

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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AUDITORS' REPORT

De Shi Bao (Shen) Zi (20) No. P03250

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TO THE BOARD OF DIRECTORS OF JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.,

1. Opinion

We have audited the financial statements of Jin Jiang International Holdings Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated balance sheets as at 31 December 2019, and the consolidated income statements, the consolidated statements of cash flow and the consolidated statements of changes in shareholders' equity for the year ended 31 December 2019, as well as the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared and present fairly, in all material respects, the consolidated financial position as at 31 December 2019, and the consolidated results of operations and cash flows for the year then ended in conformity with Accounting Standards for Business Enterprises.

2. Basis for Opinion

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

3. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

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

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

4. Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

AUDITORS' REPORT - continued

De Shi Bao (Shen) Zi (20) No. P03250
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4. Auditors' Responsibilities for the Audit of the Financial Statements - continued

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant

Chinese Certified Public Accountant

30 April 2020

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' 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.

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2019

		Unit: RMB	
	<u>Note IX</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
ASSETS			
Current Assets:			
Cash and bank balances	1	18,198,973,700.66	22,960,140,775.93
Financial assets at fair value through profit or loss	2	547,630,400.97	597,789,235.31
Derivative financial assets		195,387.50	3,815,898.57
Notes receivable	3	14,060,824.15	16,745,435.90
Accounts receivable	4	2,850,247,779.65	2,460,198,113.65
Prepayments	5	556,344,425.95	617,960,004.88
Other receivables	6	840,499,008.18	1,383,360,559.63
Inventories	7	408,842,446.49	397,479,146.50
Held-for-sale assets	8	127,355,686.51	44,696,936.37
Non-current assets due within one year	9	517,800,000.00	410,000,000.00
Other current assets	10	1,145,869,601.52	1,203,207,138.53
Total Current Assets		<u>25,207,819,261.58</u>	<u>30,095,393,245.27</u>
Non-current Assets:			
Loans and advances	11	-	54,900,000.00
Available-for-sale financial assets	12	18,316,040,521.06	16,797,034,596.50
Long-term receivables	13	45,155,624.72	45,045,355.24
Long-term equity investments	14	6,363,079,904.42	6,323,924,141.67
Investment properties	15	582,373,597.10	612,519,884.57
Fixed assets	16	13,824,214,929.76	14,180,210,666.15
Construction in progress	17	2,323,288,838.89	1,722,809,006.90
Intangible assets	18	20,737,335,070.10	20,688,587,264.32
Goodwill	19	13,413,431,273.88	13,440,880,000.68
Long-term prepaid expenses	20	2,976,062,776.15	3,162,327,938.57
Deferred tax assets	21	1,090,007,339.96	1,648,929,741.24
Other non-current assets	22	1,693,811,798.78	507,083,312.25
Total Non-current Assets		<u>81,364,801,674.82</u>	<u>79,184,251,908.09</u>
TOTAL ASSETS		<u>106,572,620,936.40</u>	<u>109,279,645,153.36</u>

(Continued)

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2019

		Unit: RMB	
	<u>Note IX</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities:			
Short-term borrowings	25	5,781,148,947.68	11,101,892,898.59
Customer deposits and deposits from banks and other financial institutions	26	149,102,233.13	114,816,266.78
Derivative financial liabilities		5,426,310.56	3,432,142.21
Notes payable	27	120,734,832.00	119,000,000.00
Accounts payable	28	3,049,123,253.60	3,161,998,772.06
Receipts in advance	29	1,641,796,339.06	1,594,236,244.50
Employee benefits payable	30	2,612,449,967.92	2,667,085,664.03
Taxes payable	31	1,545,211,089.62	1,452,636,427.04
Other payables	32	3,943,131,244.86	3,774,515,570.45
Non-current liabilities due within one year	33	2,721,865,652.75	4,840,514,974.71
Other current liabilities	34	937,855,134.00	1,344,600,000.00
Total Current Liabilities		<u>22,507,845,005.18</u>	<u>30,174,728,960.37</u>
Non-current Liabilities:			
Long-term borrowings	35	25,753,493,611.65	24,219,710,709.02
Customer deposits	36	159,650,000.00	176,000,000.00
Bonds payable	37	16,092,603,248.51	12,185,826,717.90
Long-term payables	38	2,594,504,409.02	3,322,232,363.20
Long-term employee benefits payable	39	765,134,252.17	760,751,702.32
Provisions	40	67,820,372.65	77,197,151.83
Deferred income	41	852,674,802.88	873,909,278.17
Deferred tax liabilities	21	3,000,779,442.36	3,641,284,022.01
Other non-current liabilities	42	78,154,026.33	86,098,185.03
Total Non-current Liabilities		<u>49,364,814,165.57</u>	<u>45,343,010,129.48</u>
TOTAL LIABILITIES		<u>71,872,659,170.75</u>	<u>75,517,739,089.85</u>

(Continued)

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2019

Unit: RMB

	<u>Note IX</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
Owners' Equity:			
Paid-in capital	43	2,000,000,000.00	2,000,000,000.00
Capital reserve	44	3,996,187,440.65	4,316,952,383.86
Other comprehensive income	63	2,510,746,100.97	1,127,885,490.59
Special reserve	45	-	-
Surplus reserve	46	737,695,561.06	709,351,519.95
Retained profits	47	8,465,329,607.14	7,918,964,663.82
Total owners' equity attributable to the equity holders of the Company		<u>17,709,958,709.82</u>	<u>16,073,154,058.22</u>
Minority interests		<u>16,990,003,055.83</u>	<u>17,688,752,005.29</u>
Total Owners' Equity		<u>34,699,961,765.65</u>	<u>33,761,906,063.51</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>106,572,620,936.40</u>	<u>109,279,645,153.36</u>

The notes are an integral part of these financial statements.

The financial statements on pages 4 to 137 were signed by the following person-in-charge:

Legal Representative:

Chief Financial Officer:

Person in Charge of the Accounting Body:

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Unit: RMB

<u>Item</u>	<u>Note IX</u>	<u>2019</u>	<u>2018</u>
I. Total operating income		36,127,206,455.39	25,059,489,040.58
Including: Operating income	48	36,012,534,180.58	24,922,580,313.91
Interest income of financial institutions	49	114,672,274.81	136,908,726.67
Less: Total operating costs		14,422,812,652.91	8,283,844,283.84
Including: Operating costs	50	14,367,537,545.71	8,214,745,531.84
Interest expenses of financial institutions	49	55,275,107.20	69,098,752.00
Taxes and levies	51	444,421,096.05	331,145,689.42
Selling expenses	52	11,473,926,381.58	9,586,786,044.80
Administrative expenses	53	7,559,660,103.42	5,653,475,963.10
R&D expenses		59,453,339.07	48,289,678.38
Financial expenses	54	1,363,632,484.95	971,753,994.73
Including: Interest expenses		1,502,335,825.83	1,386,977,790.31
Interest income		262,761,254.67	548,827,424.91
Exchange gains of financial institution	55	(1,283,460.62)	(2,201,413.00)
Add: Other income	56	136,534,546.35	114,629,999.35
Investment income	57	1,363,962,345.40	2,038,852,250.85
Including: Income from investments in associates and joint ventures		353,720,644.48	359,108,252.13
Gains (losses) on changes in fair value		8,195,378.91	(66,809,030.29)
Impairment loss of assets	58	(222,406,353.96)	(49,937,259.72)
Gains from disposal of assets		599,627,959.69	202,618,116.20
II. Operating profit		2,690,497,734.42	2,425,748,875.70
Add: Non-operating income	59	68,887,537.79	76,567,565.68
Less: Non-operating expenses	60	76,922,263.00	35,745,489.32
III. Total profit		2,682,463,009.21	2,466,570,952.06
Less: Income tax expenses	61	834,151,231.19	594,753,385.38
IV. Net profits		<u>1,848,311,778.02</u>	<u>1,871,817,566.68</u>
(I) Categorized by the nature of continuing operation:			
Net profits from continuing operations		1,848,311,778.02	1,871,817,566.68
Net profits from discontinued operations		-	-
(II) Categorized by ownership:			
Net profit attributable to owners of the Company		805,051,717.27	767,782,845.38
Profit or loss attributable to minority interests		1,043,260,060.75	1,104,034,721.30
V. Other comprehensive income (loss), net of tax	63	<u>1,593,469,934.38</u>	<u>(3,245,114,052.71)</u>
Other comprehensive income (loss) attributable to owners of the Company, net of tax		1,382,860,610.38	(2,711,462,457.50)
(I) Other comprehensive income (loss) that will not be subsequently reclassified to profit or loss			
1 Changes from remeasurement of defined benefit plans		(6,455,064.27)	(1,976,584.87)
(II) Other comprehensive income (loss) that will be subsequently reclassified to profit or loss			
1. Other comprehensive income (loss) of convertible profit or loss under the equity method		7,192,225.20	(1,653,423.11)
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		1,293,164,490.59	(2,728,601,468.46)
3. The effective portion of profit or loss arising from cash flow hedging		(3,454,848.58)	402,946.59
4. Exchange differences arising from translation of financial statements denominated in foreign currencies		92,413,807.44	20,366,072.35
Other comprehensive income (loss) attributable to minority interests, net of tax		210,609,324.00	(533,651,595.21)
VI. Total comprehensive income (loss)		<u>3,441,781,712.40</u>	<u>(1,373,296,486.03)</u>
Total comprehensive income (loss) attributable to owners of the Company		2,187,912,327.65	(1,943,679,612.12)
Total comprehensive income attributable to minority interests		1,253,869,384.75	570,383,126.09

The notes are an integral part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

		Unit: RMB	
	<u>Note IX</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		37,468,623,217.19	25,634,515,220.75
Receipts of tax refunds		6,977,426.73	3,361,938.35
Net decrease in loans and advances		-	19,600,000.00
Other cash receipts relating to operating activities	66	598,623,009.59	1,250,363,806.87
Sub-total of cash inflows from operating activities		<u>38,074,223,653.51</u>	<u>26,907,840,965.97</u>
Cash payments for goods purchased and services received		15,249,704,794.67	8,410,438,093.82
Cash payments to and on behalf of employees		10,638,596,457.99	7,136,169,416.97
Payments of various types of taxes		2,273,047,972.83	2,054,319,307.34
Net increase in loans and advances		52,900,000.00	-
Other cash payments relating to operating activities	66	6,087,420,540.98	5,871,279,807.96
Sub-total of cash outflows from operating activities		<u>34,301,669,766.47</u>	<u>23,472,206,626.09</u>
Net Cash Flow from Operating Activities	65	<u>3,772,553,887.04</u>	<u>3,435,634,339.88</u>
Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		2,524,417,375.24	2,130,341,970.40
Cash receipts from investment income		947,140,001.89	911,733,183.20
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		276,280,395.20	572,900,635.12
Net cash receipts from disposals of subsidiaries and other business units		-	19,930,450.89
Net cash receipts from acquisition of subsidiaries and other business units		35,700,878.05	504,259,214.08
Sub-total of cash inflows from investing activities		<u>3,783,538,650.38</u>	<u>4,139,165,453.69</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,987,172,681.99	1,779,365,068.45
Cash payments to acquire investments		1,907,049,880.21	1,568,389,719.42
Changes in restricted bank deposits		64,916,315.30	49,018,184.43
Net cash payments for acquisitions of subsidiaries and other business units		19,826,396.67	7,057,367,834.44
Cash paid relating to other investing activities	67	1,124,400,842.43	-
Sub-total of cash outflows from investing activities		<u>6,103,366,116.60</u>	<u>10,454,140,806.74</u>
Net Cash Flow from Investing Activities		<u>(2,319,827,466.22)</u>	<u>(6,314,975,353.05)</u>

(Continued)

CONSOLIDATED CASH FLOW STATEMENT - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

		Unit: RMB	
	<u>Note IX</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Financing Activities:			
Cash receipts from capital contributions		677,392,072.68	3,089,344,912.81
Cash receipts from borrowings		17,166,642,459.06	22,791,488,124.69
Cash receipts from issue of bonds		3,869,864,560.12	5,431,887,257.25
Other cash receipts relating to financing activities	68	1,249,036,810.55	3,498,000,000.00
Sub-total of cash inflows from financing activities		<u>22,962,935,902.41</u>	<u>34,810,720,294.75</u>
Cash repayments of borrowings		23,237,351,725.37	29,979,847,069.01
Cash payments for distribution of dividends or profits and settlement of interest expenses		2,224,916,924.52	2,154,916,518.78
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		551,480,257.55	579,167,784.09
Cash payments for acquisition of minority interests		2,717,806,736.95	1,201,778,376.39
Other cash payments relating to financing activities	68	12,388,485.81	16,622,760.90
Sub-total of cash outflows from financing activities		<u>28,192,463,872.65</u>	<u>33,353,164,725.08</u>
Net Cash Flow from Financing Activities		<u>(5,229,527,970.24)</u>	<u>1,457,555,569.67</u>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(55,132,002.46)	59,788,289.89
Net Decrease in Cash and Cash Equivalents		(3,831,933,551.88)	(1,361,997,153.61)
Add: Opening Balance of Cash and Cash Equivalents	64	21,389,655,351.28	22,751,652,504.89
Closing Balance of Cash and Cash Equivalents	64	<u>17,557,721,799.40</u>	<u>21,389,655,351.28</u>

The notes are an integral part of these financial statements.

