity of Vienna Hotel and Longevity Village Catering held by the Company increased from 80% to 90%.

(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	244,091,956.52	252,538,441.67	8,446,485.15	4,430,000.00
Investment in other equity instruments	51,242,467.51	48,422,568.38	-2,819,899.13	46,355.62
Other non-current financial assets	452,300,000.00	452,300,000.00	0.00	91,384,532.37
Total	747,634,424.03	753,061,010.04	5,626,586.02	95,860,887.99

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 carrying amount (RMB)	Profit/loss for the reporting period (RMB)	Account
601169	Bank of Beijing	270,881,338.94	44,300,000	201,122,000.00	4,430,000.00	Held-for-trading financial assets
601288	Agricultural Bank of China	16,575,314.67	4,350,000	13,137,000.00	0.00	Investment in other equity instruments

Note: 1. "Profit/loss for the reporting period" represents the Company's profits from changes in fair value of held-for-trading financial assets and the cash dividends received during the reporting period.

2. Other non-current financial assets also include Hangzhou KFC, Suzhou KFC and Wuxi KFC, with a total closing balance of RMB 452.30 million.

(V) Sales of significant assets and equity

Applicable Not Applicable

(VI) Analysis of major holding companies

Applicable Not Applicable

Unit: RMB 0'000 (Unless otherwise specified)

Name of company	Principal operating activities	Percentage of shares holding at 30 June 2022	Registered capital at 30 June 2022	Net assets attributable to parent company at 30 June 2022	Operating income for the six months ended 30 June 2022	Net profit attributable to parent company for the six months ended 30 June 2022
1. Shanghai Jin Jiang Metropolo Hotel Management Co., Ltd.	Hotel management, catering service	100%	4,300	10,402	5,662	-38
2. Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.	Investment, operation and management of limited service hotels	100%	700	1,582	0.00	-14
3. Jin Jiang Inn Co., Ltd.	Operation under lease and management of limited service hotels	100%	15,971	55,966	36,312	355
4. Shanghai Jin Jiang International Hotels Investment Co., Ltd.	Hotel investment	100%	137,300	114,807	34,410	-7,779
5. Smart Hotel Management Co., Ltd.	Accommodation and catering of limited service hotels	100%	90,000	106,493	7,760	-232
6. Groupe du Louvre	Operation of hotel and catering	100%	EUR 26,204	EUR 7,430	EUR 20,987	EUR -2,100
7. Keystone Lodging Holdings Limited	Operation of hotel and catering	100%	USD 1	379,870	114,849	-1,369
8. Vienna Hotel Co., Ltd.	Operation of hotel	80%	11,639	87,888	134,842	13,907
9. Shenzhen Longevity Village Catering Co., Ltd.	Catering	80%	100	1,586	9,654	-290
10. Shanghai Jin Jiang International Catering Investment Co., Ltd.	Development & management of catering, domestic trading	100%	14,993	-11,708	9,692	-1,008
11. Shanghai WeHotel Network Technology Co., Ltd.	IT technology development and consultation	10%	100,000	50,873	10,416	285

(VII) Structured entities controlled by the Company

Applicable Not Applicable

V. Other disclosures**(1) 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 the Company amortizes the rentals of leased properties on a straight-line basis, which smooths the impact of lease costs on future operating performance. However, as limited service hotels and restaurant chains need to continuously expand the number of directly operated stores, the annual rental cost of new leased directly operated stores will vary with the movement of commercial real estate prices in China. 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

The industry of limited service hotels is currently at the stage of rapid development in China. Despite the fact that some dominating enterprises including the Company have obtained a competitively large market share and a leading position, the Company is also exposed to intensified competition with major competitors in expanding the number of stores in second- or third-tier cities with less mid-priced hotels due to substantial space for growth of market demands and the industry. Major competitors will increase their hotels to expand market coverage, and maintain and increase market share and leadership position. If each of the Company's mid-priced series branded limited service hotels expands significantly at the speed slower than other major competitors in the future, it may reduce customer satisfaction due to a relative decline in market coverage, which may indirectly adversely affect operating results.

4. Risks from franchise management

The majority of the Company's hotel brands in operation are operated in franchise mode. Under applicable franchise agreements, the Company does not have full control over management practices of such franchisees. In the event that a franchisee fails to operate and meet management standards of a branded hotel in accordance with terms of the franchise agreement, or fails to obtain a formal ownership certificate of its property and is required to move out, hotels under its management could suffer customers and revenue losses, which could adversely affect operating income of the hotel brand. In addition, the franchisee's reputation and brand image may also be tarnished if it misuses such series of brand trademarks. If customers are dissatisfied with the level of services provided by the franchisee, the Company's reputation may be affected by customer complaints, which may indirectly affect operating results of the Company's limited service hotel business.

5. Risk from leased property ownership

According to the Report on Significant Asset Exchange&Purchase and Associated Transactions (hereinafter referred to as "the Report") disclosed by the Company on 30 September 2009, as of 31 July 2009, up to 86 leased directly-operated stores were operated by "Jin Jiang Inn", which were leased by "Jin Jiang Inn" or "Hotel Investment" from third party property owners. As of the date of the report, no valid certificates of the lessor's legal ownership over buildings and land or no approval of leasing purpose has been acquired for 30 of the 86 stores. It is uncertain whether the aforementioned owners have the legal right to lease such properties. If the operation of the relevant stores is forced to be suspended due to ownership of the above-mentioned leased properties, the Company's business and operating results will be adversely affected. Although the owners subject to the aforementioned issues are required to compensate relevant lessees under lease agreements and relevant laws, the Company would still need to relocate its premise and thus incur additional replacement and renovation costs.

The Company has taken and will continue to take proactive and effective measures to acquire valid certificates demonstrating that the lessors of leased stores have legal house ownership and land use right over leased properties, and that the relevant actual leasing purpose has been approved by competent authorities. Upon approval of this reorganization by China Securities Regulatory Commission (CSRC), the Company plans to reduce the number of problematic stores to 20% of total leased properties on the base date of assets evaluation in 12 months, and to 10% and 0%, respectively in 24 months and 36 months.

If the Company fails to resolve the above-mentioned ownership issue of leased properties in accordance with the proportion and number before relevant deadlines stipulated in the time-resolving schedule (that is, it fails to reduce the number of problematic stores to 20% in 12 months from the day the reorganization is approved by CSRC, or fail to reduce to 10% in 24 months, or fail to fully resolve the issue in 36 months), for the stores failing to reach the planned rectification percentage and the number of rectified stores, the Company will, in 3 months after the expiration of the above-mentioned three deadlines, transfer the project at a value no less than the appraisal value, terminate the lease and relocate its premise or otherwise resolve the issue.

In response to such risks, on 1 March 2010, Jin Jiang International made a commitment to the Company that if the Company was unable to resolve the aforementioned ownership issue of leased properties in accordance with the proportion and number before the relevant deadlines stipulated in the time-resolving schedule, the Company terminated the lease with certain leased stores failing to reach the planned rectification proportion and the number of rectified stores before the aforementioned three deadlines and relocate its premise, Jin Jiang International would bear potential liquidated damages suffered by leased stores which were supposed to relocate premises due to lease termination, and compensate the affected stores at the specific appraisal value as of 31 July 2009, on the base date of assets evaluation. In addition, Jin Jiang International promised that, during future operations, if the relevant Jin Jiang Inn stores had to be re-located for opening due to the above-mentioned issue, in 1 year from the closing day of the stores, where the relevant property lessor failed to compensate or fully compensate for losses of the stores (the specific amount of losses was the higher value between the audited total initial investment cost covering fixed assets and decoration expenses of the store as of the base date of audit 31 July 2009, and the appraisal value as of 31 July 2009 on the base date of assets evaluation), Jin Jiang International would immediately calculate the losses in the above method and fully compensate the store to support its relocation for opening. The compensation actually recovered from the property lessor after the above compensation by Jin Jiang International should be attributable to Jin Jiang International. At the same time, Jin Jiang International would compensate the store in the audited amount of net profit in the last fiscal year on the closing day to make up for operating losses of the store during the closure.

6. Risks from depreciation on assets including goodwill and trademarks

The acquisition of shares in Groupe du Louvre, Plateno Group and Vienna Hotel, as well as overseas acquisition by Groupe du Louvre, might result in a large amount of goodwill. According to relevant provisions of the Chinese Accounting Standards for Business Enterprises, the acquisition of Groupe du Louvre, Plateno Group and Vienna Hotel constituted an enterprise merger not under common control. The difference between the combined cost and the fair value of target companies' net identifiable assets was recognized as goodwill. According to the Chinese Accounting Standards for Business Enterprises, the goodwill is not for amortization, and at least shall be tested at the end of each year for impairment. If future operation conditions of Groupe du Louvre, Plateno Group and Vienna Hotel continue to deteriorate, the goodwill may be subject to the impairment risk, which will adversely affect the Company's current and future earnings.

The Company's primary businesses include undertaking hotel services by accepting, the Company owns hotel brands with certain commercial value and popularity, and such brands are regarded as intangible assets with uncertain service life. If the recoverable amount of intangible assets such as trademarks and brands of the Company is below the carrying amount thereof, the carrying amount shall be written down to the recoverable amount, and the write-down will be recognized as an impairment loss on assets, which will adversely affect the Company's current and future earnings.

7. Risk of overseas business management

After acquiring the Groupe du Louvre, the Company's business and assets are distributed in over 60 countries and regions. As its business scale and total business volume increase significantly, the staff composition and management system will present higher demands. If the Company fails to optimize the existing organization mode and management system timely according to the demands of overseas business development, it may adversely affect the operation and management of the target companies.

8. Concerns about infectious disease outbreaks and food safety

In recent years, some highly contagious diseases like corona virus disease, SARS, bovine spongiform encephalopathy and bird flu have been breaking out all over the world. Concerns about food safety have prevented and will possibly prevent people from travelling or eating out. Thus, the business development of the Company may be affected if any.

9. Increasing changes in shareholders equity and return on equity

According to the Chinese Accounting Standards for Business Enterprises, the Company has determined the fair value of some eligible financial assets based on market prices. The changes in fair value of such financial assets will have a large impact on accounting data and financial indicators such as shareholders equity and return on equity.

According to the development strategy of the Company, operation and management of limited service hotels has become a primary business of the Company. Currently, the business is at the stage of rapid development and therefore requires corresponding fund support. Meanwhile, the investment and output of funds has its cyclic process. The length of cyclic process is uncertain. ROE may be diluted if net profits fail to increase synchronously.

10. Risks from repayment capability being adversely affected

In order to meet the needs of acquisition and daily operation, the Company may increase the amount of debt financing, and the asset-liability ratio may increase accordingly. Although the Company's structure of assets and liabilities is reasonable, with good solvency to meet the needs of the acquisition for its own funds, and the Company's daily operations will not be significantly affected, however, since the source of repayment is mainly arising from cash flows from operating activities, if the Company's operating cash flow does not meet expectations, it may have an adverse impact on the Company's ability to repay its debts.

11. Risks from changes in exchange rate and interest rate

The Company's business is distributed globally, and its daily operation involves a variety of foreign currencies such as EUR, GBP and USD. The functional currency of the consolidated financial statements of the Company 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 in the exchange rates among RMB, EUR, GBP, and USD, the Company's future operations may still be exposed to exchange rate risk.

Part of the Company's financing comes from bank loans. Upon the expiration or early repayment of such loan contracts, or as the Company's business continues to expand, the Company may need to apply for new loans from banks to meet its capital requirements. Future changes in the interest rates on loans may affect the Company's financial expenses and continuous 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 the resolution	Resolution
2021 General Meeting of Shareholders	2022-06-16	www.sse.com.cn	2022-06-17	<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. 2021 Directors' Report 2. 2021 Supervisors' Report 3. 2021 Annual Report and Summary 4. 2021 Report on Final Accounts 5. 2021 Profit Distribution Plan 6. Proposal on the Payment of Audit Fees to the Accounting Firm 7. Proposal on the Appointment of the Company's 2022 Financial Statements and Internal Control Auditor 8. Proposal on the Implementation of Daily Related-Party Transactions in 2021 and Proposed Related-Party Transactions in 2022 9. Proposal on the Re-appointment of Finance Company to Provide Financial Services to the Company 10. Proposal on the Adjustment to the Allowance of Independent Directors of the Company 11. Proposal on the General Election of the Board of Directors and the Recommended List of Candidates for the Next Board of Directors 12. Proposal on the General Election of the Board of Supervisors and the Recommended List of Candidates for the Next Board of Supervisors

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
Zhu Qian	CEO	Resigned
Shen Li	CEO	Appointed
Shen Li	CFO, Person in Charge of Finance	Resigned
Ai Gengyun	CFO, Person in Charge of Finance	Appointed
Zhu Qian	Director	Resigned
ZHAO JOHN HUAN	Director	Resigned
Xie Rongxing	Independent Director	Resigned
Zhang Fubo	Independent Director	Resigned
Shen Li	Director	Elected
Xu Jianxin	Independent Director	Elected
Liu Jiuping	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 61st Meeting of the 9th Session of Board of Directors on 28 March 2022. Mr. Zhu Qian 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 Ms. Shen Li as the CEO and person in charge of accounting work of the Company for the same term as that of directors of the current Board of Directors.
2. The Proposal on the Adjustment of Senior Management of the Company was passed at the 65th Meeting of the 9th Session of Board of Directors on 20 May 2022. Ms. Shen Li ceased to be the person in charge of accounting work 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. Ai Gengyun as the CFO and person in charge of accounting work of the Company for the same term as that of directors of the current Board of Directors.
3. The Proposal on the General Election of the Board of Directors and the Recommended List of Candidates for the Next Board of Directors was passed at the 2021 General Meeting of Shareholders on 16 June 2022. As the term of the 9th session of Board of Directors has expired, a general election was held in accordance with the relevant provisions of the Company Law and the Articles of Association of the Company. Mr. Zhu Qian, Mr. ZHAO JOHN HUAN, Mr. Xie Rongxing, and Mr. Zhangfubo shall be no longer the directors of the next Board of Directors. Mr. Zhang Xiaoqiang, Mr. Chen Liming, Mr. Ma Mingju, Ms. Zhou Wei, Ms. Shen Li, Mr. Sun Chiping, Mr. Sun Huiming, Mr. Xu Jianxin and Mr. Liu Jiuping were elected as the directors of the 10th Board of Directors of the Company, of which Mr. Sun Chiping, Mr. Zhang Huiming, Mr. Xu Jianxin and Mr. Liu Jiuping were independent directors.

The Proposal on the Election of the Chairman of the 10th Session of Board of Directors of the Company, the Proposal on the Appointment of the CEO of the Company, the Proposal on the Appointment of the CFO and Vice-president of the Company etc. were passed at the 1st meeting of the 10th Session of Board of Directors on 16 June 2022. Mr. Zhang Xiaoqiang was elected as the Chairman of the 10th Session of Board of Directors. It is agreed to appoint Ms. Shen Li as the CEO, Mr. Ai Gengyun as the CFO and person in charge of accounting work, Ms. Hu Min as the Vice-president and Secretary of the Board of Directors, and Ms. Hou Yuerui as the Vice-president for the same term as that of the current Board of Directors.

4. The Proposal on the General Election of the Board of Supervisors and the Recommended List of Candidates for the Next Board of Supervisors was passed at the 2021 General Meeting of Shareholders on 16 June 2022. As the term of the 9th session of Board of Supervisors has expired, a general election was held in accordance with the relevant provisions of the Company Law and the Articles of Association of the Company. Mr. Wang Guoxing and Mr. Xu Zheng were elected as the supervisors, who constitute the 10th Board of Supervisors together with two staff representative supervisors (Ms. Sun Qing and Mr. He Yichi) democratically elected by the staff of the Company.

The Proposal on the Election of Mr. Wang Guoxing as the Chairman of the 10th Board of Supervisors was passed at the 1st meeting of the 10th Board of Supervisors on 16 June 2022.

III. The preplan for profit distribution or capitalization of capital reserve

Preplan for profit distribution and capitalization of capital reserve 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 Capitalized by Capital Reserve per 10 Common Shares	
Explanation on the preplan for profit distribution or 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 pollutant discharging units

Applicable Not Applicable

Energy saving, emission reduction and environmental protection have always been the key concerns of the Company. Jin Jiang Hotels always insist on the green development path of "cleanness, efficiency, emission reduction and energy saving". Through the establishment and improvement of rules and regulations on environmental protection such as responsibility assessment, education and training, facility operation, etc., and the establishment of environmental management institutions and personnel to ensure environmental and ecological safety. Jin Jiang Hotels also take positive measures to reduce energy consumption and pollution emissions to promote the sustainable development of the enterprise. The hotels' emissions, including sewage and exhaust gas, have met the national and local emission standards.

- a. 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".
- b. 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.
- c. Air pollution prevention and control: The construction waste on site shall be removed by 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.
- d. 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 avoided, 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 on 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

Under the initiative of "Lucid Waters and Lush Mountains are Invaluable Assets", Jin Jiang Hotels focus on the organic unity of environmental protection and enterprise development, actively practice the green sustainable development path, and conduct strict control and management over each sector of the daily operation, which is reflected in the hotel design and operation, brand environmental communication and the development of activities etc.

1. 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 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%.

2. Environmental communication and activities: The Metapoint Project was launched by ZMAX in May 2019. As of July 2022, a total of 1422kg of disposable toothbrushes and combs were recycled and 13,900 stationery boxes were made, and a total of 7,601 children have received the Metapoint stationery.

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 environmental 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 environmental protection in their daily lives.

5) Measures taken to reduce carbon emissions during the reporting period and their effectiveness

✓ Applicable Not Applicable

The Company continuously improves the environmental management system and effectively urges the environmental management of the directly-managed stores and franchisees, to make contributions to building a low-carbon society. In the process of store management, the target on the use of energy and resources is set, which is linked to the assessment of the stores, and the implementation of the target is tracked on a regular basis.

1. Green products

Jin Jiang Hotels also apply the concept of energy-saving and cost-reducing in the design of the room supplies: For example, the main material of the new combs and toothbrushes used by several of the brands has been changed from the PP material to straw material, the outer packaging bag has been changed from the plastic rolled film bag to stone paper material, the outer packaging bag of disposable slippers has been changed from the OPP bag to paper ring waist seal, and the raw material of draw paper and roll paper has been changed to original bamboo pulp. No bleaching is made during the production process to reduce pollution.

2. Electricity saving

We are trying to explore the potential to save electricity in each key sector of electricity consumption and establish the system of electricity saving consumption index and comparison system to effectively reduce unnecessary consumption of electricity and achieve the goal of electricity saving.

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

3. Energy saving

Due to the characteristics of the hotel industry, the energy consumption of ventilation, heating and hot water supply accounts for a relatively large part of the energy consumption of the buildings of the Company. The Company conducts energy-saving and thermal insulation comprehensive design for each building component based on the actual situation such as the geographical location and thickness of partition walls, and reduces the heat loss of building facade through the design of insulated glass windows and increasing the insulation layer of external walls.

4. Green office

In office area, we control the time to turn on the air conditioners, and advocate turning them off half an hour before the end of the day, and not turning on the air conditioners in spring and autumn, but opening the window to let the natural air in to adjust the indoor air. The indoor air conditioning should not be lower than 26 °C in summer and not higher than 21 °C in winter. The power of computers, water dispensers, copiers, air conditioners and other office appliances should be turned off during off work hours or when they are not used.

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

Applicable Not Applicable

Xana brand has been practicing business for good for quite a long time, hoping to build a bridge for the public good and empowering women and children to become independent. In December 2021, the CEO of the brand launched a charity library donation campaign at the charity dinner, and Xana brand and its investors jointly donated 4 libraries, which were opened and officially put into use in May and June 2022 one after the other.



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 reorganization of major assets	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 the relocation and the opening of 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 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 events covered by the non-standard audit opinion on the previous year's annual report and its treatment

Applicable Not Applicable

VI. Events related to bankruptcy and reorganization

Applicable Not Applicable

VII. Major litigation and arbitration events

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 laws 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 Hotel 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 RMB32.10 million in total; the Company leased Nanhuating Hotel and Magnotel Hotel. The relevant leasing expense totaled RMB7.55 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 RMB32.95 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 from room rate accounting service of limited service hotels	Market price	32,519,754.74	86.93	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	459,583.53	0.34	Cash
Jin Jiang Capital and its subsidiaries	Associates	Rendering of labor service	Supply chain cooperation income from hotel goods	Market price	37,322,076.00	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	2,152,523.51	2.77	Cash
Jin Jiang International, Jin Jiang Capital and its subsidiaries for hotel services	Ultimate holding company, parent company and its holding subsidiary	Sales of goods	Sales of food	Market price	5,013,001.37	47.56	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 goods and food	Market price	683,760.46	0.28	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Receipts of service	Room reservation fees	Market price	23,169,505.70	42.42	Cash
Jin Jiang International and its subsidiaries	Ultimate holding company and its holding subsidiary	Other outflows	Share of brand management fee	Market price	1,778,574.59	100.00	Cash
Total				/	103,098,779.90	17.48	/
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 60 th Meeting of the 9 th Session of Board of Directors held on 25 March 2022. (Proposed once every three years)					

2. Related party transactions on acquisition of assets or acquisition and sale of 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

On 13 June 2022, the Company signed an Agreement on the Equity Transfer of Vienna Hotels Limited with Vienna Star and Mr. Huang Deman, pursuant to which the Company acquired 7.05% equity interest in Vienna Hotel held by Vienna Star and 2.95% equity interest held by Mr. Huang. As agreed by both parties, the transaction price was RMB218,600,000 (including tax).

On 13 June 2022, the Company signed an Agreement on the Equity Transfer of Longevity Village Catering Chain Co., Ltd. with Mr. Huang, pursuant to which the Company acquired 10% equity interest in Longevity Catering held by Mr. Huang. As agreed by both parties, the transaction price was RMB100,000 (including tax). For details, refer to the "Announcement on the Acquisition of Minority Interests of Holding Subsidiaries and Related Transactions" disclosed by the Company on 14 June 2022 (No. 2022-022).

On 7 July 2022, the transaction was completed, after which the Company's shareholding in Vienna Hotels and Longevity Catering was increased from 80% to 90%.

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	Amount occurred in the current period		Closing balance
					Total deposit amount	Total withdraw amount	
Finance Company	A holding subsidiary of Jin Jiang Capital, the controlling shareholder of the Company	450,000	0.39%-3.18%	384,805	1,440,740	1,500,533	325,012
Total	/	/	/	384,805	1,440,740	1,500,533	325,012

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 3,848.05 million and closing balance to be RMB 3,250.12 million. On 16 June 2022, the 2021 general meeting of shareholders approved the Proposal on the Re-appointment of Finance Company to Provide Financial Services to the Company: the Company's daily deposit balance in Finance Company shall not exceed RMB 4,500 million. The deposit interest income obtained accordingly in the first half of 2022 was RMB 25.43 million.

2) Loan activities

 Applicable Not Applicable

Unit: RMB 0'000

Related party	Relationship	Loan limit	Range of interest rate	Opening balance	Amount occurred in the current period		Closing balance
					Total loan amount	Total repayment amount	
Finance Company	A holding subsidiary of Jin Jiang Capital, the controlling shareholder of the Company	600,000	3.275%-3.8875%	247,367	57,500	25,105	279,762
Total	/	/	/	247,367	57,500	25,105	279,762

The Company's subsidiaries obtained borrowings from Finance Company, carrying an opening balance and closing balance over the reporting period to be RMB 2,473.67 million and RMB 2,797.62 million. On 16 June 2022, the 2021 general meeting of shareholders approved the Proposal on the Re-appointment of Finance Company to Provide Financial Services to the Company: the Company's daily loan balance in Finance Company shall not exceed RMB 6,000 million. The borrowing interest expense incurred in the first half of 2022 was RMB 46.88 million.

3) Credit business or other financial business

Applicable Not Applicable

4) Other descriptions

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 that 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)	
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	11,800
Total balance of guarantees for subsidiaries at the end of the reporting period (B)	56,630
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)	
Total (A+B)	56,630
Proportion of total guarantees in the Company's net assets (%)	24.14
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)	56,630
Amount of total guarantees in excess of 50% of net assets (E)	0
Total (C+D+E)	56,630
Explanation on 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 ("ICBC 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 25 February 2022, the Company signed an agreement on the issuance of financing-type letter of guarantee/standby letter of credit with ICBC Bund Sub-branch in connection with the financing of EUR117 million from ICBC (Europe) Limited, Paris Branch by Sailing Investment Co, S.à r.l., with a guaranteed amount of EUR118 million.</p> <p>The above guarantee has been passed at the 29th Meeting of the 9th Session of Board of Directors, the first extraordinary general meeting of shareholders in 2020 and the 54th Meeting of the 9th Session of Board of Directors.</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. Changes in share capital

1. Statement of changes in share capital

1) Statement of changes in share capital

During the reporting period, the total shares and share structure of the Company remain unchanged.

2) Explanation on changes in shares

Applicable Not Applicable

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

II. Shareholders

1. Total number of shareholders

Total number of common shareholders at the end of reporting period (households)	36,315 (including: A-share shareholders of 15,350 and B-share shareholders of 20,965)
Total number of preferred shareholders recovering with voting rights as at the end of the reporting period (households)	

2. Shareholding condition of the top 10 shareholders and top 10 circulating shareholders (or unrestricted tradable shareholders) as at the end of reporting period

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	-5,854,064	38,813,622	3.63			Nil	Unknown
China Merchants Bank Co., Ltd. – Xingquan Herun hybrid securities investment fund	-3,158,383	16,310,863	1.52			Nil	Others
HuaAn Future Asset - ICBC-Anxin Trust Co., Ltd.	-2,600,000	12,644,482	1.18			Nil	Domestic non-state- owned legal person
China Merchants Bank Co., Ltd. – Xingquan Heyi flexible allocation hybrid securities investment fund (LOF)	-5,284,071	11,531,693	1.08			Nil	Others
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	-4,394,544	9,520,228	0.89			Nil	Foreign legal person
Allianz Global Investors (Singapore) Limited – Allianz Shenzhen A-Share Fund (Exchange)	-3,609,900	8,755,351	0.82			Nil	Foreign legal person
China Everbright Bank Company Limited – Xingquan business model preferred hybrid securities investment fund (LOF)	-3,553,726	7,646,323	0.71			Nil	Others
Industrial Bank Co., Ltd.-Xingquan New Vision flexible allocation and regular open-ended hybrid initiating securities investment fund	-2,892,557	7,443,699	0.70			Nil	Others
China Construction Bank Co., Ltd. - Fuguo value creation hybrid securities investment fund		6,207,513	0.58			Nil	Others

Particulars of the top 10 unrestricted tradable shareholders			
Name of shareholder	Number of unrestricted tradable shares held	Category and quantity 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	38,813,622	RMB ordinary share	38,813,622
China Merchants Bank Co., Ltd. – Xingquan Herun hybrid securities investment fund	16,310,863	RMB ordinary share	16,310,863
HuaAn Future Asset - ICBC-Anxin Trust Co., Ltd.	12,644,482	RMB ordinary share	12,644,482
China Merchants Bank Co., Ltd. – Xingquan Heyi flexible allocation hybrid securities investment fund (LOF)	11,531,693	RMB ordinary share	11,531,693
Hony Capital (Shanghai) Equity Investment Fund Center (Limited Partnership)	9,520,228	RMB ordinary share	9,520,228
Allianz Global Investors (Singapore) Limited – Allianz Shenzhen A-Share Fund (Exchange)	8,755,351	RMB ordinary share	8,755,351
China Everbright Bank Company Limited – Xingquan business model preferred hybrid securities investment fund (LOF)	7,646,323	RMB ordinary share	7,646,323
Industrial Bank Co., Ltd.-Xingquan New Vision flexible allocation and regular open-ended hybrid initiating securities investment fund	7,443,699	RMB ordinary share	7,443,699
China Construction Bank Co., Ltd. - Fuguo value creation hybrid securities investment fund	6,207,513	RMB ordinary share	6,207,513
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		The fund manager of China Merchants Bank Co., Ltd. – Xingquan Herun hybrid securities investment fund, China Merchants Bank Co., Ltd. – Xingquan Heyi flexible allocation hybrid securities investment fund (LOF), China Everbright Bank Company Limited – Xingquan business model preferred hybrid securities investment fund (LOF), Industrial Bank Co., Ltd.-Xingquan New Vision flexible allocation and regular open-ended hybrid initiating 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 Measures for the Administration of Information Disclosure of Changes in the Shareholding of Listed Companies.	
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

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

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, Company 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 (22) No. R00065

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 of 30 June 2022, and the consolidated and Company's income statements, the consolidated and Company's statements of changes in shareholders' equity, and the consolidated and Company's cash flow statements for the six months ended 30 June 2022, and the notes to the financial statements. The management of the Company is responsible for the preparation of the financial statements. Our responsibility is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with China Certified Public Accountants Reviewing Standards No.2101 – Review of Financial Statements. This standard requires us to plan and perform the review to obtain limited assurance about whether the financial statements are free from material misstatements. A review is limited primarily to procedures as enquiry of entity'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 issue 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, in all material respects, in accordance with the Accounting Standards of Business Enterprises No.32 – Interim Financial Statements.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

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

Shanghai, China

Chinese Certified Public Accountant:Huang Yiting

29 August 2022

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

AS OF 30 JUNE 2022

CONSOLIDATED BALANCE SHEET

RMB

Item	Note	30 June 2022	31 December 2021	Item	Note	30 June 2022	31 December 2021
Current Assets:				Current Liabilities:			
Cash and bank balances	(V)1	6,913,998,664.16	6,432,615,884.52	Short-term borrowings	(V)21	147,677,416.34	869,023,164.09
Held-for-trading financial assets	(V)2	252,538,441.67	244,091,956.52	Accounts payable	(V)22	1,055,135,550.76	1,072,906,909.47
Accounts receivable	(V)3	1,630,791,319.68	1,551,762,783.20	Advances from customers	(V)23	9,713,586.06	9,096,686.35
Prepayments	(V)4	135,229,951.84	108,335,440.10	Contract liabilities	(V)24	706,003,168.83	786,426,103.30
Other receivables	(V)5	1,082,608,485.08	718,312,550.24	Employee benefits payable	(V)25	923,723,315.36	923,521,097.30
Inventories	(V)6	71,106,847.78	76,760,428.80	Taxes payable	(V)26	304,947,747.31	297,209,565.86
Non-current assets due within one year	(V)7	54,784,421.16	33,532,134.78	Other payables	(V)27	1,762,050,619.16	1,778,794,159.60
Other current assets	(V)8	378,724,220.15	434,393,219.42	Non-current liabilities due within one year	(V)28	4,659,798,484.44	6,524,906,925.63
Total Current Assets		10,519,782,351.52	9,599,804,397.58	Total Current Liabilities		9,569,049,888.26	12,261,884,611.60
Non-current Assets:				Non-current Liabilities:			
Long-term receivables	(V)9	419,594,626.86	440,086,924.81	Long-term borrowings	(V)29	9,570,024,609.43	7,993,954,808.62
Long-term equity investments	(V)10	521,788,940.29	637,310,183.95	Lease liabilities	(V)30	8,448,834,068.95	8,544,480,390.14
Other equity instrument investments	(V)11	48,422,568.38	51,242,467.51	Long-term payables	(V)31	5,821,464.38	67,950,359.18
Other non-current financial assets	(V)12	452,300,000.00	452,300,000.00	Long-term employee benefits payable	(V)32	62,965,689.65	77,736,149.42
Fixed assets	(V)13	4,858,104,965.75	5,125,157,451.93	Provisions	(V)33	32,494,403.43	50,885,115.52
Construction in progress	(V)14	625,774,541.67	482,953,532.83	Deferred tax liabilities	(V)19	1,737,824,274.65	1,767,054,350.35
Right-of-use assets	(V)15	8,165,610,273.44	8,210,262,446.42	Other non-current liabilities	(V)34	145,803,006.45	162,599,751.93
Intangible assets	(V)16	6,588,447,965.33	6,707,645,932.59	Total Non-current Liabilities		20,003,767,516.94	18,664,660,925.16
Goodwill	(V)17	10,870,863,487.16	11,000,199,835.42	TOTAL LIABILITIES		29,572,817,405.20	30,926,545,536.76
Long-term prepaid expenses	(V)18	1,466,935,854.77	1,605,465,689.79	SHAREHOLDERS' EQUITY:			
Deferred tax assets	(V)19	822,303,230.81	751,498,741.05	Share capital	(V)35	1,070,044,063.00	1,070,044,063.00
Other non-current assets	(V)20	1,436,682,845.79	3,199,203,090.84	Capital reserve	(V)36	12,571,547,016.18	12,570,845,164.33
Total Non-current Assets		36,276,829,300.25	38,663,326,297.14	Other comprehensive income (loss)	(V)37	(5,685,621.83)	(8,376,657.23)
				Surplus reserve	(V)38	715,703,320.00	715,703,320.00
				Retained profits	(V)39	2,088,711,970.48	2,263,391,489.24
				Total equity attributable to owners of the Company		16,440,320,747.83	16,611,607,379.34
				Non-controlling interests		783,473,498.74	724,977,778.62
				TOTAL SHAREHOLDERS' EQUITY		17,223,794,246.57	17,336,585,157.96
TOTAL ASSETS		46,796,611,651.77	48,263,130,694.72	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		46,796,611,651.77	48,263,130,694.72

The accompanying notes form part of the financial statements.