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Paid-in capital</u> RMB	<u>Capital reserve</u> RMB	<u>Other comprehensive income</u> RMB	<u>Special reserve</u> RMB	<u>Surplus reserve</u> RMB	<u>Retained profits</u> RMB	<u>Owner's equity attributable to equity holders of the Company</u> RMB	<u>Minority interests</u> RMB	<u>Total owners' equity</u> RMB
I. Balance at 1 January 2019	2,000,000,000.00	4,316,952,383.86	1,127,885,490.59	-	709,351,519.95	7,918,964,663.82	16,073,154,058.22	17,688,752,005.29	33,761,906,063.51
II. Changes for the year									
(I) Total comprehensive income (loss)	-	-	1,382,860,610.38	-	-	805,051,717.27	2,187,912,327.65	1,253,869,384.75	3,441,781,712.40
(II) Owners' contributions and reduction in capital									
1. Capital contribution from owners (Note IX 44)	-	300,000,000.00	-	-	-	-	300,000,000.00	377,392,072.68	677,392,072.68
2. Transactions with minority interests (Note IX 69)	-	(1,029,251,846.19)	-	-	-	-	(1,029,251,846.19)	(1,721,164,511.00)	(2,750,416,357.19)
3. Effect of transfer of equity at no consideration (Note IX 71)	-	57,270,825.84	-	-	-	-	57,270,825.84	1,508,426.82	58,779,252.66
4. Others (Note IX 44)	-	351,216,077.14	-	-	-	-	351,216,077.14	-	351,216,077.14
(III) Profit distribution									
1. Transfer to surplus reserve	-	-	-	-	28,344,041.11	(28,344,041.11)	-	-	-
2. Distributions to owners	-	-	-	-	-	(230,342,732.84)	(230,342,732.84)	(626,178,994.40)	(856,521,727.24)
(IV) Special reserve									
1. Transfer to special reserve	-	-	-	3,854,807.77	-	-	3,854,807.77	9,236,745.19	13,091,552.96
2. Utilization of special reserve	-	-	-	(3,854,807.77)	-	-	(3,854,807.77)	(9,236,745.19)	(13,091,552.96)
(V) Others (Note IX 70)	-	-	-	-	-	-	-	15,824,671.69	15,824,671.69
III. Balance at 31 December 2019	2,000,000,000.00	3,996,187,440.65	2,510,746,100.97	-	737,695,561.06	8,465,329,607.14	17,709,958,709.82	16,990,003,055.83	34,699,961,765.65

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JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Paid-in capital RMB	Capital reserve RMB	Other comprehensive income RMB	Special reserve RMB	Surplus reserve RMB	Retained profits RMB	Owner's equity attributable to equity holders of the Company RMB	Minority interests RMB	Total owners' equity RMB
I. Balance at 1 January 2018	2,000,000,000.00	1,994,308,202.50	3,839,347,948.09	-	664,884,955.58	7,376,366,623.61	15,874,907,729.78	14,407,447,634.69	30,282,355,364.47
II. Changes for the year									
(I) Total comprehensive income (loss)	-	-	(2,711,462,457.50)	-	-	767,782,845.38	(1,943,679,612.12)	570,383,126.09	(1,373,296,486.03)
(II) Owners' contributions and reduction in capital									
1. Capital contribution from owners	-	-	-	-	-	-	-	3,089,344,912.81	3,089,344,912.81
2. Transactions with minority interests	-	(251,679,679.88)	-	-	-	-	(251,679,679.88)	(953,098,696.51)	(1,204,778,376.39)
3. Effect of transfer of equity at no consideration	-	1,369,545,484.85	-	-	-	-	1,369,545,484.85	2,032,552.33	1,371,578,037.18
4. Others	-	1,204,778,376.39	-	-	-	-	1,204,778,376.39	-	1,204,778,376.39
(III) Profit distribution									
1. Transfer to surplus reserve	-	-	-	-	44,466,564.37	(44,466,564.37)	-	-	-
2. Distributions to owners	-	-	-	-	-	(180,718,240.80)	(180,718,240.80)	(579,167,784.09)	(759,886,024.89)
(IV) Special reserve									
1. Transfer to special reserve	-	-	-	4,745,368.22	-	-	4,745,368.22	11,370,672.59	16,116,040.81
2. Utilization of special reserve	-	-	-	(4,745,368.22)	-	-	(4,745,368.22)	(11,370,672.59)	(16,116,040.81)
(V) Others	-	-	-	-	-	-	-	1,151,810,259.97	1,151,810,259.97
III. Balance at 31 December 2018	2,000,000,000.00	4,316,952,383.86	1,127,885,490.59	-	709,351,519.95	7,918,964,663.82	16,073,154,058.22	17,688,752,005.29	33,761,906,063.51

The notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

I. BASIC INFORMATION

Jin Jiang International Holdings Co., Ltd. (hereinafter referred to as "the Company" or "Company") is a wholly state-owned limited liability company established by the former Jin Jiang (Holdings) Co., Ltd. and former Shanghai New Asia Group Co., Ltd. through assets reorganization in accordance with the approval of Hu Guo Zi Chan (2003) No. 263 issued by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government. The Company was incorporated in Shanghai on 1 September 2003. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") is mainly engaged in the operation and management of state-owned assets, corporate investments and management, hotel management, tourist services, domestic trading, property management, leasing of self-owned office building and apartment, property broking and related consulting services etc. The registered capital of the Company is RMB 2 billion. Refer to Note IX, 43 for details of actual capital contributions.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 31 December 2019 and did not identify any matters and conditions 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.

III. STATEMENTS OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("ASBE")

The financial statements of the Company have been prepared in accordance with the ASBE and the requirements of Notice on Work on 2019 Enterprises' Financial Settlement" (Evaluation of SASAC of Shanghai [2019] No. 373) issued by State-owned Assets Supervision And Administration Commission of Shanghai Municipal Government ("SASAC of Shanghai Municipal Government"), and present truly and completely, the consolidated financial position as of 31 December 2019, and the consolidated results of operations and cash flows for the year then ended.

The Company has presented separately the Company's financial statement and consolidated financial statement for the year ended 31 December 2019. The financial statements prepared by the Company comprise balance sheet, income statement, cash flow statement, statement of changes in owners' equity and notes to the financial statements. If the users of the financial statements need to understand the Company's financial position, results of operation and cash flows, they shall also read the Company's financial statements.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following significant accounting policies and accounting estimates have been determined on the basis of the ASBE.

1. Accounting period

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

2. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries choose the currency of the main economic environment where the operating business is located as its functional currency. The Group adopts RMB to prepare its financial statements.

3. Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments 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 made in accordance with relevant regulations.

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/or disclosure in the financial statements are determined according to the above basis.

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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

4. Business combinations

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

4.1. Business combinations 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 shall be measured at their respective carrying amounts as recorded by the combining entities at 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 (or the aggregate face value of shares issued as consideration) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be 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.

4.2. Business combinations not involving enterprises under common control

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.

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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. Goodwill

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statement. It 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 pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset 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.

The impairment of goodwill is recognized in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

6. Preparation of consolidated financial statement

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

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

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidated financial statement - continued

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 on consolidated financial statement are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within owners' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented as "profit or loss of minority interests" in the consolidated income statement under the line item "net profit".

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

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 at the same time adjusted 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.

Where the transactions of disposal of equity investments in subsidiaries until the control is lost are attributable to a package deal, the transactions are accounted for as disposal of subsidiaries that result in loss of control. The difference between the price of each disposal before the control is lost and the corresponding share of the net assets of the subsidiaries continuously calculated since the acquisition date is recognized as other comprehensive income, and transferred to profit or loss for the period in which the control is lost in one time upon the loss of control.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Cash and cash equivalents

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

8. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

8.1. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

8.2. Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Group presently has no held-to-maturity investment.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) 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 (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Financial instruments - continued

8.2. Classification, recognition and measurement of financial assets - continued

Financial Assets at Fair Value through Profit or Loss ("FVTPL") - continued

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognizing the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) it is a qualifying hybrid instrument containing embedded derivatives.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment income.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Financial instruments - continued

8.3. Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost
- (9) Other objective evidence indicating there is an impairment of a financial asset.

Impairment of financial assets measured at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Financial instruments - continued

8.3. Impairment of financial assets - continued

Impairment of financial assets measured at amortized cost - continued

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a group of financial assets with similar credit risk characteristics for collective assessment of impairment.

Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Financial instruments - continued

8.4 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 Company 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 Company 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 extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

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 any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) 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, is recognized in profit or loss.

8.5. Classification, recognition and measurement of financial liabilities

Financial instruments issued by the Group are classified in accordance with the economic substance of the contractual arrangements, instead of the legal form only, as well as the definitions of a financial liability and an equity instrument; on initial recognition, financial instruments or their component parts are classified as either financial liabilities or equity instruments.

On initial recognition, financial liabilities are classified into either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Financial instruments - continued

8.5. Classification, recognition and measurement of financial liabilities - continued

Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities (other than financial guarantee contract) are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 - Contingencies; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 - Revenue.

8.6. 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 lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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

8.7. Derivatives

Derivative financial instruments include interest rate swaps and forward exchange contracts, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognized in profit or loss unless the derivative is designated and highly effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Financial instruments - continued

8.8. Offsetting financial assets and financial liabilities

When 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, financial assets and financial liabilities are offset with the net amounts presented on the balance sheet. Otherwise, financial assets and financial liabilities are separately presented on the balance sheet without offsetting.

8.9. 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 or cancelled by the Group are treated as changes in equity. Changes in the fair value of equity instruments are not recognized. Transaction costs related to equity transactions are deducted from equity.

The Group's distribution to holders of equity instruments are treated as a distribution of profits, payment of stock dividends does not affect total owners' equity.

9. Accounts receivable

9.1. Accounts receivables that are individually significant and for which bad debt provision is individually assessed

The Group treats accounts receivable of over RMB 20,000,000 (included RMB 20,000,000) as individually significant receivables. For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

9.2. Accounts receivables for which bad debt provision is collectively assessed on a portfolio basis

The Group's accounts receivables are classified into different portfolios according to their credit characteristics. For various portfolios, the Group determines the bad debt provision according to the actual loss rate of the prior year portfolio with similar characteristics in combination with current situation.

9.3. Accounts receivable that are not individually significant but for which bad debt provision is individually assessed

For accounts receivable that is not individually significant as shown by objective evidence, but on which the special impairment has occurred, the Group test it individually for impairment. The bad debt provision is made whenever there is objective evidence shows that the Group cannot recover the accounts receivable according to the original terms. Bad debt provision method is: the bad debt provision is made for the deficit if the present value of estimated future cash flows is less than its carrying amount.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Inventories

The Group's inventories (other than property development) mainly include raw materials, low cost and short-lived materials, packaging materials, work in progress, finished goods, and merchandise etc. 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.

The actual cost of inventories upon delivery is calculated using the first-in-first-out or weighted average or specific identification method.

Inventories regarding property development mainly comprise properties under development and completed properties etc. Inventories are initially measured at cost. Development cost of properties comprises costs for acquiring the land use rights, expenditures of support infrastructure, expenditures of construction and installation work, borrowing costs incurred before the development project is completed and other related expenses incurred during the course of development. The development items are accounted for using specific identification method.

Reusable materials represents the materials, that remains its original forms and of which the value is transferred gradually through use of a number of times, but haven't been recognized to fixed assets. It comprises packaging materials and low cost and short-lived materials etc. The reusable materials are amortized using the immediate write-off or equal-split amortization method.

At the balance sheet date, the inventories shall be calculated by the lower of cost and net realized value. When the net realizable value is less than the cost, inventory provision is required.