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

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

AS OF 30 JUNE 2022

THE COMPANY'S BALANCE SHEET

RMB

Item	Note	30 June 2022	31 December 2021	Item	Note	30 June 2022	31 December 2021
Current Assets:				Current Liabilities:			
Cash and bank balances	(XIV)1	2,966,646,571.41	1,502,219,644.76	Short-term borrowings	(XIV)19	-	570,000,000.00
Held-for-trading financial assets	(XIV)2	201,122,000.00	196,692,000.00	Accounts payable	(XIV)20	17,574,869.80	16,143,152.98
Accounts receivable	(XIV)3	39,384,146.17	26,341,421.00	Advances from customers		125,966.73	125,966.73
Prepayments		2,249,674.34	621,832.59	Contract liabilities		2,571,268.46	3,561,323.63
Other receivables	(XIV)4	499,179,046.25	552,723,997.96	Employee benefits payable	(XIV)21	25,070,369.19	24,954,437.88
Inventories	(XIV)5	580,538.95	1,621,500.90	Taxes payable	(XIV)22	6,519,834.44	3,445,462.49
Other current assets	(XIV)6	6,580,886.47	5,997,405.67	Other payables	(XIV)23	450,757,269.94	342,987,672.95
Non-current assets due within one year	(XIV)7	12,509,619.05	789,202.59	Non-current liabilities due within one year	(XIV)24	678,155,769.16	1,828,622,898.85
Total Current Assets		3,728,252,482.64	2,287,007,005.47	Total Current Liabilities		1,180,775,347.72	2,789,840,915.51
Non-current Assets:				Non-current Liabilities:			
Long-term receivables	(XIV)8	17,355,758.66	17,756,778.16	Long-term borrowings	(XIV)25	2,773,111,500.05	1,587,000,000.00
Long-term equity investments	(XIV)9	16,329,373,755.02	16,440,155,019.18	Lease liabilities	(XIV)26	255,387,122.10	278,146,030.86
Other equity instrument investments	(XIV)10	21,137,000.00	20,789,000.00	Deferred tax liabilities	(XIV)17	85,336,212.04	83,982,866.79
Other non-current financial assets	(XIV)11	452,300,000.00	452,300,000.00	Other non-current liabilities	(XIV)27	3,135,000.00	3,445,200.00
Fixed assets	(XIV)12	61,475,291.39	68,345,436.84	Total Non-current Liabilities		3,116,969,834.19	1,952,574,097.65
Construction in progress	(XIV)13	21,004,739.49	10,942,369.85	TOTAL LIABILITIES		4,297,745,181.91	4,742,415,013.16
Right-of-use assets	(XIV)14	261,657,603.18	280,740,838.02	SHAREHOLDERS' EQUITY:			
Intangible assets	(XIV)15	47,087,096.97	49,612,914.66	Share capital		1,070,044,063.00	1,070,044,063.00
Long-term prepaid expenses	(XIV)16	148,218,012.55	168,032,043.98	Capital reserve	(XIV)28	14,057,875,517.23	14,057,173,665.38
Deferred tax assets	(XIV)17	-	-	Other comprehensive income	(XIV)29	863,819.87	602,819.87
Other non-current assets	(XIV)18	1,273,092,130.14	2,981,555,166.67	Surplus reserve		715,703,320.00	715,703,320.00
Total Non-current Assets		18,632,701,387.40	20,490,229,567.36	Retained profits		2,218,721,968.03	2,191,297,691.42
				TOTAL SHAREHOLDERS' EQUITY		18,063,208,688.13	18,034,821,559.67
TOTAL ASSETS		22,360,953,870.04	22,777,236,572.83	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,360,953,870.04	22,777,236,572.83

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED INCOME STATEMENT

RMB

Item	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Revenue	(V)40	5,042,696,591.86	5,262,540,955.04
Less: Operating costs	(V)40	3,501,352,755.77	3,647,854,043.59
Taxes and levies	(V)42	62,678,829.25	62,800,215.24
Selling expenses	(V)41	384,294,948.57	344,956,016.25
Administrative expenses	(V)41	1,103,071,180.52	1,113,046,928.78
R&D expenses	(V)41	7,038,552.47	12,242,916.63
Financial expenses	(V)43	219,836,723.04	297,611,436.44
Including: Interest expenses		120,754,164.57	160,424,465.40
Interest income		96,074,317.29	75,358,222.38
Add: Other income	(V)44	77,269,732.11	253,607,387.90
Investment income	(V)45	83,183,212.85	170,513,510.83
Including: Income (loss) from investment in associates and joint ventures		(8,497,647.73)	71,996,711.22
Losses from changes in fair values	(V)46	(13,036,336.54)	(3,109,838.71)
Losses from credit impairment	(V)47	(13,289,633.05)	(929,949.83)
Gains from disposal of assets	(V)48	92,313,892.30	6,088,739.99
II. Operating profit (loss)		(9,135,530.09)	210,199,248.29
Add: Non-operating income	(V)49	19,867,634.47	29,458,559.71
Less: Non-operating expenses	(V)50	20,675,478.55	14,124,832.90
III. Total profit (loss)		(9,943,374.17)	225,532,975.10
Less: Income tax expenses	(V)51	45,683,898.90	114,127,141.18
IV. Net profit (loss)		(55,627,273.07)	111,405,833.92
Including: Net profit (loss) from continuing operations		(55,627,273.07)	111,405,833.92
Net profit (loss) attributable to owners of the Company		(117,967,260.12)	4,648,428.88
Profit or loss attributable to non-controlling interests		62,339,987.05	106,757,405.04
V. Other comprehensive loss, net of tax	(V)37	(366,116.50)	(1,600,961.02)
Other comprehensive income attributable to owners of the Company, net of tax		2,691,035.40	4,655,500.36
(I) Other comprehensive income that cannot be reclassified subsequently to profit or loss		6,907,580.97	3,358,795.06
1. Changes as a result of remeasurement of the defined benefit plan		9,401,712.37	3,717,670.06
2. Changes in fair value of other equity instrument investments		(2,494,131.40)	(358,875.00)
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss		(4,216,545.57)	1,296,705.30
1. Other comprehensive income that will be reclassified subsequently into profit or loss under equity method		44,113.80	50,764.07
2. Translation reserve of financial statements denominated in foreign currency		(4,260,659.37)	1,245,941.23
Other comprehensive loss attributable to non-controlling interests, net of tax		(3,057,151.90)	(6,256,461.38)
VI. Total comprehensive income (loss)		(55,993,389.57)	109,804,872.90
Total comprehensive income (loss) attributable to owners of the Company		(115,276,224.72)	9,303,929.24
Total comprehensive income attributable to non-controlling interests		59,282,835.15	100,500,943.66
VII. Earnings per share:			
(I) Basic earnings per share	(V)55	(0.1102)	0.0046
(II) Diluted earnings per share	(V)55	N/A	N/A

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

THE COMPANY'S INCOME STATEMENT

RMB

Item	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Revenue	(XIV)30	85,726,913.83	100,674,658.47
Less: Operating costs	(XIV)30	97,461,552.41	98,238,949.97
Taxes and levies		692,693.21	2,357,502.35
Selling expenses	(XIV)31	3,130,177.11	6,140,736.65
Administrative expenses	(XIV)31	66,000,525.23	71,482,846.85
Financial expenses	(XIV)32	11,170,312.10	63,859,508.20
Including: Interest expenses		63,266,264.77	92,307,623.64
Interest income		58,400,619.34	36,117,993.01
Add: Other income	(XIV)33	584,800.51	713,105.10
Investment income	(XIV)34	85,218,542.58	385,080,011.39
Including: Income (loss) from investment in associates and joint ventures		(6,262,062.13)	75,854,442.75
Gains from changes in fair values	(XIV)35	4,430,000.00	1,329,000.00
Gains from credit impairment		28,703.47	627,888.79
Gains from disposal of assets		87,874,603.10	153,976.39
II. Operating profit		85,408,303.43	246,499,096.12
Add: Non-operating income		1,127.06	4,481,893.18
Less: Non-operating expenses		6,549.99	60,639.28
III. Total profit		85,402,880.50	250,920,350.02
Less: Income tax expenses		1,266,345.25	3,506,219.46
IV. Net profit		84,136,535.25	247,414,130.56
V. Other comprehensive income (loss), net of tax		261,000.00	(358,875.00)
(I) Other comprehensive income (loss) that cannot be reclassified subsequently to profit or loss		261,000.00	(358,875.00)
Changes in fair value of other equity instrument investments		261,000.00	(358,875.00)
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-	-
VI. Total comprehensive income		84,397,535.25	247,055,255.56

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED CASH FLOW STATEMENT

RMB

Item	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		5,050,101,144.95	5,247,260,043.19
Other cash receipts relating to operating activities	(V)52(1)	299,855,342.94	421,062,659.68
Sub-total of cash inflows from operating activities		5,349,956,487.89	5,668,322,702.87
Cash payments for goods purchased and services received		1,232,443,011.70	1,542,774,328.08
Cash payments to and on behalf of employees		2,258,990,239.38	2,096,326,883.54
Payments of various types of taxes		339,494,002.06	520,001,537.74
Other cash payments relating to operating activities	(V)52(2)	713,098,211.94	859,420,147.53
Sub-total of cash outflows from operating activities		4,544,025,465.08	5,018,522,896.89
Net cash flow from operating activities	(V)53(1)	805,931,022.81	649,799,805.98
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments		500,000,000.00	-
Cash receipts from returns on investments		56,004,679.71	69,630,680.99
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		41,904,074.87	35,696,906.30
Net cash receipts from disposal of subsidiaries and other business units		-	2,283,068.73
Other cash receipts relating to investing activities		20,428,527.40	16,233,551.42
Sub-total of cash inflows from investing activities		618,337,281.98	123,844,207.44
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		331,144,399.85	252,914,512.56
Cash payments to acquire investments	(V)52(3)	5,638,023.70	16,510,000.00
Sub-total of cash outflows from investing activities		336,782,423.55	269,424,512.56
Net cash flow from investing activities		281,554,858.43	(145,580,305.12)
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)52(4)	1,889,552,520.19	1,002,730,663.84
Other cash receipts relating to financing activities			-
Sub-total of cash inflows from financing activities		1,889,552,520.19	5,981,030,649.70
Cash repayments of borrowings	(V)52(5)	2,758,431,568.69	1,431,376,027.48
Cash payments for distribution of dividends or profits or settlement of interest expenses		129,648,549.65	335,129,400.68
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		12,662,257.27	135,345,078.86
Other cash payments relating to financing activities	(V)52(6)	913,691,866.12	771,671,289.44
Sub-total of cash outflows from financing activities		3,801,771,984.46	2,538,176,717.60
Net cash flow from financing activities		(1,912,219,464.27)	3,442,853,932.10
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(7,117,959.63)	(10,280,189.64)
V. Net Increase (Decrease) in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents	(V)53(2)	5,763,863,090.15	6,786,710,607.82
VI. Closing Balance of Cash and Cash Equivalents	(V)53(2)	4,932,011,547.49	10,723,503,851.14

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

THE COMPANY'S CASH FLOW STATEMENT

RMB

Item	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		77,304,979.94	97,685,114.56
Other cash receipts relating to operating activities		56,100,001.99	53,404,719.83
Sub-total of cash inflows from operating activities		133,404,981.93	151,089,834.39
Cash payments for goods purchased and services received		28,339,082.68	28,025,890.86
Cash payments to and on behalf of employees		75,344,565.76	74,800,659.40
Payments of various types of taxes		843,974.81	1,196,753.47
Other cash payments relating to operating activities		39,655,668.61	40,031,054.66
Sub-total of cash outflows from operating activities		144,183,291.86	144,054,358.39
Net cash flow from operating activities	(XIV)37(1)	(10,778,309.93)	7,035,476.00
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments	(XIV)36(1)	500,000,000.00	-
Cash receipts from returns on investments	(XIV)36(2)	398,466,710.01	280,273,379.62
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		277,289.52	286,747.51
Sub-total of cash inflows from investing activities		898,743,999.53	280,560,127.13
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		10,391,771.80	7,790,249.16
Cash payments to acquire investments	(XIV)36(3)	33,849,514.79	10,000,000.00
Sub-total of cash outflows from investing activities		44,241,286.59	17,790,249.16
Net cash flow from investing activities		854,502,712.94	262,769,877.97
III. Cash flows from financing activities:			
Cash receipts from capital contributions		-	4,978,299,985.86
Cash receipts from borrowings		1,225,000,000.00	570,000,000.00
Sub-total of cash inflows from financing activities		1,225,000,000.00	5,548,299,985.86
Cash repayments of borrowings		1,769,000,000.00	1,381,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		64,154,548.04	147,638,887.90
Other cash payments relating to financing activities		30,002,222.94	22,924,194.90
Sub-total of cash outflows from financing activities		1,863,156,770.98	1,551,563,082.80
Net cash flow from financing activities		(638,156,770.98)	3,996,736,903.06
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		125,794.62	(23,811.81)
V. Net Increase in Cash and Cash Equivalents			
		205,693,426.65	4,266,518,445.22
Add: Opening balance of cash and cash equivalents	(XIV)37(2)	1,002,219,644.76	767,185,291.46
VI. Closing Balance of Cash and Cash Equivalents	(XIV)37(2)	1,207,913,071.41	5,033,703,736.68

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	The six months ended 30 June 2022						
	Attributable to owners of the Company					Non-controlling interests	Total owners' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits		
I. Closing balance of the prior period	1,070,044,063.00	12,570,845,164.33	(8,376,657.23)	715,703,320.00	2,263,391,489.24	724,977,778.62	17,336,585,157.96
Add: Changes in accounting policies	-	-	-	-	-	-	-
II. Opening balance of the current period	1,070,044,063.00	12,570,845,164.33	(8,376,657.23)	715,703,320.00	2,263,391,489.24	724,977,778.62	17,336,585,157.96
III. Changes for the period	-	701,851.85	2,691,035.40	-	(174,679,518.76)	58,495,720.12	(112,790,911.39)
(I) Total comprehensive income (loss)	-	-	2,691,035.40	-	(117,967,260.12)	59,282,835.15	(55,993,389.57)
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(56,712,258.64)	(787,115.03)	(57,499,373.67)
1. Distribution to shareholders	-	-	-	-	(56,712,258.64)	(787,115.03)	(57,499,373.67)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-
(VI) Others	-	701,851.85	-	-	-	-	701,851.85
IV. Closing balance of the current period	1,070,044,063.00	12,571,547,016.18	(5,685,621.83)	715,703,320.00	2,088,711,970.48	783,473,498.74	17,223,794,246.57

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - continued

RMB

Item	The six months ended 30 June 2021						
	Attributable to owners of the Company					Non-controlling interests	Total owners' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained profits		
I. Closing balance of the prior 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) Owners' 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	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. 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 SIX MONTHS ENDED 30 JUNE 2022

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	The six months ended 30 June 2022						The six months ended 30 June 2021					
	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	1,070,044,063.00	14,057,173,665.38	602,819.87	715,703,320.00	2,191,297,691.42	18,034,821,559.67	957,936,440.00	9,190,736,121.08	362,767.61	659,649,508.50	1,294,450,641.88	12,103,135,479.07
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	(34,751,445.20)	(34,751,445.20)
II. Opening balance of the current period	1,070,044,063.00	14,057,173,665.38	602,819.87	715,703,320.00	2,191,297,691.42	18,034,821,559.67	957,936,440.00	9,190,736,121.08	362,767.61	659,649,508.50	1,259,699,196.68	12,068,384,033.87
III. Changes for the period	-	701,851.85	261,000.00	-	27,424,276.61	28,387,128.46	112,107,623.00	4,866,437,544.30	(358,875.00)	-	185,351,574.91	5,163,537,867.21
(I) Total comprehensive income (loss)	-	-	261,000.00	-	84,136,535.25	84,397,535.25	-	-	(358,875.00)	-	247,414,130.56	247,055,255.56
(II) Owners' 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												
(III) Profit distribution	-	-	-	-	(56,712,258.64)	(56,712,258.64)	-	-	-	-	(62,062,555.65)	(62,062,555.65)
1. Distribution to shareholders	-	-	-	-	(56,712,258.64)	(56,712,258.64)	-	-	-	-	(62,062,555.65)	(62,062,555.65)
(IV) Transfer within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	701,851.85	-	-	-	701,851.85	-	-	-	-	-	-
IV. Closing balance of the current period	1,070,044,063.00	14,057,875,517.23	863,819.87	715,703,320.00	2,218,721,968.03	18,063,208,688.13	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

Legal Representative: _____

Chief Financial Officer: _____

Person in Charge of the Accounting Body: _____

(I) GENERAL INFORMATION

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

The Company holds a business license for enterprise's legal person, with which unified social credit identifier is 91310000132203715W. The legal representative is Mr. Zhang Xiaoqiang.

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

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

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

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

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

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

On 23 January 2006, the Company implemented a non-tradable shares reform, in which agreed by all non-tradable shareholders that the consideration for every 10 non-tradable shares transferred to listed A shares (registered in the book on the agreed registration date (19 January 2006)) is 3.1 shares. In accordance with the non-tradable shares reform scheme, 49,009,806 shares of non-tradable outstanding shares would be listed on 23 January 2007, 10,065,610 shares of non-tradable outstanding shares would be listed on 21 March 2007, 30,162,037 shares of non-tradable outstanding shares would be listed on 23 January 2008 and 229,151,687 shares of non-tradable outstanding shares would be listed on 23 January 2009. As of 23 January 2009, all shares held by the shareholders formerly holding the unlisted shares were listed, 318,389,140 shares of non-tradable outstanding shares in total.

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. Pursuant to which, the Company issued 201,277,000 (A share) non-public issuing shares which have RMB 1 per share at premium with the issue price of RMB 15.08 per share to HongYi (Shanghai) Investment Fund Center LLP ("HongYi Investment Fund") and Shanghai Jin Jiang Capital Company Limited ("Jin Jiang Capital"). Total raised fund is RMB 3,035,257,160. After deducting issuing expenses of RMB 7,001,277, the net raised fund is RMB 3,028,255,883, of which RMB 201,277,000 is recorded in equity and RMB 2,826,978,883 is recorded in capital reserve. The total share capital of the Company accordingly increased to RMB 804,517,740.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 delivery 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% minority interests in Keystone. In January 2019, the Company acquired 3.49825% minority interests in Keystone. In December 2021, the Company acquired 3.49825% minority interests in Keystone. As of 30 June 2022, the Company held 100% equity interests in Keystone.

On 28 April 2016, the Company entered into a Share Purchase Agreement with Mr. Huang Deman to respectively purchase 80% share equity in Vienna Hotels Co., Ltd ("Vienna") and Shenzhen Baisuicun Restaurant Chain Co., Ltd. ("Baisuicun"). On 1 July 2016, the equity transfer was completed and the Company became the controlling shareholder of Vienna and Baisuicun.

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

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

As of 30 June 2022, the Company's shares amounted to 1,070,044,063 in total, including 482,007,225 shares held by Jin Jiang Capital, representing 45.05% of the total share capital. Jin Jiang Capital is the controlling shareholder of the Company. Jin Jiang International (Holdings) Co., Ltd. ("Jin Jiang International") is the controlling shareholder of Jin Jiang capital and the ultimate holding party of the Company.

On 29 August 2022, the Board of Directors of the Company authorized the consolidated and Company's financial statements for issuance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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"). The financial statements have been prepared according to the *ASBE32-interim financial statements* for the six months ended 30 June 2022.

Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 30 June 2022 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

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

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

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

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

For financial assets of which transaction prices are the fair value on initial recognition, and of which valuation technique involving unobservable input is used in subsequent measurement, the valuation technique in the course of valuation is adjusted to enable the result of initial recognition based on the valuation technique equal to the transaction price.

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE32- interim financial statements, and present truly and completely, the Company's and consolidated financial position as of 30 June 2022, and the Company's and consolidated results of operations, the Company's and consolidated changes in shareholders' equity and the Company's and consolidated cash flows for the six months ended 30 June 2022.

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 2022 to 30 June 2022.

3. Business cycle

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

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. The Company 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 ESTIMATES - continued

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

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

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 minority 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 ESTIMATES - 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 exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

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 cash flow statement, 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 cash flow statement, 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 cash flow statement, as appropriate.

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - 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 book balance (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 ESTIMATES - continued

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

8.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into functional currency in 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.

Foreign currency cash flows and cash flows of foreign subsidiaries 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 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 partial disposal of 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 minority 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 regular, 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 "revenue standards"), 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 ESTIMATES - continued

9. Financial instruments - continued

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the book balance 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 not 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 margins in 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 other equity instrument investments.

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

- It has been acquired principally for the purpose of selling in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; 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 ESTIMATES - 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 and those due after one year from the balance sheet date (or with no fixed term) and expected to be held for more than one year are presented as other non-current financial assets.

The 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 the book balance of financial assets multiplying effective interest rate, 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 rate 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 balance 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - 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 measure a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will measure 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.

Whether or not there is a significant increase in the credit risk 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).

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.2 Impairment of financial instruments - continued

9.2.1 Significant increase of credit risk - continued

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 in 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 in 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.

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 balance 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.2 Impairment of financial instruments - continued

9.2.4 Write-down of financial assets

When the Group no longer reasonably expects that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the book balance 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.

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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.3 Transfer of financial assets - continued

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.

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.

Held-for-trading 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.4 Classification of financial liabilities and equity instruments - continued

9.4.1 Classification and measurement of financial liabilities - continued

9.4.1.1 Financial liabilities at FVTPL - continued

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.

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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.6 Offsetting financial assets and financial liabilities

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

9.7 Reclassification of financial instruments

When the Group changes its business model 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.

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 balance 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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 value allowance 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 value allowance of inventories on an item-by-item basis.

After the value allowance 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 value allowance is reversed and the reversal is included in profit or loss for the period.

10.4 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. Held-for-sale assets

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Held-for-sale assets - continued

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

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

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

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

If an asset or disposal group is classified as held-for-sale, but the recognition criteria for held-for-sale are no longer satisfied, the Group shall stop classifying it as held-for-sale and measures it at the lower of (1) the carrying amount of the asset or disposal group before it is classified as held-for-sale, the amount adjusted for the depreciation, amortization or impairment that should have been recognized had it not been classified as held-for-sale; (2) the recoverable amount on the date when the decision not to sell it is made.

If an equity investment in an associate or joint venture that has been classified as held-for-sale no longer meets the criteria for being classified as held-for-sale, the equity method shall be adopted for retroactive adjustment from the date when it is classified as held-for-sale. The financial statements for the period in which it is classified as held-for-sale shall be adjusted accordingly.

12. Long-term equity investments

12.1 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of carrying amount 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 carrying amount 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 earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is determined in accordance with shares of carrying amount 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 earnings.

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.

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.

12.3 Subsequent measurement and recognition of profit and loss

12.3.1 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.

12.3.2 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.3 Subsequent measurement and recognition of profit and loss - continued

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

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.

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

12.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****13. Fixed assets**13.1 Recognition criteria for fixed assets

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

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

13.2 Depreciation methods

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use, except that the land with an indefinite 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.

13.3 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 accounts for any change as a change in accounting estimates.

14. Construction in progress

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**15. Borrowing costs**

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

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

16. Intangible assets**16.1 Valuation method and useful life of intangible assets**

Intangible assets include land use rights, 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 category of intangible 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	Indefinite	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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Intangible assets - continued

16.2 Research and development expenditure

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

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

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

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

17. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with 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 an 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Impairment of long-term assets - continued

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.

18. Long-term prepaid expenses

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

19. Contract liabilities

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.

20. Employee benefits

20.1 Accounting treatment of short-term compensation

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

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as 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.

20.2 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

20. Employee benefits - continued

20.2 Accounting treatment of post-employment benefits - continued

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.

20.3 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.

21. Provisions

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

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

22. Revenue

22.1 Accounting policies adopted for revenue recognition and measurement

The Group's source of revenue comes from the following business types:

- (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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. Revenue - continued

22.1 Accounting policies adopted for revenue recognition and measurement - continued

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.

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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. Revenue - continued

22.1 Accounting policies adopted for revenue recognition and measurement - continued

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.

23. Contract costs

23.1 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.

23.2 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.

24. 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

24. Government grant - continued

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

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

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

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

Government grants of the Group mainly include industry support funds, tax weighted deduction, exemption and refund, and special support subsidies for the pandemic. Hence the grants are 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.

25. Deferred tax assets / deferred tax liabilities

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

25.1 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.

25.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Deferred tax assets/ deferred tax liabilities - continued

25.2 Deferred tax assets and deferred tax liabilities - continued

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

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

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

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

25.3 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.

26. 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.1 The Group as a lessee

26.1.1 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.

26.1.2 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.

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*.

26.1.3 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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.1 The Group as a lessee - continued

26.1.3 Lease liabilities - continued

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.

26.1.4 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.

26.1.5 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.1 The Group as a lessee - continued

26.1.5 Lease modifications - continued

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.

26.2 The Group as a lessor

26.2.1 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.

26.2.2 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.

26.2.2.1 The Group as a lessor under operating leases

During the periods within the lease term, the Group adopts the straight-line method to recognize 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 receipts are included in profit or loss when they incur.

26.2.2.2 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 lease receipts that have 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 lease receipts 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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

26.2 The Group as a lessor - continued

26.2.2 Classification of a lease - continued

26.2.2.2 The Group as a lessor under finance leases - continued

The variable lease receipts 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.

26.2.3 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.

26.2.4 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*.

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

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

- (1) The lease consideration subsequent to reduction is reduced or substantially unchanged from that before the reduction, where the lease consideration is either undiscounted or discounted at the rate applied prior to the deduction;
- (2) Other terms and conditions of the lease are determined to have not changed significantly after considering qualitative and quantitative factors.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases - continued

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

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

Accounting treatment by the Group as lessee

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

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

Accounting treatment by the Group as lessor

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

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.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Critical accounting estimates and judgements - continued

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 and Baisuicun 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****27. Critical accounting estimates and judgements - continued**27.6 Impairment of goodwill and intangible assets with indefinite useful life

Goodwill and brand with indefinite useful life are tested for impairment on a yearly basis. For the purpose of impairment testing, the Group allocates goodwill and intangible assets with indefinite useful life to relevant asset group portfolio. The recoverable amount of the asset group portfolio including goodwill and brand with indefinite useful life is the higher of the present value of the future cash flows expected to be derived from the asset group portfolio and their fair values less costs of disposal. Accounting estimate are made for calculation.

See note (V) 17 for key assumptions and estimates adopted in determining the recoverable amount. If the actual condition differs from the estimates, the recoverable amount of the asset group portfolio will be affected, which leads to impact over the impairment amount of goodwill and brand with indefinite useful life.

28. Changes in significant accounting policies and accounting estimates

The interpretation of ASBE issued by the Ministry of Finance ("MoF") enters into force for the reporting period, the influence of adopting the interpretation of ASBE is shown as below:

The interpretation of ASBE No.15 (MoF[2021]35) ("the interpretation No.15")

Interpretation No. 15 issued by the Ministry of Finance on 30 December 2021 explains the accounting treatment of products or by-products produced by enterprises before the fixed assets reach the intended state of use or during research and development, and the judgment of loss contracts. Upon assessment, the Group is of the view that the adoption of such amendments has no material impact on this interim financial statements.

(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	Value added tax ("VAT") on sales is calculated on revenue from principal operations and paid after deducting input VAT on purchases	5%, 6%, 9% or 13%
Urban maintenance and construction tax	Turnover tax	5% or 7%
Education surcharges	Turnover tax	3%
Local education surcharges	Turnover tax	2%
Enterprise income tax	Taxable income	9%, 15% or 25% (Note 1)
Property tax	Original cost of taxable property, rental income	1.2% or 12%
Subsidiaries outside Mainland China:		
Value added tax	Revenue	20%, 19.6% or 10%
Social donations due to mutual aids among enterprises	Revenue	0.16%
Housing tax	Taxable employee salary	0.45%
Apprenticeship tax	Taxable employee salary	0.68%
Continuing education tax	Taxable employee salary	0.15%, 1.05% or 1.60%
Enterprise income tax	Taxable income	(Note 2)
Contribution for value added by enterprises (CVAE)	The value added amount of companies in accordance with France Tax Law	0% - 1.5%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(IV) TAXATION - continued****Major tax types and tax rates - continued**

Note 1: Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission), from 1 January 2021 to 31 December 2030, those engaged in the industries listed in the Catalogue of Encouraged Industries in the Western Region and revenue generating from encouraged sectors or areas accounts for more than 60% of the total company's revenue shall be subject to the enterprise income tax rate of 15%. Lhasa Jin Jiang Inn Hotel Co., Ltd. enjoys both the above policies and the policy of "Five Years Exemptions and Five Years Half Deduction of Enterprise Income Tax", the applicable income tax rate is 9%.

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

Note 2: GDL, a subsidiary outside PRC, is applicable for an enterprise income tax rate of 25.8%.

In January 2018, Keystone and its six subsidiaries registered outside of Mainland China (7 Days Group Holdings Limited, 7 Days Inn Group (HK) Limited, Huan Peng Hotel Management (HK) Limited, Plateno Information and Technology Development (HK) Limited, Plateno Supply Chain Management (HK) Limited and Chujian (HK) Limited), became Chinese-funded resident enterprises registered overseas with the approval of the State Administration of Taxation, and are subject to the enterprise income tax rate of 25%.

Other than Keystone and its six subsidiaries registered outside of Mainland China, subsidiaries incorporated in Cayman Islands are exempted from enterprise income tax. The income tax rates for subsidiaries incorporated in Hong Kong, Germany, Singapore, Austria, Luxemburg and India are 16.5%, 15%, 17%, 25%, 29.22% and 34.43%, respectively.

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

RMB

Item	30 June 2022			31 December 2021		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			4,641,930.15			6,658,070.90
Bank deposit (Note 1):						
RMB			3,264,464,116.32			2,123,401,713.24
USD	4,770,292.05	6.7114	32,015,338.05	16,744,225.20	6.3757	106,756,156.60
EUR	37,841,405.45	7.0084	265,207,705.96	39,444,187.57	7.2197	284,775,201.00
GBP	2,888,752.77	8.1683	23,596,194.54	1,204,809.94	8.5920	10,351,747.42
BRL	9,872,889.53	1.2923	12,759,203.21	9,117,684.67	1.1441	10,431,997.59
PLN	22,935,187.44	1.4943	34,272,700.99	11,492,496.79	1.5706	18,049,637.60
MAD	4,736,000.00	0.6646	3,147,632.28	3,242,000.00	0.6860	2,224,126.97
IDR	1,811,409,000.00	0.0005	816,298.79	12,740,329,000.00	0.0004	5,712,978.50
HKD	8,509,790.39	0.8497	7,230,630.36	8,511,746.17	0.8176	6,959,203.71
KRW	937,306,000.00	0.0052	4,860,177.10	603,892,030.00	0.0054	3,238,253.16
INR	93,177,916.00	0.0854	7,952,798.05	39,732,000.00	0.0857	3,405,625.62
THB	15,291,000.00	0.1907	2,915,749.15	13,573,870.00	0.1917	2,602,694.85
Deposit in other financial institution (Note2):						
RMB			3,250,118,189.21			3,848,048,477.36
Total			6,913,998,664.16			6,432,615,884.52

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****1. Cash and bank balances - continued**

Note 1: The Group's restricted cash and bank deposit due to litigation are RMB1,425,622.73 (Opening balance: RMB9,970,578.50). The restricted cash and bank deposit in inactive dormant accounts are RMB8,347,530.61 (Opening balance: RMB4,782,215.87). The restricted cash and bank deposit for issuance of letters of guarantee are 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. (an authorized non-bank financial institution, hereinafter referred to as "Finance Company")

Note 3: The above cash and bank balances of the Company include time deposits and interest due within one year amounting to RMB1,971,213,963.33 (Opening balance: RMB653,000,000.00).

2. Held-for-trading financial assets

RMB

Item	30 June 2022	31 December 2021
Financial assets at FVTPL	252,538,441.67	244,091,956.52
Including: Bank of Beijing (Note 1)	201,122,000.00	196,692,000.00
Including: Investments in equity instruments (Note 2)	51,416,441.67	47,399,956.52
Total	252,538,441.67	244,091,956.52

Note 1: The Company purchased and held 44,300,000 ordinary shares of Bank of Beijing (Stock Code: 601169) on the open market, which are unrestricted shares. The Company recognized its fair value of RMB201,122,000.00 at the closing price on the last trading day before the balance sheet date.

Note 2: It refers to the equity funds purchased by the Group from the Indian open market, and the Group recognizes its fair value at the market price as of the last trading day prior to the balance sheet date, equivalent to RMB51,416,441.67.

3. Accounts receivable**(1) Disclosure by aging:**

RMB

Aging	30 June 2022			31 December 2021		
	Accounts receivable	Allowance for credit losses	Provision ratio (%)	Accounts receivable	Allowance for credit losses	Provision ratio (%)
Within 1 year	1,648,812,709.23	78,249,576.17	4.75	1,557,931,583.52	71,631,731.19	4.60
Over 1 year	213,934,806.25	153,706,619.63	71.85	225,278,044.69	159,815,113.82	70.94
Total	1,862,747,515.48	231,956,195.80	12.45	1,783,209,628.21	231,446,845.01	12.98

(2) Disclosure by categories:

RMB

Category	30 June 2022				Carrying amount
	Book balance		Allowance for credit losses		
	Amount	Ratio (%)	Amount	Ratio (%)	
Allowance for credit losses collectively assessed on a portfolio basis					
Including:					
GDL client portfolio	553,361,154.19	29.71	165,082,034.01	29.83	388,279,120.18
Plateno client portfolio	521,343,142.34	27.99	11,141,564.23	2.14	510,201,578.11
Vienna client portfolio	294,556,737.48	15.81	19,501,255.67	6.62	275,055,481.81
Metropolo client portfolio	493,486,481.47	26.49	36,231,341.89	7.34	457,255,139.58
Total	1,862,747,515.48	100.00	231,956,195.80	12.45	1,630,791,319.68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

3. Accounts receivable - continued

(2) Disclosure by categories: - continued

RMB

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

As part of the Group's credit risk management, the Group classifies the accounts receivable into the four categories described above, all of which 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 2022				31 December 2021			
	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount
Within 3 months	10.51	313,096,770.64	32,912,622.18	280,184,148.46	11.02	245,068,617.03	27,009,528.37	218,059,088.66
3-12 months	36.63	79,964,928.81	29,288,178.61	50,676,750.20	36.20	70,006,231.30	25,345,522.85	44,660,708.45
Over 12 months	64.18	160,299,454.74	102,881,233.22	57,418,221.52	64.50	178,238,163.06	114,967,386.01	63,270,777.05
Total		553,361,154.19	165,082,034.01	388,279,120.18		493,313,011.39	167,322,437.23	325,990,574.16

Plateno client portfolio:

RMB

Aging	30 June 2022				31 December 2021			
	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount
Within 6 months	0.24	485,786,479.69	1,179,961.71	484,606,517.98	0.32	403,319,946.44	1,277,226.70	402,042,719.74
6-12 months	12.14	25,932,684.17	3,147,589.14	22,785,095.03	14.71	13,876,194.93	2,040,508.28	11,835,686.65
Over 12 months	70.80	9,623,978.48	6,814,013.38	2,809,965.10	75.68	9,012,703.56	6,820,549.74	2,192,153.82
Total		521,343,142.34	11,141,564.23	510,201,578.11		426,208,844.93	10,138,284.72	416,070,560.21

Vienna client portfolio:

RMB

Aging	30 June 2022				31 December 2021			
	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount
Within 6 months	1.95	267,766,369.75	5,217,190.79	262,549,178.96	1.83	439,205,693.92	8,024,785.40	431,180,908.52
6-12 months	5.33	13,209,878.98	703,576.13	12,506,302.85	4.54	43,633,331.91	1,982,898.96	41,650,432.95
Over 12 months	100.00	13,580,488.75	13,580,488.75	-	100.00	8,418,321.33	8,418,321.33	-
Total		294,556,737.48	19,501,255.67	275,055,481.81		491,257,347.16	18,426,005.69	472,831,341.47

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

3. Accounts receivable - continued

(2) Disclosure by categories: - continued

Metropolo client portfolio:

RMB

Aging	30 June 2022				31 December 2021			
	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount
Within 6 months	0.41	446,996,671.86	1,828,545.33	445,168,126.53	0.85	329,787,261.41	2,787,960.04	326,999,301.37
6-12 months	24.73	16,058,925.33	3,971,912.28	12,087,013.05	24.27	13,034,306.58	3,163,300.59	9,871,005.99
Over 12 months	100.00	30,430,884.28	30,430,884.28	-	100.00	29,608,856.74	29,608,856.74	-
Total		493,486,481.47	36,231,341.89	457,255,139.58		372,430,424.73	35,560,117.37	336,870,307.36

(3) Details of allowance for credit losses

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

RMB

30 June 2022	Not credit impaired	Credit impaired	Total
Book balance	1,648,812,709.23	213,934,806.25	1,862,747,515.48
Expected credit loss	78,249,576.17	153,706,619.63	231,956,195.80
Carrying amount	1,570,563,133.06	60,228,186.62	1,630,791,319.68

Changes in allowance for credit losses

RMB

Allowance for credit losses	Total
Balance as of 31 December 2021	231,446,845.01
Provision for expected credit loss for the period	65,785,876.72
Reversal of expected credit loss for the period	(52,533,744.17)
Write-off	(95,510.79)
Translation reserve	(12,647,270.97)
Balance as of 30 June 2022	231,956,195.80

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

As of 30 June 2022, the balance of top five entities with the largest balances of accounts receivable at the end of the period is RMB272,545,808.56 (31 December 2021: RMB552,456,489.89), accounting for 14.63% of total balance of accounts receivable (31 December 2021: 30.98%). The allowance for credit losses of top five entities with the largest balances of accounts receivable is RMB2,075,560.70 (31 December 2021: RMB7,604,926.79).

4. Prepayments

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

RMB

Aging	30 June 2022		31 December 2021	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	135,229,951.84	100.00	108,335,440.10	100.00
Total	135,229,951.84	100.00	108,335,440.10	100.00

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

As of 30 June 2022, the balance of top five entities with the largest balances of prepayments at the end of the period is RMB25,484,104.66 (31 December 2021: RMB17,608,658.35), accounting for 18.85% of total balance of prepayments (31 December 2021: 16.25%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

5. Other receivables

5.1 Disclosure by categories:

RMB

Item of other receivables	30 June 2022	31 December 2021
Interest receivable	-	15,608,145.25
Dividends receivable	217,747,548.39	62,498,106.00
Other receivables	864,860,936.69	640,206,298.99
Total	1,082,608,485.08	718,312,550.24

5.2 Interest receivable

(1) Interest receivable is categorized as below:

RMB

Item	30 June 2022	31 December 2021
Time deposit at banks	-	8,698,540.24
Time deposit at Finance Company	-	6,805,896.50
Others	170,363.83	274,072.34
Less: allowance for credit losses	170,363.83	170,363.83
Total	-	15,608,145.25

(2) Allowance for credit losses

As of 30 June 2022, the credit risk on interest receivable has not increased significantly since the initial recognition, and the Group's allowance for credit losses based on 12-month ECL is immaterial.

5.3 Dividends receivable

RMB

Item	30 June 2022	31 December 2021
(1) Hangzhou Kentucky Fried Chicken Co., Ltd.	54,736,252.91	18,036,200.71
(2) Suzhou Kentucky Fried Chicken Co., Ltd.	33,906,913.58	9,001,187.23
(3) Wuxi Kentucky Fried Chicken Co., Ltd.	23,434,881.53	14,092,100.04
(4) Shanghai Kentucky Fried Chicken Co., Ltd.	105,221,053.88	20,906,651.08
(5) Equity investment of GDL	448,446.49	461,966.94
Total	217,747,548.39	62,498,106.00

(1) Significant dividends receivable aging more than one year

RMB

Item	Closing balance	Aging	Reasons for uncollected amounts	Impaired or not and determination basis
(1) Suzhou Kentucky Fried Chicken Co., Ltd.	9,001,187.23	1-2 years	Not completely paid yet	Not impaired, continuous profit is expected in future
(2) Wuxi Kentucky Fried Chicken Co., Ltd.	11,692,328.41	1-2 years	Not completely paid yet	Not impaired, continuous profit is expected in future
Total	20,693,515.64			

(2) Allowance for credit losses

As of 30 June 2022, the credit risk on dividends receivable has not increased significantly since the initial recognition, and the Group's allowance for credit losses based on 12-month ECL is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

5. Other receivables - continued

5.4 Other receivables

(1) Disclosure of other receivables by nature

RMB

Nature	30 June 2022	31 December 2021
Deposits and guarantees	234,402,529.40	242,888,369.36
Revolving fund	3,442,229.61	5,509,354.92
Pandemic-specific support subsidy (Note)	48,772,780.19	200,707,660.00
Prepaid overseas social securities	4,839,903.73	6,150,272.50
Demolition compensation (Note (V) 48)	94,161,997.73	-
Advances and others	479,241,496.03	184,950,642.21
Total	864,860,936.69	640,206,298.99

Note: During the reporting period, the Group has applied to the overseas governments outside China for pandemic-specific support subsidy amounting to RMB48,772,780.19. The government grant application by the Group met the relevant requirements and will be received by the Group, so the Group recognized it as other receivables.

(2) Allowance for credit losses

As of 30 June 2022, the credit risk and expected credit loss of other receivables are as follows:

RMB

Internal credit rating	30 June 2022				31 December 2021			
	12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total	12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
Normal	856,578,803.35	-	-	856,578,803.35	628,546,671.57	-	-	628,546,671.57
Attention	-	-	-	-	-	-	-	-
Loss	-	-	44,172,498.18	44,172,498.18	-	-	45,102,358.23	45,102,358.23
Total book balance	856,578,803.35	-	44,172,498.18	900,751,301.53	628,546,671.57	-	45,102,358.23	673,649,029.80
Less: Provision for impairment	-	-	44,172,498.18	44,172,498.18	-	-	45,102,358.23	45,102,358.23
Carrying amount	856,578,803.35	-	-	856,578,803.35	628,546,671.57	-	-	628,546,671.57

Allowance for credit losses

RMB

Item	31 December 2021	Provision	Reversal	Write-off	Translation reserve	30 June 2022
Provision for bad debts	45,102,358.23	37,500.50	-	(221,717.10)	(745,643.45)	44,172,498.18

Changes in provision for impairment:

RMB

Allowance for credit losses	Phase I	Phase II	Phase III	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (not credit-impaired)	
Balance as of 31 December 2021	-	-	45,102,358.23	45,102,358.23
Provision	-	-	37,500.50	37,500.50
Reversal	-	-	-	-
Write-off	-	-	(221,717.10)	(221,717.10)
Translation reserve	-	-	(745,643.45)	(745,643.45)
Balance as of 30 June 2022	-	-	44,172,498.18	44,172,498.18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****5. Other receivables - continued****5.4 Other receivables - continued**

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

As of 30 June 2022, the balance of top five entities with the largest balances of other receivables at the end of the period is RMB441,700,963.51 (31 December 2021: RMB34,535,500.00), accounting for 48.59% of total balance of other receivables (31 December 2021: 5.03%).

6. Inventories

(1) Category of inventories

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Valuation allowance	Carrying amount	Book balance	Valuation allowance	Carrying amount
Raw materials	34,585,435.03	-	34,585,435.03	41,889,266.00	-	41,889,266.00
Finished goods	27,529.47	-	27,529.47	28,765.47	-	28,765.47
Work-in-progress	41,765.00	-	41,765.00	-	-	-
Goods on hand	24,269,780.39	-	24,269,780.39	30,062,507.57	114,298.09	29,948,209.48
Contract performance cost	12,182,337.89	-	12,182,337.89	4,894,187.85	-	4,894,187.85
Total	71,106,847.78	-	71,106,847.78	76,874,726.89	114,298.09	76,760,428.80

(2) Inventory valuation allowance

RMB

Item	31 December 2021	Write-off	30 June 2022
Goods on hand	114,298.09	(114,298.09)	-
Total	114,298.09	(114,298.09)	-

7. Non-current assets due within one year

RMB

Item	30 June 2022	31 December 2021
Finance lease receivable due within one year	34,077,808.66	33,532,134.78
Entrusted loans due within one year (Note)	20,700,000.00	-
Interest receivable on entrusted loans due within one year	6,612.50	-
Total	54,784,421.16	33,532,134.78

Note: As of 30 June 2022, 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 2021 to 29 June 2023 and an annual interest rate of 1.15%; the Group entrusted the Finance Company to issue an entrusted loan of RMB11,700,000.00 to Shanghai Jin Jiang Da Hua Hotel Co., Ltd. ("Da Hua Hotel"), with a term from 29 June 2021 to 28 June 2023 and an annual interest rate of 1.15%. The Group's 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 SIX MONTHS ENDED 30 JUNE 2022

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

8. Other current assets

RMB

Item	30 June 2022	31 December 2021
Prepaid expenses	46,482,019.97	27,092,238.94
Prepaid taxes	327,212,182.12	401,956,643.96
Entrusted loans	9,775,449.36	9,775,449.36
Interest receivable on entrusted loans	3,236.67	-
Others	401,581.39	719,136.52
Less: provision	5,150,249.36	5,150,249.36
Total	378,724,220.15	434,393,219.42

(1) Provision for entrusted loans on an individual basis

As of 30 June 2022, the provision for entrusted loans of its associate Ganzi Holy Shambhala Tourism Investment Co., Ltd. on an individual basis is fully amounted, and the balance is RMB5,150,249.36.

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

9. Long-term receivables

Item	30 June 2022			31 December 2021		
	Book balance	Allowance	Carrying amount	Book balance	Allowance	Carrying amount
Finance lease receivable	591,010,662.87	-	591,010,662.87	606,072,981.42	-	606,072,981.42
Less: Unrealized financing income	(137,338,227.35)	-	(137,338,227.35)	(132,453,921.83)	-	(132,453,921.83)
Less: Long-term receivables due within one year	(34,077,808.66)	-	(34,077,808.66)	(33,532,134.78)	-	(33,532,134.78)
Long-term receivables due after one year	419,594,626.86	-	419,594,626.86	440,086,924.81	-	440,086,924.81

(1) Allowance for credit losses

As of 30 June 2022, the Group's provision for the expected credit loss of the above finance lease receivable based on an individual basis is immaterial.

SHANGHAI JIN JIANG INTERNATIONAL HOTELS CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

10. Long-term equity investments

Investee	31 December 2021	Changes for the period								30 June 2022	Closing balance of provision for impairment
		Additions	Other changes	Investment income recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Translation reserve		
Joint venture											
Shanghai Jinjiang Okura Garden Hotel Management Co., Ltd.	877,481.96	-	-	35,073.51	-	-	-	-	-	912,555.47	-
Associates											
Shanghai Kentucky Fried Chicken Co., Ltd.	207,336,709.15	-	-	(668,974.35)	-	701,851.85	(105,221,053.88)	-	-	102,148,532.77	-
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	87,421,880.95	-	-	(1,784,371.38)	-	-	-	-	-	85,637,509.57	-
Shanghai Jin Jiang Da Hua Hotel Co., Ltd. ("Da Hua Hotel")	66,982,038.08	-	-	(1,578,342.67)	-	-	-	-	-	65,403,695.41	-
Shanghai Qicheng Network Technology Co., Ltd.	50,588,249.53	-	-	284,849.63	-	-	-	-	-	50,873,099.16	-
Shanghai New Asia Fulihua Catering Co., Ltd.	33,216,902.69	-	-	(4,128,639.54)	-	-	-	-	-	29,088,263.15	-
Shanghai Jinjiang Yuwei Food Technology Co., Ltd.	8,896,891.14	-	-	(455,546.76)	-	-	-	-	-	8,441,344.38	-
Shanghai Xinjin Hotel Management Co., Ltd. (Note 2)	740,172.11	-	-	(740,172.11)	-	-	-	-	-	-	-
Shanghai Yoshinoya Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-
Shanghai Jing'an Bakery Co., Ltd. (Note 2)	-	-	-	-	-	-	-	-	-	-	-
SNC Angers Montpelier Villeneuve Rennes Invest Hotels	7,534,060.26	-	-	341,403.24	-	-	-	-	(224,077.09)	7,651,386.41	-
SNC Chaville Bx Arles	4,938,438.87	-	-	35,114.91	-	-	-	-	(144,901.87)	4,828,651.91	-
SNC Rouen Anncy	4,769,175.92	-	-	(754,669.14)	-	-	-	-	(130,818.29)	3,883,688.49	-
SNC Bayeux Bergerac Blagnac	4,569,061.15	-	-	139,538.07	-	-	-	-	(135,185.21)	4,573,414.01	-
Guangzhou Wo Qu Apartment Management Co., Ltd.	7,602,212.65	-	-	(697,255.74)	-	-	-	-	-	6,904,956.91	-
Guangzhou Wormhole Network Technology Co., Ltd.	2,534,017.60	-	-	-	-	-	-	-	-	2,534,017.60	-
Guangzhou Fulunzi Information Technology Co., Ltd.	2,451,724.31	-	-	-	-	-	-	-	-	2,451,724.31	-
Guangzhou Chuangbianzhe Entry-Exit Service Co., Ltd.	1,517,179.54	-	-	-	-	-	-	-	-	1,517,179.54	-
Guangzhou Qinyou Commercial Services Co., Ltd.	1,447,920.45	-	-	-	-	-	-	-	-	1,447,920.45	-
Guangzhou Muximei Internet Service Co., Ltd.	1,396,954.82	-	-	(4,822.38)	-	-	-	-	-	1,392,132.44	-
Guangzhou Yaji Hotel Management Co., Ltd.	822,696.58	-	-	48,022.93	-	-	-	-	-	870,719.51	-
Guangzhou Xiaopang Information Technology Co., Ltd.	410,484.23	-	-	-	-	-	-	-	-	410,484.23	-
Tianjin Jin Jiang Inn Co., Ltd.	38,316,770.49	-	-	(410,526.94)	-	-	-	-	-	37,906,243.55	-
Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd.	26,622,762.21	-	-	(629,133.59)	-	-	-	-	-	25,993,628.62	-
Tianjin Hu Jin Hotel Investment Co., Ltd.	20,177,605.85	-	-	1,831.22	-	-	-	-	-	20,179,437.07	-
Shenyang Songhuajiang Jin Jiang Inn Co., Ltd.	14,382,014.59	-	-	266,655.20	-	-	-	-	-	14,648,669.79	-
Zhenjiang Jingkou Jin Jiang Inn Co., Ltd.	14,665,882.66	-	-	(583,215.69)	-	-	-	-	-	14,082,666.97	-
Changchun Jinlv Investment and Management Co., Ltd.	776,864.30	-	-	87,013.67	-	-	-	-	-	863,877.97	-
Ganzi Holy Shambhala Tourism Investment Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-	-	(3,057,262.29)
Guangzhou Leji Information Technology Co., Ltd. (Note 3)	-	-	-	-	-	-	-	-	-	-	(1,801,815.71)
Others	26,314,031.86	-	-	2,698,520.18	44,113.80	-	-	-	(1,913,525.24)	27,143,140.60	-
Total	637,310,183.95	-	-	(8,497,647.73)	44,113.80	701,851.85	(105,221,053.88)	-	(2,548,507.70)	521,788,940.29	(4,859,078.00)

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****10. Long-term equity investments - continued**

Note 1: Ganzi Holy Shambhala Tourism Investment Co., Ltd. has ceased operations. The provision for impairment of its long-term equity investments is fully accrued.

Note 2: The Group has reduced the long-term equity investments to zero for Shanghai Jing'an Bakery Co., Ltd., Shanghai Xinjin Hotel Management Co., Ltd. and Shanghai Yoshinoya Co., Ltd. due to their continuous losses.

Note 3: Guangzhou Leji Information Technology Co., Ltd. has been deregistered, and the provision for impairment of its long-term equity investments is fully accrued.

11. Other equity instrument investments**(1) Information of other equity instrument investments**

RMB

Item	30 June 2022	31 December 2021
Agricultural Bank of China (Note)	13,137,000.00	12,789,000.00
Shanghai Trade Center Company Limited	6,700,000.00	6,700,000.00
Yangtze River United Development (Group) Co., Ltd.	1,300,000.00	1,300,000.00
Jinjiang Commodities	-	-
GDL's equity investment	26,785,568.38	29,953,467.51
Keystone's equity investment	500,000.00	500,000.00
Total	48,422,568.38	51,242,467.51

Note: The Group purchased and held 4,350,000 ordinary shares of Agricultural Bank of China (stock code: 601288) from the open market. The shares are unrestricted and the Group recognized their fair value at the closing price of the last trading day prior to the balance sheet date.

(2) Investments in equity instruments not held for trading

RMB

Item	Dividend income recognized for the period	Accumulated gains (losses)	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	-	(3,438,314.67)	-	Held for a long time and not held for trading	N/A
Shanghai Trade Center Company Limited	-	1,512,300.00	-	Held for a long time and not held for trading	N/A
Yangtze River United development (Group) Co., Ltd.	-	600,000.00	-	Held for a long time and not held for trading	N/A
Jinjiang Commodities	-	(1,469,473.95)	-	Held for a long time and not held for trading	N/A
GDL's equity investment	46,355.62	24,449,270.19	-	Held for a long time and not held for trading	N/A
Keystone's equity investment	-	(3,850,000.00)	-	Held for a long time and not held for trading	N/A
Total	46,355.62	17,803,781.57	-		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

12. Other non-current financial assets

RMB

Item	30 June 2022	31 December 2021
Hangzhou Kentucky Fried Chicken Co., Ltd.	266,800,000.00	266,800,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	126,700,000.00	126,700,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,800,000.00	58,800,000.00
Total	452,300,000.00	452,300,000.00

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	Hotel decoration	Total
I. Original carrying amount						
1.31 December 2021	1,113,084,960.60	7,721,840,722.73	3,038,092,947.22	9,221,669.86	626,241,905.73	12,508,482,206.14
2. Addition	47,453.93	46,771,534.59	41,499,217.22	215,104.40	6,622,994.09	95,156,304.23
(1) Purchase	25,485.74	25,357,883.34	19,626,933.37	215,104.40	3,370,362.05	48,595,768.90
(2) Transferred from construction in progress	21,968.19	21,413,651.25	21,723,334.09	-	3,252,632.04	46,411,585.57
(3) Adjustment to completion settlement	-	-	148,949.76	-	-	148,949.76
3. Deduction	(6,596,129.03)	(53,468,704.78)	(79,920,919.84)	(679,361.00)	(18,487,372.47)	(159,152,487.12)
(1) Disposal or retirement	(6,596,129.03)	(53,468,704.78)	(79,590,082.90)	(679,361.00)	(14,616,402.06)	(154,950,679.77)
(2) Adjustment to completion settlement	-	-	(330,836.94)	-	(3,870,970.41)	(4,201,807.35)
4. Translation reserve	(31,454,865.97)	(73,309,263.34)	(16,747,415.44)	-	(8,073,575.00)	(129,585,119.75)
5.30 June 2022	1,075,081,419.53	7,641,834,289.20	2,982,923,829.16	8,757,413.26	606,303,952.35	12,314,900,903.50
II. Accumulated depreciation						
1.31 December 2021	39,014,475.09	4,326,685,630.07	2,466,364,448.84	8,417,509.28	481,309,477.06	7,321,791,540.34
2. Addition	1,688,114.35	112,777,116.46	65,762,910.99	69,081.60	38,414,491.94	218,711,715.34
(1) Provision	1,688,114.35	112,777,116.46	65,762,910.99	69,081.60	38,414,491.94	218,711,715.34
3. Deduction	(1,679.71)	(38,837,237.27)	(65,506,352.68)	(670,919.66)	(12,849,987.31)	(117,866,176.63)
(1) Disposal or retirement	(1,679.71)	(38,837,237.27)	(65,506,352.68)	(670,919.66)	(12,849,987.31)	(117,866,176.63)
4. Translation reserve	(689,115.46)	(10,839,986.92)	(6,501,715.35)	-	(5,879,856.13)	(23,910,673.86)
5.30 June 2022	40,011,794.27	4,389,785,522.34	2,460,119,291.80	7,815,671.22	500,994,125.56	7,398,726,405.19
III. Provision for impairment						
1.31 December 2021	-	60,576,932.99	956,280.88	-	-	61,533,213.87
2. Addition	-	-	-	-	-	-
3. Disposal or retirement	-	-	-	-	-	-
4. Translation reserve	-	(3,463,681.31)	-	-	-	(3,463,681.31)
5.30 June 2022	-	57,113,251.68	956,280.88	-	-	58,069,532.56
IV. Carrying amount						
1.30 June 2022	1,035,069,625.26	3,194,935,515.18	521,848,256.48	941,742.04	105,309,826.79	4,858,104,965.75
2.31 December 2021	1,074,070,485.51	3,334,578,159.67	570,772,217.50	804,160.58	144,932,428.67	5,125,157,451.93

(2) Pledged fixed assets

As of 30 June 2022, the buildings belonging to a subsidiary of the Group with net book balance of RMB163,125,665.21 (Opening balance: RMB169,456,927.27) were pledged for long-term borrowings. Details are set forth in Note 1 of Note (V) 29.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

14. Construction in progress

(1) Information of construction in progress

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
I. Renovation of fixed assets						
Construction in progress of Metropolo						
Shanghai Longcao Road Construction Project of Jin Jiang Brand Company	84,260,893.21	-	84,260,893.21	83,652,989.33	-	83,652,989.33
Renovation of the self-operated projects on Hutai Road and Zhidan Road of Magnolia (Business) Shanghai	19,592,123.03	-	19,592,123.03	16,235,516.24	-	16,235,516.24
Renovation of "Innovation Center" Jinjiang Brand Innovation Industrial Park Experience Center	18,690,158.73	-	18,690,158.73	11,266,674.34	-	11,266,674.34
Global Sharing Platform of Jin Jiang Hotels	16,892,166.18		16,892,166.18	10,415,910.80		10,415,910.80
Renovation of "Magnolia" on Changcha Dongfeng Road	3,892,918.24		3,892,918.24	-		-
Renovation of "Ducheng Business" in Wuhan Zhuankou	6,567,090.71		6,567,090.71	1,738,455.67		1,738,455.67
Renovation of "Ducheng Business" in Guangzhou Baiyun	4,658,994.49		4,658,994.49	1,807,062.29		1,807,062.29
Renovation of "Ducheng Business" in Zhenjiang	3,473,739.56		3,473,739.56	347,031.40		347,031.40
Renovation of "Ducheng Business" in Hefei Baohe	2,933,107.58		2,933,107.58	459,551.94		459,551.94
Renovation of "Ducheng Business" at Wuhan Jiyu Bridge	2,399,794.51		2,399,794.51	370,183.41		370,183.41
Renovation of "Ducheng Business" in Shijiazhuang	2,358,455.15		2,358,455.15	567,906.91		567,906.91
Renovation of "Ducheng Business" at Swan Lake in Hefei	2,343,797.00		2,343,797.00	527,471.74		527,471.74
Renovation of "Ducheng Business" in Ningde	2,176,180.05		2,176,180.05	-		-
Renovation of "Ducheng Business" in Taizhou	2,054,378.67		2,054,378.67	-		-
Renovation of "Jin Jiang Inn" hotel at Changchun Railway Station	3,615,387.47		3,615,387.47	924,797.26		924,797.26
Renovation of "Jin Jiang Inn" hotel at Changchun Quan'an Square	2,964,579.33		2,964,579.33	707,608.62		707,608.62
Renovation of "Jin Jiang Inn" hotel at Nanjing Qingliang Gate	2,388,250.29		2,388,250.29	-		-
Renovation of "Jin Jiang Inn" hotel on Shijiazhuang Ping'an Street	2,355,756.77		2,355,756.77	449,498.53		449,498.53
Renovation of "Jin Jiang Inn" hotel at Shaoxing Keqiao Wonder Plaza	1,816,622.75		1,816,622.75	529,871.55		529,871.55
Renovation of "Jin Jiang Inn" hotel at Metro in Nanchang	1,746,276.84		1,746,276.84	1,018,387.49		1,018,387.49
Renovation of "Jin Jiang Inn" hotel on Taizhou Huangyan Huancheng East Road	1,471,977.41		1,471,977.41	145,492.24		145,492.24
Renovation of "Jin Jiang Inn" hotel on Nanchang Chuanshan Road	1,335,137.61		1,335,137.61	574,526.70		574,526.70
Renovation of "Jin Jiang Inn" hotel at Wuhu Wuyi Square	1,165,906.65		1,165,906.65	278,750.32		278,750.32
Renovation of "Jin Jiang Inn" hotel at Cixi Long-distance Bus Station	1,124,387.50		1,124,387.50	280,006.86		280,006.86
Renovation of "Jin Jiang Inn" hotel in Yuzhong District, Chongqing	1,107,587.48		1,107,587.48	213,628.44		213,628.44
Renovation of "Jin Jiang Inn" hotel at Karamay Administrative Center	1,086,841.07		1,086,841.07	580,054.74		580,054.74
Renovation of "Kyriad" at Sanyang Plaza on Wuxi Zhongshan Road	1,577,364.21		1,577,364.21	1,388,866.05		1,388,866.05
Renovation of "Campanile Hotel" on Jiangjun Avenue in Jiangning District, Nanjing	1,095,940.02		1,095,940.02	-		-
Other projects of Metropolo	14,048,707.23	(4,127,415.28)	9,921,291.95	5,677,830.49	(4,127,415.28)	1,550,415.21
Subtotal	211,194,519.74	(4,127,415.28)	207,067,104.46	140,158,073.36	(4,127,415.28)	136,030,658.08

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction in progress of GDL						
Renovation of Louvre Hôtels Group	64,703,167.74	-	64,703,167.74	54,183,566.93	-	54,183,566.93
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	64,329,753.18	-	64,329,753.18	44,336,618.10	-	44,336,618.10
Renovation of Hotel GE Prestige Warszawa (Varsovie)	62,295,379.92	-	62,295,379.92	56,752,770.89	-	56,752,770.89
Renovation of Golden Tulip Villa Massalia	5,505,302.42	-	5,505,302.42	171,879.90	-	171,879.90
Renovation of Sarovar	1,928,413.19	-	1,928,413.19	1,161,094.46	-	1,161,094.46
Renovation of Hotel GE Katowice	1,625,846.06	-	1,625,846.06	631,583.76	-	631,583.76
Renovation of Hôtel Grill Tarbes Bastillac	1,542,277.76	-	1,542,277.76	350,843.13	-	350,843.13
Renovation of Gestion Hôtels Epinal, Mont St Aignan	1,461,862.53	-	1,461,862.53	231,807.02	-	231,807.02
Renovation of Paris Nord Invest Hotel	1,319,231.29	-	1,319,231.29	374,746.69	-	374,746.69
Renovation of Golden Tulip Investments BV	1,121,344.00	-	1,121,344.00	-	-	-
Renovation of Gestion Hôtels Toulouse, Thionville, Châlons	1,044,606.93	-	1,044,606.93	191,516.55	-	191,516.55
Renovation of Milcardar Ltd (Cardiff, Dartford, Glasgow, Leicester, Milton Keynes)	343,665.16	-	343,665.16	1,781,958.70	-	1,781,958.70
Renovation of Brie Auvergne Invest Hotels	317,366.84	-	317,366.84	1,242,191.33	-	1,242,191.33
Renovation of Saliwawadon Ltd (Liverpool, Manchester, Wakefield, Washington, Doncaster, Northampton)	292,299.20	-	292,299.20	1,192,500.30	-	1,192,500.30
Other construction in progress of GDL	34,719,799.30	(975,093.31)	33,744,705.99	54,076,865.62	(1,078,630.25)	52,998,235.37
Total	242,550,315.52	(975,093.31)	241,575,222.21	216,679,943.38	(1,078,630.25)	215,601,313.13

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction in progress of Keystone						
Renovation of directly-operated 7 Days Inn	101,497,903.57	(80,000.00)	101,417,903.57	101,632,454.93	(80,000.00)	101,552,454.93
Reception desk management software of Lotus Hotel etc.	2,600,420.00	(2,600,420.00)	-	2,600,420.00	(2,600,420.00)	-
Subtotal	104,098,323.57	(2,680,420.00)	101,417,903.57	104,232,874.93	(2,680,420.00)	101,552,454.93
Construction in progress of Vienna and Baisucun						
Renovation of "Vienna International" at Hangzhou Wulin Square	12,528,401.87	-	12,528,401.87	27,106.80	-	27,106.80
Renovation of "Vienna International" on Nanning Wuyi East Road	10,333,107.97	-	10,333,107.97	3,499,138.27	-	3,499,138.27
Renovation of "Country Inns & Suites" at Shanghai Railway Station	6,341,284.40	-	6,341,284.40	3,242,814.98	-	3,242,814.98
Renovation of "Vienna International" on Tianjin Guizhou Road	5,882,413.17	-	5,882,413.17	1,028,329.34	-	1,028,329.34
Renovation of "Vienna" on Shenzhen Aiguo Road	5,483,212.66	-	5,483,212.66	-	-	-
Renovation of "Vienna" at Shenzhen University City	3,425,907.54	-	3,425,907.54	1,226,645.09	-	1,226,645.09
Renovation of "Vienna International" on Shanghai Nujiang Road	3,226,959.41	-	3,226,959.41	3,226,959.41	-	3,226,959.41
Renovation of "Vienna International" in Shenzhen Shajing	3,148,454.37	-	3,148,454.37	308,120.24	-	308,120.24
Renovation of "Vienna International" on Foshan Nanhai Avenue	3,066,924.77	-	3,066,924.77	3,066,793.85	-	3,066,793.85
Renovation of "Vienna International" on Wuhan Jiefang Avenue	2,742,388.46	-	2,742,388.46	126,166.84	-	126,166.84
Renovation of "Vienna Classic" on Qingyuan Lianjiang Road	2,243,811.42	-	2,243,811.42	1,463,956.58	-	1,463,956.58
Renovation of "Vienna International" at Changsha Furong Plaza	2,144,933.23	-	2,144,933.23	353,178.29	-	353,178.29
Renovation of "Vienna International" in Guangzhou Sanyuanli	1,658,838.81	-	1,658,838.81	1,586,048.64	-	1,586,048.64
Renovation of "Vienna Classic" on Shenzhen Airon Road	1,512,383.73	-	1,512,383.73	1,484,860.03	-	1,484,860.03
Renovation of "Vienna Classic" at Shenzhen Bay	1,303,689.06	-	1,303,689.06	1,245,539.70	-	1,245,539.70
Renovation of "Vienna International" at Hubei Xiangfan Railway Station	971,232.71	-	971,232.71	536,320.55	-	536,320.55
Renovation of "Vienna International" at Shenzhen Pinghu South China City	898,289.29	-	898,289.29	336,344.43	-	336,344.43
Renovation of "Vienna" at Jiangxi Nanchang Railway Station	886,261.12	-	886,261.12	673,340.17	-	673,340.17
Renovation of "Vienna International" at Shenzhen Longhua Wanzhong City	792,450.68	-	792,450.68	316,646.58	-	316,646.58
Renovation of "Venus" in Guangdong Yangxi	772,542.02	-	772,542.02	494,602.90	-	494,602.90
Renovation of "Vienna International" at Jiangsu Taicang Nanyang Plaza	664,821.15	-	664,821.15	619,194.87	-	619,194.87
Renovation of "Venus" in Shenzhen Shajing Qilin	647,420.47	-	647,420.47	56,339.60	-	56,339.60
Renovation of "Vienna" on Shenzhen Fuhua Road	468,952.85	-	468,952.85	375,350.64	-	375,350.64
Other renovations of Vienna	4,569,630.27	-	4,569,630.27	4,475,308.89	-	4,475,308.89
Subtotal	75,714,311.43	-	75,714,311.43	29,769,106.69	-	29,769,106.69
Total	633,557,470.26	(7,782,928.59)	625,774,541.67	490,839,998.36	(7,886,465.53)	482,953,532.83