The net realizable value represent the amount derived by deducting the potential cost, estimated sale cost and relative taxes to the completion date from the estimated selling price of the inventory in daily activities. The company determined net realizable value of inventories, made the obtained conclusive evidence as basis, and considered the purposes of holding inventories, events after the balance sheet date and other factors.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

In case the factors impacting the inventory provision are eliminated, making the net realizable value be higher than the book value, the write-down amount should be recovered from the previous write-down amount of inventory provision and the corresponding amount shall be reversed to current profit and loss.

The inventory system is a perpetual inventory system.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Held-for-sale non-current assets and disposal groups

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of 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.

The Group measures the no-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.

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.

12. Long-term equity investments

12.1. Basis for determining joint control and significant influence over investee

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.2. Determination of investment cost

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

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

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

The long-term equity investment acquired 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 (ASBE No. 22) and the additional investment cost.

12.3. Subsequent measurement and recognition of profit or loss

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.3. Subsequent measurement and recognition of profit or loss - continued

12.3.2. 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 a joint arrangement whereby the Group has rights to the net assets of the arrangement.

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

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

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

For long-term equity investments in associates and joint ventures which had been held by the Group before its first-time adoption of Accounting Standards for Business Enterprises on 1 January 2007, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.4. Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, where the remained equity after the disposal is still accounted for using equity method, the other comprehensive income previously recognized under equity method is accounted using the same basis as if the investee directly disposes relevant assets or liabilities, with profit or loss carried forward proportionally; the owners' equity recognized due to the changes in owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred proportionally to profit or loss for the period.

The Group loses control on investee due to disposal of part of shares, during preparing separate financial statements, remaining shares after disposal can make joint control or significant influence on investee, are accounted under equity method, and adjusted as they are accounted under equity method since the acquisition date; if remaining shares after disposal cannot make joint control or significant influence on investee, they are accounted according to recognition and measurement of financial instruments, and the difference between fair value on date of losing control and book value is recognized in profit or loss of current period. Before the Group obtained controls over the investee, other comprehensive income recognized due to equity method or recognition and measurement of financial instruments, is accounted on the basis of related assets and liabilities, and recognized in profit or loss; changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are recognized in profit or loss of current period. Remaining shares after disposal are accounted under equity method, other comprehensive income and other owners' equity are carried forward as proportion; remaining shares after disposal are accounted due to recognition and measurement of financial instruments other comprehensive income and other owners' equity are all carried forward.

13. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out, etc.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Investment properties - continued

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

14. Fixed assets

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

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

Except for overseas land which is not depreciated, other fixed assets are depreciated over their useful life using the straight-line method since the month subsequent to the one in which they are ready for intended use.

The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

<u>Category</u>	<u>Useful life</u>	<u>Residual value rate</u>	<u>Annual depreciation rate</u>
Land	-	-	-
Buildings	10-60 years	0-10%	1.5-10.0%
Machinery and equipment	2-20 years	0-10%	4.5-50.0%
Electronic equipment, fixture and furniture	2-20 years	0-10%	4.5-50.0%
Transportation vehicles	3-15 years	3-10%	6.0-32.3%
Commercial vehicles	4-10 years	4-10%	9.0-24.0%
Expenditures on decoration of hotels and buildings	3-10 years	0-5%	9.5-33.3%

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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Fixed assets - continued

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

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

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

15. 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.

16. Intangible assets

Intangible assets include land use rights, cars operation license, beneficial rights of long-term lease, trademark right and brand, patent and relevant rights, membership right, and non- patent and software and so on.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Intangible assets - continued

16.1. Research and development expenditures

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.

17. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

18. Impairment of non-financial assets other than goodwill

The Group reviews the long-term equity investments, investment properties, fixed assets, construction in progress, intangible assets with determined useful life and improvements and decoration of fixed assets held under operating lease may be impaired at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Impairment of non-financial assets other than goodwill - continued

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 or asset group.

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

Once the impairment loss of such assets is recognized, it will not be reversed in any subsequent period.

19. 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.

20. Employee benefits

20.1. Accounting treatment of short-term benefits

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 and loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

20. Employee benefits - continued

20.2. Accounting treatment of post-employment benefits

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

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 recorded in profit or loss or related costs of assets.

For defined benefit plans, the Group assigns the welfare obligation generated from the defined benefit plans to the period of rendering services using the formula determined by the projected unit credit method, and includes it in the current profit or loss or related asset costs. Employee benefit costs generated from the defined benefit plans are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest of net liabilities or net assets of defined benefit plans (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling), and
- Remeasurement of changes in net liabilities or net assets of defined benefit plans.

Service cost and net interest of net liabilities or net assets of defined benefit plans are included in the current profit or loss or related asset costs. Remeasurement of changes in net liabilities or net assets of defined benefit plans (including actuarial gains or losses, return on plan assets excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans, and changes to the asset ceiling excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans) is included in other comprehensive income.

20.3. Accounting treatment of termination benefits

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

20.4. Accounting treatment of other long-term employee benefits

Other long-term employee benefits which satisfy the criteria of defined contribution plan and defined benefit plan are accounted for according to relevant requirements of defined contribution plan and defined benefit plan.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Revenue recognition

21.1. Revenue from the sale of goods

Revenue is recognized when the Group has delivered products to the location specified in the sales contracts and the distributor has confirmed the acceptance of the products. The Company remains no effective control over the goods after the consignment and the economic benefits associated with the transaction will flow to the Group, the relevant revenue can be reliably measured and specific revenue recognition criteria have been met.

21.2. Revenue from sale of properties

The pre-sale commences after the pre-sale license is obtained and the amount received from pre-sale of commodity house is firstly managed as receipts in advance, and then recognized as operating income after when the Group has delivered the relevant properties to the customers.

21.3. Revenue arising from the rendering of services

Revenue for the Group's provision of hotel accommodation services to external parties is recognized when the services are rendered and the right of collect service charge is obtained.

Amounts received or receivable from business rendering service with awards points granted to customers should be allocated between revenue from the service and fair value of awards points. Cash received or amounts receivable less the fair value of awards points is recognized as revenue, the fair value of awards points is recognized as deferred income.

When customers exchange awards points, the Group recognized amounts previously recorded as deferred income as revenue calculated upon the basis of percentage of amounts exchanged to amounts expected to be exchanged.

21.4. Income from initial fee

Income from initial fee of the Group includes service income at early stages and income from continuing initial fee.

The service income at early stages is the revenue recognized by the Group to the franchisees when providing relevant services before opening the franchise hotels. The services at early stages provided by the Group include franchise consulting services and opening supporting services. Among them, the franchise consulting services include hotel investment consulting and property design; the opening supporting services include engineering transformation, system installation and personnel training, etc. The Group recognizes the income from the franchise consulting service when the franchisee confirms the investment plan and property design, and recognizes the income from the opening supporting service when the hotel is officially opened.

Income from continuing initial fee is the right to use the Group's hotel brand granted by the Group after the opening of the franchise hotels. After opening the franchise hotels, the Group recognizes the income from continuing initial fee during the period of the franchise contract according to the amount stipulated in the contract.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Revenue recognition - continued

21.5. Income from membership card

Income from membership card is recognized on an accrual basis.

21.6. Royalty fee income

Royalty fee income is recognized on an accrual basis in accordance with relevant contracts or agreements.

21.7. Interest income

The amount of interest income is determined according to the length of time for which the Group's monetary funds are used by others and the effective interest rate.

22. Government grants

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

If a government grant is in the form of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the 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 is not related to the Group's daily activities is recognized in non-operating income and expenses.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. 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. 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. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

24. Income tax

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

24.1. Current income tax

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

24.2. Deferred tax assets and deferred tax liabilities

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

24. Income tax - continued

24.2. Deferred tax assets and deferred tax liabilities - continued

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

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

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

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in owners' equity, in which case they are recognized in other comprehensive income or in owners' 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.

24.3. Offsetting income tax

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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Translation of transactions and financial statements denominated in foreign currencies

25.1. Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

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

When the consolidated financial statement 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 owners' equity, 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.

25.2. Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statement, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owners' 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 owners' equity items recognized as other comprehensive income and included in owners' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalent".

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Leases

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

26.1. The Group as lessee under operating leases

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

26.2. The Group as lessor under operating leases

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

26.3. The Group as lessee under finance leases

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognizes a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognized finance charge. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognized for the leased asset. Subsequent measurement of fixed assets held under finance lease is set out in Note IV 14.

Unrecognized finance charges are recognized as finance charge for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred. The net amount of minimum lease payments less unrecognized finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

27. Hedge accounting

Some financial instruments are used as hedging instruments by the Group for the purpose of avoiding certain risks. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group mainly include cash flow hedges.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Hedge accounting - continued

At the inception of a hedge, the Group records the relationship between the hedging instrument and hedged item, risk management objective and strategy for undertaking various hedging transactions. Besides, at the inception and in subsequent periods, the hedge is assessed for effectiveness by the Group on an ongoing basis so as to determine whether the hedge is highly effective throughout the accounting periods for which the hedging relationship was designated.

The effective portion of a change in the fair value of a derivative that is designated and qualifies as a cash flow hedge is recognized in other comprehensive income, and the gain or loss relating to the ineffective portion is recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the amounts previously recognized in other comprehensive income are reclassified to profit or loss in the same periods during which the financial asset or financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognized in other comprehensive income will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously recognized in other comprehensive income are transferred and included in the initial measurement of the cost of the non-financial asset or non-financial liability. If the Group expects that all or a portion of a net loss previously recognized in other comprehensive income will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognized in profit or loss.

Except as stated above, the amounts previously recognized in other comprehensive income are reclassified to profit or loss in the same periods during which the hedged forecast transaction affects profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in other comprehensive income at that time is reclassified to profit or loss when the forecast transaction occurs and is recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other comprehensive income is reclassified immediately to profit or loss.

28. Appropriation and utilization of special reserve

According to Cai Qi [2012] No. 16 Notice on "Regulations on Appropriation and Utilization of Corporate Safety Production Costs", part of the Group's subsidiaries are required to make appropriation to safety use costs in respect of their the transportation business since 14 February 2012. Such appropriation are made in accordance with relevant national standards and immediately included in the cost of relevant products and service or profit or loss for the period, and at the meantime recorded under the line item "special reserve".

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Appropriation and utilization of special reserve - continued

Where the safety production costs is utilized within the specified scope, the expenses is directly allocated against "special reserve"; where it is used to construct fixed assets, the expenditures are recognized under construction in progress, and subsequently recognized as fixed assets when the project is completed and ready for intended use; meanwhile, the cost of the fixed assets formed is allocated against "special reserve" with accumulated depreciation recognized at equal amount. Such fixed assets will not depreciated in any subsequent periods.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of accounting policies as set out in Note IV, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

1. Useful life of fixed assets

The management of the Group is responsible for determining the expected useful life and relevant depreciation of fixed assets. Such estimates are based on the actual useful life of past fixed assets with similar nature and functions. The useful life may be subject to significant changes due to the technical innovation and the measures taken by competitors during the low tide of the industry. If the useful life is shorter than previously estimated useful life, the management will increase the depreciation or write off the abandoned technically-outdated or non-strategical assets.

2. Useful life of decoration of properties held under operating lease

The Group operates some hotels with properties acquired under operating lease and undertake the expenditures on construction and decoration of such hotels. Based on the past experience and available information, the Group amortizes the operating leasehold improvement at the shorter among the actual useful life, operating period and the lease term. If the aforesaid beneficial period of the operating leasehold improvement and the decoration is different from the previous estimates, the management of the Group will make adjustments as appropriate.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods: - continued

3. Useful life of taxi operation licenses

The management of the Group considers that the useful life of the taxi operation licenses held by the Group can't be determined, and they are available for use in the foreseeable future, therefore, no amortization is made during the period in which the taxi operation licenses are held. The management of the Group test such intangible assets for impairment at the end of each accounting period.

4. Useful life of land acquired with government investment and allocated land

The Group has part of land use right was acquired through government investment or allocation in prior year. The management of the Group considers that the useful lives of all the government invested lands and allocated lands cannot be determined, and these lands are available for use in the foreseeable future, therefore, no amortization is made during the period in which such lands are held. The management of the Group test such intangible assets for impairment at the end of each accounting period.