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 2021	Acquisition or construction	Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expenses	Other changes	Translation reserve	30 June 2022	Accumulated amount of interest capitalization	Including: Amount of interest capitalization for the period	Ratio of interest capitalization for the period (%)	Source of fund
Shanghai Longcao Road Construction Project of Jin Jiang Brand Company	83,652,989.33	607,903.88	-	-	-	-	-	84,260,893.21	-	-	-	Self-financing
Renovation of the self-operated projects on Hutai Road and Zhidan Road of Magnolia (Business) Shanghai	16,235,516.24	3,356,606.79	-	-	-	-	-	19,592,123.03	-	-	-	Self-financing
Renovation of "Innovation Center" Jinjiang Brand Innovation Industrial Park Experience Center	11,266,674.34	7,423,484.39	-	-	-	-	-	18,690,158.73	-	-	-	Self-financing
Global Sharing Platform of Jin Jiang Hotels	10,415,910.80	6,476,255.38	-	-	-	-	-	16,892,166.18	-	-	-	Self-financing
Renovation of "Magnolia" on Changcha Dongfeng Road	-	3,892,918.24	-	-	-	-	-	3,892,918.24	-	-	-	Self-financing
Renovation of "Ducheng Business" in Wuhan Zhuankou	1,738,455.67	4,828,635.04	-	-	-	-	-	6,567,090.71	-	-	-	Self-financing
Renovation of "Ducheng Business" in Guangzhou Baiyun	1,807,062.29	2,851,932.20	-	-	-	-	-	4,658,994.49	-	-	-	Self-financing
Renovation of "Ducheng Business" in Zhenjiang	347,031.40	3,126,708.16	-	-	-	-	-	3,473,739.56	-	-	-	Self-financing
Renovation of "Ducheng Business" in Hefei Baohe	459,551.94	2,473,555.64	-	-	-	-	-	2,933,107.58	-	-	-	Self-financing
Renovation of "Ducheng Business" at Wuhan Jiayu Bridge	370,183.41	2,029,611.10	-	-	-	-	-	2,399,794.51	-	-	-	Self-financing
Renovation of "Ducheng Business" in Shijiazhuang	567,906.91	1,790,548.24	-	-	-	-	-	2,358,455.15	-	-	-	Self-financing
Renovation of "Ducheng Business" at Swan Lake in Hefei	527,471.74	1,816,325.26	-	-	-	-	-	2,343,797.00	-	-	-	Self-financing
Renovation of "Ducheng Business" in Ningde	-	2,176,180.05	-	-	-	-	-	2,176,180.05	-	-	-	Self-financing
Renovation of "Ducheng Business" in Taizhou	-	2,054,378.67	-	-	-	-	-	2,054,378.67	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Changchun Railway Station	924,797.26	2,690,590.21	-	-	-	-	-	3,615,387.47	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Changchun Quan'an Square	707,608.62	2,256,970.71	-	-	-	-	-	2,964,579.33	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Nanjing Qingliang Gate	-	2,388,250.29	-	-	-	-	-	2,388,250.29	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel on Shijiazhuang Ping'an Street	449,498.53	1,906,258.24	-	-	-	-	-	2,355,756.77	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Shaoxing Keqiao Wonder Plaza	529,871.55	1,286,751.20	-	-	-	-	-	1,816,622.75	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Metro in Nanchang	1,018,387.49	727,889.35	-	-	-	-	-	1,746,276.84	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel on Taizhou Huangyan Huancheng East Road	145,492.24	1,326,485.17	-	-	-	-	-	1,471,977.41	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel on Nanchang Chuanshan Road	574,526.70	760,610.91	-	-	-	-	-	1,335,137.61	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Wuhu Wuyi Square	278,750.32	887,156.33	-	-	-	-	-	1,165,906.65	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Cixi Long-distance Bus Station	280,006.86	844,380.64	-	-	-	-	-	1,124,387.50	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel in Yuzhong District, Chongqing	213,628.44	893,959.04	-	-	-	-	-	1,107,587.48	-	-	-	Self-financing
Renovation of "Jin Jiang Inn" hotel at Karamay Administrative Center	580,054.74	506,786.33	-	-	-	-	-	1,086,841.07	-	-	-	Self-financing
Renovation of "Kyriad" at Sanyang Plaza on Wuxi Zhongshan Road	1,388,866.05	188,498.16	-	-	-	-	-	1,577,364.21	-	-	-	Self-financing
Renovation of "Campanile Hotel" on Jiangjun Avenue in Jiangning District, Nanjing	-	1,107,851.47	-	-	(11,911.45)	-	-	1,095,940.02	-	-	-	Self-financing
Other projects of Metropolo	1,550,415.21	9,037,405.87	(22,811.40)	-	(556,340.38)	(87,377.35)	-	9,921,291.95	-	-	-	Self-financing
Subtotal of Metropolo	136,030,658.08	71,714,886.96	(22,811.40)	-	(568,251.83)	(87,377.35)	-	207,067,104.46	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 2021	Acquisition or construction	Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expenses	Other changes	Translation reserve	30 June 2022	Accumulated amount of interest capitalization	Including: Amount of interest capitalization for the period	Ratio of interest capitalization for the period (%)	Source of fund
Renovation of Louvre Hôtels Group	54,183,566.93	20,856,864.83	(424,698.40)	(7,090,753.80)	-	(1,053,441.13)	(1,768,370.69)	64,703,167.74	-	-	-	Self-financing
Renovation of Groupe du Louvre (ex Star Gt Acquisition)	44,336,618.10	21,611,846.13	-	-	-	-	(1,618,711.05)	64,329,753.18	-	-	-	Self-financing
Renovation of Hotel GE Prestige Warszawa (Varsovie)	56,752,770.89	8,522,292.84	-	-	-	-	(2,979,683.81)	62,295,379.92	-	-	-	Self-financing
Renovation of Golden Tulip Villa Massalia	171,879.90	5,574,093.56	(155,126.58)	-	-	-	(85,544.46)	5,505,302.42	-	-	-	Self-financing
Renovation of Sarovar	1,161,094.46	772,340.20	-	-	-	-	(5,021.47)	1,928,413.19	-	-	-	Self-financing
Renovation of Hotel GE Katowice	631,583.76	1,052,720.47	-	-	-	-	(58,458.17)	1,625,846.06	-	-	-	Self-financing
Renovation of Hôtel Grill Tarbes Bastillac	350,843.13	1,418,271.39	(198,444.62)	-	-	-	(28,392.14)	1,542,277.76	-	-	-	Self-financing
Renovation of Gestion Hotels Epinal, Mont St Aignan	231,807.02	1,330,869.55	(75,375.81)	-	-	-	(25,438.23)	1,461,862.53	-	-	-	Self-financing
Renovation of Paris Nord Invest Hotel	374,746.69	1,217,938.54	(248,076.14)	-	-	-	(25,377.80)	1,319,231.29	-	-	-	Self-financing
Renovation of Golden Tulip Investments BV	-	1,138,256.00	-	-	-	-	(16,912.00)	1,121,344.00	-	-	-	Self-financing
Renovation of Gestion Hôtels Toulouse, Thionville, Châlons	191,516.55	960,670.85	(89,024.57)	-	-	-	(18,555.90)	1,044,606.93	-	-	-	Self-financing
Renovation of Milcardar Ltd (Cardiff, Dartford, Glasgow, Leicester, Milton Keynes)	1,781,958.70	47,154.25	(1,443,984.80)	-	-	-	(41,462.99)	343,665.16	-	-	-	Self-financing
Renovation of Brie Auvergne Invest Hotels	1,242,191.33	200,881.41	(1,102,750.31)	-	-	-	(22,955.59)	317,366.84	-	-	-	Self-financing
Renovation of Saliwawadon Ltd (Liverpool, Manchester, Wakefield, Washington, Doncaster, Northampton)	1,192,500.30	108,434.18	(978,746.07)	-	-	-	(29,889.21)	292,299.20	-	-	-	Self-financing
Other overseas renovation projects and system development	52,998,235.37	10,780,620.28	(28,182,257.64)	-	-	(464,049.90)	(1,387,842.12)	33,744,705.99	-	-	-	Self-financing
Subtotal of GDL	215,601,313.13	75,593,254.48	(32,898,484.94)	(7,090,753.80)	-	(1,517,491.03)	(8,112,615.63)	241,575,222.21	-	-	-	
Renovation of directly-operated hotels	101,552,454.93	95,276,919.89	(13,490,289.23)	-	(81,921,182.02)	-	-	101,417,903.57	-	-	-	Self-financing
Subtotal of Keystone	101,552,454.93	95,276,919.89	(13,490,289.23)	-	(81,921,182.02)	-	-	101,417,903.57	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 2021	Acquisition or construction	Transferred to fixed assets	Transferred to intangible assets	Transferred to long-term prepaid expenses	Other changes	Translation reserve	30 June 2022	Accumulated amount of interest capitalization	Including: Amount of interest capitalization for the period	Ratio of interest capitalization for the period (%)	Source of fund
Renovation of "Vienna International" at Hangzhou Wulin Square	27,106.80	12,501,295.07	-	-	-	-	-	12,528,401.87	-	-	-	Self-financing
Renovation of "Vienna International" on Nanning Wuyi East Road	3,499,138.27	6,833,969.70	-	-	-	-	-	10,333,107.97	-	-	-	Self-financing
Renovation of "Country Inns & Suites" at Shanghai Railway Station	3,242,814.98	3,098,469.42	-	-	-	-	-	6,341,284.40	-	-	-	Self-financing
Renovation of "Vienna International" on Tianjin Guizhou Road	1,028,329.34	4,854,083.83	-	-	-	-	-	5,882,413.17	-	-	-	Self-financing
Renovation of "Vienna" on Shenzhen Aiguo Road	-	5,483,212.66	-	-	-	-	-	5,483,212.66	-	-	-	Self-financing
Renovation of "Vienna" at Shenzhen University City	1,226,645.09	2,199,262.45	-	-	-	-	-	3,425,907.54	-	-	-	Self-financing
Renovation of "Vienna International" on Shanghai Nujiang Road	3,226,959.41	-	-	-	-	-	-	3,226,959.41	-	-	-	Self-financing
Renovation of "Vienna International" in Shenzhen Shajing	308,120.24	2,840,334.13	-	-	-	-	-	3,148,454.37	-	-	-	Self-financing
Renovation of "Vienna International" on Foshan Nanhai Avenue	3,066,793.85	130.92	-	-	-	-	-	3,066,924.77	-	-	-	Self-financing
Renovation of "Vienna International" on Wuhan Jiefang Avenue	126,166.84	2,616,221.62	-	-	-	-	-	2,742,388.46	-	-	-	Self-financing
Renovation of "Vienna Classic" on Qingyuan Lianjiang Road	1,463,956.58	779,854.84	-	-	-	-	-	2,243,811.42	-	-	-	Self-financing
Renovation of "Vienna International" at Changsha Furong Plaza	353,178.29	1,791,754.94	-	-	-	-	-	2,144,933.23	-	-	-	Self-financing
Renovation of "Vienna International" in Guangzhou Sanyuanli	1,586,048.64	72,790.17	-	-	-	-	-	1,658,838.81	-	-	-	Self-financing
Renovation of "Vienna Classic" on Shenzhen Aorong Road	1,484,860.03	27,523.70	-	-	-	-	-	1,512,383.73	-	-	-	Self-financing
Renovation of "Vienna Classic" at Shenzhen Bay	1,245,539.70	58,149.36	-	-	-	-	-	1,303,689.06	-	-	-	Self-financing
Renovation of "Vienna International" at Hubei Xiangfan Railway Station	536,320.55	434,912.16	-	-	-	-	-	971,232.71	-	-	-	Self-financing
Renovation of "Vienna International" at Shenzhen Pinghu South China City	336,344.43	632,854.86	-	-	(70,910.00)	-	-	898,289.29	-	-	-	Self-financing
Renovation of "Vienna" at Jiangxi Nanchang Railway Station	673,340.17	212,920.95	-	-	-	-	-	886,261.12	-	-	-	Self-financing
Renovation of "Vienna International" at Shenzhen Longhua Wanzhong City	316,646.58	523,355.56	-	-	(47,551.46)	-	-	792,450.68	-	-	-	Self-financing
Renovation of "Venus" in Guangdong Yangxi	494,602.90	277,939.12	-	-	-	-	-	772,542.02	-	-	-	Self-financing
Renovation of "Vienna International" at Jiangsu Taicang Nanyang Plaza	619,194.87	45,626.28	-	-	-	-	-	664,821.15	-	-	-	Self-financing
Renovation of "Venus" in Shenzhen Shajing Qilin	56,339.60	591,080.87	-	-	-	-	-	647,420.47	-	-	-	Self-financing
Renovation of "Vienna" on Shenzhen Fuhua Road	375,350.64	93,602.21	-	-	-	-	-	468,952.85	-	-	-	Self-financing
Other renovations of Vienna and Baisuicun	4,475,308.89	339,821.38	-	-	(245,500.00)	-	-	4,569,630.27	-	-	-	Self-financing
Subtotal of Vienna and Baisuicun	29,769,106.69	46,309,166.20	-	-	(363,961.46)	-	-	75,714,311.43	-	-	-	
Total	482,953,532.83	288,894,227.53	(46,411,585.57)	(7,090,753.80)	(82,853,395.31)	(1,604,868.38)	(8,112,615.63)	625,774,541.67	-	-	-	

(3) During the reporting period, the Group's provision for impairment of construction in progress has decreased by RMB103,536.94 due to translation reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 carrying amount						
1.1 January 2022	274,720,992.13	17,399,876,716.32	457,308,429.73	8,331,533.80	1,331,077.74	18,141,568,749.72
2.Addition	-	696,050,485.00	-	1,195,160.40	-	697,245,645.40
3.Disposal	-	(536,180,808.88)	(15,685,419.54)	(1,124,019.90)	-	(552,990,248.32)
4.Translation reserve	(8,194,974.25)	(102,923,934.07)	-	(244,896.70)	-	(111,363,805.02)
5.30 June 2022	266,526,017.88	17,456,822,458.37	441,623,010.19	8,157,777.60	1,331,077.74	18,174,460,341.78
II. Accumulated depreciation						
1. 1 January 2022	9,979,285.22	9,637,197,285.95	278,436,869.40	4,988,812.70	704,050.03	9,931,306,303.30
2.Addition	1,977,953.20	633,360,104.72	14,343,871.87	1,124,019.90	51,750.47	650,857,700.16
3.Disposal	-	(522,663,530.25)	(12,641,278.95)	(1,124,019.90)	-	(536,428,829.10)
4. Translation reserve	(299,072.57)	(36,440,025.15)	-	(146,008.30)	-	(36,885,106.02)
5. 30 June 2022	11,658,165.85	9,711,453,835.27	280,139,462.32	4,842,804.40	755,800.50	10,008,850,068.34
III. Provision for impairment						
1. 1 January 2022	-	-	-	-	-	-
2.Addition	-	-	-	-	-	-
3.Deduction	-	-	-	-	-	-
4. 30 June 2022	-	-	-	-	-	-
IV. Carrying amount						
1.30 June 2022	254,867,852.03	7,745,368,623.10	161,483,547.87	3,314,973.20	575,277.24	8,165,610,273.44
2. 1 January 2022	264,741,706.91	7,762,679,430.37	178,871,560.33	3,342,721.10	627,027.71	8,210,262,446.42

As of 30 June 2022, the lease liabilities relating to the right-of-use assets amounted to RMB9,937,321,802.28. The lease agreements do not specify any commitment other than the security interest in the leased assets held by the lessor. The above right-of-use assets cannot be used as pledge or guarantee etc. for borrowings.

The Group leases several assets, including land and land use right out of China, buildings, machinery and equipment, transportation vehicles and others, with lease terms vary from 2 years to 10 years.

16. Intangible assets

RMB

Item	Land use rights	Franchise contract	Trademark and brand (Note)	Membership	Patent, relevant rights and software	Total
I. Original carrying amount						
1.31 December 2021	294,020,379.99	463,387,932.82	5,971,535,793.04	398,197,332.13	760,525,963.58	7,887,667,401.56
2.Addition	-	-	-	-	8,413,629.81	8,413,629.81
(1)Purchase	-	-	-	-	1,322,876.01	1,322,876.01
(2)Transferred from construction in progress	-	-	-	-	7,090,753.80	7,090,753.80
3.Deduction	-	-	-	-	(853,554.89)	(853,554.89)
(1)Disposal	-	-	-	-	(853,554.89)	(853,554.89)
4. Translation reserve	-	-	(57,298,042.81)	-	(236,993.94)	(57,535,036.75)
5.30 June 2022	294,020,379.99	463,387,932.82	5,914,237,750.23	398,197,332.13	767,849,044.56	7,837,692,439.73
II. Accumulated amortization						
1.31 December 2021	174,791,738.90	322,774,493.72	1,417,725.36	159,072,332.13	521,644,995.50	1,179,701,285.61
2.Addition	2,550,609.04	13,045,726.40	115,279.06	8,390,000.00	45,654,916.55	69,756,531.05
(1)Provision	2,550,609.04	13,045,726.40	115,279.06	8,390,000.00	45,654,916.55	69,756,531.05
3.Deduction	-	-	-	-	(113,387.61)	(113,387.61)
(1)Disposal	-	-	-	-	(113,387.61)	(113,387.61)
4. Translation reserve	-	-	(35,182.20)	-	(64,772.45)	(99,954.65)
5.30 June 2022	177,342,347.94	335,820,220.12	1,497,822.22	167,462,332.13	567,121,751.99	1,249,244,474.40
III. Provision for impairment						
1.31 December 2021	-	-	-	-	320,183.36	320,183.36
2.Addition	-	-	-	-	-	-
3.Deduction	-	-	-	-	(320,183.36)	(320,183.36)
4.30 June 2022	-	-	-	-	-	-
IV. Carrying amount						
1.30 June 2022	116,678,032.05	127,567,712.70	5,912,739,928.01	230,735,000.00	200,727,292.57	6,588,447,965.33
2.31 December 2021	119,228,641.09	140,613,439.10	5,970,118,067.68	239,125,000.00	238,560,784.72	6,707,645,932.59

Note: The Group considers that the trademark and brand 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 Baisuicun which is amortized within 10 years. As of 30 June 2022, the carrying amount of brands with infinite useful life is RMB5,906,727,919.61.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 2021	Addition	Translation reserve	30 June 2022
Keystone	5,766,874,767.03	-	-	5,766,874,767.03
GDL	4,512,722,554.62	-	(129,336,348.26)	4,383,386,206.36
Vienna and Baisuicun	668,816,710.56	-	-	668,816,710.56
Smartel	51,785,803.21	-	-	51,785,803.21
Shanxi Jinguang Inn Management Co., Ltd. ("Jinguang Inn")	40,171,417.85	-	-	40,171,417.85
Shenzhen Duzhuhua Inn Management Co., Ltd. ("Duzhuhua")	3,740,756.59	-	-	3,740,756.59
Total	11,044,112,009.86	-	(129,336,348.26)	10,914,775,661.60

(2) Provision for impairment of goodwill

RMB

Name of the investee and item resulting in goodwill	31 December 2021	Addition	30 June 2022
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 classifies reporting segments based on operation segments. For the purpose of impairment test, the Group allocates 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. As of 30 June 2022, the carrying amount and provision for impairment of goodwill allocated to the six asset groups are as follows:

RMB

	Cost	Provision for impairment	30 June 2022
Overseas operation and management of limited service hotels segment - GDL	4,383,386,206.36	-	4,383,386,206.36
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 Hotel and Baisuicun	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	10,914,775,661.60	(43,912,174.44)	10,870,863,487.16

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

17. Goodwill - continued

(2) Provision for impairment of goodwill - continued

Key assumptions and basis for determining the recoverable amount of the above asset groups are as follows:

A. Asset group: GDL

The recoverable amount of the asset group GDL is determined based on the present value of estimated future cash flow, which is based on the financial budget for the period from 2022 to 2026 approved by the management. Key assumptions used in the estimation of discounted future cash flow are hotel room service revenue growth rate and discount rate. Based on the historical financial results of the asset group portfolio and management's market predictions (the compound revenue growth rate of hotel room service is estimated to be 6.3% from 2022 to 2026 and approximately 1.28% after 2026). The growth rate after 2026 is determined by the inflation rate of the country where the subordinate hotel is operated in.

B. Asset group: Keystone

The recoverable amount of the asset group Keystone is determined based on the present value of estimated future cash flow, which is based on the financial budget for the period from 2022 to 2026 approved by the management. The key assumptions used in estimating the present value of estimated future cash flow include the estimated growth rate of revenue from hotel business based on the past performance of the asset group and the expectations of market development (the compound growth rate of revenue from hotel business is approximately 10.19% from 2022 to 2026 and approximately 2% after 2026) and the pre-tax discount rate. The growth rate after 2026 is determined based on the inflation rate.

The management believes that any reasonable changes in the above assumptions will not lead to the total carrying amount of the asset group Keystone to exceeding its recoverable amount.

C. Asset group: Vienna Hotel and Baisuicun

The recoverable amount of the asset group Vienna Hotel and Baisuicun is determined based on the present value of estimated future cash flow, which is based on the financial budget for the period from 2022 to 2026 approved by the management. The key assumptions used in estimating the present value of estimated future cash flow include the estimated growth rate of revenue from hotel business based on the past performance of the asset group and the expectations of market development (the compound growth rate of revenue from hotel business is approximately 4.13% from 2022 to 2026 and approximately 2% after 2026) and the pre-tax discount rate. The growth rate after 2026 is determined based on the inflation rate.

The management believes that any reasonable changes in the above assumptions will not lead to the total carrying amount of the asset group Vienna Hotel and Baisuicun to exceeding its recoverable amount.

D. Asset Group: Smartel

Recoverable amount of Smartel was determined based on the net amount of fair value less the disposal cost. Key assumptions used in the estimation of fair value and disposal cost are: based on the estimated disposal price of properties held in this asset group portfolio in light of the disposal price of properties in the market with the same category.

The management believes that any reasonable changes in the above assumptions will not lead to the total carrying amount of the asset group Smartel to exceeding its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

17. Goodwill - continued

(2) Provision for impairment of goodwill - continued

E. Asset group: Jinguang Inn and Duzhuhua

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

18. Long-term prepaid expenses

Item	31 December 2021	Addition (Note 1)	Amortization	Other deduction (Note2)	Translation reserve	30 June 2022
Leasehold improvement	1,349,532,090.94	84,339,637.36	(137,024,021.84)	(2,144,701.21)	-	1,294,703,005.25
Leasehold decoration	233,753,684.68	4,752,252.84	(84,345,447.09)	(1,749,126.46)	-	152,411,363.97
Others	22,179,914.17	437,259.24	(1,967,527.91)	(828,159.95)	-	19,821,485.55
Total	1,605,465,689.79	89,529,149.44	(223,336,996.84)	(4,721,987.62)	-	1,466,935,854.77

RMB

Note 1: The addition includes amount transferred from construction in progress amounting to RMB82,853,395.31, increase from acquisition amounting to RMB2,045,601.18 and increase from completion settlement amounting to RMB4,630,152.95.

Note 2: Other deduction includes decrease of long-term prepaid expenses arising from completion settlement of RMB958,695.99 and disposal of long-term prepaid expenses amounting to RMB3,763,291.63.

19. Deferred tax assets/ liabilities

(1) Deferred tax assets before offsetting:

Item	30 June 2022		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	279,413,748.95	70,388,351.64	299,895,511.19	75,678,978.66
Advances of membership card and deferred income on membership points	38,218,094.10	9,554,523.53	41,230,131.08	10,307,532.78
Lease-related	549,280,289.30	138,435,747.73	517,652,741.85	130,394,286.54
Government grants	6,950,668.56	1,737,667.14	3,910,454.08	977,613.52
Provision for impairment of assets	81,611,440.78	20,742,181.88	93,995,147.37	23,848,338.92
Provision for credit loss	99,181,018.60	24,795,254.65	95,848,172.09	23,962,043.02
Depreciation of fixed assets	3,002,102.63	750,525.66	3,328,492.79	832,123.20
Deductible losses	3,267,964,276.35	830,271,512.07	3,074,414,587.38	779,846,804.18
Accrued expenses	102,604,062.09	25,651,015.52	103,127,133.42	25,781,783.36
Changes in fair value of held-for-trading financial assets recognized in profit or loss	69,759,338.92	17,439,834.73	74,189,338.92	18,547,334.73
Changes in fair value of investments in other equity instruments recognized in other comprehensive income	6,553,729.83	1,638,432.46	6,993,488.64	1,748,372.16
Long-term contract liabilities related to franchise services	34,834,923.77	8,994,377.32	37,709,930.33	9,736,704.01
Others	19,890,786.76	4,974,249.47	15,059,602.86	3,766,500.36
Total	4,559,264,480.64	1,155,373,673.80	4,367,354,732.00	1,105,428,415.44

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

19. Deferred tax assets/ liabilities - continued

(2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of assets derived from business combination involving enterprises not under common control	7,638,746,431.28	1,935,878,759.07	7,808,531,499.94	1,979,438,228.49
Depreciation of fixed assets	28,817,877.40	7,436,589.92	47,802,701.57	12,342,657.54
Lease-related	74,761,473.75	19,114,729.98	82,924,031.27	21,222,302.34
Changes in fair value of other non-current financial assets recognized in profit or loss	430,788,337.24	107,697,084.31	430,788,337.23	107,697,084.31
Others	2,955,797.33	767,554.36	1,125,030.58	283,752.06
Total	8,176,069,917.00	2,070,894,717.64	8,371,171,600.59	2,120,984,024.74

(3) Deferred tax assets or liabilities after offsetting

RMB

Item	30 June 2022		31 December 2021	
	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	333,070,442.99	822,303,230.81	353,929,674.39	751,498,741.05
Deferred tax liabilities	333,070,442.99	1,737,824,274.65	353,929,674.39	1,767,054,350.35

(4) Details of unrecognized deferred tax assets

RMB

Item	30 June 2022	31 December 2021
Deductible losses	2,110,743,197.70	1,792,821,385.92
Deductible temporary differences	775,453,354.34	907,407,547.19
Total	2,886,196,552.04	2,700,228,933.11

(5) Deductible losses for which deferred tax assets are not recognized will expire in following years:

RMB

	30 June 2022	31 December 2021
2022	275,228,750.17	244,036,995.28
2023	156,974,896.63	140,515,235.28
2024	356,928,834.85	326,998,723.59
2026 and subsequent years	1,321,610,716.05	1,081,270,431.77
Total	2,110,743,197.70	1,792,821,385.92

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

20. Other non-current assets

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Time deposit	1,256,000,000.00	-	1,256,000,000.00	3,006,000,000.00	-	3,006,000,000.00
Interest receivable on time deposit	55,709,452.50	-	55,709,452.50	63,855,166.67	-	63,855,166.67
Use right of underground buildings	45,801,653.01	-	45,801,653.01	46,665,675.93	-	46,665,675.93
Deposits and guarantees	49,722,919.49	-	49,722,919.49	45,472,248.24	-	45,472,248.24
Entrusted loans	16,510,000.00	-	16,510,000.00	37,210,000.00	-	37,210,000.00
Interest receivable on entrusted loans	5,273.99	-	5,273.99	-	-	-
Prepayment for equity acquisition (Note)	12,933,546.80	-	12,933,546.80	-	-	-
Total	1,436,682,845.79	-	1,436,682,845.79	3,199,203,090.84	-	3,199,203,090.84

Note: The Group intends to purchase 10% share equity in Vienna Hotel and Baisuicun respectively. As of 30 June 2022, this transaction has not been completed yet, and Mr. HUANG, Deman, a minority shareholder, was paid RMB12,933,546.80 for the equity acquisition.

(1) Allowance for credit losses

As of 30 June 2022, the long-term time deposits (including interest receivable) held by the Group amount to RMB1,311,709,452.50. The Group's provision for the expected credit loss of the above long-term time deposits (including interest receivable) based on an individual basis is immaterial.

As of 30 June 2022, 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, an annual interest rate of 1.15%, and interest receivable of RMB3,865.24. 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, an annual interest rate of 1.15% and interest receivable of RMB1,408.75. The Group's provision for the expected credit loss of the above entrusted loans based on an individual basis is immaterial.

As of 30 June 2022, deposits and guarantees amount to RMB49,722,919.49. The Group's provision for the expected credit loss of the above deposits and guarantees based on an individual basis is immaterial.

21. Short-term borrowings

Short-term borrowings by category:

RMB

Item	30 June 2022	31 December 2021
Credit borrowings - bank (Note 1)	138,177,416.34	853,523,164.09
Credit borrowings - other financial institution (Note 2)	9,500,000.00	15,500,000.00
Total	147,677,416.34	869,023,164.09

Note 1: As of 30 June 2022, an overseas subsidiary of the Group borrowed a bank overdraft borrowing equivalent to RMB138,177,416.34 from an overseas bank, 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.

Note 2: As of 30 June 2022, the total amount of credit borrowings obtained by the subsidiaries of the Group from Finance Company is amounting to RMB9,500,000.00, with an annual interest rate of 3.60%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****22. Accounts payable**

Details of accounts payable are as follows:

Item	30 June 2022	31 December 2021
Payable for operation	725,277,892.61	751,185,500.75
Payables for constructions	329,857,658.15	321,721,408.72
Total	1,055,135,550.76	1,072,906,909.47

RMB

23. Advances from customers

Details of advances from customers are as follows:

Item	30 June 2022	31 December 2021
Advances for rental	9,713,586.06	9,096,686.35
Total	9,713,586.06	9,096,686.35

RMB

24. Contract liabilities

Details of contract liabilities are as follows:

Item	30 June 2022	31 December 2021
Contract liabilities related to membership card income (Note 1)	108,794,626.11	145,000,579.11
Contract liabilities related to hotel room and catering services (Note 2)	52,337,933.02	59,122,829.61
Contract liabilities related to sales of goods (Note 3)	34,699,409.27	24,733,786.12
Contract liabilities related to franchise service (Note 2)	475,378,826.67	523,019,191.83
Other contract liabilities	34,792,373.76	34,549,716.63
Total	706,003,168.83	786,426,103.30

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

25. Employee benefits payable

(1) List of employee benefits payable

RMB

Item	31 December 2021	Addition	Deduction	Translation reserve	30 June 2022
1. Short-term benefits	779,606,076.61	2,142,155,099.53	(2,137,603,677.08)	(7,591,520.77)	776,565,978.29
2. Domestic post-employment benefits-defined contribution plan	136,137,812.70	115,247,385.16	(112,243,018.90)	-	139,142,178.96
3. Termination benefits	7,777,207.99	8,316,400.63	(8,078,450.51)	-	8,015,158.11
Total	923,521,097.30	2,265,718,885.32	(2,257,925,146.49)	(7,591,520.77)	923,723,315.36

(2) List of short-term benefits

RMB

Item	31 December 2021	Addition	Deduction	Translation reserve	30 June 2022
1. Wages or salaries, bonus, allowance, subsidies	550,909,995.95	1,836,262,265.43	(1,786,506,012.56)	(3,961,872.47)	596,704,376.35
2. Staff welfare	601,549.39	27,111,979.18	(27,127,108.76)		586,419.81
3. Domestic social insurance	16,529,143.90	79,492,060.57	(79,925,724.26)		16,095,480.21
Including: Medical insurance	6,374,142.71	76,150,155.41	(76,208,627.04)		6,315,671.08
Work injury insurance	4,397,523.15	1,758,175.42	(1,824,353.74)		4,331,344.83
Maternity insurance	5,757,478.04	1,583,729.74	(1,892,743.48)		5,448,464.30
4. Domestic housing fund	69,012,428.75	47,846,725.46	(47,958,927.80)		68,900,226.41
5. Overseas social insurance	140,473,295.13	143,129,413.73	(189,099,865.83)	(3,629,648.30)	90,873,194.73
6. Labor union and education fund	1,847,130.52	6,718,181.68	(5,248,495.29)		3,316,816.91
7. Others	232,532.97	1,594,473.48	(1,737,542.58)		89,463.87
Total	779,606,076.61	2,142,155,099.53	(2,137,603,677.08)	(7,591,520.77)	776,565,978.29

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

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
1. Pension insurance	135,073,544.59	109,707,560.07	(105,894,194.94)	138,886,909.72
2. Unemployment insurance	1,064,268.11	5,539,825.09	(6,348,823.96)	255,269.24
Total	136,137,812.70	115,247,385.16	(112,243,018.90)	139,142,178.96

The Company and its domestic subsidiaries participate, as required, in defined contribution retirement benefit plans and unemployment insurance plans organized by relevant government authorities. According to such plans, the Company and its domestic subsidiaries monthly contribute to these plans based on certain percentage of the prior year's average salaries of the employees. Except for monthly contributions, the Company and its domestic subsidiaries assume no further payment obligations. The related expenditures are either charged to profit or loss or included in cost of related assets in the period when they are incurred.

The Company and its domestic subsidiaries shall contribute RMB109,707,560.07 and RMB5,539,825.09 to pension insurance plans and unemployment insurance plans respectively in this reporting period. As of 30 June 2022, the Group still has outstanding contributions to pension insurance plans and unemployment insurance plans amounting to RMB138,886,909.72 and RMB255,269.24 respectively.

26. Taxes payable

RMB

Item	30 June 2022	31 December 2021
Value added tax	181,940,765.08	126,929,755.36
Enterprise income tax	49,892,514.32	111,918,372.87
Property tax	5,118,282.54	2,703,821.51
Other domestic taxes	19,707,398.32	27,565,416.77
Other foreign taxes	48,288,787.05	28,092,199.35
Total	304,947,747.31	297,209,565.86

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

27. Other payables

27.1 Other payables by category:

RMB		
	30 June 2022	31 December 2021
Other payables	1,547,230,455.12	1,597,756,137.42
Interest payable	-	10,368,579.62
Dividends payable	214,820,164.04	170,669,442.56
Total	1,762,050,619.16	1,778,794,159.60

27.2 Other payables

(1) Details of other payables are as follows:

RMB		
	30 June 2022	31 December 2021
Advances on behalf of others	864,350,743.91	885,000,241.45
Accrued expenses	212,188,573.07	211,917,155.59
Deposits and guarantees	340,735,031.14	348,131,073.31
Accrued taxes for replacement of significant assets and related transactions	58,623,448.29	58,623,448.29
Payment for acquisition of minority interests of Keystone	10,456,047.19	31,372,015.18
Others	60,876,611.52	62,712,203.60
Total	1,547,230,455.12	1,597,756,137.42

Note: RMB10,456,047.19 has not been paid by the Group for acquisition of non-controlling equity interest of Keystone.

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

As of 30 June 2022, other payables aging over 1 year with significant amount include:

The accrued taxes for replacement of significant assets and related transactions, which are determined subsequent to the completion of relevant tax filing, amounted to RMB 58,623,448.29.

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

27.3 Interest payable

RMB		
	30 June 2022	31 December 2021
Interest payable for long-term borrowings	-	9,811,246.29
Interest payable for short-term borrowings	-	557,333.33
Total	-	10,368,579.62

27.4 Dividends payable

RMB		
	30 June 2022	31 December 2021
Dividends payable to A share shareholders	57,303,186.37	590,851.03
Dividends payable to minority shareholders of Vienna Hotel	152,470,120.58	152,470,120.58
Dividends payable to minority shareholders of Keystone	5,046,857.09	17,608,470.95
Total	214,820,164.04	170,669,442.56

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(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 2022	31 December 2021
Long-term borrowings due within one year (Note (V) 29)	3,079,223,196.38	5,081,536,166.18
Lease liabilities due within one year (Note (V) 30)	1,488,487,733.33	1,430,034,461.52
Long-term payables due within one year (Note (V) 31)	92,087,554.73	13,336,297.93
Total	4,659,798,484.44	6,524,906,925.63

RMB

29. Long-term borrowings

Item	30 June 2022	31 December 2021
Pledged borrowings	-	959,000,000.00
Mortgage loan (Note 1)	29,728,168.36	34,954,224.50
Credit borrowing (Note 2)	10,266,399,590.72	6,662,261,750.30
Guaranteed loans (Note 3)	2,333,797,200.00	5,414,775,000.00
Entrusted loans (Note 4)	4,500,000.00	4,500,000.00
Interest payable (Note 5)	14,822,846.73	-
Total	12,649,247,805.81	13,075,490,974.80
Less: Long-term borrowings due within 1 year	3,079,223,196.38	5,081,536,166.18
Long-term borrowings due after one year	9,570,024,609.43	7,993,954,808.62

RMB

Note 1: As of 30 June 2022, a subsidiary of the Group obtained borrowings denominated in PLN equivalent to RMB29,728,168.36 from an overseas bank. The maturity date of the borrowings is 31 March 2023, and the annual interest rate is the three-month interest rate of Poland Inter Bank Offered Rate plus 270 basis points. The relevant subsidiary pledged its fixed assets as collateral and details are set out in Note (V) 54.

Note 2: As of 30 June 2022, the Group's subsidiary Sailing Investment received borrowings of EUR 420,000,000.00 (equivalent to RMB2,943,528,000.00) from the related party Master Melon Capital. The term of the borrowings is from 15 May 2017 to 10 May 2025, and the annual financing cost is 1.17%.

As of 30 June 2022, the Group's overseas subsidiaries received a foreign currency borrowing equivalent to RMB1,412,248,790.72 from an overseas bank, including borrowings amounting to RMB61,516,132.91 which will due within one year.

As of 30 June 2022, the Group obtained borrowings of RMB2,788,120,000.00 from Finance Company, with annual interest rates ranging from 3.275% to 3.8875%, including borrowings amounting to RMB635,705,000.00 which will due within one year.

As of 30 June 2022, the Group obtained borrowings of RMB200,000,000.00 from China Construction Bank Shanghai Pudong Branch, with a term from 21 June 2022 to 20 June 2025, including borrowings amounting to RMB2,000,000.00 which will due within one year with an annual interest rate of 3.00%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****29. Long-term borrowings - continued**

Note 2: As of 30 June 2022, the Group's subsidiary Sailing Investment received a borrowing of EUR117,000,000.00 (equivalent to RMB819,982,800.00) from Industrial and Commercial Bank of China (Europe) Paris Branch, with a term from 28 February 2022 to 28 January 2027, and an annual interest rate of EURIBOR plus 80 basis points. The weighted interest rate for the year is 0.80% and the management fee rate is 0.10%.

As of 30 June 2022, the Group's subsidiary Sailing Investment received a borrowing of EUR300,000,000.00 (equivalent to RMB2,102,520,000.00) from China Minsheng Bank Shanghai Branch, with a term from 23 September 2020 to 23 September 2023 and an annual interest rate of 1.00%.

As of 30 June 2022, the Group's subsidiary Sailing Investment received a borrowing of EUR333,000,000.00 (equivalent to RMB2,333,797,200.00) from Bank of Communications Frankfurt Branch, including a borrowing amounting to RMB2,333,797,200.00 which will due within one year. The term of the borrowing is from 17 November 2017 to 16 November 2022, and the interest rate in the first three years is 1.00% and EURIBOR plus 100 basis points in the following two years. The weighted interest rate for the year is 1.00% and the management fee rate is 0.30%. The above borrowings are guaranteed by Jinjiang International (Group) Co., Ltd.

Note 4: As of 30 June 2022, 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 term from 24 April 2020 to 20 April 2023 and an annual interest rate of 1.20%, all of which will due within one year.

Note 5: As of 30 June 2022, the interest payable amounts to RMB14,822,846.73, of which the interest payable within one year amounts to RMB 11,976,695.11.

Note 6: As of 30 June 2022, the long-term borrowings of the Group (including the portion due within one year), equivalent to RMB 6,542,919,359.12 carries at floating rates.

30. Lease liabilities

RMB

Item	30 June 2022	31 December 2021
Lease liabilities	9,937,321,802.28	9,974,514,851.66
Less: Lease liabilities included in non-current liabilities due within one year	1,488,487,733.33	1,430,034,461.52
Net carrying amount	8,448,834,068.95	8,544,480,390.14

31. Long-term payables

(1) Long-term payables by nature are as follows:

RMB

Item	30 June 2022	31 December 2021
Payment for acquisition of GT SEA	5,795,946.80	6,151,185.54
Payment for acquisition of minority equity interest of Hôtels et Préférence (Note 1)	6,092,912.36	6,375,426.74
Payment for acquisition of minority equity interest of Sarovar (Note 2)	85,994,642.37	68,666,188.73
Others	25,517.58	93,856.10
Less: Long-term payables due within one year	92,087,554.73	13,336,297.93
Total	5,821,464.38	67,950,359.18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****31. Long-term payables - continued**

(1) Long-term payables by nature are as follows: - continued

Note 1: It represents the outstanding payment of the share acquisition of Hôtels et Préférence by GDL, a subsidiary of the Group. The outstanding payment is based on the EBITDA and enterprise value a year prior to when the minority shareholders proposed to exercise their options. As of 30 June 2022, the outstanding payment is equivalent to RMB6,092,912.36, which is expected to be paid off by the Group within one year.

Note 2: It represents the outstanding payment of the share acquisition of Sarovar acquired by GDL, a subsidiary of the Group. According to the share acquisition agreement, the minority shareholders of Sarovar can exercise their rights in March 2020, which GDL is obligate to acquire the remaining 26% shares. The consideration of the acquisition is based on the 12-month EBITDA prior to the minority shareholders of Sarovar exercise their rights. As of 30 June 2022, the fair value of acquisition consideration is equivalent to RMB85,994,642.37, which is expected to be paid off by the Group within one year.

32. Long-term employee benefits payable

(1) Long-term employee benefits payable

Item	30 June 2022	31 December 2021
Post-employment benefits - Net liabilities derived from defined benefit plan	62,965,689.65	77,736,149.42
Total	62,965,689.65	77,736,149.42

RMB

Note: It represents a supplemental pension plan provided by GDL for its regular employees. It is determined by GDL on the basis of the geographical location, industry, and salary agreement, length of service and salary levels of employees.

(2) Changes in defined benefit plan

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Closing balance of the prior period	77,736,149.42	99,640,012.22
II. Defined benefit costs recognized in profit or loss for the current period	3,122,035.49	1,895,204.26
1. Service cost for the current period	2,874,144.49	1,832,712.26
2. Net interest	247,891.00	62,492.00
III. Defined benefit costs recognized in other comprehensive income	(12,670,771.40)	(5,263,724.59)
Actuarial gain	(12,670,771.40)	(5,263,724.59)
IV. Considerations paid at settlement	(1,065,092.89)	(632,078.55)
V. Translation reserve	(4,156,630.97)	(2,405,438.56)
VI. Closing balance of the current period	62,965,689.65	93,233,974.78

RMB

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****32. Long-term employee benefits payable - continued****(2) Changes in defined benefit plan - continued**

GDL evaluate present value of the post-employment 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 recognized 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.

The significant actuarial assumptions for the calculation of the present value of the defined benefit liability include discount rate, inflation rate and mortality. The discount rate and the currency inflation rate are 3% and 1.90% respectively for the period. The mortality rate assumption is determined 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 at the age of 20, 22 and 23.

33. Provisions

Item	30 June 2022	31 December 2021
Pending litigation (Note 1)	7,505,765.13	12,906,746.53
Provision for operating risks (Note 2)	24,988,638.30	37,978,368.99
Total	32,494,403.43	50,885,115.52

RMB

Note 1: At the end of the reporting period, the Group's subsidiary GDL was faced with charges against labor disputes. Therefore, GDL management evaluated provisions of RMB 7,505,765.13, based on the estimates of prosecution results.

Note 2: It is mainly related to the Group's subsidiary GDL's estimated loss for claims by third parties incurred in the operating activities.

34. Other non-current liabilities

Item	30 June 2022	31 December 2021
Long-term contract liabilities related to membership credit (Note)	67,304,805.31	69,417,222.12
Government grant	42,780,402.43	52,351,798.47
Long-term contract liabilities related to franchise service (Note V (24))	34,834,782.64	39,927,034.71
Others	883,016.07	903,696.63
Total	145,803,006.45	162,599,751.93

RMB

Note: The Group's membership credit plan provides customers with benefits that are only available if they stay in the Group's hotel rooms. The promise to provide loyalty plan points to customers is a single performance obligation, so the Group incurs a contract liability. A contract liability related to membership credit plan is recognized when the revenue from rooms is incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

34. Other non-current liabilities - continued

Items involving government grants:

RMB

Item	31 December 2021	Addition	Recognized in other income	30 June 2022	Related to asset /Related to income
Special support fund for Metropolo Brand Innovation Project	7,271,200.00	-	(403,200.00)	6,868,000.00	Related to asset
GDL hotel property support subsidy	45,045,939.48	-	(9,160,195.40)	35,885,744.08	Related to asset
Others	34,658.99	231,292.65	(239,293.29)	26,658.35	Related to asset
Total	52,351,798.47	231,292.65	(9,802,688.69)	42,780,402.43	

35. Share capital

RMB

	31 December 2021	Changes for the period					30 June 2022
		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. Other domestic shares	-	-	-	-	-	-	-
4. Other foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	-	-	-	-	-	-	-
II. Tradable shares							
1. Ordinary shares denominated in RMB	914,044,063.00	-	-	-	-	-	914,044,063.00
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	1,070,044,063.00	-	-	-	-	-	1,070,044,063.00
III. Total shares	1,070,044,063.00	-	-	-	-	-	1,070,044,063.00

RMB

	31 December 2020	Changes for prior 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. Other domestic shares	-	77,757,845.00	-	-	-	77,757,845.00	77,757,845.00
4. Foreign shares	-	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
II. Tradable shares							
1. Ordinary shares denominated in RMB	801,936,440.00	-	-	-	-	-	801,936,440.00
2. Foreign capital shares listed domestically	156,000,000.00	-	-	-	-	-	156,000,000.00
3. Foreign capital share listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	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 SIX MONTHS ENDED 30 JUNE 2022

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

36. Capital reserve

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
Capital premium	12,439,673,284.88	-	-	12,439,673,284.88
Including: Capital contributed by investors	12,652,199,572.37	-	-	12,652,199,572.37
Differences derived from business combination involving enterprises under common control	1,027,136,210.91	-	-	1,027,136,210.91
Equity transactions with minority shareholders	(1,239,662,498.40)	-	-	(1,239,662,498.40)
Other capital reserve	131,171,879.45	701,851.85	-	131,873,731.30
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	(32,330,932.55)	701,851.85	-	(31,629,080.70)
Total	12,570,845,164.33	701,851.85	-	12,571,547,016.18

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 minority shareholders	(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

37. Other comprehensive income

RMB

Item	31 December 2021	Six months ended 30 June 2022					30 June 2022
		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 will not be subsequently reclassified to profit or loss							
Including: Changes in net liability or assets arising from remeasurement of defined benefit plans	(14,425,927.03)	12,670,771.40	-	3,269,059.03	9,401,712.37	-	(5,024,214.66)
Changes in fair value of other equity instrument investments	20,996,785.14	(2,407,131.40)	-	87,000.00	(2,494,131.40)	-	18,502,653.74
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	1,704,521.77	44,113.80	-	-	44,113.80	-	1,748,635.57
Effective portion of profit or loss from cash flow hedges	4,666,317.10	-	-	-	-	-	4,666,317.10
Translation reserve of financial statements denominated in foreign currencies	(21,318,354.21)	(7,317,811.27)	-	-	(4,260,659.37)	(3,057,151.90)	(25,579,013.58)
Total	(8,376,657.23)	2,989,942.53	-	3,356,059.03	2,691,035.40	(3,057,151.90)	(5,685,621.83)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

37. Other comprehensive income - continued

RMB

Item	31 December 2020	Six months ended 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 will not be subsequently reclassified to profit or loss							
Including: Changes in net liability and assets arising from remeasurement of 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 other equity instrument investments	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 reserve 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)

38. Surplus reserve

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
Statutory surplus reserve	535,022,031.50	-	-	535,022,031.50
Discretionary surplus reserve	180,681,288.50	-	-	180,681,288.50
Total	715,703,320.00	-	-	715,703,320.00

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

Pursuant to the PRC Company Law and Article of Association, the Company shall appropriate 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.

39. Retained profits

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Closing balance of the prior period	2,263,391,489.24	3,236,624,231.69
Add: Changes in accounting policies	-	(1,022,717,340.00)
Opening balance of the current period	2,263,391,489.24	2,213,906,891.69
Add: Net profit attributable to owners of the Company for the period	(117,967,260.12)	4,648,428.88
Less: Appropriation to statutory surplus reserve	-	-
Appropriation to discretionary surplus reserve	-	-
Dividends payable on ordinary shares	56,712,258.64	62,062,555.65
Conversion of ordinary shares' dividends into share capital	-	-
Others	-	-
Closing balance of the current period	2,088,711,970.48	2,156,492,764.92

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

40. Revenue and operating costs

(1) Revenue and operating costs

RMB

Item	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Income	Cost	Income	Cost
Principal operating activities	5,042,696,177.57	3,501,352,755.77	5,262,328,859.77	3,647,854,043.59
Other operating activities	414.29	-	212,095.27	-
Total	5,042,696,591.86	3,501,352,755.77	5,262,540,955.04	3,647,854,043.59

(2) Information of revenue

RMB

Category	Domestic limited service hotel operation and management	Overseas limited service hotel operation and management	Food and catering business	Others	Total
Revenue from contacts with customers					
Hotel rooms	1,385,619,397.41	915,090,442.10	-	-	2,300,709,839.51
Catering service	118,526,739.36	274,674,601.44	95,917,367.28	-	489,118,708.08
Sales of goods	48,676,254.28	-	-	-	48,676,254.28
Upfront franchise service	217,758,759.49	4,986,832.62	-	-	222,745,592.11
On-going franchise and labor dispatch services	1,356,231,822.62	275,437,169.40	-	-	1,631,668,992.02
Reservation channels	47,768,783.54	-	-	-	47,768,783.54
Membership cards	144,103,282.78	-	-	-	144,103,282.78
Others	146,137,194.10	10,760,656.17	1,006,874.98	414.29	157,905,139.54
Total	3,464,822,233.58	1,480,949,701.73	96,924,242.26	414.29	5,042,696,591.86

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

Revenue from rooms: revenue is recognised over the period of the room service by reference to the progress towards complete satisfaction of that performance obligation.

Revenue from catering service: revenue is recognized at the point when the catering services are provided to customers.

Revenue from upfront franchise service: it refers to revenue recognized when the Group provides services for the franchisee before the 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 revenue based on progress of performance during the period of rendering relevant services.

Revenue from ongoing franchise and labor dispatch service: after the opening of the franchised hotels, the Group provides ongoing services to franchisees including authorizing the use of the Group's hotel brands, dispatching labors to provide hotel operation support services and other services. Revenue is recognised over the period of the service by reference to the progress towards complete satisfaction of that performance obligation.

Revenue from reservation channel service: revenue of reservation channels is recognized when the provision of relevant services is completed.

Revenue from sales of goods: revenue is recognized at the point when control of the related goods is transferred to customers.

Revenue from membership cards: the group sells membership cards and the revenue is recognized on a straight-line basis during the validity period of the membership card.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

40. Revenue and operating costs - continued

(3) Revenue by regions

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Domestic regions of China's mainland	3,561,746,890.13	4,428,307,757.34
Including: Shanghai	577,432,675.53	662,111,141.20
Regions other than Shanghai	2,984,314,214.60	3,766,196,616.14
Overseas regions	1,480,949,701.73	834,233,197.70
Total	5,042,696,591.86	5,262,540,955.04

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

RMB

Item	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Revenue	Operating costs	Revenue	Operating costs
Hotel rooms	2,300,709,839.51	2,297,533,057.88	2,262,447,449.88	2,320,201,552.03
Catering service	393,201,340.80	209,702,249.69	252,942,539.40	167,330,740.68
Sales of goods	48,676,254.28	19,028,880.86	121,850,188.20	72,477,314.09
Upfront franchise service	222,745,592.11	134,775,233.68	380,439,551.82	212,737,970.72
Ongoing franchise service	1,631,668,992.02	678,367,544.53	1,690,478,676.87	656,342,595.92
Reservation channels	47,768,783.54	-	43,387,998.02	-
Membership cards	144,103,282.78	25,853,974.50	194,330,701.27	46,879,558.58
Others	156,897,850.27	45,311,142.80	194,091,238.16	66,419,857.84
Total	4,945,771,935.31	3,410,572,083.94	5,139,968,343.62	3,542,389,589.86

(5) Revenue and costs of catering business

RMB

Item	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Revenue	Operating costs	Revenue	Operating costs
Chain restaurants	8,094,470.23	7,398,863.95	14,764,877.42	8,950,376.42
Groups meal	77,213,620.36	72,851,756.17	93,818,165.45	86,514,758.37
Sales of food	10,609,276.69	10,034,057.74	13,290,233.29	9,855,053.26
Others	1,006,874.98	495,993.97	487,239.99	144,265.68
Total	96,924,242.26	90,780,671.83	122,360,516.15	105,464,453.73

41. Costs and expenses classified by nature

(1) Selling expenses:

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Employee benefits	55,573,923.37	53,392,347.19
Energy fees and materials consumption	477,918.71	1,781,143.06
Depreciation and amortization	1,084,778.70	428,556.48
Repair and maintenance fee	38,780.33	255,367.11
Commission and advertising expenses	320,960,110.19	284,501,125.35
Others	6,159,437.27	4,597,477.06
Total selling expenses	384,294,948.57	344,956,016.25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

41. Costs and expenses classified by nature - continued

(2) Administrative expenses and R&D expenses:

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Employee benefits	647,534,210.16	629,890,456.80
Energy fees and materials consumption	5,393,817.46	10,176,432.19
Depreciation and amortization	129,725,658.34	127,778,544.12
Rental and property management fees	16,949,247.65	21,241,390.03
Repair and maintenance fee	30,054,282.24	42,294,701.03
Agency fee	26,982,763.84	38,707,213.15
Office expenses	67,128,500.59	81,731,623.48
Others	186,341,252.71	173,469,484.61
Total administrative expenses and R&D expenses	1,110,109,732.99	1,125,289,845.41

42. Taxes and levies

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Urban maintenance and construction tax	7,653,481.34	9,597,400.42
Education surcharges	5,329,385.42	7,155,434.32
Property tax	48,462,032.78	43,630,599.10
Others	1,233,929.71	2,416,781.40
Total	62,678,829.25	62,800,215.24

43. Financial expenses

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest expenses	120,754,164.57	160,424,465.40
Interest expenses of lease liabilities	188,011,662.69	201,950,943.91
Less: Interest income	96,074,317.29	75,358,222.38
Foreign exchange difference	(6,988,271.47)	(981,032.76)
Others	14,133,484.54	11,575,282.27
Total	219,836,723.04	297,611,436.44

44. Other income

(1) Details of other income are as follows:

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Amount recognized in non- recurring profit or loss of the period
Government grant	66,856,585.41	239,021,325.70	66,856,585.41
Additional deduction of input tax	10,413,146.70	14,586,062.20	-
Total	77,269,732.11	253,607,387.90	66,856,585.41

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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	Six months ended 30 June 2022	Six months ended 30 June 2021	Related to asset/ Related to income
Pandemic-specific support subsidy	38,016,131.01	209,418,029.94	Related to income
Project and industry support funds	25,771,980.44	15,127,061.29	Related to asset/income
Tax deduction/refund	2,425,980.67	13,194,106.34	Related to income
Metropol brand innovation project special support	403,200.00	798,400.00	Related to asset
Others	239,293.29	483,728.13	Related to asset
Total	66,856,585.41	239,021,325.70	

45. Investment income

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Investment income from long-term equity investments under equity method	(8,497,647.73)	71,996,711.22
Dividend income from held-for-trading financial assets, other equity instrument investments and other non-current financial assets	91,430,887.99	98,400,782.11
Others	249,972.59	116,017.50
Total	83,183,212.85	170,513,510.83

46. Losses from changes in fair values

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Changes in fair value of held-for-trading financial assets	4,430,000.00	1,329,000.00
Changes in fair value of acquisition balance over minority interest of Sarovar and Hôtels et Préférence (Note (V) 31)	(17,466,336.54)	(4,438,838.71)
Total	(13,036,336.54)	(3,109,838.71)

47. Losses from credit impairment

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Credit loss of accounts receivable	13,252,132.55	742,836.44
Credit reversal of other receivables	37,500.50	232,269.34
Credit loss (reversal) of entrusted loans	-	(45,155.95)
Total	13,289,633.05	929,949.83

48. Gains from disposal of assets

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Expropriation compensation (Note)	87,779,949.60	-
Others	4,533,942.70	6,088,739.99
Total	92,313,892.30	6,088,739.99

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****48. Gains from disposal of assets - continued**

Note: During the reporting period, Dongfeng Hotel of Shanghai Jinjiang International Hotel Co., Ltd (the "Dongfeng Hotel") held by the Group was relocated by the municipal government, and a relocation gain of RMB 87,779,949.60 was recognized, of which was not received yet as of June 30, 2022.

49. Non-operating income

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

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Amount recognized in non-recurring profit or loss of the period
Government grants	22,275.84	63,862.54	22,275.84
Income from claims	14,793,503.43	7,604,099.01	14,793,503.43
Payables exempted	96,016.15	4,520,574.99	96,016.15
Income from termination of leases	-	8,444,023.37	-
Others	4,955,839.05	8,825,999.80	4,955,839.05
Total	19,867,634.47	29,458,559.71	19,867,634.47

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

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Related to asset/related to income
Local financial support subsidy	22,275.84	10,862.54	Related to income
Other government grants	-	53,000.00	Related to income
Total	22,275.84	63,862.54	

50. Non-operating expenses

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Amount recognized in non-recurring profit or loss of the period
Loss on retirement of non-current assets	404,174.43	511,823.85	404,174.43
Penalty cost	868,634.18	429,720.38	868,634.18
Donations	100,000.00	20,000.00	100,000.00
Claim expenses	3,952,700.25	520,108.10	3,952,700.25
Others	15,349,969.69	12,643,180.57	15,349,969.69
Total	20,675,478.55	14,124,832.90	20,675,478.55

51. Income tax expenses

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Current income tax calculated according to tax laws and relevant regulations	134,455,038.31	222,783,922.13
Additional tax paid in respect of the prior year	1,448,241.74	(12,825,935.50)
Deferred income tax	(93,997,567.77)	(97,936,858.41)
Enterprise VAT	3,778,186.62	2,106,012.96
Total	45,683,898.90	114,127,141.18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

51. Income tax expenses - continued

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

	RMB	
	Six months ended 30 June 2022	Six months ended 30 June 2021
Total profit (loss)	(9,943,374.17)	225,532,975.10
Income tax expenses calculated based on tax rate of 25%	(2,485,843.54)	56,383,243.78
Effect of non-taxable revenue	(23,813,201.47)	(45,130,886.74)
Effect of non-deductible cost, expense and loss	6,214,858.74	432,382.70
Effect of utilizing deductible losses not recognized for deferred tax assets for prior period	(11,774,606.05)	(9,325,495.30)
Effect of deductible temporary differences or deductible losses not recognized for deferred tax assets for the current period	77,371,250.03	136,645,829.41
Changes in opening balances of deferred tax assets/liabilities arising from adjustment of tax rate	-	(4,658,693.55)
Effect of utilizing different tax rates by subsidiaries	(5,054,987.17)	(9,499,316.58)
Effects of adjusting income tax of prior periods and others	1,448,241.74	(12,825,935.50)
Tax effect of enterprise VAT (Note)	3,778,186.62	2,106,012.96
Income tax expenses	45,683,898.90	114,127,141.18

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

52. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

	RMB	
Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Government grant and expropriation compensation	216,841,029.48	225,891,081.90
Interest income	37,205,633.70	55,531,894.77
Collection of funds on behalf of others and others	45,808,679.76	139,639,683.01
Total	299,855,342.94	421,062,659.68

(2) Other cash payments relating to operating activities

	RMB	
Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Other payments in administrative expenses and selling expenses	552,374,327.49	550,299,108.40
Payment of bank charges	14,133,484.54	11,575,282.27
Payment on behalf of others and Others	146,590,399.91	297,545,756.86
Total	713,098,211.94	859,420,147.53

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

52. Notes to items in the cash flow statement - continued

(3) Cash payments for investments

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Purchase of held-for-trading financial assets	5,460,957.56	-
Repayment of entrusted loans	-	16,510,000.00
Others	177,066.14	
Total	5,638,023.70	16,510,000.00

(4) Cash receipts from borrowings

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Borrowings from banks	1,031,248,520.19	983,750,663.84
Borrowings from related parties	858,304,000.00	18,980,000.00
Total	1,889,552,520.19	1,002,730,663.84

(5) Cash repayments of borrowings

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Repayments of borrowings to related parties	251,050,000.00	51,040,000.00
Repayments of borrowings to banks	2,507,381,568.69	1,380,336,027.48
Total	2,758,431,568.69	1,431,376,027.48

(6) Other cash payments relating to financing activities

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Payments of rentals	879,842,351.33	771,671,289.44
Payments for acquisition of minority interests of Keystone	20,915,967.99	-
Payments for acquisition of minority interests of Vienna and Baisuicun	12,933,546.80	-
Total	913,691,866.12	771,671,289.44

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

53. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	Six months ended 30 June 2022	Six months ended 30 June 2021
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	(55,627,273.07)	111,405,833.92
Add: Provision for credit impairment	13,289,633.05	929,949.83
Depreciation of fixed assets	218,711,715.34	252,462,315.21
Depreciation of right-of-use assets	650,857,700.16	639,282,377.52
Amortization of intangible assets	69,756,531.05	78,164,868.67
Amortization of long-term prepaid expenses	223,336,996.84	242,966,819.62
Loss (income) on disposal of fixed assets, intangible assets and other long-term assets	(92,313,892.30)	(14,532,763.36)
Loss (less: income) on retirement of fixed assets	404,174.43	511,823.85
Loss (income) from changes in fair value	13,036,336.54	3,109,838.71
Financial expenses	308,765,827.26	362,375,409.31
Investment income	(83,183,212.85)	(170,513,510.83)
Decrease (increase) in deferred tax assets	(70,804,489.76)	146,966,155.05
Decrease in deferred tax liabilities	(29,230,075.70)	(264,163,413.03)
Decrease in inventories	5,653,581.02	5,008,330.70
Increase in operating receivables	(237,272,229.55)	(410,160,654.44)
Decrease in operating payables	(129,450,299.65)	(334,013,574.75)
Net cash flow from operating activities	805,931,022.81	649,799,805.98
2. Net changes in cash and cash equivalents:		
Cash at the end of the period	4,932,011,547.49	10,723,503,851.14
Less: Cash at the beginning of the period	5,763,863,090.15	6,786,710,607.82
Add: Cash equivalents at the end of the period	-	-
Less: Cash equivalents at the beginning of the period	-	-
Net increase (decrease) in cash and cash equivalents	(831,851,542.66)	3,936,793,243.32

(2) Composition of cash and cash equivalents

RMB

Item	30 June 2022	31 December 2021
I. Cash	4,932,011,547.49	5,763,863,090.15
Including: Cash on hand	4,641,930.15	6,658,070.90
Bank deposits that can be readily paid on demand	4,927,369,617.34	5,757,205,019.25
Other currency fund that can be readily paid on demand	-	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	4,932,011,547.49	5,763,863,090.15

54. Assets with restricted ownership or right of use

RMB

Item	Closing balance of carrying amount	Reason of restriction
Cash and bank balances (Note (V)1)	1,000,000.00	Guarantee deposit
Cash and bank balances (Note (V)1)	1,425,622.73	Frozen due to lawsuit
Cash and bank balances (Note (V)1)	8,347,530.61	Frozen because unused for a long time
Fixed assets (Note (V) 13 (2))	163,125,665.21	Mortgaged
Total	173,898,818.55	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****55. Calculation of basic earnings per share and diluted earnings per share**

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

	Six months ended 30 June 2022	Six months ended 30 June 2021
Net profit attributable to ordinary shareholders	(117,967,260.12)	4,648,428.88
Including: Net profit attributable to continuous operation	(117,967,260.12)	4,648,428.88

RMB

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

	Six months ended 30 June 2022	Six months ended 30 June 2021
Number of ordinary shares issued at the beginning of the period	1,070,044,063.00	957,936,440.00
Add: Weighted ordinary shares issued for the period	-	112,107,623.00
Number of weighted ordinary shares issued at the end of the period	1,070,044,063.00	1,070,044,063.00

RMB

Earnings per share

	Six months ended 30 June 2022	Six months ended 30 June 2021
Calculation based on net profit attributable to the shareholders of the Company:		
Basic earnings per share	(0.1102)	0.0046
Diluted earnings per share (Note)	N/A	N/A
Calculation based on net profit from continuous operation attributable to the shareholders of the Company:		
Basic earnings per share	(0.1102)	0.0046
Diluted earnings per share (Note)	N/A	N/A

RMB

Note: The Group holds no diluted ordinary shares.