5. Impairment of accounts receivable and other receivables

The management of the Group reviews the recoverability of accounts receivable and other receivables so as to estimate the bad debt provision for the accounts receivable and other receivables. Where as indicated by any events or changes in circumstances that relevant balance may not be recovered by the Group, the bad debt provision is made for the accounts receivable and other receivables through accounting estimates. If the estimated amount is different from previously estimated amount, the difference will affect the carrying amount of the accounts receivable and other receivables, as well as the impairment losses of assets during the period in which the estimates have changed. As at 31 December 2019, the gross carrying amount of the Group's accounts receivable and other receivables is RMB 4,450,343,450.43 (31 December 2018: RMB 4,232,879,122.15), the balance of recognized impairment is RMB 819,749,842.44 (31 December 2018: RMB 821,895,395.43).

6. Impairment of non-financial assets other than goodwill

According to the accounting policies specified in Note IV 18, at the balance sheet date, the management of the Group assesses whether there is any indication that the non-financial assets other than goodwill have suffered an impairment. The recoverable amount is the higher of the fair value of an asset net of cost of disposal and the present value of the expected cash flow of such asset, which is estimated based on the best information available, reflecting the amount (net of cost of disposal) obtained through disposal of an asset in the fair transaction between acknowledged voluntary parties at balance sheet date or the cash generated from continuous use of such assets. If the expected amount is difference from previously estimated amount, the difference will affect the carrying amount of the long-term assets (other than goodwill) as well as the impairment losses of assets during the period in which the estimates have changed.

V. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES - continued

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods: - continued

7. Impairment of goodwill

When the management of the Group test the goodwill for impairment, the management is required to calculate the recoverable amount based on the present value of expected future cash flow using appropriate discounting rate. If the actual amount of the future cash flow and the actual return rate of the item are different from the estimated amounts, the difference will affect the carrying amount of the goodwill. As at 31 December 2019, the carrying amount of the Group's goodwill is RMB 13,606,931,688.21 (31 December 2018: RMB 13,634,380,415.01), the balance of recognized impairment is RMB 193,500,414.33 (31 December 2018: RMB 193,500,414.33).

8. Deferred tax assets/deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated at the applicable tax rate for the period in which the asset is expected to be recovered or the debt is expected to be settled. The expected applicable tax rate is determined based on the current tax regulations and the circumstances of the Group. If the expected tax rate is different from previous estimates, the management of the Group will manage adjustment as appropriate.

The deferred tax assets is determined to the extent that it is probable to obtain taxable income to deduct the temporary differences. If it is expected that sufficient taxable income will not be available to utilize the economic benefit from deductible temporary differences, the management of the Group will write down the carrying amount of the deferred tax assets. As at 31 December 2019, the Group has deferred tax assets with carrying amount of RMB 2,525,038,664.41.

The management of the Group considers that, it is uncertain whether the Group and some of its subsidiaries will obtain sufficient taxable income. Therefore, as at 31 December 2019, the Group has deductible temporary differences of RMB 711,582,128.00 and deductible losses of RMB 5,223,522,757.86 for which the deferred tax assets are not recognized.

VI. CHANGES IN ACCOUNTING POLICIES

The Company has prepared the financial statements for the year 2019 in accordance with the Notice of the Revised Format of 2019 Financial Statements for General Business Enterprises (Cai Kuai (2019) No. 6, hereinafter referred to as the "Cai Kuai No. 6 Document") released by the Ministry of Finance on 30 April 2019. Cai Kuai No. 6 Document revised the presenting accounts in the balance sheet and income statement and split "Notes and accounts receivable" to be "Notes receivable" and "Accounts receivable", and "Notes and accounts payable" to be "Notes payable" and "Accounts payable". It also specified or revised the presentation of line items of "Non-current assets due within one year", "Deferred income", "Other equity instruments", "Research and development expenses", "Interest income" under "Financial expenses", "Other income", "Gains on disposal of assets", "Non-operating income" and "Non-operating expenses", and adjusted the presenting location of "Impairment losses of assets", and specified the presentation of "Capital contribution of holders of other equity instruments". For the above changes in presenting accounts, the Company has adjusted retrospectively the comparable data for the prior year.

VII. TAXATION

Value added tax ("VAT")

For the Company and its domestic significant subsidiaries, the VAT is paid at output VAT on sales net of deductible input VAT, where the VAT on sales is calculated at 5%, 6%, 10% (9%) and 16% (13%) of the revenue from sales calculated in accordance with relevant tax regulations, or paid at 3% of the revenue from sales calculated in accordance with relevant tax regulations. VAT payable of overseas subsidiaries is subject to operating income and tax rates regulated by the local laws, which are mainly 10%, 19.6% or 20%, etc.

According to the Announcement of Relevant Policies for Deepening the Value-Added Tax Reform jointly issued by the Ministry of Finance ("MoF") and the State Taxation Administration ("STA"), the Group has adjusted the tax rate of taxable sales subject to VAT levy from 16% and 10% to 13% and 9% respectively from 1 April 2019.

Income tax

The applicable income tax rate for the Company and its significant domestic subsidiaries is 25%. The applicable income tax rate for the subsidiaries of the Group registered in Hong Kong is 16.5%. The applicable enterprise income tax rate for the subsidiaries of the Group registered in the United States is 24.05%. The income tax rate of subsidiaries registered in Singapore is 17%. The applicable enterprise income tax rates for the subsidiaries of the Group registered in the European region mainly include 29.58% (Belgium), 21.40% (Sweden), 22% (Denmark), 15% - 31.58% (Germany), 15% - 29.22% (Luxembourg), 25% (Austria) etc.

The benchmark enterprise income tax rate for the overseas subsidiary, Groupe du Louvre ("GDL"), is 33.33%. If the operating income exceeds EUR 7,630,000.00, the enterprise income tax rate will rise to 34.43%. According to the relevant financial regulations of France in 2019, the tax rate applicable to GDL will gradually decrease from 32.02% in 2020 to 25.83% in 2022. In 2019, the French enterprise income tax rate is 34.43%.

CAVE

The CAVE is calculated based on the amount of added value of overseas subsidiary under French tax laws and paid at 0% - 1.5%.

VIII. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Composition of the Group

Name	Principal place of business	Place of registration	Business nature	Proportion of ownership interests held by the Group	
				31/12/2019	31/12/2018
<u>Subsidiaries directly controlled by the Company at the end of prior year and current year</u>					
Shanghai Jin Jiang Paradise Co., Ltd. ("Jin Jiang Paradise")	Shanghai	Shanghai	Play activities, passenger service, parking service, photograph, taxi operation, recreational machines	80.54%	80.54%
Shanghai Jin Jiang International Investment Management Co., Ltd. ("Jin Jiang International Investment")	Shanghai	Shanghai	Investment management, equity investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting, asset management	100%	100%
Shanghai Jin Jiang International Real Estate Co., Ltd. ("Jin Jiang Real Estate")	Shanghai	Shanghai	Industrial investment, property development and operation, property management, building lease, indoor decoration, construction material, sales of goods	100%	100%
Shanghai Jin Jiang Industrial Development Co., Ltd. ("Jin Jiang Development")	Shanghai	Shanghai	Investment consulting, enterprise management, economic information consulting service	100%	100%
Shanghai Jin Jiang Supermarket Company ("Jin Jiang Supermarket")	Shanghai	Shanghai	Domestic business, supply and sales of goods, R&D and operation of new technical products, cargo storage, labor service and branches	100%	100%
Shanghai Jin Jiang Capital Co., Ltd. ("Jin Jiang Capital")	Shanghai	Shanghai	State-owned assets operation and management as authorized by SASAC of Shanghai, industrial investment, property management, business consulting and technical training, domestic trading (excluding special provisions), establishment of branches	75%	75%
Shanghai Food Group Co., Ltd. ("Food Group")	Shanghai	Shanghai	Table poultry egg and products, breeder poultry egg, feed and feed additives, vaccine, frozen food, cold storage, commercial industrial and food engineering design, table poultry egg machinery, processing and technical consulting, dock handling, interior freight transportation, self-operation and proxy of various commodities, and import and export of technologies etc.	100%	100%
Shanghai Jin Jiang Hotel Engineering Management Co., Ltd. ("Hotel Engineering")	Shanghai	Shanghai	Hotel engineering equipment, management of infrastructure construction project, repair and installation of hotel equipment, property management, maintenance and service of elevators	97%	97%
Shanghai Jin Jiang International Information Technology Investment Co., Ltd. ("Information Technology")	Shanghai	Shanghai	Technology development, transfer of technology, technical consulting, technical service, and industrial investment within IT sector, equity investment, investment management, investment consulting, enterprise marketing planning, property management	100%	100%

VIII. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

(1) Composition of the Group - continued

Name	Principal place of business	Place of registration	Business nature	Proportion of ownership interests held by the Group	
				31/12/2019	31/12/2018
Subsidiaries directly controlled by the Company at the end of prior year and current year					
Jin Jiang International Commerce Co., Ltd. ("Jin Jiang Commerce")	Shanghai	Shanghai	Issuance and acceptance of prepaid card, technology development, transfer of technology, technical consulting, technical services and industrial investment within IT sector, business information consulting, exhibition service, tickets proxy, hotel and hospitality information consulting, room reservation, travel information consulting, enterprise management consulting, enterprise image planning, design and fabrication of various ads, domestic trading, engages in import and export of goods and technologies	98%	98%
Shanghai Jin Jiang International Commercial Investment Management Co., Ltd. ("Commercial Investment")	Shanghai	Shanghai	Investment management and consulting, enterprise image planning, business information consulting, industrial investment, assets management, conference and exhibition service	100%	100%
Jin Jiang International Holdings North Co., Ltd. ("Jin Jiang North")	Shanghai	Shanghai	Property management, organization of cultural exchange activities (excluding performance), project investment, project management, hospitality management conference service, sponsoring exhibition and shows, technology development, economic information etc.	100%	100%
Shanghai CTS (Group) Co., Ltd. ("Shanghai CTS")	Shanghai	Shanghai	Equity investment, investment in domestic and overseas tourism, investment in property development, industrial investment, investment consulting, lease of self-owned building, operation of travel related goods, foreign currency duty free stores, gold and silver ornaments, household electrical appliances, shipping agent, security equipment, domestic trading (excluding special provisions)	96.39%	96.39%
Shanghai Overseas Chinese Enterprise Investment Co., Ltd. ("Overseas Chinese Investment")	Shanghai	Shanghai	Assets management, assets operation, service trading, property management, investment consulting, property consulting, sales of construction material, household electrical appliances, mechanical and electrical products, auto parts, clothing, tourist crafts, and chemical products (excluding dangerous chemicals, and controlled chemicals, fireworks, civil explosives, poisonous chemicals) the following are limited to operation of branches: food circulation, retail of cigarette	100%	100%
Shanghai Jinjiang Assets Management Co., Ltd. ("Jin Jiang Assets")	Shanghai	Shanghai	Investment management, industrial investment, investment consulting, enterprise marketing planning, property management, property consulting, assets management, cargo storage (excluding dangerous cargos).	100%	100%
JHJ International Transportation Co., Ltd. ("JHJ")	Shanghai	Shanghai	International freight agency, logistics supply chain management, ordinary road goods transportation; Domestic freight agency; Nautical Service	100%	100%
WeHotel Co., Ltd. ("WeHotel")	Shanghai	Shanghai	Network technology, technology development Technical consulting, technical services, technology transfer, E-commerce (exclusive financial services), business information consulting, exhibition services, ticket agent, reservation service, travel consultation, business management consulting, corporate image planning, design, production, agency, publish of various advertisement, import and export of goods and technology, hotel management, property management, catering business management, etc.	65%	65%
Shanghai Longhua Meat United Processing Factory ("Longhua Meat United Factory")	Shanghai	Shanghai	Food circulation, owner-occupied housing leases, parking lots (garages)	100%	100%
Shanghai Education Development Co., Ltd. ("Education Development Company")	Shanghai	Shanghai	Investment in and management of industries, operation and management of assets, investment consulting, business services, various education, science equipment, equipment and fixtures, school and living supplies, construction materials, sales of electromechanical devices, and real estate agency	100%	100%