(VI) CHANGES IN SCOPE OF CONSOLIDATION**1. Newly established subsidiaries**

During the reporting period, the Company established a wholly-owned subsidiary, Shanghai Siam Sheng Hotel Management Co., Ltd., following the spin-off of Jinjiang Inn Co., Ltd., Shaoxing Branch, a subsidiary of Jinjiang Inn Co., Ltd. ("Jin Jiang Inn"), and recognized a capital contribution of RMB20,000,000.00 based on the carrying amount of net assets of the former branch. The Company established the wholly-owned subsidiaries Shanghai Ehankun Hotel Management Co., Ltd., Shanghai Huaixuan Hotel Management Co., Ltd., Shanghai Jichangkun Hotel Management Co., Ltd., Shanghai Liaokun Hotel Management Co., Ltd., Shanghai Suxukun Hotel Management Co., Ltd., and Shanghai Xinyao Hotel Management Co., Ltd. respectively, following the spin-offs of Shanghai Jinjiang International Hotel Investment Co., Ltd., Wuhan Branch, Jinan Jingsanlu Branch, Changchun Branch, Shenyang Yuhong Branch, Xuzhou Branch, and Weifang Branch, subsidiaries of Shanghai Jinjiang International Hotel Investment Co., Ltd., and recognized a capital contribution of RMB152,000,000.00 based on the carrying amount of net assets of the former branches.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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	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	Smart Hotel Management Co., Ltd. ("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. ("Louvre Asia")	China	Service	100.00	-	Subsidiaries set up or invested by the Group
8	Shanghai Jinjiang Capital Hotel Management Co., Ltd. ("New Metropolo")	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	Shenzhen Jin Jiang Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
12	Shanghai Jinbo Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
13	Shanghai Ehankun Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
14	Shanghai Huaixuan Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
14	Shanghai Jichangkun Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
16	Shanghai Liaokun Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
17	Shanghai Suxukun Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
18	Shanghai Siam Sheng Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
19	Shanghai Xinyao Hotel Management Co., Ltd.	China	Service	100.00	-	Subsidiaries set up or invested by the Group
20	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
21	Shanghai New Asia Food Sales Co., Ltd. ("New Asia Food") (Note 1)	China	Production	5.00	95.00	Subsidiaries set up or invested by the Group
22	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
23	Shanghai Jinzhu Catering Management Co., Ltd. ("Jinzhu Catering") (Note 1)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
24	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
25	Shanghai Jinqi Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
26	Shanghai Jinbei Investment Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
27	Shanghai Jinzhen Investment Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
28	Shenyang Jinfu Hotel Investment Management Co., Ltd. (Note 2)	China	Service	-	55.00	Subsidiaries set up or invested by the Group
29	Xi'an Jinhui Hotel Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
30	Shanghai Jinzhang Hotel Investment Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
31	Jiaxing Jin Hu Hotel Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
32	Zhoushan Shenjiamen Jin Jiang Inn Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
33	Tianjin Jinjin Hotel Co. Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
34	Shanghai Jipu Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
35	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
36	Kunshan Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
37	Changzhou Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
38	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
39	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
40	Wuhan Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
41	Jinhua Jinlv Jin Jiang Inn Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
42	Shenzhen Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
43	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
44	Fuzhou Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
45	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
46	Ma'anshan Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
47	Hefei Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
48	Hohhot Jinlv Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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	
49	Kunming Hujin Hotel Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
50	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
51	Xining Jinlv Inn Investment (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
52	Qingdao Jin Jiang Inn Hotel Co., Ltd.(Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
53	Jinguang Express (Note 2)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
54	Shenzhen Jindu Hotel Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
55	Shanghai Jinle Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
56	Shanghai Jinhong Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
57	Wuxi Jinxi Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
58	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
59	Shanghai Jinhai Hotel Co., Ltd.(Note 3)	China	Service	-	70.00	Subsidiaries acquired through a business combination involving enterprises under common control
60	Shanghai Jinhua Hotel Co., Ltd. (Note 3)	China	Service	-	80.00	Subsidiaries acquired through a business combination involving enterprises under common control
61	Yangzhou Jinyang Hotel Co., Ltd. (Note 3)	China	Service	-	75.00	Subsidiaries acquired through a business combination involving enterprises under common control
62	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
63	Shanghai Jinya Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
64	Hangzhou Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
65	Chongqing Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
66	Chengdu Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
67	Shanghai Jinning Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
68	Shanghai Jinmin Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
69	Nanchang Ruzulu Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
70	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
71	Shenyang Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
72	Jiaxing Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
73	Nanning Jin Jiang Inn Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
74	Shanghai Lin Qing Hotel Co., Ltd.(Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
75	Shanghai Jin Feng Hotel Co., Ltd. (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
76	Lhasa Jin Jiang Inn Hotel Co., Ltd.(Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination involving enterprises under common control
77	Shanghai Yujin Hotels Management Co., Ltd.(Note 3)	China	Service	-	60.00	Subsidiaries acquired through a business combination involving enterprises under common control
78	Shenzhen Duzihua Inn Management Co., Ltd. ("Duzihua") (Note 3)	China	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
79	Lushan Jin Jiang International Hotel Investment Co., Ltd. (Note 2)	China	Service	-	60.00	Subsidiaries set up or invested by the Group
80	Yili Jinlv Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
81	Shanghai Jinxian Hotels Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
82	Hangzhou Jinche Inn Hotels Investment and Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
83	Tianjin Jintai Hotels Management Co., Ltd (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
84	Shanghai Jin Jiang Brand Management Co., Ltd. (Note 2)	China	Service	-	100.00	Subsidiaries set up or invested by the Group
85	Shanghai Jin Jiang Shares (Hong Kong) Ltd. (Note 4)	Hong Kong	Investment	-	100.00	Subsidiaries set up or invested by the Group
86	Sailing Investment (Note 4)	Luxembourg	Investment	-	100.00	Subsidiaries set up or invested by the Group
87	GDL (Note 4)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
88	Louvre Hôtels Group (Note 4 and 5)	France	Investment holding	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
89	Keystone (Note 6)	China	Service	100.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
90	7 Days Hotel (Shenzhen) Co., Ltd. (Note 7)	China	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(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	
91	7 Days Four Seasons (Guangzhou) Co., Ltd. (Note 7)	China	Service	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
92	Plateno Investment Limited (Note 7)	Cayman Islands	Investment	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
93	Plateno Group Limited (Note 7)	Cayman Islands	Investment	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
94	7 Days Group Holdings Limited (Note 7)	Cayman Islands	Investment	-	100.00	Subsidiaries acquired through a business combination not involving enterprises under common control
95	Vienna (Note 8)	China	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control
96	Baisuicun (Note 9)	China	Service	80.00	-	Subsidiaries acquired through a business combination not involving enterprises under common control

Note 1: Subsidiaries of Catering Investment.

Note 2: Subsidiaries of Hotel Investment.

Note 3: Subsidiaries of Jin Jiang Inn.

Note 4: Subsidiaries of Jinlu Investment.

Note 5: Louvre Hôtels Group has 318 subsidiaries, including 288 wholly-owned subsidiaries: 235 registered in France, 14 in Poland, 14 in Netherlands, 12 in Britain, 11 in Germany, 8 in Spain, and the rest subsidiaries registered in other countries.

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

Note 7: Subsidiaries of Keystone.

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

Note 9: Baisuicun has 2 subsidiaries in total, 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
Vienna	20.00	27,813,703.48	-	175,776,243.88
Baisuicun	20.00	(580,460.47)	-	3,172,095.10

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(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 2022						31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Vienna	1,789,489,173.63	2,663,254,767.47	4,452,743,941.10	1,407,448,242.04	2,166,414,479.64	3,573,862,721.68	1,829,407,243.90	2,460,179,394.50	4,289,586,638.40	1,492,716,331.25	2,057,057,605.11	3,549,773,936.36
Baisuicun	48,342,207.77	39,209,510.57	87,551,718.34	51,774,408.84	19,916,834.01	71,691,242.85	63,389,312.81	40,642,115.37	104,031,428.18	64,849,412.38	20,419,237.98	85,268,650.36

RMB

Name of subsidiaries	Six months ended 2022 to 30 June 2022				Six months ended 30 June 2021			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Vienna	1,348,419,683.16	139,068,517.38	139,068,517.38	343,674,363.48	1,567,564,011.48	255,107,338.43	255,107,338.43	262,390,157.20
Baisuicun	96,536,801.44	(2,902,302.33)	(2,902,302.33)	(24,543,431.59)	124,680,931.44	2,497,835.17	2,497,835.17	7,469,908.18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(VII) EQUITY IN OTHER ENTITIES - continued****2. Interest in associates**

(1) Financial information summary of unimportant associates

	RMB	
	Six months ended 30 June 2022	Six months ended 30 June 2021
Joint ventures		
Total carrying amount of investments	912,555.47	720,543.65
Total amount calculated based on shareholding proportions		
-- Net profit	35,073.51	62,238.02
-- Total comprehensive income	35,073.51	62,238.02
Associates		
Total carrying amount of investments	520,876,384.82	609,038,079.03
Total amount calculated based on shareholding proportions		
-- Net profit (loss)	(8,532,721.24)	71,863,417.27
-- Other comprehensive income	44,113.80	50,764.09
-- Total comprehensive income (loss)	(8,488,607.44)	71,914,181.36

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, accounts receivable, other equity instrument investments, 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. The management manages and monitors these exposures to ensure the risks are monitored at a certain level.

	RMB	
Financial assets	30 June 2022	31 December 2021
Measured at fair value through profit or loss		
Held-for-trading financial assets	252,538,441.67	244,091,956.52
Other non-current financial assets	452,300,000.00	452,300,000.00
Measured at fair value through other comprehensive income		
Other equity instrument investments	48,422,568.38	51,242,467.51
Measured at amortized cost		
Cash and bank balances	6,913,946,664.16	6,432,615,884.52
Accounts receivable	1,630,791,319.68	1,551,762,783.20
Other receivables	1,074,326,351.74	706,652,922.82
Other current assets	4,628,436.67	4,625,200.00
Non-current assets due within one year	20,706,612.50	-
Other non-current assets	1,377,947,645.98	3,152,537,414.91
Financial liabilities		
Measured at fair value through profit or loss		
Non-current liabilities due within one year	92,087,554.73	13,336,297.93
Long-term payables	-	61,705,317.54
Measured at amortized cost		
Short-term borrowings	147,677,416.34	869,023,164.09
Accounts payable	1,055,135,550.76	1,072,906,909.47
Other payables	1,762,050,619.16	1,778,794,159.60
Non-current liabilities due within one year	3,079,223,196.38	5,081,536,166.18
Long-term borrowings	9,570,024,609.43	7,993,954,808.62
Long-term payables	5,821,464.38	6,245,041.64

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

The Group adopts sensitivity analysis technique to analyze how the profit or 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 monitor 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 refer to the fluctuation in the fair value or future cash flow of financial instruments arising from the changes in foreign exchange rates. As the Company and its subsidiaries mainly operated in Mainland China, the principal businesses of which are settled in RMB, and therefore RMB is the dominated currency for most transactions, assets and liabilities. As of 30 June 2022, the foreign currency balance of the Company and its domestic subsidiaries mainly concentrated at cash and bank balances in USD. The Company and its domestic subsidiaries closely monitor the currency risks expose to the Group incurred by fluctuations in foreign exchange rate, and concludes that the foreign currency risk is not significant as there is limited transactions settled in foreign currencies.

GDL, the Group's subsidiaries out of China, mainly operates in Europe with Euro as the settlement currency for its principal operating activities, and therefore Euro is the dominated currency for most transactions, assets and liabilities. As of 30 June 2022, the exposure to the foreign currency risk of GDL is primarily associated with certain cash and bank balances in GBP and PLN. GDL closely monitor the currency risks expose to the Group incurred by fluctuations in foreign exchange rate, and concludes that the foreign currency risk is not significant as there is limited transactions settled in foreign currencies.

1.1.2. Interest rate risk

Interest rate risk refers to the fluctuation in the fair value or future cash flow due to changes in interest rates. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on lease liability and floating interest rate borrowings lease (as of 30 June 2022: RMB6,783,968,410.34, as of 31 December 2021:RMB6,664,295,021.36). The Group's policy is to maintain the floating interest rate on these borrowings and lease liabilities so as to eliminate the risk of fluctuation 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued****1. Risk management objectives and policies - continued****1.1 Market risk - continued***1.1.2. Interest rate risk - continued**Sensitivity analysis on interest rate risk - continued*

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 six months ended 30 June 2022 and the six months ended 30 June 2021:

Changes in interest rate	30 June 2022/ Six months ended 30 June 2022		30 June 2021/ Six months ended June 2021	
	Effect on after-tax profit	Effect on shareholders' equity	Effect on after-tax profit	Effect on shareholders' equity
25% increase	(8,480)	(6,180)	(9,240)	(6,768)
25% decrease	8,480	6,180	9,240	6,768

RMB'000

1.1.3. Other price risk

Other price risk refers to the market risk other than foreign currency risk and interest rate risk. The Group's other price risk mainly concentrated on held-for-trading financial assets and other non-current financial assets. The Group minimizes the exposure of equity security price risks by maintaining a portfolio of equity securities with different risks.

Sensitivity analysis on other price risk

The financial assets measured at fair value expose the Group to price risk. As of 30 June 2022, 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 RMB 25,253,844.17, which will lead to an increase (decrease) in the Group's shareholders' equity by RMB 19,925,658.13.

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	30 June 2022/ Six months ended 30 June 2022	
	Effect on total profit	Effect on shareholders' equity
Discount rate increases 1%	(12,500.00)	(9,375.00)
Discount rate decreases 1%	12,900.00	9,675.00

RMB'000

1.2 Credit risk

As of 30 June 2022, 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 of balance sheet date, the carrying amount of the Group's financial assets has represented its maximum credit risk exposure.

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies - continued****1.2 Credit risk - continued**

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 cash and bank balances 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.

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	147,777,866.34	-	-	147,777,866.34
Accounts payable	1,055,135,550.76	-	-	1,055,135,550.76
Dividends payable	214,820,164.04	-	-	214,820,164.04
Other payables	1,547,230,455.12	-	-	1,547,230,455.12
Long-term borrowings and non-current liabilities due within one year	3,253,055,620.13	9,743,313,191.43	-	12,996,368,811.56
Lease liabilities and non-current liabilities due within one year	1,785,398,497.31	5,865,859,386.12	3,770,835,046.52	11,422,092,929.95
Long-term payables and non-current liabilities due within one year	92,087,554.73	5,821,464.38	-	97,909,019.11

Above table is prepared based on undiscounted cash flow of the Group's financial liabilities on the possible earliest repayment day, with consideration of 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 reporting period, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(IX) DISCLOSURE OF FAIR VALUE****1. Closing fair value of assets and liabilities measured at fair value**

RMB

	Fair value as of 30 June 2022			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
Continuous fair value measurement				
Held-for-trading financial assets	252,538,441.67	-	-	252,538,441.67
Other non-current financial assets	-	-	452,300,000.00	452,300,000.00
Other equity investments	13,137,000.00	-	35,285,568.38	48,422,568.38
Total assets continuously measured at fair value	265,675,441.67	-	487,585,568.38	753,261,010.05
Non-current liabilities due within one year	-	-	92,087,554.73	92,087,554.73
Total liabilities continuously measured at fair value	-	-	92,087,554.73	92,087,554.73

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 2022.

3. Key items measured continuously at Level 3 fair value, valuation techniques, quantitative and qualitative information of key parameters

RMB

	Fair value at 30 June 2022	Valuation techniques	Input	Weighted average value
Non-current liabilities due within one year - Hôtels et Préférence	6,092,912.36	Discounted cash flow analysis	Discount rate	3.9%
Non-current liabilities due within one year - Sarovar	85,994,642.37	Discounted cash flow analysis	Discount rate	10%
Other non-current financial assets - Hangzhou Kentucky Fried Chicken Co., Ltd.	266,800,000.00	Discounted cash flow analysis	Discount rate	9.9%
			Revenue increase rate	2.0%
Other non-current financial assets - Suzhou Kentucky Fried Chicken Co., Ltd.	126,700,000.00	Discounted cash flow analysis	Discount rate	9.9%
			Revenue increase rate	2.0%
Other non-current financial assets - Wuxi Kentucky Fried Chicken Co., Ltd.	58,800,000.00	Discounted cash flow analysis	Discount rate	9.9%
			Income increase rate	2.0%

(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	RMB5,566,000,000	45.05	45.05
Description of the parent company					
On 6 June 1995, Jin Jiang Capital was restructured from Shanghai New Asia Group Co., Ltd in the PRC, principal operation of which included hotels investment, food and others. Its parent company and ultimate holding company is Jin Jiang International.					

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

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.

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
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
Jing'an Bakery	The same parent company, associate
Les Roches Jin Jiang International Hotel Management College	Associate of the parent company

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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

Shanghai Jin Jiang Yuwei Food Technology Co., Ltd. Associate

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(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

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

Ganzi Shengdi Xiang Ba La Tourism Investment Co., Ltd.	Associate
Guangzhou Wo Qu 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	Six months ended 30 June 2022	Six months ended 30 June 2021
1. Purchases of goods			
Jin Jiang International and its subsidiaries	Purchase of membership packages	-	15,273,543.47
Jin Jiang Capital and its subsidiaries	Purchases of hotel commodities and food	683,760.46	863,352.89
Jin Jiang International and its subsidiaries	Purchases of hotel commodities and food	-	-
	Subtotal	683,760.46	16,136,896.36
2. Receipt of services			
Jin Jiang International and its subsidiaries	Booking service fees	23,169,505.70	9,122,599.41
Jin Jiang Capital and its subsidiaries	Payment of remuneration and social insurance premium of qualified support personnel	32,948,868.18	33,759,025.05
	Subtotal	56,118,373.88	42,881,624.46
3. Others			
Jin Jiang International and its subsidiaries	Share of brand management fee	1,778,574.59	422,867.94
	Subtotal	1,778,574.59	422,867.94

Table of sales of goods / rendering of services:

RMB

Related party	Transaction type	Six months ended 30 June 2022	Six months ended 30 June 2021
1. Service fees of room charge accounting (Note)			
Jin Jiang International and its subsidiaries	Service fees of room charge accounting	32,519,754.74	10,954,325.89
	Subtotal	32,519,754.74	10,954,325.89
2. Membership package design and promotion (Note)			
Jin Jiang International and its subsidiaries	Membership package design and promotion	459,583.53	43,752,103.14
	Subtotal	459,583.53	43,752,103.14
3. Income from cooperation of goods supply chain			
Jin Jiang Capital and its subsidiaries	Income from cooperation of hotel goods supply chain	37,322,076.00	42,999,954.15
	Subtotal	37,322,076.00	42,999,954.15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(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	Six months ended 30 June 2022	Six months ended 30 June 2021
4. Income from sales of goods and food			
Jin Jiang Capital and its subsidiaries	Sales of food	2,575,462.89	2,165,973.66
Jin Jiang International and its subsidiaries	Sales of food	208,314.08	525,486.31
Associate of Catering Investment	Sales of food	2,225,264.40	
	Subtotal	5,009,041.37	2,691,459.97
5. Income from group meal service			
Jin Jiang Capital and its subsidiaries	Income from group meal service	1,139,402.76	2,264,150.94
Jin Jiang International and its subsidiaries	Income from group meal service	1,013,120.75	1,109,433.96
	Subtotal	2,152,523.51	3,373,584.90

(1) 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	1,167,912.96	488,761.25
Associates of Keystone	Office area	572,317.47	505,664.83
Subtotal		1,740,230.43	994,426.08

The Group as a lessee:

RMB

Name of lessor	Asset for lease	Closing balance of lease liabilities in the current period	Interest expenses of lease liabilities in the current period	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	20,688,764.82	467,817.02	3,615,326.65	2,679,710.73
Jin Jiang Capital	Operating area	150,257,821.40	3,152,820.90	14,880,130.27	13,122,089.30
Marvel Hotel	Operating area	62,404,506.54	1,313,434.56	5,676,195.11	5,863,293.52
Jinshajiang Hotel Co., Ltd.	Operating area	95,107,710.94	1,990,991.72	8,933,138.38	8,996,584.08
Shanghai MAGNOTEL Hotel Co., Ltd.	Operating area	29,241,719.39	550,360.49	3,573,898.88	4,733,699.35
Shanghai South Hua Ting Guest House Co., Ltd.	Operating area	29,744,307.63	634,337.30	3,974,039.31	4,525,621.39
Shanghai Hunan Egg Products Company	Operating area	99,279,361.57	3,544,999.38	7,275,000.02	5,844,805.31
Shanghai Jing An Hotel Co., Ltd.	Operating area	36,209,569.76	730,425.53	2,289,795.51	2,343,863.98
Shanghai Jinjiang Supermarket Co., Ltd.	Operating area	49,509,287.73	1,078,565.14	2,442,659.09	2,483,731.34
Shanghai Jin Jiang Amusement Park	Operating area	15,554,761.59	309,203.60	1,790,726.91	1,849,003.23
Shanghai Jinjiang International Real Estate Co., Ltd.	Operating area and office area	45,277,664.06	967,906.90	4,419,927.12	4,597,596.12
Shanghai Jinjiang Online Network Service Co., Ltd.	Operating area	77,536,956.64	1,630,377.57	3,779,552.54	3,844,730.23
Shanghai Jin Jiang Property Management Co., Ltd.	Office area and Haining retail store	-	-	270,245.06	213,813.60
Subtotal		710,812,432.07	16,371,240.11	62,920,634.85	61,098,542.18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(2) 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	828,664,200.00	17 November 2017	2 March 2022	Yes
Jin Jiang International	Sailing Investment	2,358,505,800.00	17 November 2017	16 November 2022	No

(3) Amount due to/from related parties

RMB

Related party	Amount	Starting date	Expiring date	Remarks
Borrowed from:				
Finance Company	4,500,000.00	2 July 2021	1 July 2022	Credit borrowing
Finance Company	5,000,000.00	17 January 2022	16 January 2023	Credit borrowing
Finance Company	200,000,000.00	12 June 2020	20 June 2022	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 June 2022	Credit borrowing
Finance Company	60,000,000.00	12 June 2020	5 December 2022	Credit borrowing
Finance Company	490,000,000.00	14 August 2020	5 December 2022	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 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 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	400,000,000.00	4 November 2020	3 November 2023	Credit borrowing
Finance Company	150,000,000.00	17 November 2020	3 November 2023	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 December 2022	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 June 2023	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 December 2023	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 June 2024	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 December 2024	Credit borrowing
Finance Company	545,000,000.00	16 March 2022	15 March 2025	Credit borrowing
Finance Company	6,000,000.00	7 April 2021	6 April 2022	Credit borrowing
Finance Company	5,000,000.00	9 July 2021	8 January 2022	Credit borrowing
Finance Company	7,915,000.00	26 December 2019	25 December 2022	Credit borrowing
Finance Company	7,915,000.00	29 September 2020	28 September 2023	Credit borrowing
Finance Company	11,555,000.00	3 November 2020	2 November 2023	Credit borrowing
Finance Company	5,985,000.00	2 March 2021	1 March 2024	Credit borrowing
Finance Company	4,990,000.00	7 May 2021	6 May 2024	Credit borrowing
Finance Company	4,970,000.00	8 May 2021	7 May 2024	Credit borrowing
Finance Company	4,840,000.00	12 October 2016	9 October 2022	Credit borrowing
Finance Company	2,950,000.00	9 January 2020	8 January 2023	Credit borrowing
Shenyang Nonstaple Foods Group	4,500,000.00	20 May 2020	20 April 2023	Credit borrowing

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued**

(4) Amount due to/from related parties

Related party	Amount	Starting date	Expiring date	Remarks
Borrowed from:				
MasterMelonCapital	2,663,192,000.00	15 May 2017	10 May 2025	Credit borrowing
MasterMelonCapital	140,168,000.00	11 May 2022	10 May 2025	Credit borrowing
MasterMelonCapital	140,168,000.00	25 January 2022	10 May 2025	Credit borrowing
Subtotal	5,996,648,000.00			
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	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest expenses	46,883,903.34	45,151,050.32
Interest income	25,430,291.24	27,925,211.20
Investment income	253,547.84	182,159.62

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 2022	31 December 2021
Closing balance of the deposit	3,250,118,189.21	3,848,048,477.36

RMB

Finance Company	Six months ended 30 June 2022	Six months ended 30 June 2021
Accumulative amount of deposits at Finance Company	14,407,403,870.75	10,317,246,719.30
Accumulative amount of deposits withdrawn from Finance Company	15,005,334,158.90	10,201,757,431.03

(4) Other related party transactions

During the reporting period, the Group and Jin Jiang International entered into the *Agreement on Buy-out of Hotel Rooms and Relevant Services* and the Supplementary Agreement thereof, pursuant to which, Jin Jiang International bought out hotel rooms and relevant services, requisitioned by the local government due to prevention and control of Corona Virus Disease, from the Group, with a transaction amount of RMB39,603,773.58.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****6. Amounts due from/to related parties****(1) Accounts receivable**

RMB

Items	Related parties	30 June 2022		31 December 2021	
		Book balance	Allowance for credit losses	Book balance	Allowance for credit losses
Accounts receivable	Jin Jiang Capital and its subsidiaries	55,679,122.71	-	73,162,538.83	-
Accounts receivable (Note)	Jin Jiang International and its subsidiaries	216,745,759.30	-	425,042,452.98	-
Accounts receivable	Associates of Catering Investment	2,514,548.74	-	-	-
Accounts receivable	Associates of Keystone	821,914.52	-	591,309.57	-
Subtotal		275,761,345.27	-	498,796,301.38	-
Other receivables	Jin Jiang Capital and its subsidiaries	66,701,356.35	-	9,086,460.14	-
Other receivables	Jin Jiang International and its subsidiaries	352,769,611.66	-	24,252,965.83	-
Other receivables	Associates of GDL	7,274,719.20	7,274,719.20	7,421,851.60	7,421,851.60
Other receivables	Associates of Keystone	228,515.95	-	72,786.85	-
Subtotal		426,974,203.16	7,274,719.20	40,834,064.42	7,421,851.60
Prepayments	Jin Jiang Capital and its subsidiaries	3,761,650.63	-	3,920,272.63	-
Prepayments	Jin Jiang International and its subsidiaries	555,046.00	-	2,230,816.49	-
Subtotal		4,316,696.63	-	6,151,089.12	-
Interest receivable	Jin Jiang Capital and its subsidiaries	13,005,254.97	-	6,814,860.42	-
Interest receivable	Jin Jiang International and its subsidiaries	37,375.00	-	4,111.25	-
Interest receivable	Associates of Hotel Investment	3,236.67	-	2,775.00	-
Subtotal		13,012,229.14	-	6,821,746.67	-
Other current assets	Associates of Keystone	3,500,000.00	3,500,000.00	3,500,000.00	3,500,000.00
Other current assets	Jin Jiang International and its subsidiaries	3,303,487.97	-	-	-
Other current assets	Associates of Hotel Investment	1,200,000.00	-	1,200,000.00	-
Other current assets	Associates of Catering Investment	3,425,200.00	-	3,425,200.00	-
Subtotal		11,428,687.97	3,500,000.00	8,125,200.00	3,500,000.00
Non-current assets due within one year	Jin Jiang International and its subsidiaries	11,700,000.00	-	-	-
Non-current assets due within one year	Jin Jiang Capital and its subsidiaries	9,000,000.00	-	-	-
Subtotal		20,700,000.00	-	-	-
Other non-current assets	Jin Jiang International and its subsidiaries	-	-	11,700,000.00	-
Other non-current assets	Jin Jiang Capital and its subsidiaries	72,510,000.00	-	25,510,000.00	-
Subtotal		72,510,000.00	-	37,210,000.00	-

Note: Shanghai Jinjiang International Electronic Commerce Co., Ltd provides the reservation service for the hotels of the Group, and collects the charged room fees on behalf of the hotels and then transfers the room fees to the hotels, of which the transfer period is within three months.

(2) Accounts payable

RMB

Items	Related parties	30 June 2022		31 December 2021	
Accounts payable	Jin Jiang Capital and its subsidiaries	11,539,379.59		3,065,512.09	
Accounts payable	Jin Jiang International and its subsidiaries	7,557,683.56		11,986,621.24	
Accounts payable	Associates of Keystone	106,353.22		99,348.94	
Subtotal		19,203,416.37		15,151,482.27	
Contract liabilities	Jin Jiang International and its subsidiaries	1,255,754.69		-	
Subtotal		1,255,754.69		-	
Other payables	Jin Jiang Capital and its subsidiaries	197,474,320.23		110,475,492.14	
Other payables	Jin Jiang International and its subsidiaries	90,117,605.02		103,794,948.67	
Other payables	Associates of Keystone	456,152.03		-	
Other payables	Associates of Catering Investment	9,000,000.00		9,000,000.00	
Subtotal		297,048,077.28		223,270,440.81	
Interest payable	Jin Jiang Capital and its subsidiaries	2,524,590.26		2,545,017.43	
Interest payable	Associates of Hotel Investment	28,950.00		15,600.00	
Subtotal		2,553,540.26		2,560,617.43	

(XI) COMMITMENTS AND CONTINGENCIES

1. Fulfillment of prior commitments

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

2. Contingencies

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

(XII) EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

None

(XIII) OTHER SIGNIFICANT MATTERS

1. Segment Information

According to internal organization and management structure and internal reporting regulations, the Group identifies four operation segments by business type. The management of Group assigns resources and assesses achievement according to periodical assessment on operation segments. On the basis of business nature, the Group identified four reporting segments by business nature, which include domestic limited service hotels management and operation business, overseas limited service hotels management and operation business, food and catering business and other business. The major products and labor services provided by reporting segments are domestic hotel services, overseas hotel services, catering services and other businesses.

Segment information is disclosed in accordance with the accounting policies and standards adopted by each segment when they report to the management, which shall keep consistent with the accounting and measurement basis for preparing the financial statements.

Transfer price among segments is decided according to market price and indirect expenses are allocated to segments by revenue proportion.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments

Segment information for the six months ended 30 June 2022 is set below:

RMB

	Operation and management of domestic limited-service hotels	Operation and management of overseas limited-service hotels	Food and catering business	Others	Inter-segment eliminations	Total
Revenue						
Revenue arising from external transactions	3,464,822,233.58	1,480,949,701.73	96,924,242.26	414.29	-	5,042,696,591.86
Revenue arising from inter-segment transactions	46,150.22	5,500,746.99	-	457,142.88	(6,004,040.09)	-
Total segments revenue	3,464,868,383.80	1,486,450,448.72	96,924,242.26	457,557.17	(6,004,040.09)	5,042,696,591.86
Operating cost						
Cost arising from external transactions	2,445,290,742.00	914,537,367.00	90,780,671.83	-	-	3,450,608,780.83
Cost arising from inter-segment transactions	5,957,889.87	-	-	-	(5,957,889.87)	-
Total operating cost of segments	2,451,248,631.87	914,537,367.00	90,780,671.83	-	(5,957,889.87)	3,450,608,780.83
Less: Taxes and levies	22,408,150.18	39,718,681.25	392,454.52	159,543.30	-	62,678,829.25
Selling expenses	184,420,399.33	195,336,943.20	4,537,606.04	-	-	384,294,948.57
Administrative expenses	619,452,224.51	442,036,022.71	12,316,542.67	20,922,540.82	(46,150.22)	1,094,681,180.49
Research and development expenses	7,038,552.47	-	-	-	-	7,038,552.47
Financial expenses	112,319,195.68	106,258,620.27	910,121.47	5,642,611.60	(5,293,825.98)	219,836,723.04
Losses from credit impairment	2,882,765.30	10,406,867.75	-	-	-	13,289,633.05
Add: Profit or loss arising from changes in fair value	-	(17,466,336.54)	-	4,430,000.00	-	(13,036,336.54)
Investment income	1,179,876.53	2,501,820.94	86,163,717.26	(1,368,375.90)	(5,293,825.98)	83,183,212.85
Income (loss) from disposal of assets	88,305,783.87	15,306,416.44	-	-	-	103,612,200.31
Other income	38,333,793.14	38,016,131.01	794,913.35	124,894.61	-	77,269,732.11
Carrying amount of operating profit of segments	192,917,918.00	(183,486,021.61)	74,945,476.34	(23,080,619.84)	-	61,296,752.89
Non-operating income	2,919,908.89	16,947,149.45	555.42	20.71	-	19,867,634.47
Non-operating expenses	6,746,442.10	13,921,215.55	7,820.90	-	-	20,675,478.55
Total carrying amount of operating profit of segments	189,091,384.79	(180,460,087.71)	74,938,210.86	(23,080,599.13)	-	60,488,908.81
Income tax	97,599,762.93	(34,973,803.70)	(276,147.40)	1,266,345.25	-	63,616,157.08
Net carrying amount of profits of segments	91,491,621.86	(145,486,284.01)	75,214,358.26	(24,346,944.38)	-	(3,127,248.27)
Less: Amortization of fair value of net identifiable assets of the acquiree exceeding the carrying amount at the acquisition date (Note)	23,172,925.70	29,327,099.10	-	-	-	52,500,024.80
Net profit	68,318,696.16	(174,813,383.11)	75,214,358.26	(24,346,944.38)	-	(55,627,273.07)
Profit or loss attributable to minority shareholders	65,304,065.02	(1,914,616.74)	(1,049,461.23)	-	-	62,339,987.05
Net profit attributable to owners of the parent company	3,014,631.14	(172,898,766.37)	76,263,819.49	(24,346,944.38)	-	(117,967,260.12)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments - continued

Segment information for the six months ended 30 June 2022 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	27,781,405,965.43	14,052,806,820.03	717,531,310.21	5,142,566,168.73	(897,698,612.63)	46,796,611,651.77
Including: Carrying amount of assets	18,849,044,785.76	7,782,871,842.76	577,853,169.91	5,005,143,004.53	(897,698,612.63)	31,317,214,190.33
Carrying amount of long-term equity investment	196,607,354.37	48,080,281.42	139,678,140.30	137,423,164.20	-	521,788,940.29
Amortized amount of fair value of identifiable assets of the acquiree exceeding the carrying amount at the acquisition date (Note)	2,248,276,544.50	1,838,468,489.49	-	-	-	4,086,745,033.99
Goodwill	6,487,477,280.80	4,383,386,206.36	-	-	-	10,870,863,487.16
Total liabilities	12,349,079,815.88	14,011,178,300.81	252,060,822.14	3,730,742,563.22	(770,244,096.85)	29,572,817,405.20
Including: Carrying amount of liabilities	11,787,010,679.77	13,527,696,202.50	252,060,822.14	3,730,742,563.22	(770,244,096.85)	28,527,266,170.78
Amortized amount of fair value of identifiable liabilities of the acquiree exceeding the carrying amount at the acquisition date (Note)	562,069,136.11	483,482,098.31	-	-	-	1,045,551,234.42
Supplementary information:						
Depreciation	630,136,844.80	233,685,980.14	1,207,861.52	4,538,729.04	-	869,569,415.50
Amortization	254,463,015.01	37,114,169.96	50,610.84	1,465,732.08	-	293,093,527.89
Interest income	35,452,173.61	2,078,192.95	170,750.21	58,373,200.52	-	96,074,317.29
Interest expenses	151,546,840.91	97,238,916.90	1,042,925.61	64,233,535.82	(5,293,825.98)	308,765,827.26
Impairment losses recognized (reversed) in the current period	2,882,765.30	10,406,867.75	-	-	-	13,289,633.05
Investment income (loss) from long-term equity investments under equity method	(4,239,946.11)	2,459,907.27	(5,253,160.65)	(1,464,448.24)	-	(8,497,647.73)
Amount of long-term equity investments under equity method	196,607,354.37	48,080,281.42	139,678,140.30	137,423,164.20	-	521,788,940.29
Non-current assets other than long-term equity investment	21,619,601,319.20	12,755,218,702.03	469,343,559.56	1,510,095,168.43	(599,166,389.26)	35,755,092,359.96
Capital expenditure	221,574,492.77	112,733,902.57	12,741.59	6,537,336.69	-	340,858,473.62
Including: Expenditure arising from construction in progress	206,824,717.67	75,593,254.48	-	6,476,255.38	-	288,894,227.53
Expenditure arising from acquisition of fixed assets	11,539,219.21	37,035,870.05	12,741.59	7,938.05	-	48,595,768.90
Expenditure arising from acquisition of intangible assets	1,164,954.71	104,778.04	-	53,143.26	-	1,322,876.01
Expenditure arising from acquisition of long-term prepaid expenses	2,045,601.18	-	-	-	-	2,045,601.18

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 Baisuicun, 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 SIX MONTHS ENDED 30 JUNE 2022**(XIII) OTHER SIGNIFICANT MATTERS - continued****2. Financial information of reporting segments - continued**

Segment information for the six months ended 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
Revenue						
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 segments revenue	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
Losses from credit impairment	3,670,868.32	(2,740,918.49)	-	-	-	929,949.83
Add: Profit or loss 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 SIX MONTHS ENDED 30 JUNE 2022

(XIII) OTHER SIGNIFICANT MATTERS - continued

2. Financial information of reporting segments - continued

Segment information for the six months ended 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 Baisuicun, 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 SIX MONTHS ENDED 30 JUNE 2022

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

1. Cash and bank balances

RMB

Item	30 June 2022			31 December 2021		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			133,102.00			87,063.00
Bank balances:						
RMB			2,412,614,679.61			840,069,626.43
USD	375,752.98	6.7114	2,521,828.55	373,693.65	6.3757	2,382,558.60
Deposit in other financial institution (Note 1):						
RMB			551,376,961.25			659,680,396.73
Total (Note 2)	375,752.98		2,966,646,571.41	373,693.65		1,502,219,644.76

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

Note 2: The above cash and bank balances of the Company include time deposits with term of more than 3 months amounting to RMB1,758,733,500.00 (opening balance: RMB500,000,000.00).

2. Held-for-trading financial assets

RMB

Item	30 June 2022	31 December 2021
Financial assets at fair value through profit or loss	201,122,000.00	196,692,000.00
Including: Investments in equity instruments	201,122,000.00	196,692,000.00
Total	201,122,000.00	196,692,000.00

Note: The Company purchased and held 44,300,000 ordinary shares of Bank of Beijing (Stock Code: 601169) on the open market, which are unrestricted shares. The Company recognized its fair value of RMB201,122,000.00 at the closing price on the last trading day before the balance sheet date.

3. Accounts receivable

(1) Disclosure of accounts receivable by aging:

RMB

Aging	30 June 2022			31 December 2021		
	Accounts receivable	Allowance for credit losses	Ratio (%)	Accounts receivable	Allowance for credit losses	Ratio (%)
Within 1 year	39,424,537.58	40,391.41	0.10	26,368,266.47	26,845.47	0.10
Over 1 year	184,993.43	184,993.43	100.00	227,242.84	227,242.84	100.00
Total	39,609,531.01	225,384.84	0.57	26,595,509.31	254,088.31	0.96

(2) Disclosure by categories:

RMB

Category	30 June 2022				
	Book balance		Allowance for credit losses		Carrying amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Allowance for credit losses collectively assessed on a portfolio basis	39,609,531.01	100.00	225,384.84	0.57	39,384,146.17
Including:					
Metropolo client portfolio	39,609,531.01	100.00	225,384.84	0.57	39,384,146.17
Total	39,609,531.01	100.00	225,384.84	0.57	39,384,146.17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****3. Accounts receivable - continued**

(2) Disclosure by categories: - continued

RMB

Category	31 December 2021				Carrying amount
	Book balance		Allowance for credit losses		
	Amount	Ratio (%)	Amount	Ratio (%)	
Allowance for credit losses collectively assessed on a portfolio basis	26,595,509.31	100.00	254,088.31	0.96	26,341,421.00
Including:					
Metropolo client portfolio	26,595,509.31	100.00	254,088.31	0.96	26,341,421.00
Total	26,595,509.31	100.00	254,088.31	0.96	26,341,421.00

Metropolo client portfolio:

RMB

Aging	30 June 2022				31 December 2021			
	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount	Expected average loss rate (%)	Book balance	Allowance for credit losses	Carrying amount
Within 6 months	0.00	39,155,900.98	391.42	39,155,509.56	0.00	26,202,714.84	582.56	26,202,132.28
6-12 months	14.89	268,636.60	39,999.99	228,636.61	15.86	165,551.63	26,262.91	139,288.72
Over 12 months	100.00	184,993.43	184,993.43	-	100.00	227,242.84	227,242.84	-
Total		39,609,531.01	225,384.84	39,384,146.17		26,595,509.31	254,088.31	26,341,421.00

(3) Allowance for credit losses

As of 30 June 2022, the credit risk and expected credit loss of accounts receivable are as follows:

RMB

30 June 2022	Not credit impaired	Credit impaired	Total
Book balance	39,424,537.58	184,993.43	39,609,531.01
Expected credit loss	40,391.41	184,993.43	225,384.84
Carrying amount	39,384,146.17	-	39,384,146.17

Changes in allowance for credit losses

RMB

Allowance for credit losses	Total
Balance as of 31 December 2021	254,088.31
Provision for expected credit loss for the period	(28,703.47)
Reversal of expected credit loss for the period	-
Balance as of 30 June 2022	225,384.84

4. Other receivables**4.1 Disclosure by category**

RMB

Item of other receivables	30 June 2022	31 December 2021
Interest receivable	-	5,991,219.59
Dividends receivable	217,299,101.90	408,557,319.83
Other receivables	281,879,944.35	138,175,458.54
Total	499,179,046.25	552,723,997.96

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

4. Other receivables - continued

4.2 Dividends receivable

RMB

Item	30 June 2022	31 December 2021
(1) Hangzhou Kentucky Fried Chicken Co., Ltd.	54,736,252.91	18,036,200.71
(2) Suzhou Kentucky Fried Chicken Co., Ltd.	33,906,913.58	9,001,187.23
(3) Wuxi Kentucky Fried Chicken Co., Ltd.	23,434,881.53	14,092,100.04
(4) Shanghai Kentucky Fried Chicken Co., Ltd.	105,221,053.88	20,906,651.08
(5) Keystone	-	346,521,180.77
Total	217,299,101.90	408,557,319.83

(1) Significant dividends receivable aged over one year

Item	Closing balance	Aging	Reasons for uncollected amounts	Impaired or not and determination basis
(1) Suzhou Kentucky Fried Chicken Co., Ltd.	9,001,187.23	1-2 years	Not issued completely	Not impaired, continuous profit is expected in future
(2) Wuxi Kentucky Fried Chicken Co., Ltd.	11,692,328.41	1-2 years	Not issued completely	Not impaired, continuous profit is expected in future
Total	20,693,515.64			

(2) Allowance for credit losses

As of 30 June 2022, the credit risk on dividends receivable has not increased significantly since the initial recognition, and the Company's allowance for credit losses based on 12-month ECL is immaterial.

4.3 Other receivables

(1) Disclosure of other receivables by nature

RMB

Nature	30 June 2022	31 December 2021
Advances for related parties	169,012,147.07	135,028,333.47
Demolition compensation (Note (V)48)	94,161,997.73	-
Deposits and guarantees	295,253.35	280,053.35
Revolving fund	89,900.00	141,200.00
Others	18,320,646.20	2,725,871.72
Total	281,879,944.35	138,175,458.54

(2) Allowance for credit losses

As of 30 June 2022, the credit risk and expected credit loss of other receivables are as follows:

RMB

Internal credit rating	30 June 2022				31 December 2021			
	12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total	12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
Normal	281,790,044.35	-	-	281,790,044.35	138,034,258.54	-	-	138,034,258.54
Attention	-	-	-	-	-	-	-	-
Loss	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
Total book balance	281,790,044.35	-	606,265.93	282,396,310.28	138,034,258.54	-	606,265.93	138,640,524.47
Less: Provision for impairment	-	-	606,265.93	606,265.93	-	-	606,265.93	606,265.93
Carrying amount	281,790,044.35	-	-	281,790,044.35	138,034,258.54	-	-	138,034,258.54

In the current period, the balance of allowance for credit losses of other receivables is unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(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 the period

As of 30 June 2022, the balance of the top five entities with the largest balances of other receivables at the end of the period is RMB235,153,378.77 (31 December 2021: RMB115,348,845.26), accounting for 83.24% of the total balance of other receivables (31 December 2021: 83.12%).

5. Inventories

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Value allowance	Carrying amount	Book balance	Value allowance	Carrying amount
Raw materials	230,831.26	-	230,831.26	1,190,873.09	-	1,190,873.09
Goods on hand	349,707.69	-	349,707.69	430,627.81	-	430,627.81
Total	580,538.95	-	580,538.95	1,621,500.90	-	1,621,500.90

6. Other current assets

RMB

Item	30 June 2022	31 December 2021
VAT to be deducted	6,451,268.40	5,570,730.04
Prepaid expenses	129,618.07	426,675.63
Total	6,580,886.47	5,997,405.67

7. Non-current assets due within one year

RMB

Item	30 June 2022	31 December 2021
Finance lease receivable due within one year	805,881.55	789,202.59
Entrusted loan due within one year	11,700,000.00	-
Interest receivable on entrusted loan due within one year	3,737.50	-
Total	12,509,619.05	789,202.59

(1) Allowance for credit losses

As of 30 June 2022, the Company entrusted Finance Company to issue an entrusted loan (including interest receivable) of RMB11,703,737.50 to Da Hua Hotel with a loan term from 29 June 2021 to 28 June 2023, and an annual interest rate of 1.15%. The Company's 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 SIX MONTHS ENDED 30 JUNE 2022**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****8. Long-term receivables**

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Capital appropriation to related parties	10,328,000.00	-	10,328,000.00	10,328,000.00	-	10,328,000.00
Finance lease receivable	9,320,696.36	-	9,320,696.36	9,788,578.40	-	9,788,578.40
Less: Unrealized financing income	1,487,056.15	-	1,487,056.15	1,570,597.65	-	1,570,597.65
Less: Long-term receivables due within one year	805,881.55	-	805,881.55	789,202.59	-	789,202.59
Long-term receivables due after one year	17,355,758.66	-	17,355,758.66	17,756,778.16	-	17,756,778.16

The capital appropriation to related parties is the current capital appropriation receivable from the Company's wholly-owned subsidiary, New Asia Food.

(1) Allowance for credit losses

As of 30 June 2022, the Company's provision for expected credit losses of the above long-term receivables based on an individual asset basis is immaterial.

9. Long-term equity investments

(1) Details of long-term equity investments are as follows:

RMB

Item	30 June 2022	31 December 2021
Investments in subsidiaries	16,062,765,094.90	16,062,765,094.90
Investments in joint ventures	912,555.47	877,481.96
Investments in associates	267,747,404.65	378,563,742.32
Total	16,331,425,055.02	16,442,206,319.18
Less: Provision for impairment of long-term equity investments	2,051,300.00	2,051,300.00
Net value of long-term equity investments	16,329,373,755.02	16,440,155,019.18

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

RMB

Investee	31 December 2021	Addition	Deduction	30 June 2022
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 SIX MONTHS ENDED 30 JUNE 2022

(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 2021	Additions	Deduction	30 June 2022	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	10,039,750,530.67	-	-	10,039,750,530.67	100.00	100.00	N/A	-
Vienna	Cost method	1,748,800,000.00	-	-	1,748,800,000.00	80.00	80.00	N/A	-
Baisuicun	Cost method	800,000.00	-	-	800,000.00	80.00	80.00	N/A	-
Hotel Investment (Note (VI)1)	Cost method	2,033,088,660.71	-	(152,000,000.00)	1,881,088,660.71	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 (Note (VI)1)	Cost method	377,261,176.09	-	(20,000,000.00)	357,261,176.09	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	100.00	100.00	Note 1	-
Food and Beverage Serving Equipment	Cost method	2,051,300.00	-	-	2,051,300.00	100.00	100.00	N/A	2,051,300.00
New Asia Food	Cost method	1,088,150.00	-	-	1,088,150.00	100.00	100.00	Note 1	-
New Metropolo	Cost method	43,000,000.00	-	-	43,000,000.00	100.00	100.00	N/A	-
Shenzhen Jin Jiang	Cost method	10,000,000.00	-	-	10,000,000.00	100.00	100.00	N/A	-
Shanghai Siam Sheng Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	20,000,000.00	-	20,000,000.00	100.00	100.00	N/A	-
Shanghai Xinniao Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	19,000,000.00	-	19,000,000.00	100.00	100.00	N/A	-
Shanghai Suxukun Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	18,000,000.00	-	18,000,000.00	100.00	100.00	N/A	-
Shanghai Liaokun Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	25,000,000.00	-	25,000,000.00	100.00	100.00	N/A	-
Shanghai Jichangkun Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	25,000,000.00	-	25,000,000.00	100.00	100.00	N/A	-
Shanghai Huainie Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	23,000,000.00	-	23,000,000.00	100.00	100.00	N/A	-
Shanghai Ehankun Hotel Management Co., Ltd. (Note (VI)1)	Cost method	-	42,000,000.00	-	42,000,000.00	100.00	100.00	N/A	-
Total		16,062,765,094.90	172,000,000.00	(172,000,000.00)	16,062,765,094.90				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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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 2021	Additions	Movements			30 June 2022	Closing balance of provision for impairment
			Profit or loss recognized under equity method	Declaration of cash dividends or profits	Other equity changes		
Joint ventures (Note 1)							
Shanghai Jin Jiang Okura Garden Hotel Management Co., Ltd.	877,481.96	-	35,073.51	-	-	912,555.47	
Associate (Note 1)							
Shanghai Kentucky Fried Chicken Co., Ltd.	207,336,709.15	-	(668,974.35)	(105,221,053.88)	701,851.85	102,148,532.77	
Shanghai New Asia Fulihua Catering Co., Ltd.	33,216,902.69	-	(4,128,639.54)	-	-	29,088,263.15	
Shanghai Qicheng Network Technology Co., Ltd.	50,588,249.53	-	284,849.63	-	-	50,873,099.16	
Shanghai Jin Jiang Liancai Supply Chain Co., Ltd.	87,421,880.95	-	(1,784,371.38)	-	-	85,637,509.57	
Da Hua Hotel (Note 2)	-	-	-	-	-	-	
Total	379,441,224.28	-	(6,262,062.13)	(105,221,053.88)	701,851.85	268,659,960.12	

Note 1: As of 30 June 2022, the Company is not exposed to limitation on the transfer of funds from the investee.

Note 2: As of 30 June 2022, the carrying amount 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. Other equity instrument investments

(1) Other equity instrument investments

Item	30 June 2022	31 December 2021
Agricultural Bank of China (Note)	13,137,000.00	12,789,000.00
Yangtze River United Development (Group) Co., Ltd.	1,300,000.00	1,300,000.00
Shanghai Trade Center Company Limited	6,700,000.00	6,700,000.00
Total	21,137,000.00	20,789,000.00

Note: The Company purchased and held 4,350,000 ordinary shares of Agricultural Bank of China (stock code: 601288) from the open market, and the shares are unrestricted. The Company recognized its fair value of RMB 13,137,000.00 based on the closing price of the last trading day prior to the balance sheet date.

(2) Investments in equity instruments not held for trading

Item	Dividend income recognized for the period	Accumulated gains	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	-	(3,438,314.67)	-	Held for a long time and not held for trading	N/A
Yangtze River United Development (Group) Co., Ltd.	-	600,000.00	-	Held for a long time and not held for trading	N/A
Shanghai Trade Center Company Limited	-	1,512,300.00	-	Held for a long time and not held for trading	N/A
Total	-	(1,326,014.67)	-		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

11. Other non-current financial assets

RMB

Item	30 June 2022	31 December 2021
Hangzhou Kentucky Fried Chicken Co., Ltd.	266,800,000.00	266,800,000.00
Suzhou Kentucky Fried Chicken Co., Ltd.	126,700,000.00	126,700,000.00
Wuxi Kentucky Fried Chicken Co., Ltd.	58,800,000.00	58,800,000.00
Total	452,300,000.00	452,300,000.00

12. Fixed assets

Composition of fixed assets

RMB

Item	Buildings	Machinery and equipment	Transportation vehicles	Hotel decoration	Total
I. Original carrying amount					
1. 31 December 2021	56,538,721.71	124,922,265.86	307,061.00	21,726,960.47	203,495,009.04
2. Additions					
(1) Purchase	-	305,424.61	-	-	305,424.61
3. Deduction					
(1) Disposal or retirement	-	(3,674,568.70)	(149,361.00)	(1,412,607.91)	(5,236,537.61)
(2) Construction clearing adjustment	-	(14,090.98)	-	-	(14,090.98)
4.30 June 2022	56,538,721.71	121,539,030.79	157,700.00	20,314,352.56	198,549,805.06
II. Accumulated depreciation					
1.31 December 2021	29,921,366.38	84,000,782.86	283,964.25	20,943,458.71	135,149,572.20
2. Additions					
(1) Provision	1,043,759.58	5,065,399.00	771.90	331,211.82	6,441,142.30
3. Deduction					
(1) Disposal or retirement	-	(3,071,931.41)	(141,892.95)	(1,302,376.47)	(4,516,200.83)
4.30 June 2022	30,965,125.96	85,994,250.45	142,843.20	19,972,294.06	137,074,513.67
III. Provision for impairment					
1.31 December 2021	-	-	-	-	-
2. Addition	-	-	-	-	-
3. Deduction	-	-	-	-	-
4.30 June 2022	-	-	-	-	-
IV. Carrying amount					
1.30 June 2022	25,573,595.75	35,544,780.34	14,856.80	342,058.50	61,475,291.39
2.31 December 2021	26,617,355.33	40,921,483.00	23,096.75	783,501.76	68,345,436.84

13. Construction in progress

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

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Jin Jiang Global Sharing Platform	16,892,166.18	-	16,892,166.18	10,415,910.80	-	10,415,910.80
Renovation of Jinjiang Metropolo, Shanghai Bund Circle	2,616,172.03	-	2,616,172.03	26,788.68	-	26,788.68
Other renovations	1,496,401.28	-	1,496,401.28	499,670.37	-	499,670.37
Total	21,004,739.49	-	21,004,739.49	10,942,369.85	-	10,942,369.85

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(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	31 December 2021	Addition	Transfer to fixed assets	Transfer to long-term prepaid expenses	Other deduction: Construction clearing adjustment	Transfer to intangible assets	30 June 2022	Accumulated capitalization amount of interest	Including: Capitalization amount of interest	Capitalization rate of interest (%)	Source of capital
Jin Jiang Global Sharing Platform	10,415,910.80	6,476,255.38	-	-	-	-	16,892,166.18	-	-	-	Self-financing
Renovation of Jinjiang Metropolo, Shanghai Bund Circle	26,788.68	2,589,383.35	-	-	-	-	2,616,172.03	-	-	-	Self-financing
Other renovations	499,670.37	996,730.91	-	-	-	-	1,496,401.28	-	-	-	Self-financing
Total	10,942,369.85	10,062,369.64	-	-	-	-	21,004,739.49	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

14. Right-of-use assets

	RMB
Item	Buildings
I. Original carrying amount	
1. 31 December 2021	643,411,950.38
2. Additions	
(1) Purchase	11,585,067.25
3. Deduction	
(1) Disposal or retirement	(25,987,033.12)
4.30 June 2022	629,009,984.51
II. Accumulated depreciation	
1. 31 December 2021	362,671,112.36
2. Additions	
(1) Provision	21,712,575.29
3. Deduction	
(1) Disposal or retirement	(17,031,306.32)
4.30 June 2022	367,352,381.33
III. Provision for impairment	
1. 31 December 2021	-
2. Additions	-
3. Deduction	-
4.30 June 2022	-
IV. Carrying amount	
1.30 June 2022	261,657,603.18
2. 31 December 2021	280,740,838.02

As of 30 June 2022, the lease liabilities relating to the right-of-use assets amounted to RMB311,542,891.26. The lease agreement does not specify any commitment other than the security interest in the leased assets held by the lessor. The above right-of-use assets cannot be used as pledge or guarantee etc. for borrowings.

The Company leased assets are buildings, with lease terms from 3 years to 20 years.

15. Intangible assets

	RMB		
Item	Land use rights	Others	Total
I. Original carrying amount			
1.31 December 2021	91,847,425.45	15,570,699.81	107,418,125.26
2. Deduction			
(1) Disposal	-	(2,180.00)	(2,180.00)
3.30 June 2022	91,847,425.45	15,568,519.81	107,415,945.26
II. Accumulated amortization			
1.31 December 2021	48,844,257.70	8,960,952.90	57,805,210.60
2. Provision	1,170,970.02	1,354,847.67	2,525,817.69
3. Disposal	-	(2,180.00)	(2,180.00)
4.30 June 2022	50,015,227.72	10,313,620.57	60,328,848.29
III. Provision for impairment			
1.31 December 2021	-	-	-
2. Additions	-	-	-
3. Deduction	-	-	-
4.30 June 2022	-	-	-
IV. Carrying amount			
1.30 June 2022	41,832,197.73	5,254,899.24	47,087,096.97
2.31 December 2021	43,003,167.75	6,609,746.91	49,612,914.66

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

16. Long-term prepaid expenses

RMB

Item	31 December 2021	Additions	Amortization	Deduction (Note 1)	30 June 2022
Leasehold decoration	32,443,476.80	-	(6,350,060.60)	(1,636,069.93)	24,457,346.27
Leasehold improvement	135,588,567.18	-	(10,305,444.72)	(1,522,456.18)	123,760,666.28
Total	168,032,043.98	-	(16,655,505.32)	(3,158,526.11)	148,218,012.55

Note 1: In the current period, the long-term prepaid expenses decreased by RMB99,399.67 due to the settlement of the project upon completion and RMB3,059,126.44 due to disposal.

17. Deferred tax assets/deferred tax liabilities

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

RMB

Item	30 June 2022		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Employee benefits payable	14,092,429.24	3,523,107.31	14,388,906.77	3,597,226.69
Provision for credit loss	831,792.84	207,948.21	860,496.29	215,124.07
Government grants	3,135,000.00	783,750.00	3,445,200.00	861,300.00
Advances of membership card and deferred income on membership points	298,913.38	74,728.35	298,913.38	74,728.35
Changes in fair value of held-for-trading financial assets recognized in profit or loss of changes in fair value	69,759,338.94	17,439,834.73	74,189,338.94	18,547,334.74
Changes in fair value of other equity investments recognized in other comprehensive income	1,326,014.67	331,503.67	1,674,014.67	418,503.67
Total	89,443,489.07	22,360,872.27	94,856,870.05	23,714,217.52

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

RMB

Item	30 June 2022		31 December 2021	
	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	430,788,337.23	107,697,084.31	430,788,337.23	107,697,084.31
Total	430,788,337.23	107,697,084.31	430,788,337.23	107,697,084.31

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

RMB

Item	30 June 2022		31 December 2021	
	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	22,360,872.27	-	23,714,217.52	-
Deferred tax liabilities	22,360,872.27	85,336,212.04	23,714,217.52	83,982,866.79

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

18. Other non-current assets

RMB

Item	30 June 2022			31 December 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Time deposits	1,200,000,000.00	-	1,200,000,000.00	2,900,000,000.00	-	2,900,000,000.00
Interest receivable on time deposits	54,156,666.67	-	54,156,666.67	63,855,166.67	-	63,855,166.67
Entrusted loan	6,000,000.00	-	6,000,000.00	17,700,000.00	-	17,700,000.00
Interest receivable on entrusted loan	1,916.67	-	1,916.67	-	-	-
Advance payment for acquisition of minority interests (Note)	12,933,546.80	-	12,933,546.80	-	-	-
Total	1,273,092,130.14	-	1,273,092,130.14	2,981,555,166.67	-	2,981,555,166.67

Note: The Company intends to purchase 10% share equity in Vienna Hotel and Baisuicun respectively. As of 30 June 2022, this transaction has not been completed yet, and Mr. HUANG, Deman, a minority shareholder, was paid RMB12,933,546.80 for the equity acquisition.

(1) Allowance for credit losses

As of 30 June 2022, the Company entrusted Finance Company to issue an entrusted loan of RMB6,000,000.00 to Shanghai Jin Zhu Catering Management Co., Ltd. with a loan term from 10 November 2021 to 9 November 2024 and an annual interest rate of 1.15%. The Company's provision for the ECL of the above entrusted loans based on an individual basis is immaterial.

As of 30 June 2022, the Company has long-term time deposits (including interest receivable) amounting to RMB1,254,156,666.67. The Company's provision for the ECL of the above long-term time deposits (including interest receivable) based on an individual basis is immaterial.

19. Short-term borrowings

RMB

Item	30 June 2022	31 December 2021
Credit borrowing — bank	-	570,000,000.00
Total	-	570,000,000.00

20. Accounts payable

Details of accounts payable are as follows:

RMB

Item	30 June 2022	31 December 2021
Payables for operation	2,563,197.64	3,086,736.99
Payables for constructions	15,011,672.16	13,056,415.99
Total	17,574,869.80	16,143,152.98

21. Employee benefits payable

(1) Employee benefits payable

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
1. Short-term benefits	18,207,927.84	67,430,309.47	(67,714,955.94)	17,923,281.37
2. Domestic post-employment benefits-defined contribution plan	701,252.83	6,781,111.30	(6,380,533.52)	1,101,830.61
3. Termination benefits	6,045,257.21	1,249,076.30	(1,249,076.30)	6,045,257.21
Total	24,954,437.88	75,460,497.07	(75,344,565.76)	25,070,369.19

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

21. Employee benefits payable - continued

(2) Short-term employee benefits

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
1. Wages or salaries, bonus, allowance, subsidies	17,398,503.87	57,223,502.65	(58,182,876.08)	16,439,130.44
2. Staff welfare	-	656,094.09	(656,094.09)	-
3. Domestic social insurance	235,898.00	4,053,714.68	(3,765,110.35)	524,502.33
Including: Medical insurance	226,034.56	3,969,826.18	(3,687,851.46)	508,009.28
Work injury insurance	9,626.00	83,882.57	(77,252.96)	16,255.61
Maternity insurance	237.44	5.93	(5.93)	237.44
4. Domestic housing funds	103,967.33	2,757,749.13	(2,427,050.13)	434,666.33
5. Labor union and employee education fund	469,558.64	1,183,449.41	(1,128,025.78)	524,982.27
6. Others	-	1,555,799.51	(1,555,799.51)	-
Total	18,207,927.84	67,430,309.47	(67,714,955.94)	17,923,281.37

(3) Defined contribution plan

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
1. Pension insurance	681,622.10	6,591,494.91	(6,203,901.45)	1,069,215.56
2. Unemployment insurance	19,630.73	189,616.39	(176,632.07)	32,615.05
Total	701,252.83	6,781,111.30	(6,380,533.52)	1,101,830.61

The Company and its domestic subsidiaries participate, as required, in defined contribution retirement benefit plans and unemployment insurance plans organized by relevant government authorities. According to such plans, the Company and its domestic subsidiaries monthly contribute to these plans based on certain percentage of the prior year's average salaries of the employees. Except for monthly contributions, the Company and its domestic subsidiaries assume no further payment obligations. The related expenditures are either charged to profit or loss or included in cost of related assets in the period when they are incurred.

The Company shall contribute RMB6,591,494.91 and RMB189,616.39 to pension insurance and unemployment insurance plan respectively for the reporting period (six months ended 30 June 2021: RMB12,476,726.38 and RMB349,413.57). As of 30 June 2022, the Company still has outstanding contribution to pension insurance plans and unemployment insurance plans amounting to RMB1,069,215.56 and RMB32,615.05 respectively, which has been paid subsequent to the reporting period.

22. Taxes payable

RMB

Item	30 June 2022	31 December 2021
Value added tax	3,195,904.61	1,179,809.23
Enterprise income tax	1,336,037.50	1,336,014.44
Individual income tax	1,475,267.38	440,112.55
Property tax	456,924.29	456,664.83
Others	55,700.66	32,861.44
Total	6,519,834.44	3,445,462.49

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****23. Other payables****23.1 Disclosure of other payables by classification**

Item	30 June 2022	31 December 2021
Interest payable	-	3,999,783.32
Dividends payable	57,303,186.37	590,851.03
Other payables	393,454,083.57	338,397,038.60
Total	450,757,269.94	342,987,672.95

RMB

23.2 Other payables

(1) Details of other payables are as follows:

Item	30 June 2022	31 December 2021
Amounts due to/from related parties	264,895,552.01	213,408,476.39
Accrued expenses	10,055,068.93	8,356,900.20
Payments for acquisition of minority interests of Keystone	10,456,047.19	31,372,015.18
Accrued taxes for replacement of significant assets and related transactions	58,623,448.29	58,623,448.29
Others	49,423,967.15	26,636,198.54
Total	393,454,083.57	338,397,038.60

RMB

Note: The Company still has outstanding payments for acquisition of minority interests of Keystone, amounting to RMB10,456,047.19.

(2) Description of other payables aged over 1 year with significant amount

As of 30 June 2022, other payables aged over 1 year with significant amount include:

The accrued taxes for replacement of significant assets and related transactions, which are determined subsequent to the completion of relevant tax filing, amounted to RMB 58,623,448.29.

(3) In addition to items in (2), other payables of the Company mainly include accrued expenses, margin and deposits associated with daily operations.

24. Non-current liabilities due within one year

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

Item	30 June 2022	31 December 2021
Long-term borrowings due within one year (Note (XIV)25)	622,000,000.00	1,779,000,000.00
Lease liabilities due within one year (Note (XIV)26)	56,155,769.16	49,622,898.85
Total	678,155,769.16	1,828,622,898.85

RMB

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

25. Long-term borrowings

RMB

Item	30 June 2022	31 December 2021
Pledged borrowing — Bank	-	959,000,000.00
Credit borrowing — Bank (Note 1)	200,000,000.00	-
Credit borrowing — Other financial institutions (Note 2)	2,737,000,000.00	2,407,000,000.00
Entrusted borrowing (Note 3)	455,000,000.00	-
Interest on borrowing	3,111,500.05	-
Total	3,395,111,500.05	3,366,000,000.00
Less: Long-term borrowings due within one year	622,000,000.00	1,779,000,000.00
Long-term borrowings due after one year	2,773,111,500.05	1,587,000,000.00

Note 1: As of 30 June 2022, the Company has raised borrowings of RMB200,000,000.00 from China Construction Bank (Shanghai Pudong Branch) of which RMB2,000,000.00 will due within one year. The loan term is from 21 June 2022 to 20 June 2025 with an annual interest rate of 3.00%.

Note 2: As of 30 June 2022, the Company has raised borrowings of RMB2,737,000,000.00 from Finance Company of which RMB620,000,000.00 will due within one year. The loan term is from 12 June 2020 to March 15 2025 with an annual interest rate of 3.275% to 3.60%.

Note 3: As of 30 June 2022, the balance of the Company's borrowings from Keystone and Hotel Investment is RMB305,000,000.00 and RMB150,000,000.00, respectively, with an annual interest rate of 3.325%. The loan term is from 15 February 2022 to 14 February 2025.