VIII. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

(1) Composition of the Group - continued

Name	Principal place of business	Place of registration	Business nature	Proportion of ownership interests held by the Group	
				31/12/2019	31/12/2018
Directly controlled subsidiary acquired in the current year					
Shanghai Jinyang Enterprise Management Co., Ltd. ("Jinyang Management")	Shanghai	Shanghai	Enterprise management services lease of hotels and own houses	90%	90%
Shanghai Xinyuan Technology Trade Co., Ltd. ("Xinyuan Technology")	Shanghai	Shanghai	Sales of general machinery, electrical machinery and equipment, metal materials, construction materials, decoration materials, knitted textiles, hardware and electrical equipment, instruments and meter, general merchandise, electronic products and communication equipment. Retail of books, newspapers and periodicals which are only operated by subsidiaries.	100%	-
Shanghai Finance and Trade Guest House ("Finance and Trade Guest House")	Shanghai	Shanghai	Retail of general merchandise	100%	-
Shanghai Gaojie Asset Management Co., Ltd. ("Shanghai Gaojie")	Shanghai	Shanghai	Asset management, industrial investment, property management, technology development, technology transfer, technology consulting and technology services in fields of electromechanical technology, electronic technology, metal materials technology	100%	-
Shanghai Higher Education Architectural Design and Research Institute ("Higher Education Institute")	Shanghai	Shanghai	Construction engineering and corresponding engineering consultation and decoration design, overseas design consulting	100%	-
Shanghai Education Construction Management Consulting Co., Ltd. ("SECM")	Shanghai	Shanghai	Construction project management, project consulting, 85% bidding agent, engineering supervision and management, construction engineering, municipal management, landscaping project, building decoration, technology development, technology transfer, technology consulting, and technical services in the field of construction project business consulting, purchase and sales of building decoration materials and construction equipment, construction machinery leasing, exhibition services		-
Shanghai Yuguang Instrument Factory ("Yuguang Instrument Factory")	Shanghai	Shanghai	Installation and maintenance of ac/dc meters, glass mirrors and refrigeration equipment, marble processing, sales of water treatment plant and polluted water treatment agent	100%	-
Shanghai Tourism Tech Co., Ltd. ("Yijiyou")	Shanghai	Shanghai	Computer network engineering, web design and production, development and maintenance of computer software and hardware, computer system integration, electronic commerce, cultural and artistic exchange planning, business information consulting, enterprise marketing planning, enterprise image planning, exhibition services, market information consultation and investigation, public relations event planning, etiquette service, enterprise management consulting, brand management, advertising design, travel consultation, general merchandise sales own equipment lease, electronic publication production, film distribution, motion picture production, production of radio and television programs, travel agency business, telecommunication services	68%	-
Liquidated and closed subsidiaries for the year: Shanghai Jin Jiang International Trade Co., Ltd. ("Jin Jiang International Trade")	Shanghai	Shanghai	Import and export business of garment, food, mechanical equipment, meter and instrument for light industrial products, hardware and electrical equipment, metal materials, auto parts, building materials and other commodities, undertake Chinese-foreign joint ventures and cooperation, three-processing and one compensation Foreign trade consulting business, sales of hygiene materials and textiles	-	100%

VIII. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS - continued

(2) Information of significant non-wholly-owned subsidiaries

Subsidiary name	Shareholding	Profit or loss of minority interest		Dividends paid to minority interests		Minority interests	
		2019 RMB	2018 RMB	2019 RMB	2018 RMB	31/12/2019 RMB	31/12/2018 RMB
Jin Jiang Capital	75%	<u>1,019,217,045.22</u>	<u>1,137,779,793.10</u>	<u>616,549,984.03</u>	<u>573,895,706.72</u>	<u>13,143,446,099.67</u>	<u>12,861,489,395.24</u>

(3) Financial information of significant non-wholly-owned subsidiaries

<u>Jin Jiang Capital</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Current assets	15,403,303,330.49	17,402,045,714.11
Non-current assets	<u>48,099,866,113.13</u>	<u>39,872,117,379.52</u>
Total assets	<u>63,503,169,443.62</u>	<u>57,274,163,093.63</u>
Current liabilities	14,665,197,844.88	15,666,554,760.92
Non-current liabilities	<u>29,113,035,724.48</u>	<u>21,463,310,452.44</u>
Total liabilities	<u>43,778,233,569.36</u>	<u>37,129,865,213.36</u>
<u>Jin Jiang Capital</u>	<u>2019</u> RMB	<u>2018</u> RMB
Operating income	21,001,707,170.26	20,631,063,126.23
Net profit	1,639,712,375.41	1,427,477,358.06
Total comprehensive income	<u>1,769,366,927.00</u>	<u>1,150,190,050.00</u>
Net cash flow from operating activities	<u>5,054,905,069.00</u>	<u>2,372,117,008.00</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	Closing balance			Opening balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Cash						
RMB	19,311,656.03	1.0000	19,311,656.03	20,354,998.58	1.0000	20,354,998.58
USD	63,219.35	6.9762	441,030.81	5,575.73	6.8632	38,267.34
Subtotal			<u>19,752,686.84</u>			<u>20,393,265.92</u>
Bank deposits						
RMB	11,517,973,335.30	1.0000	11,517,973,335.30	16,930,737,210.01	1.0000	16,930,737,210.01
EUR	493,478,196.16	7.8155	3,856,778,842.07	421,535,855.91	7.8473	3,307,918,322.11
USD	237,599,065.73	6.9762	1,657,538,602.36	210,511,539.90	6.8632	1,444,782,800.62
PLN	68,009,906.37	1.8359	124,859,387.11	59,564,949.55	1.8244	108,667,882.23
HKD	119,743,094.16	0.8958	107,265,863.75	76,474,597.33	0.8762	67,007,042.18
INR	976,489,973.61	0.0988	96,477,209.39	725,388,996.54	0.0984	71,378,277.26
GBP	8,926,137.14	9.1501	81,675,047.49	16,441,246.00	8.6762	142,647,538.57
NOK	80,964,361.46	0.7913	64,067,099.22	11,859,066.72	0.7828	9,283,277.43
DKK	49,260,739.40	1.0459	51,521,807.34	30,333,159.88	1.0508	31,874,084.67
CHF	2,655,000.00	7.2028	19,123,434.00	5,679,485.35	6.9494	39,469,015.50
ZAR	25,462,050.46	0.4943	12,585,891.54	31,695,634.17	0.4735	15,007,882.78
FJD	2,517,630.41	3.2103	8,082,348.89	2,674,828.16	3.2561	8,709,400.78
Others			38,319,368.32			61,983,398.31
Subtotal			<u>17,636,268,236.78</u>			<u>22,239,466,132.45</u>
Other cash and bank balances						
RMB	542,952,777.04	1.0000	542,952,777.04	684,056,533.54	1.0000	684,056,533.54
USD	-	-	-	2,364,034.86	6.8632	16,224,844.02
Subtotal			<u>542,952,777.04</u>			<u>700,281,377.56</u>
Total			<u><u>18,198,973,700.66</u></u>			<u><u>22,960,140,775.93</u></u>

As at 31 December 2019, included in the cash and bank balances, foreign currencies of amount equivalent to RMB 2,778,771,899.86 are deposited overseas (31 December 2018: RMB 3,501,407,347.19).

As at 31 December 2019, the aforesaid Group's bank balances comprise: (1) bank balance of USD 13,415,000.00, and EUR 2,068,191.81, total equivalent to RMB 109,749,676.11 (31 December 2018: RMB 43,495,899.16), of the subsidiary of Jin Jiang International Investment pledged as collateral for issuing letter of credit ("L/C") and company credit card. For details, refer to Note IX 24; (2) bank balance of the subsidiary of Shanghai Jin Jiang International Hotels Development Co. Ltd. ("JJ") amounting to RMB 4,947,615.00 which was frozen due to litigation (31 December 2018: nil). For details, refer to Note IX 40; (3) bank balance of JJ amounting to RMB 1,473,291.45 which was frozen due to long-term unused accounts (31 December 2018: RMB 96,880.92).

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. Cash and bank balances - continued

Details of other cash and bank balances are as follows:

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Deposit reserve (note 1)	417,472,000.00	491,621,838.69
Bank acceptance margin (note 2)	94,794,633.45	93,731,461.28
Deposited investment fund (note 3)	17,824,391.84	23,357,587.76
Letter of guarantee margin	6,812,085.00	13,912,085.00
Tourism quality margin	4,600,000.00	3,200,000.00
L/C margin	1,402,600.25	2,216,379.60
Credit card deposit	47,066.50	31,145.23
Guaranteed income deposit	-	70,000,000.00
Bank credit operation margin	-	2,210,880.00
	<u>542,952,777.04</u>	<u>700,281,377.56</u>

Note 1: This represents the statutory deposit reserve placed with the People's Bank of China by the subsidiary of Jin Jiang Capital.

Note 2: This represents the bank acceptance margin of Shanghai Jin Jiang International Industrial Investment Co., Ltd. ("Jin Jiang Investment")

Note 3: This represents the funds placed in securities companies by the Group.

2. Financial assets at fair value through profit or loss

	<u>Fair value</u> <u>at 31/12/2019</u> RMB	<u>Fair value</u> <u>at 31/12/2018</u> RMB
Debt instrument (note 1)	204,363,379.61	31,096,488.00
Equity instrument investments (note 2)	343,267,021.36	566,692,747.31
	<u>547,630,400.97</u>	<u>597,789,235.31</u>

Note 1: As at 31 December 2019, the debt instruments held by the Group represents the monetary fund of RMB 204,363,379.61 held by the subsidiary of Jin Jiang Capital, without fixed term and rate of return. The fair value of the fund is determined based on its quoted price in the market.

Note 2: As at 31 December 2019, the Group's equity instruments are shares held by its subsidiaries amounting to RMB 343,267,021.36. The fair value of the shares is determined based on the closing price of Shanghai Stock Exchange and Shenzhen Stock Exchange on 31 December 2019.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Notes receivable

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Bank acceptances	<u>14,060,824.15</u>	<u>16,745,435.90</u>

During the year, the Group discounted bank acceptances to the bank at RMB 48,521,080.25 (prior year: RMB 39,460,501.85). As at 31 December 2019, the bank acceptances discounted but undue were RMB 13,163,459.55 (31 December 2018: RMB 24,400,240.86), the Group derecognized the bank acceptances discounted but not overdue. For details, refer to Note XI, 4.

4. Accounts receivable

Aging analysis of accounts receivable is as follows:

Aging	Closing balance				Opening balance			
	Amount RMB	Proportion %	Bad debt provision RMB	Carrying amount RMB	Amount RMB	Proportion %	Bad debt provision RMB	Carrying amount RMB
Within 1 year	2,987,072,445.61	91.18	180,001,811.50	2,807,070,634.11	2,637,919,707.03	92.13	199,278,095.45	2,438,641,611.58
1 to 2 years	93,812,998.45	2.86	63,572,067.44	30,240,931.01	91,584,791.40	3.20	85,493,747.72	6,091,043.68
2 to 3 years	86,554,660.67	2.64	80,070,647.98	6,484,012.69	97,780,637.58	3.41	82,856,756.20	14,923,881.38
Over 3 years	108,620,927.57	3.32	102,168,725.73	6,452,201.84	36,219,409.23	1.26	35,677,832.22	541,577.01
Total	<u>3,276,061,032.30</u>	<u>100.00</u>	<u>425,813,252.65</u>	<u>2,850,247,779.65</u>	<u>2,863,504,545.24</u>	<u>100.00</u>	<u>403,306,431.59</u>	<u>2,460,198,113.65</u>

Accounts receivable by categories are as follows:

Aging	Closing balance				Opening balance			
	Amount RMB	Proportion %	Bad debt provision RMB	Carrying amount RMB	Amount RMB	Proportion %	Bad debt provision RMB	Carrying amount RMB
Accounts receivable that are individually significant	74,758,351.55	2.28	18,245,510.31	56,512,841.24	-	0.00	-	-
Accounts receivable for which bad debt provision has been assessed by portfolios	3,007,939,522.61	91.82	340,691,926.45	2,667,247,596.16	2,524,042,593.85	88.15	333,910,646.48	2,190,131,947.37
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	193,363,158.14	5.90	66,875,815.89	126,487,342.25	339,461,951.39	11.85	69,395,785.11	270,066,166.28
Total	<u>3,276,061,032.30</u>	<u>100.00</u>	<u>425,813,252.65</u>	<u>2,850,247,779.65</u>	<u>2,863,504,545.24</u>	<u>100.00</u>	<u>403,306,431.59</u>	<u>2,460,198,113.65</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

Accounts receivables with more than RMB 20,000,000 (inclusive) are recognized as accounts receivables that are individually significant by the Group.

Accounts receivable provided individually with significant individual amount are as follows:

<u>Name of debtor</u>	<u>Gross carrying amount</u>	<u>Bad debt reserve</u>	<u>Aging</u>	<u>Proportion</u>	<u>Reasons for provision</u>
Beijing Kuxun Technology Co., Ltd.	52,185,601.35	1,051,410.31	Within 1 year	2.01	Expected to be irrecoverable
Radisson Blu Hotel, Doha	22,572,750.20	17,194,100.00	Within 1 year	76.17	Expected to be irrecoverable

At the year end, the top five entities with accounts receivables that are not individually significant but for which bad debt provision is individually assessed are as follows:

<u>Name of debtor</u>	<u>Gross carrying amount</u>	<u>Bad debt reserve</u>	<u>Aging</u>	<u>Proportion</u>	<u>Reasons for provision</u>
Radisson Blu Hotel, Abidjan Airport	12,426,645.00	12,426,645.00	Within 1 year	100.00	Expected to be irrecoverable
Radisson Blu Hotel, Boulogne	12,215,626.50	6,760,407.50	Within 1 year	55.34	Expected to be irrecoverable
Radisson Blu Hotel, Bamako	7,651,374.50	7,651,374.50	Within 1 year	100.00	Expected to be irrecoverable
Shanghai Pujiang Construction Development Co., Ltd.	6,363,395.84	3,181,697.92	Over 3 years	50.00	Expected to be irrecoverable
Inner Circle	6,111,151.20	6,111,151.20	Within 1 year	100.00	Expected to be irrecoverable

Changes in provision for bad debts in respect of accounts receivable are as follows:

	<u>2019</u> RMB	<u>2018</u> RMB
Opening balance	403,306,431.59	197,358,319.55
Increase due to changes in scope of consolidation	4,427,487.57	208,068,501.92
Charge during the year	24,345,969.77	11,569,815.22
Reversal during the year	(18,005,373.11)	(14,646,286.25)
Written off during the year	-	-
Charge off during the year	(602,456.39)	(1,435,574.86)
Translation difference denominated in foreign currencies	12,341,193.22	2,391,656.01
Total	<u>425,813,252.65</u>	<u>403,306,431.59</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

Top five accounts receivable balances based on debtors:

<u>Name of debtor</u>	<u>Carrying amount</u> RMB	<u>Proportion of the amount to the total accounts receivable</u> %	<u>Bad debt reserve</u> RMB
Beijing Kuxun Technology Co., Ltd.	52,185,601.35	1.59	1,051,410.31
Radisson Blu Hotel, Doha	22,572,750.20	0.69	17,194,100.00
Bolloré (Shanghai) International Logistics Co., Ltd.	18,456,155.26	0.56	-
Panalpina International Transportation Agency (China) Co., Ltd.	15,911,951.50	0.49	207,719.51
Ctrip Computer Technology (Shanghai) Co., Ltd.	13,709,360.72	0.42	177,407.19
Total	<u>122,835,819.03</u>	<u>3.75</u>	<u>18,630,637.01</u>

5. Prepayments

(1) Aging analysis of prepayments is as follows:

<u>Aging</u>	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Amount</u> RMB	<u>Proportion</u> %	<u>Amount</u> RMB	<u>Proportion</u> %
Within 1 year	549,644,407.66	98.80	610,870,915.51	98.85
1 to 2 years	4,175,978.06	0.75	7,089,089.37	1.15
2 to 3 years	2,524,040.23	0.45	-	-
Total	<u>556,344,425.95</u>	<u>100.00</u>	<u>617,960,004.88</u>	<u>100.00</u>

As at 31 December 2019, the Group had no prepayments with aging of more than one year and amount of RMB 20,000,000 and above.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Prepayments - continued

(2) Top five of prepayments balances based on debtors:

<u>Name of debtor</u>	<u>Carrying amount</u> RMB	<u>Proportion of the amount to the total accounts receivable</u> %	<u>Bad debt reserve</u> RMB
Xinhua Bookstore Head Office	13,097,889.75	2.35	-
Yangpu Zhongbai Shipping Co., Ltd.	12,705,791.56	2.28	-
SAIC General Motors Sales Corporation Limited	11,635,927.10	2.09	-
Hangzhou CBD Assets Operation & Management Investment Co., Ltd.	10,065,998.16	1.81	-
Shanghai Xian Dai Architectural Design Group Construction Consulting Co., Ltd.	8,000,000.00	1.44	-
Total	<u>55,505,606.57</u>	<u>9.97</u>	<u>-</u>

6. Other receivables

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Interests receivable	32,570,190.59	364,612,106.77
Dividends receivable	27,582,989.25	67,962,839.79
Other receivables	780,345,828.34	950,785,613.07
Total	<u>840,499,008.18</u>	<u>1,383,360,559.63</u>

(1) Interests receivable

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Interests of bank deposit	30,924,051.40	363,429,445.81
Interests of entrusted loans	1,646,139.19	1,182,660.96
Total	<u>32,570,190.59</u>	<u>364,612,106.77</u>

As at 31 December 2019, except for the interest from time deposit in bank which is due after one year, the Group has no interest receivable with aging of more than one year.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables - continued

(2) Dividends receivable

<u>Company name</u>	<u>Opening balance</u> RMB	<u>Increase in the year</u> RMB	<u>Decrease in the year</u> RMB	<u>Closing balance</u> RMB
ACCOR SA	-	276,713,080.92	276,713,080.92	-
Shanghai KFC Co., Ltd.	-	120,367,774.01	120,367,774.01	-
Shanghai Pudong International Airport Cargo Terminal Co. Ltd. ("PACTL")	-	111,161,956.50	111,161,956.50	-
Hangzhou KFC Co., Ltd.	22,964,117.77	48,321,791.19	61,621,099.55	9,664,809.41
HuaAn Funds Management Co., Ltd.	-	33,000,000.00	33,000,000.00	-
Bank of Communications Co., Ltd.	-	27,722,853.60	27,722,853.60	-
Agricultural Bank of China Co., Ltd.	-	23,762,043.80	23,762,043.80	-
Suzhou KFC Co., Ltd.	-	22,073,892.98	22,073,892.98	-
INCA HOTEL HOLDINGS COMPANY LLC	-	21,303,701.15	21,303,701.15	-
Jin Jiang Metro Cash & Carry Co., Ltd.	32,073,801.07	18,379,447.18	50,453,248.25	-
Bank of Beijing Co., Ltd.	-	17,575,878.22	17,575,878.22	-
Shanghai Xinxin Construction Development Co., Ltd.	-	16,000,000.00	16,000,000.00	-
Guotai Junan Securities Co., Ltd.	-	15,878,500.00	15,878,500.00	-
Shanghai Pudong Development Bank Co., Ltd.	-	14,777,000.00	14,777,000.00	-
Shanghai Jin Jiang Tomson Hotel Company Limited	-	13,002,242.97	13,002,242.97	-
Wuxi KFC Co., Ltd.	-	9,892,439.65	2,400,000.00	7,492,439.65
Changjiang Securities Co., Ltd.	-	9,890,946.53	9,890,946.53	-
Orient Securities Company Limited	-	9,218,825.10	9,218,825.10	-
Bank of China Co., Ltd	-	8,852,368.80	8,852,368.80	-
Shanghai New Asia Fulihua Catering Co., Ltd.	-	7,056,000.00	7,056,000.00	-
Shanghai Dazhong Xinya Taxi Co., Ltd.	-	6,617,449.68	6,617,449.68	-
Shanghai Shengbo Jin Kang Investment Development Co., Ltd.	-	4,644,143.68	4,644,143.68	-
Shanghai Motor Vehicle Driver Training Center	-	4,636,249.35	4,636,249.35	-
SNC Invest Hotels Dix 90	-	4,187,226.42	4,187,226.42	-
Jiangsu Nanjing Long-distance Passenger Transportation (Group) Co., Ltd.	-	3,795,000.00	3,795,000.00	-
Shanghai Nanzhan Long-distance Passenger Transportation Co., Ltd.	-	3,014,244.08	3,014,244.08	-
Shanghai Jin Mao Jin Jiang Auto Service Co., Ltd.	-	2,675,000.00	2,675,000.00	-
Shanghai Interunited Co., Ltd	-	2,500,000.00	2,500,000.00	-
Shenwan Hongyuan Securities Co., Ltd.	-	1,359,415.22	1,359,415.22	-
Shanghai Laochangfang Entrepreneurial Industry Management Co., Ltd	-	1,173,555.86	1,173,555.86	-
China Pacific Insurance (Group) Co., Ltd.	-	1,000,000.00	1,000,000.00	-
SNC Chaville Bx Arles	-	851,959.30	851,959.30	-
Shanghai Zhendong Auto Service Co., Ltd.	-	843,731.55	843,731.55	-
prize Holding GmbH	-	750,288.00	750,288.00	-
Shanghai Wufeng Shangshi Food Co., Ltd.	9,800,000.00	-	-	9,800,000.00
Shanghai China Travel International Co., Ltd	2,533,728.87	-	2,533,728.87	-
Others	591,192.08	17,404,993.65	17,370,445.54	625,740.19
Total	<u>67,962,839.79</u>	<u>880,403,999.39</u>	<u>920,783,849.93</u>	<u>27,582,989.25</u>

As at 31 December 2019, dividends receivable of the Group are aged within one year other than the dividends due from Shanghai Wufeng Shangshi Food Co., Ltd. of RMB 9,800,000.00. The Group has no other dividends receivable aged more than one year.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables - continued

(3) Other receivables

Aging analysis of other receivables is as follows:

	Closing balance				Opening balance			
	Amount RMB	Proportion (%)	Bad debt provision RMB	Carrying amount RMB	Amount RMB	Proportion (%)	Bad debt provision RMB	Carrying amount RMB
Within 1 year	554,292,142.47	47.20	9,578,619.60	544,713,522.87	646,391,596.68	47.20	8,362,885.26	638,028,711.42
1 to 2 years	132,205,535.48	11.26	4,358,348.78	127,847,186.70	246,677,691.01	18.01	27,744,579.92	218,933,111.09
2 to 3 years	41,542,361.27	3.54	12,049,725.27	29,492,636.00	40,802,022.12	2.99	7,417,673.06	33,384,349.06
Over 3 years	446,242,378.91	38.00	367,949,896.14	78,292,482.77	435,503,267.10	31.80	375,063,825.60	60,439,441.50
Total	<u>1,174,282,418.13</u>	<u>100.00</u>	<u>393,936,589.79</u>	<u>780,345,828.34</u>	<u>1,369,374,576.91</u>	<u>100.00</u>	<u>418,588,963.84</u>	<u>950,785,613.07</u>

Other receivables disclosed by categories:

	Closing balance				Opening balance			
	Amount RMB	Proportion (%)	Bad debt provision RMB	Carrying amount RMB	Amount RMB	Proportion (%)	Bad debt provision RMB	Carrying amount RMB
Other receivables that are individually significant	386,541,887.21	32.92	306,120,000.00	80,421,887.21	386,541,887.21	28.23	306,120,000.00	80,421,887.21
Other receivables for which bad debt provision has been assessed by portfolios	154,294,708.95	13.14	17,255,583.58	137,039,125.37	234,581,072.88	17.13	19,194,768.33	215,386,304.55
Other receivables that are not individually significant but for which bad debt provision is recognized separately	<u>633,445,821.97</u>	<u>53.94</u>	<u>70,561,006.21</u>	<u>562,884,815.76</u>	<u>748,251,616.82</u>	<u>54.64</u>	<u>93,274,195.51</u>	<u>654,977,421.31</u>
Total	<u>1,174,282,418.13</u>	<u>100.00</u>	<u>393,936,589.79</u>	<u>780,345,828.34</u>	<u>1,369,374,576.91</u>	<u>100.00</u>	<u>418,588,963.84</u>	<u>950,785,613.07</u>

Other receivable with more than RMB 20,000,000 (inclusive) is recognized as an individually significant receivable by the Group.