26. Lease liabilities

RMB

Item	30 June 2022	31 December 2021
Lease liabilities	311,542,891.26	327,768,929.71
Less: Lease liabilities included in non-current liabilities due within one year	56,155,769.16	49,622,898.85
Net carrying amount	255,387,122.10	278,146,030.86

27. Other non-current liabilities

RMB

Item	30 June 2022	31 December 2021
Government grants	3,135,000.00	3,445,200.00

Items involving government grants

RMB

Item	31 December 2021	Addition	Included in other income	30 June 2022	Related to assets / Related to income
Special Support Fund for Metropolo Brand Innovation Project	3,445,200.00	-	(310,200.00)	3,135,000.00	Related to assets
Total	3,445,200.00	-	(310,200.00)	3,135,000.00	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

28. Capital reserve

RMB

Item	31 December 2021	Addition	Deduction	30 June 2022
Capital premium	13,951,828,727.60	-	-	13,951,828,727.60
Including: Capital contributed by investors	12,652,199,572.58	-	-	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	701,851.85	-	106,046,789.63
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)	701,851.85	-	(32,609,274.87)
Total	14,057,173,665.38	701,851.85	-	14,057,875,517.23

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

29. Other comprehensive income

RMB

Item	31 December 2021	Six months ended 30 June 2022			30 June 2022
		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 subsequently reclassified to profit or loss	(1,255,510.99)	348,000.00	(87,000.00)	261,000.00	(994,510.99)
Change in fair value of other equity instrument	(1,255,510.99)	348,000.00	(87,000.00)	261,000.00	(994,510.99)
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	1,858,330.86	-	-	-	1,858,330.86
Including: Shares of other comprehensive income in the investee that will be subsequently reclassified to profit or loss under equity method	1,858,330.86	-	-	-	1,858,330.86
Total	602,819.87	348,000.00	(87,000.00)	261,000.00	863,819.87

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

29. Other comprehensive income - continued

RMB

Item	31 December 2020	Six months ended 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 subsequently reclassified 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 subsequently reclassified 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

30. Revenue and operating costs

(1) Revenue and operating costs

RMB

Industry	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Income	Costs	Income	Costs
Principal business	85,269,770.95	97,461,552.41	99,224,442.86	98,238,949.97
Other business	457,142.88	-	1,450,215.61	-
Total	85,726,913.83	97,461,552.41	100,674,658.47	98,238,949.97

(2) Principal business (by industry)

RMB

Industry	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Revenue	Operating costs	Revenue	Operating costs
Limited service hotel operation and management				
Including: Hotel room	75,547,681.35	91,163,810.26	86,634,798.79	91,579,521.11
Catering service	4,423,287.00	4,424,836.57	3,804,727.74	2,323,539.66
Sales of goods	1,526,490.80	1,768,700.37	3,533,020.76	3,309,777.09
Others	3,772,311.80	104,205.21	5,251,895.57	1,026,112.11
Total	85,269,770.95	97,461,552.41	99,224,442.86	98,238,949.97

31. Costs and expenses categorized by nature

(1) Selling expenses

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Employee benefits	2,107,233.37	2,516,557.56
Depreciation and amortization	4,338.36	778.02
Commission and advertising expense	1,015,944.20	3,618,569.62
Others	2,661.18	4,831.45
Total selling expenses	3,130,177.11	6,140,736.65

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****31. Costs and expenses categorized by nature - continued**

(2) Administrative expenses

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Employee benefits	33,525,862.23	40,008,508.76
Energy fees and material consumption	752,925.05	1,104,034.19
Depreciation and amortization	8,885,240.57	6,845,220.14
Rental and property management fees	3,915,221.17	6,493,588.84
Repair and maintenance fee	20,183.49	2,199,297.14
Others	18,901,092.72	14,832,197.78
Total of administrative expenses	66,000,525.23	71,482,846.85

32. Financial expenses

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest expenses	63,266,264.77	92,307,623.64
Interest expenses of lease liabilities	6,494,529.18	7,307,307.35
Less: Interest income	58,400,619.34	36,117,993.01
Foreign exchange difference	(232,337.12)	127,400.31
Others	42,474.61	235,169.91
Total	11,170,312.10	63,859,508.20

33. Other income

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Related to assets /related to income
Special Support Fund for Metropolo Brand Innovation Project	310,200.00	708,400.00	Related to assets
Pandemic-specific support subsidy	124,894.61	-	Related to income
Financial support fund	149,705.90	4,705.10	Related to income
Total	584,800.51	713,105.10	

34. Investment income

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Income income from long-term equity investments under equity method	(6,262,062.13)	75,854,442.75
Income from long-term equity investment under cost method	-	210,760,966.95
Dividend income from held-for-trading financial assets, other equity instrument investments and other non-current financial assets	91,384,532.37	98,400,782.11
Others	96,072.34	63,819.58
Total	85,218,542.58	385,080,011.39

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

35. Gains from changes in fair values

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Changes in fair value of held-for-trading financial assets	4,430,000.00	1,329,000.00
Total	4,430,000.00	1,329,000.00

36. Notes to items in the cash flow statements

(1) Cash receipts from disposals and recovery of investments

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Withdrawal of time deposits	500,000,000.00	-
Total	500,000,000.00	-

(2) Cash receipts from investment income

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Receipt of dividends	387,863,804.18	280,205,357.12
Receipt of interest on time deposits	10,500,000.00	-
Receipt of interest on entrusted loan	102,905.83	68,022.50
Total	398,466,710.01	280,273,379.62

(3) Cash payments to acquire investments

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Payment for acquisition of minority interests of Keystone	20,915,967.99	-
Payment for acquisition of minority interests of Vienna and Baisuicun	12,933,546.80	-
Capital contribution to newly established subsidiaries	-	10,000,000.00
Total	33,849,514.79	10,000,000.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

37. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	Six months ended 30 June 2022	Six months ended 30 June 2021
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	84,136,535.25	247,414,130.56
Add: Reversal of provision for credit impairment	(28,703.47)	(627,888.79)
Depreciation of fixed assets	6,441,142.30	8,663,437.29
Depreciation of right-of-use assets	21,712,575.29	22,285,688.07
Amortization of intangible assets	2,525,817.69	2,486,202.63
Amortization of long-term prepaid expenses	16,655,505.32	18,892,845.59
Gains on disposal of fixed assets, intangible assets and other long-term assets	(87,874,603.10)	(153,976.39)
Losses on retirement of fixed assets	-	60,639.28
Gains on changes in fair value	(4,430,000.00)	(1,329,000.00)
Financial expenses	69,760,793.95	99,614,930.99
Investment income	(85,218,542.58)	(385,080,011.39)
Increase in deferred tax liabilities	1,266,345.25	3,506,219.46
Decrease (increase) in inventory	1,040,961.95	(513,406.36)
Increase in operating receivables	(18,282,841.62)	(37,423,428.54)
Increase (decrease) in operating payables	(18,483,296.16)	29,239,093.60
Net cash flow from operating activities	(10,778,309.93)	7,035,476.00
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	1,207,913,071.41	5,033,703,736.68
Less: Opening balance of cash	1,002,219,644.76	767,185,291.46
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	205,693,426.65	4,266,518,445.22

(2) Composition of cash and cash equivalents

Item	30 June 2022	31 December 2021
I. Cash	1,207,913,071.41	1,002,219,644.76
Including: Cash on hand	133,102.00	87,063.00
Bank deposits that can be readily paid on demand	1,207,779,969.41	1,002,132,581.76
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	1,207,913,071.41	1,002,219,644.76

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

38. 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).
- (2) Purchases or sales of goods, rendering or receiving of services

Purchasing goods/Receiving services:

RMB

Related parties	Related transactions	Six months ended 30 June 2022	Six months ended 30 June 2021
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Purchase of membership packages	-	437,217.32
Keystone	Purchase of membership packages	116,380.22	-
Keystone	Technical system service fee	39,536.89	15,680.00
Shanghai Jinjiang International Electronic Commerce Co., Ltd.	Room booking service fee	4,944.51	24,038.04
Shanghai Jin Jiang Food & Catering Management Co., Ltd.	Purchasing of food	110,785.40	-
Keystone	Labor dispatch	6,116,816.43	-
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Purchasing of hotel commodities	5,594.82	11,048.59
Subtotal		6,394,058.27	487,983.95

Sales of goods/rendering of services:

RMB

Related parties	Related transactions	Six months ended 30 June 2022	Six months ended 30 June 2021
New Metropolo	Income from hotel management fee	-	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
Subtotal		457,142.88	615,873.03

The Company as lessee:

RMB

Lessor	Categories of assets under lease	losing balance of lease liabilities in the current period	Interest expenses of lease liabilities in the current period	Lease fee recognized for the period	Lease fee recognized for the prior period
Jin Jiang Capital	Operating area	150,257,821.40	3,152,820.90	14,880,130.27	13,122,081.30
Marvel Hotel	Operating area	62,404,506.54	1,313,434.56	5,676,195.11	5,863,293.52
Shanghai South Hua Ting Guest House Co., Ltd.	Operating area	29,744,307.63	634,337.30	3,974,039.31	4,525,621.39
Shanghai MAGNOTEL Hotel Co., Ltd.	Operating area	29,241,719.39	550,360.49	3,573,898.88	4,733,699.35
Jin Jiang International	Office area and operating area	2,416,135.23	52,647.00	1,292,428.86	1,334,855.73
Shanghai Jinmin Hotel Co., Ltd.	Office area	-	-	947,516.36	213,709.80
Shanghai Jin Jiang Property Management Co., Ltd.	Office area	-	-	9,000.00	84,361.73
7 Days Four Seasons (Guangzhou) Co., Ltd.	Office area	-	-	581,089.37	-
Subtotal		274,064,490.19	5,703,600.25	30,934,298.16	29,877,622.82

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

38. Related party relationships and transactions - continued

(4) Guarantees

The Company as the guaranteed party:

RMB

Related parties	Guaranteed amount	Starting date	Expiring date	Whether the guarantee has been performed
GDL	414,897,280.00	29 September 2020	29 September 2023	No
GDL	416,298,960.00	13 November 2020	13 November 2023	No
GDL	208,149,480.00	13 November 2020	13 November 2023	No
Sailing Investment	2,102,520,000.00	24 September 2020	23 September 2023	No
Sailing Investment	826,991,200.00	28 February 2022	27 January 2027	No

(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	200,000,000.00	12 June 2020	20 June 2022	Credit borrowing
Finance Company	10,000,000.00	12 June 2020	15 June 2022	Credit borrowing
Finance Company	60,000,000.00	12 June 2020	5 December 2022	Credit borrowing
Finance Company	490,000,000.00	14 August 2020	15 December 2022	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 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 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	400,000,000.00	4 November 2020	3 November 2023	Credit borrowing
Finance Company	150,000,000.00	17 November 2020	3 November 2023	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 December 2022	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 June 2023	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 December 2023	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 June 2024	Credit borrowing
Finance Company	5,000,000.00	16 March 2022	21 December 2024	Credit borrowing
Finance Company	545,000,000.00	16 March 2022	15 March 2025	Credit borrowing
Keystone	165,000,000.00	15 February 2022	14 February 2025	Credit borrowing
Keystone	100,000,000.00	15 February 2022	14 February 2025	Credit borrowing
Keystone	20,000,000.00	15 February 2022	14 February 2025	Credit borrowing
Keystone	20,000,000.00	15 February 2022	14 February 2025	Credit borrowing
Hotel Investment	150,000,000.00	15 February 2022	14 February 2025	Credit borrowing
Subtotal	3,432,000,000.00			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****38. Related party relationships and transactions - continued****(5) Borrowed from / Lent to related parties - continued**

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
Jin Zhu Catering	6,000,000.00	10 November 2021	9 November 2024	Entrusted loan
Subtotal	17,700,000.00			

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

RMB

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Interest expenses	45,940,063.19	41,944,091.00
Interest income	4,498,876.97	3,761,839.25
Investment income	96,072.35	63,819.58

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 2022	31 December 2021
Closing balance of the deposit	551,376,961.25	659,680,396.73

RMB

Finance Company	Six months ended 30 June 2022	Six months ended 30 June 2021
Accumulative amount of deposits at Finance Company	3,309,252,821.70	1,130,636,738.60
Accumulative amount of deposits withdrawn from Finance Company	3,320,570,154.43	628,570,618.57

(6) The Company had no other related-party transactions during the financial reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

38. Related party relationships and transactions - continued

(7) Amounts due from/to related parties

i) Accounts receivable

RMB

Items	Related parties	30 June 2022		31 December 2021	
		Book balance	Allowance for credit losses	Book balance	Allowance for credit losses
Accounts receivable	Jin Jiang International and its subsidiaries	4,464,522.73	-	4,464,522.73	-
Accounts receivable	Jin Jiang Inn	1,490,621.73	-	955,657.93	-
Subtotal		5,955,144.46	-	5,420,180.66	-
Other receivables	Jin Jiang Capital and its subsidiaries	6,350.00	-	6,350.00	-
Other receivables	Jin Jiang Inn	53,240,021.82	-	16,961,802.43	-
Other receivables	Hotel Investment	1,959,783.62	-	5,416,105.66	-
Other receivables	New Metropolo	10,092,270.89	-	10,065,077.69	-
Other receivables	Jin Jiang International and its subsidiaries	1,461,237.33	-	1,461,237.33	-
Other receivables	Minhang Hotel	7,990,226.88	-	7,990,226.88	-
Other receivables	Shanghai Jin Jiang Louvre Asia Hotel Management Co., Ltd.	5,500,000.00	-	5,500,000.00	-
Other receivables	Catering Investment	23,759,088.33	-	29,088.33	-
Other receivables	Jin Asia Catering	53,900,000.00	-	47,900,000.00	-
Other receivables	New Asia Food	19,867.90	-	19,867.90	-
Other receivables	Food and Beverage Serving Equipment	7,703,163.53	-	7,246,838.99	-
Other receivables	Vienna	3,380,136.77	-	32,431,738.26	-
Subtotal		169,012,147.07	-	135,028,333.47	-
Prepayments	Jin Jiang International and its subsidiaries	22,764.00	-	22,764.00	-
Subtotal		22,764.00	-	22,764.00	-
Interest receivable	Jin Jiang International and its subsidiaries	3,737.50	-	4,111.25	-
Interest receivable	Jin Zhu Catering	1,916.67	-	2,108.34	-
Subtotal		5,654.17	-	6,219.59	-
Dividends receivable	Keystone	-	-	346,521,180.77	-
Subtotal		-	-	346,521,180.77	-
Non-current assets due within one year	Jin Jiang International and its subsidiaries	11,700,000.00	-	-	-
Subtotal		11,700,000.00	-	-	-
Other non-current assets	Jin Jiang International and its subsidiaries	-	-	11,700,000.00	-
Other non-current assets	Jin Zhu Catering	6,000,000.00	-	6,000,000.00	-
Subtotal		6,000,000.00	-	17,700,000.00	-
Long-term receivables	New Asia Food	10,328,000.00	-	10,328,000.00	-
Subtotal		10,328,000.00	-	10,328,000.00	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**(XIV) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****38. Related party relationships and transactions - continued**

(7) Amounts due from/to related parties - continued

ii) Accounts payable

		RMB	
Items	Related parties	30 June 2022	31 December 2021
Accounts payable	Keystone	3,382.01	-
Accounts payable	Jin Jiang Capital and its subsidiaries	647,000.00	647,000.00
Accounts payable	Jin Jiang International and its subsidiaries	95,365.51	95,365.51
Subtotal		745,747.52	742,365.51
Other payables	Jin Jiang International and its subsidiaries	826,510.40	1,518,295.25
Other payables	Jin Jiang Capital and its subsidiaries	101,597,667.20	95,331,166.30
Other payables	Jin Jiang Inn	127,901,149.24	86,406,191.44
Other payables	Hotel Investment	16,587,577.29	7,876,340.51
Other payables	New Metropolo	10,374,374.30	10,089,133.30
Other payables	GDL	6,039,427.65	6,039,427.65
Other payables	Vienna	-	2,217,527.95
Other payables	Keystone	1,568,845.93	3,930,393.99
Subtotal		264,895,552.01	213,408,476.39
Interest payable	Jin Jiang Capital and its subsidiaries	2,524,590.26	2,468,132.64
Interest payable	Keystone	281,701.41	-
Interest payable	Hotel Investment	138,541.68	-
Subtotal		2,944,833.35	2,468,132.64

END OF THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR THE PERIOD**

Item	Six months ended 30 June 2022	Six months ended 30 June 2021
Gains (loss) on disposal of non-current assets	91,909,717.87	5,576,916.14
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)	66,878,861.25	239,085,188.24
Income earned from lending funds to non-financial institutions and recognized in profit or loss	253,547.84	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 FVTPL through profit or loss and held-for-trading financial liabilities, and investment income on disposal of financial assets at FVTPL, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	(12,999,294.51)	(3,109,838.71)
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	(425,945.49)	15,781,688.12
Gains or losses on disposal of subsidiaries	-	-
Other profit or loss that meets the definition of non-incurring profit or loss	-	(69,461,675.31)
Tax effects	(13,393,881.71)	(48,745,831.78)
Effects attributable to minority interests (after tax)	(2,718,159.78)	(1,745,478.11)
Total	129,504,845.47	137,608,284.16

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 arises from the transactions or events that are not directly related to daily operations, or associated with normal operations but may affect the investors' proper judgments on the performance and profitability of the Company due to their special and incidental nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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	(0.71)	(0.1102)	N/A
Net profit attributable to ordinary equity holders of the Company after deducting non-recurring profit and loss	(1.49)	(0.2313)	N/A

Note: The Company has no diluted potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS SEGMENTS OF LIMITED-SERVICE HOTELS**

For the purpose to make it user-friendly for the accounting statements users to read and compare the changes in assets and liabilities as of 30 June 2022 and 31 December 2021, and the results of operations, cash flows and room operation statement for the six months ended 30 June 2022 and the six months ended 30 June 2021 of the business segments of limited-service hotels of the Company, the Company prepared accompanying summarized accounting statements and hotel room operation statement for the segment of limited service hotels. The summarized accounting statements and room operation statement for the segment of limited service hotels dose not offset the balances of transactions between the segment of limited service hotels and other business segments of the Company and the following statements are only for reference to the accounting statement users.

Summarized balance sheet of business segments of limited-service hotels

RMB

Item	30 June 2022	31 December 2021	Item	30 June 2022	31 December 2021
Current Assets:			Current Liabilities:		
Cash and bank balances	3,962,517,901.58	4,910,415,892.67	Short-term borrowings	138,177,416.34	283,523,164.09
Held-for-trading financial assets	51,416,441.67	47,399,956.52	Accounts payable	1,001,522,442.47	1,029,856,640.48
Accounts receivable	1,588,792,658.86	1,535,988,238.09	Advances from customers	9,713,586.06	9,096,686.35
Prepayments	133,616,533.80	108,216,690.10	Contract liabilities	715,579,716.53	778,838,627.75
Other receivables	965,435,475.62	674,699,676.78	Employee benefits payable	905,507,719.17	897,858,663.02
Inventories	67,723,941.21	69,887,760.67	Taxes payable	299,943,262.16	291,880,589.62
Non-current assets due within one year	43,080,683.66	33,532,134.78	Other payables	1,720,684,300.34	2,065,111,572.77
Other current assets	369,717,422.19	423,982,762.51	Non-current liabilities due within one year	4,011,594,618.41	4,725,671,172.61
Total Current Assets	7,182,301,058.59	7,804,123,112.12	Total Current Liabilities	8,802,723,061.48	10,081,837,116.69
Non-current Assets:			Non-current Liabilities		
Other equity instrument investments	27,303,809.57	30,471,708.70	Long-term borrowings	7,216,779,810.79	6,368,574,808.62
Long-term receivables	419,596,587.86	440,096,343.62	Lease liabilities	8,408,778,556.78	8,508,535,672.94
Long-term equity investments	244,687,635.79	248,972,068.52	Long-term payables	5,821,464.38	67,950,359.18
Fixed assets	4,846,911,608.89	5,113,425,323.88	Long-term employee benefits payable	62,965,689.65	77,736,149.42
Construction in progress	608,882,375.49	472,537,622.03	Provisions	32,494,403.43	50,885,115.52
Right-of-use asset	8,118,258,019.40	8,168,625,179.78	Deferred tax liabilities	1,652,488,062.64	1,683,071,483.56
Intangible assets	6,575,133,418.23	6,692,815,042.54	Other non-current liabilities	145,802,997.70	162,599,743.18
Goodwill	10,870,863,487.16	11,000,199,835.42	Total Non-current Liabilities	17,525,130,985.37	16,919,353,332.42
Long-term prepaid expenses	1,466,935,854.77	1,605,465,689.79	TOTAL LIABILITIES	26,327,854,046.85	27,001,190,449.11
Deferred tax assets	822,303,230.81	751,366,818.97	SHAREHOLDERS' EQUITY:		
Other non-current assets	618,631,629.06	217,647,924.17	Share capital	3,144,882,875.13	3,144,882,875.13
			Capital reserve	4,012,744,002.67	4,012,744,002.67
			Other comprehensive income	(310,850,043.75)	(313,280,079.15)
			Surplus reserve	169,087,381.20	169,087,381.20
			Retained profits	2,082,601,791.58	2,274,011,192.19
			Funds appropriated by the parent company	5,543,391,216.48	5,484,558,584.30
			Total owners' equity attributable to the equity holders of the business segments of limited-service hotels	14,641,857,223.31	14,772,003,956.34
			Non-controlling interests	832,097,445.46	772,552,264.09
Total Non-current Assets	34,619,507,657.03	34,741,623,557.42	TOTAL SHAREHOLDERS' EQUITY	15,473,954,668.77	15,544,556,220.43
TOTAL ASSETS	41,801,808,715.62	42,545,746,669.54	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	41,801,808,715.62	42,545,746,669.54

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Revenue		
Self-owned and leased hotels	2,763,219,170.31	2,616,293,216.99
Franchised and managed hotels	2,149,891,578.05	2,471,699,211.42
Others	32,707,337.17	52,348,355.16
Total revenue	4,945,818,085.53	5,140,340,783.57
Less: Taxes and levies	62,126,831.43	60,653,129.50
Net revenue	4,883,691,254.10	5,079,687,654.07
Operating costs and expenses:		
Rent	880,823,365.69	941,662,991.42
Energies	358,573,050.99	261,759,805.93
Labor cost of self-owned and leased hotels	1,095,659,983.57	1,070,448,868.55
Labor cost of franchised and managed hotels	664,049,425.90	661,218,942.45
Other franchised and managed hotels' cost	152,316,993.79	218,207,447.61
Depreciation & Amortization	431,121,501.56	482,543,041.17
Consumables, food and beverage	275,487,798.87	276,453,395.54
Others	181,668,111.16	245,612,359.45
Total operating costs of hotels	4,039,700,231.53	4,157,906,852.12
Selling and marketing expenses	332,381,216.34	346,906,788.93
General and administrative expenses	698,632,575.04	688,001,868.15
Organization costs	-	3,038,439.72
Total operating costs and expenses	5,070,714,022.91	5,195,853,948.92
II. Profit from operations	(187,022,768.81)	(116,166,294.85)
Investment income	3,681,697.47	(3,837,879.15)
Interest income	37,530,366.56	39,114,600.12
Interest expenses	61,803,126.47	66,900,882.43
Impairment loss of long-term assets	10,406,867.75	
Other non-operating income	189,066,909.79	288,479,699.68
Other non-operating expenses	22,136,794.50	19,775,509.17
Gains (losses) from changes in fair value	(17,466,336.54)	(4,438,838.71)
Exchange gains (losses)	6,755,934.35	1,108,433.07
III. Total profit (loss)	(61,800,985.90)	117,583,328.56
Income tax expenses	44,693,701.05	109,344,374.51
IV. Net profit	(106,494,686.95)	8,238,954.05
Less: Non-controlling interests	63,389,448.28	105,484,919.46
Net profit attributable to business segments of limited-service hotels	(169,884,135.23)	(97,245,965.41)
V. Other comprehensive income (loss), net of tax	10,430,641.32	5,697,553.29
Other comprehensive income (loss) attributable to owners of the parent company, net of tax	9,216,284.39	5,014,375.36
(I) Other comprehensive income (loss) that will not be subsequently reclassified to profit or loss	6,646,580.97	3,717,670.06
1. Changes from remeasurement of net liabilities or assets from defined benefit plans	9,401,712.37	3,717,670.06
2. Changes in fair value of other equity instrument investments	(2,755,131.40)	-
(II) Other comprehensive income (loss) that will be reclassified subsequently to profit or loss	2,569,703.42	1,296,705.30
1. Shares of other comprehensive income in investee that will be reclassified subsequently to profit or loss under equity method	44,113.80	50,764.07
2. Translation reserve of financial statements denominated in foreign currency	2,525,589.62	1,245,941.23
Other comprehensive income (loss) attributable to minority shareholders, net of tax	1,214,356.93	683,177.93
VI. Total comprehensive income (loss)	(96,064,045.63)	13,936,507.34
Comprehensive income (loss) attributable to owners of the parent company	(160,667,850.84)	(92,231,590.05)
Total comprehensive income (loss) attributable to minority shareholders	64,603,805.21	106,168,097.39

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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	Six months ended 30 June 2022	Six months ended 30 June 2021
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	4,992,282,190.42	5,131,759,530.67
Other cash receipts relating to operating activities	298,912,387.91	363,522,686.16
Sub-total of cash inflows from operating activities	5,291,194,578.33	5,495,282,216.83
Cash payments for goods purchased and services received	1,170,945,946.72	1,518,705,703.79
Cash payments to and on behalf of employees	2,189,624,783.81	1,986,592,400.64
Payments of taxes	332,645,387.41	505,624,412.12
Other cash payment relating to operating activities	702,802,012.55	769,922,947.10
Sub-total of cash outflows from operating activities	4,396,018,130.49	4,780,845,463.65
Net cash flow from operating activities	895,176,447.84	714,436,753.18
II. Cash flows from investing activities:		
Cash receipts from investment income	9,035,396.81	23,899.78
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	36,307,859.17	35,310,681.61
Net cash receipts from disposal of subsidiaries and other operating entities	-	2,283,068.73
Other cash receipts relating to investing activities	7,936,185.09	2,927,515.32
Sub-total of cash inflows from investing activities	53,279,441.07	40,545,165.44
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	324,741,701.30	252,710,167.81
Cash payment for investment	460,638,023.70	16,510,000.00
Sub-total of cash outflows from investing activities	785,379,725.00	269,220,167.81
Net cash flow from investing activities	(732,100,283.93)	(228,675,002.37)
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	1,114,552,520.19	413,750,663.84
Sub-total of cash inflows from financing activities	1,114,552,520.19	423,750,663.84
Cash repayments of borrowings	978,381,568.69	29,336,027.48
Cash payments for interest expenses and distribution of dividends or profits or settlement of interest expenses	417,432,592.68	397,025,407.86
Including: Cash payments to minority shareholders for distribution of dividends or profits	12,662,257.27	132,780,218.61
Other cash payments relating to financing activities	872,105,393.14	768,490,902.99
Sub-total of cash outflows from financing activities	2,267,919,554.51	1,194,852,338.33
Net cash flow from financing activities	(1,153,367,034.32)	(771,101,674.49)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(12,055,942.98)	(10,220,412.17)
V. Net increase (decrease) in cash and cash equivalents	(1,002,346,813.39)	(295,560,335.85)
Add: Opening balance of cash and cash equivalents	4,744,663,098.30	6,047,461,168.62
VI. Closing balance of cash and cash equivalents	3,742,316,284.91	5,751,900,832.77

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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	Six months ended 30 June 2022	Six months ended 30 June 2021
Net profit attributable to business segments of limited-service hotels	(169,884,135.23)	(97,245,965.41)
Interest income	(37,530,366.56)	(39,114,600.12)
Interest expenses (except for the interest expenses of lease liabilities)	61,803,126.47	66,900,882.43
Income tax expenses	44,693,701.05	109,344,374.51
Depreciation (except for the depreciation of right-of-use assets)	218,153,585.41	256,740,208.20
Amortization	291,577,184.97	319,652,773.27
Earnings before interest, tax, depreciation and Amortization (EBITDA) - except for the lease standards	408,813,096.11	616,277,672.88
Proportion of EBITDA in revenue (%)	8.27	11.99
Exchange gains (losses)	(6,755,934.35)	(1,108,433.07)
Organization costs	-	3,038,439.72
EBITDA after adjustment	402,057,161.76	618,207,679.53
Proportion of EBITDA after adjustment in revenue (%)	8.13	12.03

Expenses statement of business segments of limited-service hotels

RMB

Item	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Amount	Proportion in revenue(%)	Amount	Proportion in revenue(%)
Revenue	4,945,818,085.53	100.00	5,140,340,783.57	100.00
Operating costs of hotels	4,039,700,231.53	81.68	4,157,906,852.12	80.89
Selling and marketing expenses	332,381,216.34	6.72	346,906,788.93	6.75
General and administrative expenses	698,632,575.04	14.13	688,001,868.15	13.38
Organization costs	-	-	3,038,439.72	0.06
Total operating costs and expenses	5,070,714,022.91	102.53	5,195,853,948.92	101.08

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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 2022	Number of hotels newly opened as of 30 June 2022
1. Middle-end hotels	379	5,896
Including: Jin Jiang Metropolo	12	180
Lavande	35	931
James Joyce Coffetel	25	436
Xana Hotelle	36	474
Hampton	28	247
Chonpines	14	120
Vienna International	66	920
Vienna Classic Hotel	8	214
Vienna	69	1,238
Vienna 3 Goods	34	366
Golden Tulip series	-7	230
Kyriad	18	182
ZMAX	14	118
Campanile	8	64
Others	19	176
2. Economy hotels	-17	5,079
Including: Jin Jiang Inn	-32	957
7 Days series	-38	2,019
IU	27	343
Pai	22	453
Magnotel	27	252
Première Classe	-5	245
Campanile	-4	348
Kyriad series	-6	315
Sarovar managed	1	91
Others	-9	56
Total	362	10,975

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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 of 30 June 2021	As of 31 March 2022	As of 30 June 2022
Number of opened hotels			
Self-owned and leased hotels	621	625	590
Franchised and managed hotels	7,942	8,884	9,151
All opened hotels	8,563	9,509	9,741
Total number of rooms of opened hotels			
Self-owned and leased hotels	80,032	79,518	74,561
Franchised and managed hotels	777,843	853,098	876,970
All opened hotels	857,875	932,616	951,531
Total number of signed hotels			
Self-owned and leased hotels	650	645	596
Franchised and managed hotels	13,054	13,657	13,860
All signed hotels	13,704	14,302	14,456
Total number of rooms of signed hotels			
Self-owned and leased hotels	83,397	81,679	75,226
Franchised and managed hotels	1,279,014	1,317,992	1,331,011
All signed hotels	1,362,411	1,399,671	1,406,237

	Second quarter of 2021	First quarter of 2022	Second quarter of 2022
Occupancy rate of rooms (%)			
Self-owned and leased hotels	71.60	53.94	56.88
Franchised and managed hotels	72.43	50.50	50.07
All opened hotels	72.35	50.81	50.67
Average room rate (RMB/room)			
Self-owned and leased hotels	199.32	177.88	185.07
Franchised and managed hotels	222.44	208.40	224.27
All opened hotels	220.21	205.50	220.41
Revenue from each available room (RMB/room)			
Self-owned and leased hotels	142.71	95.95	105.27
Franchised and managed hotels	161.11	105.24	112.29
All opened hotels	159.32	104.41	111.68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**3. SUMMARIZED ACCOUNTING REPORT AND ROOM OPERATION REPORT OF BUSINESS SEGMENTS OF LIMITED-SERVICE HOTELS - continued****RevPAR of the domestic same hotels as of 30 June 2022 and comparison with the same period of last year**

	Numbers of hotels opened for more than 18 months		
	January to June 2022	January to June 2021	Increase or decrease between 2022H1 and 2021H1(%)
Middle-end hotels			
Average occupancy rate (%)	52.79	70.05	-17.26
Including: Direct hotels	60.62	71.99	-11.37
Franchised hotels	52.45	69.97	-17.52
Average room rate (RMB/room)	238.03	243.36	-2.19
Including: Direct hotels	285.48	286.62	-0.40
Franchised hotels	235.71	241.55	-2.42
RevPAR (RMB/room)	125.66	170.47	-26.29
Including: Direct hotels	173.06	206.34	-16.13
Franchised hotels	123.63	169.01	-26.85
Economy hotels			
Average occupancy rate (%)	47.37	61.26	-13.89
Including: Direct hotels	54.11	62.48	-8.37
Franchised hotels	45.69	60.97	-15.28
Average room rate (RMB/room)	158.91	151.23	5.08
Including: Direct hotels	142.60	152.75	-6.64
Franchised hotels	163.70	150.86	8.51
RevPAR (RMB/room)	75.28	92.64	-18.74
Including: Direct hotels	77.16	95.44	-19.15
Franchised hotels	74.79	91.98	-18.69
Total			
Average occupancy rate (%)	50.72	66.68	-15.96
Including: Direct hotels	55.73	64.81	-9.08
Franchised hotels	50.15	66.88	-16.73
Average room rate (RMB/room)	209.80	210.88	-0.51
Including: Direct hotels	181.24	189.22	-4.22
Franchised hotels	213.37	213.16	0.10
RevPAR (RMB/room)	106.41	140.61	-24.32
Including: Direct hotels	101.01	122.63	-17.63
Franchised hotels	107.01	142.56	-24.94

Note: As at the end of June 884 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	4,096
Including: Direct hotels	90
Franchised hotels	4,006
Economy hotels	3,510
Including: Direct hotels	474
Franchised hotels	3,036
Total	7,606

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**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 of 30 June 2021	As of 31 March 2022	As of 30 June 2022
Number of opened hotels			
Self-owned and leased hotels	294	292	290
Franchised and managed hotels	968	956	944
All opened hotels	1,262	1,248	1,234
Total number of rooms of opened hotels			
Self-owned and leased hotels	23,439	23,244	23,123
Franchised and managed hotels	77,844	76,870	76,217
All opened hotels	101,283	100,114	99,340
Total number of signed hotels			
Self-owned and leased hotels	295	293	290
Franchised and managed hotels	1,030	1,032	1,032
All signed hotels	1,325	1,325	1,322
Total number of rooms of signed hotels			
Self-owned and leased hotels	23,451	23,256	23,123
Franchised and managed hotels	86,099	85,331	85,447
All signed hotels	109,550	108,587	108,570

	Second quarter of 2021	First quarter of 2022	Second quarter of 2022
Occupancy rate of rooms (%)			
Self-owned and leased hotels	34.77	43.26	65.59
Franchised and managed hotels	38.71	49.27	62.30
All opened hotels	37.72	47.72	63.16
Average room rate (Euro/room)			
Self-owned and leased hotels	50.04	52.36	62.99
Franchised and managed hotels	51.79	55.01	60.11
All opened hotels	51.38	54.39	60.89
Revenue from available rooms (Euro/room)			
Self-owned and leased hotels	17.40	22.65	41.32
Franchised and managed hotels	20.05	27.10	37.45
All opened hotels	19.38	25.95	38.46