Changes in provision for bad debts in respect of other receivables are as follows:

	<u>2019</u> RMB	<u>2018</u> RMB
Opening balance	418,588,963.84	194,846,651.28
Increase due to changes in scope of consolidation	370,250.10	233,037,326.40
Charge during the year	4,753,481.66	8,596,119.82
Reversal during the year	(29,536,295.81)	(15,065,264.76)
Written off during the year	-	(135,525.63)
Charge off during the year	(88,595.00)	(2,865,663.55)
Exchange differences on foreign currency translation	(151,215.00)	175,320.28
Closing balance	<u>393,936,589.79</u>	<u>418,588,963.84</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables - continued

(3) Other receivables - continued

Top five closing balances of other receivables based on debtors:

<u>Company name</u>	<u>Nature</u>	<u>Carrying amount</u>	<u>Proportion of the amount to the total other receivables</u> %	<u>Bad debt provision</u> RMB
Shanghai Shenjiao Investment Co., Ltd.	Advances	229,000,000.00	19.50	229,000,000.00
Shanghai Weimin Supermarket Co., Ltd.	Deposit	77,120,000.00	6.57	77,120,000.00
Shanghai West Bund Development (Group) Co., Ltd.	Deposit	60,000,000.00	5.11	-
Shanghai Honglong Real Estate Development & Operation Co., Ltd.	Advances	20,421,887.21	1.74	-
Shanghai Tiantian Logistics Co., Ltd.	Deposit	17,830,000.00	1.52	17,830,000.00
Total		<u>404,371,887.21</u>	<u>34.44</u>	<u>323,950,000.00</u>

7. Inventories

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Raw materials	110,097,938.83	112,827,287.03
Low cost and short-lived materials	59,533,468.76	57,604,862.04
Packaging materials	19,800.36	6,641.00
Finished goods and goods on hand	209,403,989.11	198,945,099.64
Completed properties	33,081,229.11	32,657,713.48
Total	<u>412,136,426.17</u>	<u>402,041,603.19</u>
Less: Provision for decline in value of inventories	<u>3,293,979.68</u>	<u>4,562,456.69</u>
Carrying amount	<u>408,842,446.49</u>	<u>397,479,146.50</u>

The changes in provision for decline in value are as follows:

	<u>Opening balance</u> RMB	<u>Reversal</u> RMB	<u>Write off</u> RMB	<u>Exchange differences on foreign currency translation</u> RMB	<u>Closing balance</u> RMB
Raw materials	772,130.85	-	-	-	772,130.85
Low cost and short-lived materials	79,792.96	-	(47,481.12)	-	32,311.84
Finished goods and goods on hand	<u>3,710,532.88</u>	<u>(2,650.36)</u>	<u>(1,217,834.41)</u>	<u>(511.12)</u>	<u>2,489,536.99</u>
Total	<u>4,562,456.69</u>	<u>(2,650.36)</u>	<u>(1,265,315.53)</u>	<u>(511.12)</u>	<u>3,293,979.68</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Inventories - continued

As at 31 December 2019, inventory commodities with a book value of RMB 45,000,000.00 and low cost and short-lived materials with a book value of RMB 1,500,000.00 were pledged as collaterals of short-term borrowings. Please refer to Note IX, 24 (Note 2) for details.

As at 31 December 2019, inventory commodities with a book value of RMB 40,000,000.00 were used for notes payable mortgages. Please refer to Note IX, 24 (Note 6) for details.

8. Held-for-sale assets

	<u>Carrying amount</u> RMB	<u>Expected disposal time</u> RMB
Longhua Meat processing factory, buildings and land (Note 1)	17,852,716.01	2020
Equity of Prize Holding GmbH (Note 2)	<u>109,502,970.50</u>	2020
Total	<u><u>127,355,686.51</u></u>	

At the end of 2019, the net of the Group's above held-for-sale assets' estimated disposal price minus the estimated disposal cost, was higher than their book value.

Note 1: In December 2017, the Company entered into the State-owned Land Use Right Acquisition Reserve Compensation Contract with Shanghai Xuhui District Land Reserve Center, pursuant to which the Company's land and buildings located in No. 193 Longhua Street, Shanghai will be expropriated. At the end of 2019, the first phase of land relocation and clearance work was completed and delivered. The second phase of land is expected to be delivered in 2020.

Note 2: In August 2019, a subsidiary of the Group signed an equity transfer contract with Azure Hotels to transfer all its the equity of Prize Holding GmbH to Azure Hotels, which is expected to be delivered in 2020.

9. Non-current assets due within one year

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Loans and advances due within one year (details refer to Note IX 11)	<u><u>517,800,000.00</u></u>	<u><u>410,000,000.00</u></u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Other current assets

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Prepayment of taxes	699,521,374.83	588,460,823.95
Prepaid expenses	238,741,086.18	176,591,279.80
Wealth management products (Note)	166,326,334.64	193,569,717.96
Entrusted loans	33,700,000.00	237,966,782.71
Others	7,580,805.87	6,618,534.11
Total	<u>1,145,869,601.52</u>	<u>1,203,207,138.53</u>

Note: The management of the Company and relevant subsidiaries believe that the carrying amount of the above wealth management products approximates their fair value.

11. Loans and advances

(1) Loans and advances disclosed by categories:

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Loans and advances to enterprises		
Loans		
-Pledged loans	517,800,000.00	464,900,000.00
Carrying amount of the loans and advances	<u>517,800,000.00</u>	<u>464,900,000.00</u>
Including: Loans and advances due within one year	517,800,000.00	410,000,000.00
Loans and advances due after one year	-	54,900,000.00

(2) Loans and advances disclosed by contractual periods and type of guarantee:

	<u>Within 1 year</u> <u>(inclusive)</u> RMB	<u>Closing balance</u> <u>1 to 5 years</u> <u>(inclusive)</u> RMB	<u>Total</u> RMB
Pledged loans	517,800,000.00	-	517,800,000.00
Carrying amount of loans and advances	<u>517,800,000.00</u>	<u>-</u>	<u>517,800,000.00</u>
	<u>Within 1 year</u> <u>(inclusive)</u> RMB	<u>Opening balance</u> <u>1 to 5 years</u> <u>(inclusive)</u> RMB	<u>Total</u> RMB
Pledged loans	410,000,000.00	54,900,000.00	464,900,000.00
Carrying amount of loans and advances	<u>410,000,000.00</u>	<u>54,900,000.00</u>	<u>464,900,000.00</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follows:

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Measured as a fair value	15,413,062,844.51	14,127,981,458.96
Measured as a cost	3,121,019,836.56	2,787,743,891.42
Sub-total	<u>18,534,082,681.07</u>	<u>16,915,725,350.38</u>
Less: Provision for impairment	218,042,160.01	118,690,753.88
Net value	<u><u>18,316,040,521.06</u></u>	<u><u>16,797,034,596.50</u></u>

(2) Major available-for-sale assets measured as a fair value are as follows:

Stock abbreviation	Stock code	Opening share quantity	Closing share quantity	Opening fair value RMB	Increase due to changes in scope of consolidation RMB	Purchase (disposal) in the year RMB	Changes in fair value in the year (Note 1) RMB	Exchange differences on foreign currency translation RMB	Closing fair value RMB
ACCORSA	-	33,890,000	31,290,000	9,869,218,838.67	-	(746,005,484.69)	1,133,391,995.08	(46,768,307.81)	10,209,837,041.25
Guotai Junan Agricultural Bank of China	601211	57,740,000	57,740,000	884,576,799.99	-	-	183,035,800.00	-	1,067,612,599.99
Orient securities	600958	92,188,251	92,188,251	734,740,360.47	-	562,694,975.41	18,818,752.46	-	1,020,929,727.87
Investment held through Ocean BT L.P (not 2)	HK00780	68,330,660	68,330,660	707,212,353.65	-	-	93,380,307.44	-	800,592,661.09
Bank of Communications	601328	92,409,512	92,409,512	535,051,074.48	-	-	(14,785,521.92)	-	520,265,552.56
Bank of China	600000	-	48,110,700	-	-	192,284,887.46	(14,756,404.46)	-	177,528,483.00
Shenwan Hongyuan	000166	27,588,205	27,588,205	112,435,581.50	-	-	29,006,722.50	-	141,442,304.00
Tianjin Realty Development	600322	11,999,100	11,999,100	73,194,337.43	-	-	(2,999,775.00)	-	70,194,562.43
Haitong Securities	600837	4,382,785	4,382,785	38,568,508.00	-	-	29,189,348.10	-	67,757,856.10
Jiao Da Onlly	600530	10,374,000	10,374,000	45,853,080.00	-	-	5,187,000.00	-	51,040,080.00
Bank of Shanghai	601229	1,768,592	2,639,590	22,720,779.98	-	-	2,328,930.07	-	25,049,710.05
Yuyuan Mart	600655	779,157	779,157	5,765,761.80	-	-	342,829.08	-	6,108,590.88
Shanghai Pudong Development Bank	600000	42,220,000	-	413,756,000.00	-	(195,867,463.01)	(217,888,536.99)	-	-
Others				245,471,982.99	3,953,148.29	(14,168,374.46)	27,501,337.71	-	262,758,094.53
Total				<u>14,127,981,458.96</u>	<u>3,953,148.29</u>	<u>(201,061,459.29)</u>	<u>1,528,958,004.36</u>	<u>(46,768,307.81)</u>	<u>15,413,062,844.51</u>

Note 1: The change in the fair value for the year was RMB 1,528,958,004.36, of which the increase due to the change in the fair value of available-for-sale financial assets was RMB 1,913,085,883.40 and the decrease due to the disposal of available-for-sale financial assets was RMB 384,127,879.04.

Note 2: Keystone, a subsidiary of the Group, is a limited partner of Ocean BT L.P., and holds approximately 3.58% equity of eLong Inc. ("eLong") through Ocean BT L.P. In March 2018, eLong completed the acquisition of Tongcheng Network and changed its name to Tongcheng-eLong Holdings Limited ("Tongcheng-eLong"). On 14 November 2018, Tongcheng-eLong was listed on the Hong Kong Stock Exchange (stock code: HK00780). The fair value of the financial asset is determined based on the closing price of the last trading day of 2019, the number of shares held, and the relevant tax expenses incurred to obtain benefits.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Available-for-sale financial assets - continued

(3) Major available-for-sale financial assets measured as a cost are as follows:

<u>Investee</u>	<u>Initial investment</u> RMB	<u>Opening</u> <u>balance</u> RMB	<u>Increase</u> <u>(decrease) in</u> <u>investment</u> RMB	<u>Exchange differences</u> <u>on foreign</u> <u>currency translation</u> RMB	<u>Closing</u> <u>balance</u> RMB
WeWork Companies Inc.	693,699,840.00	686,319,841.68	-	11,299,997.42	697,619,839.10
CCB Life Insurance Company Limited	389,844,000.00	389,844,000.00	294,000,000.00	-	683,844,000.00
Crystal Bright Development Limited	694,414,929.03	626,553,642.10	-	34,222,789.95	660,776,432.05
Shanghai Joyu Culture Communication Co., Ltd	495,853,606.00	495,853,606.00	-	-	495,853,606.00
Changjiang Pension Insurance Co., Ltd.	40,000,000.00	141,573,300.48	-	-	141,573,300.48
Shanghai Overseas Joint-Investment Co., Ltd.	98,750,000.00	98,750,000.00	-	-	98,750,000.00
Shanghai Dongfang Newspaper Co., Ltd	50,000,000.00	50,000,000.00	-	-	50,000,000.00
Shanghai Oriental Pearl Real Estate Co., Ltd.	50,000,000.00	50,000,000.00	-	-	50,000,000.00
Guotai Junan Investment Management Co., Ltd.	31,974,279.24	31,974,279.24	-	-	31,974,279.24
Shanghai Tianma Country Club	24,847,702.52	24,847,702.52	-	-	24,847,702.52
Jin Jiang Metro Cash & Carry Co., Ltd.	20,127,891.43	20,127,891.43	-	-	20,127,891.43
Shanghai Auchan Supermarket Co., Ltd.	14,900,633.87	14,900,633.87	-	-	14,900,633.87
Shanghai Swatch Art Center Co., Ltd.	14,841,000.00	14,841,000.00	-	-	14,841,000.00
Hangzhou KFC Co., Ltd.	12,265,727.00	12,265,727.00	-	-	12,265,727.00
Wenzhou Dynasty Hotel Co., Ltd.	11,003,407.00	11,003,407.00	-	-	11,003,407.00
Starr Property Insurance Co. Ltd	10,000,000.00	10,000,000.00	-	-	10,000,000.00
Xinyan Property Management (Shanghai) Co., Ltd.	9,554,381.38	9,554,381.38	-	-	9,554,381.38
Changjiang Economic Joint Development (Group) Co., Ltd.	7,671,010.00	8,672,900.00	-	-	8,672,900.00
Shanghai Jiansheng Industrial Co., Ltd.	7,900,000.00	7,900,000.00	-	-	7,900,000.00
Shanghai Nanzhan Long-distance Passenger Transportation Co., Ltd.	7,500,000.00	7,500,000.00	-	-	7,500,000.00
Shanghai Xinqing Property Management Co., Ltd.	6,643,853.80	6,643,853.80	-	-	6,643,853.80
Suzhou KFC Co., Ltd.	5,484,594.60	5,484,594.60	-	-	5,484,594.60
Shanghai Shi'an Haisheng Grand Hotel Co., Ltd.	5,442,000.00	5,442,000.00	-	-	5,442,000.00
Shanghai Business Center Co., Ltd.	5,187,700.00	5,187,700.00	-	-	5,187,700.00
Shanghai Universities Logistics Services Co., Ltd.	4,900,000.00	4,900,000.00	-	-	4,900,000.00
Shanghai West Shanghai Food Technology Co., Ltd.	4,666,666.67	4,666,666.67	-	-	4,666,666.67
Xinsheng Property Management (Shanghai) Co., Ltd.	4,311,096.96	4,311,096.96	(4,311,096.96)	-	-
Guangzhou Wan Ruo Gu Li Information Technology Co., Ltd.	4,000,000.00	4,000,000.00	-	-	4,000,000.00
Others	39,764,141.80	34,625,666.69	(1,935,745.27)	-	32,689,921.42
Total		<u>2,787,743,891.42</u>	<u>287,753,157.77</u>	<u>45,522,787.37</u>	<u>3,121,019,836.56</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Available-for-sale financial assets - continued

(4) Provision for impairment of available-for-sale financial assets

<u>Investee</u>	<u>Opening balance</u> RMB	Increase due to changes in scope <u>of consolidation</u> RMB	<u>Provision</u> RMB	<u>Write off</u> RMB	Exchange differences on foreign currency		<u>Closing balance</u> RMB
					<u>translation</u> RMB		
WeWork Companies Inc.	-	-	99,419,040.00	-	1,038,240.00		100,457,280.00
Tianjin Realty Development	34,197,435.00	-	-	-	-		34,197,435.00
Jin Jiang Metro Cash & Carry Co., Ltd.	20,127,891.43	-	-	-	-		20,127,891.43
Xinyan Property Management (Shanghai) Co., Ltd.	9,554,381.38	-	-	-	-		9,554,381.38
Shanghai Tianma Country Club	7,921,109.43	-	-	-	-		7,921,109.43
Shanghai Auchan Supermarket Co., Ltd.	6,695,646.57	-	-	-	-		6,695,646.57
Shanghai Xinqing Property Management Co., Ltd.	6,643,853.80	-	-	-	-		6,643,853.80
Shanghai Shi'an Haisheng Grand Hotel Co., Ltd.	5,442,000.00	-	-	-	-		5,442,000.00
Guangzhou Wan Ruo Gu Li Information Technology Co., Ltd.	3,500,000.00	-	-	-	-		3,500,000.00
Shanghai Shenteng Livestock Co., Ltd.	2,959,193.94	-	-	-	-		2,959,193.94
Guotai Junan Investment Management Co., Ltd.	2,500,000.00	-	-	-	-		2,500,000.00
Xinsheng Property Management (Shanghai) Co., Ltd.	4,311,096.96	-	-	(4,311,096.96)	-		-
Others	14,838,145.37	3,205,223.09	-	-	-		18,043,368.46
Total	<u>118,690,753.88</u>	<u>3,205,223.09</u>	<u>99,419,040.00</u>	<u>(4,311,096.96)</u>	<u>1,038,240.00</u>		<u>218,042,160.01</u>

13. Long-term receivables

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Long-term lease receivables	45,155,624.72	45,045,355.24
Total	<u>45,155,624.72</u>	<u>45,045,355.24</u>

14. Long-term equity investments

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

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Investments in joint ventures	826,171,107.66	810,485,097.39
Investments in associates	7,028,672,170.90	7,003,557,138.47
Sub-total	7,854,843,278.56	7,814,042,235.86
Less: provision for impairment	1,491,763,374.14	1,490,118,094.19
Net amount	<u>6,363,079,904.42</u>	<u>6,323,924,141.67</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(2) Provision for impairment of long-term equity investments

<u>Investee</u>	<u>Opening balance</u> RMB	<u>Provision</u> RMB	<u>Closing balance</u> RMB
Shanghai Shendi (Group) Co., Ltd.	1,483,000,000.00	-	1,483,000,000.00
Ganzi Holy Shambhala Tourism Investment Co., Ltd.	3,057,262.29	-	3,057,262.29
Guangzhou Mingyan Information Technology Co., Ltd.	2,259,016.19	-	2,259,016.19
Guangzhou Leji Information Technology Co., Ltd.	1,801,815.71	-	1,801,815.71
Shenzhen Fifth Space Apartment Hotel Management Co., Ltd.	-	1,645,279.95	1,645,279.95
Total	<u>1,490,118,094.19</u>	<u>1,645,279.95</u>	<u>1,491,763,374.14</u>

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(3) Investments in joint ventures:

<u>Investee</u>	<u>Initial investment</u> RMB	<u>Opening balance</u> RMB	<u>Increase (decrease)</u> <u>in investment</u> RMB	<u>Adjustments on</u> <u>the profit or loss</u> RMB	<u>Cash</u> <u>dividends</u> RMB	<u>Adjustments of other</u> <u>comprehensive income</u> RMB	<u>Closing balance</u> RMB
Shanghai Galaxy Hotel Co., Ltd.("Galaxy Hotel")	363,556,195.70	301,248,825.61	-	(12,228,263.34)	-	-	289,020,562.27
Shanghai Jin Jiang Tomson Hotel Company Limited	121,174,226.00	162,237,629.04	-	15,373,961.61	(13,002,242.97)	-	164,609,347.68
Shanghai Dazhong Xinya Taxi Co., Ltd.	84,628,129.42	78,606,079.61	-	30,545,147.60	(6,617,449.68)	-	102,533,777.53
Shanghai Motor Vehicle Driver Training Center	33,105,611.21	58,678,329.08	-	4,052,380.36	(4,636,249.35)	-	58,094,460.09
INCA HOTEL HOLDINGS COMPANY LLC("IHHC")	258,796,093.00	60,270,902.16	-	94,355.31	(21,303,701.15)	-	39,061,556.32
Shanghai Guanglv Enterprise Management Co., Ltd.	35,000,000.00	-	35,000,000.00	-	-	-	35,000,000.00
Shanghai Zhendong Auto Service Co., Ltd.	21,211,895.00	34,062,369.17	-	1,077,045.54	(843,731.55)	31,257.60	34,326,940.76
Shanghai Jinmao Jin Jiang Auto Service Co., Ltd.	16,940,000.00	32,238,503.39	-	820,909.60	(2,675,000.00)	-	30,384,412.99
Shanghai Jin Jiang Jia You Auto Service Co., Ltd.	14,614,900.00	21,920,571.68	-	(1,438,033.33)	-	-	20,482,538.35
Beijing Kunlun Hotel Co., Ltd.	193,791,249.00	29,985,296.66	-	(13,689,624.22)	-	98,370.42	16,394,042.86
Shanghai Yongda Second-hand Motor Vehicle Operation Co., Ltd.	4,500,000.00	4,038,514.36	-	7,018,478.60	-	-	11,056,992.96
Shanghai Jin Jiang Sheshan Auto Service Co., Ltd.	500,000.00	6,495,277.40	-	55,331.36	(152,362.62)	-	6,398,246.14
Shanghai Nissan Car Repair Center	5,643,011.57	6,124,974.00	-	496.19	-	-	6,125,470.19
Shanghai Tower Jin Jiang Hotel Assets Management Co., Ltd.	30,000,000.00	7,315,122.61	-	(1,965,519.84)	-	-	5,349,602.77
Shanghai Petroleum Group Changle Road Petro Station Co., Ltd.	150,000.00	2,561,002.11	-	782,673.29	(735,670.56)	-	2,608,004.84
Shanghai Jin Jiang Fairmont Hotel Management Co., Ltd.	258,435.00	2,507,160.61	-	11,869.66	-	-	2,519,030.27
Shanghai Jin Jiang Del Interactive Co., Ltd.	12,114,623.00	1,790,445.98	-	(5,418.45)	-	-	1,785,027.53
Shanghai Jin Jiu Property Management Co., Ltd.	250,000.00	404,093.92	-	49,114.12	(32,113.93)	-	421,094.11
Total		810,485,097.39	35,000,000.00	30,554,904.06	(49,998,521.81)	129,628.02	826,171,107.66

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(4) Investments in associates:

<u>Investee</u>	<u>Initial investment</u> RMB	<u>Opening balance</u> RMB	<u>Increase due to changes in scope of consolidation</u> RMB	<u>Increase (decrease) in investments</u> RMB	<u>Adjustment on profit or loss</u> RMB	<u>Cash dividends</u> RMB	<u>Adjustments to other comprehensive income</u> RMB	<u>Exchange differences on foreign currency translation</u> RMB	<u>Other decrease</u> RMB	<u>Closing balance</u> RMB
Shanghai Shendi (Group) Co., Ltd.	5,112,662,500.00	5,013,216,913.31	-	-	-	-	-	-	-	5,013,216,913.31
HuaAn Funds Management Co., Ltd.	165,000,000.00	548,926,936.03	-	-	89,986,275.39	(33,000,000.00)	5,354,030.07	-	-	611,267,241.49
Shanghai Pudong International Airport Cargo Terminal Co. Ltd. ("PACTL")	63,130,065.07	285,511,014.07	-	-	93,263,374.05	(111,161,956.50)	-	-	-	267,612,431.62
Shanghai KFC Co., Ltd.	97,977,250.00	220,375,041.30	-	-	130,928,191.68	(120,367,774.01)	833,229.40	-	-	231,768,688.37
Shanghai New Union Building Co., Ltd.	382,354,550.42	43,388,496.54	-	122,500,000.00	(8,363,362.92)	-	-	-	-	157,525,133.62
Shanghai Wufeng Shangshi Food Co., Ltd.	83,300,517.99	129,010,281.64	-	-	(14,522,215.81)	-	-	-	-	114,488,065.83
Jiangsu Nanjing Long-distance Passenger Transportation (Group) Co., Ltd.	25,300,000.00	100,011,940.78	-	-	10,274,268.20	(3,795,000.00)	-	-	-	106,491,208.98
Shanghai Interunited Co., Ltd	61,094,482.20	70,886,006.92	-	-	2,565,974.63	(2,500,000.00)	-	-	-	70,951,981.55
Shanghai Xinxin Construction Development Co., Ltd.	44,000,000.00	72,137,010.30	-	-	12,696,163.57	(16,000,000.00)	-	-	-	68,833,173.87
Shanghai Proton and Heavy Ion Center	100,000,000.00	63,052,558.16	-	-	2,762,454.37	-	-	-	-	65,815,012.53
HRG Jin Jiang Travel (China) Co., Ltd.	45,874,232.57	35,239,076.28	-	-	(32,869.91)	-	-	-	-	35,206,206.37
Shanghai New Asia Fulihua Catering Co., Ltd.	14,350,000.00	33,808,722.42	-	-	8,558,652.14	(7,056,000.00)	91,326.70	-	-	35,402,701.26
Shanghai Zihong Machinery Co., Ltd.	28,778,621.65	-	28,778,621.65	-	-	-	-	-	-	28,778,621.65
Jin Jiang International Les Roches Hotel Management College	12,278,226.00	18,393,410.71	-	-	1,116,618.77	-	-	-	-	19,510,029.48
Guangzhou WoQu Lodging Co., Ltd. ("Guangzhou Woqu")	-	17,995,936.28	-	-	(4,745,039.93)	-	-	-	-	13,250,896.35
Bestech Hotels&Resorts Private Limited	-	12,628,288.00	-	-	-	-	-	207,920.00	-	12,836,208.00
Shanghai Shengbo Jin Kang Investment Development Co., Ltd.	3,500,000.00	11,513,582.21	-	-	3,957,348.76	(4,644,143.68)	-	-	-	10,826,787.29
Al Quesir Hotel Company S.A.E	-	9,581,553.30	-	-	1,031,928.38	-	-	(31,294.69)	-	10,582,186.99
NNR Global Logistics (Beijing) Company Limited	3,939,947.20	8,857,009.07	-	-	1,552,027.52	-	-	-	-	10,409,036.59
Shenzhen Lianghao Restaurant Management Co., Ltd.	20,400,000.00	17,936,841.88	-	-	(8,018,967.66)	-	-	-	-	9,917,874.22
Bestech Hotels Private Limited	-	9,224,140.77	-	-	-	-	-	151,872.03	-	9,376,012.80
Shanghai Xinshangshi International Trade Co., Ltd.	5,207,396.94	7,583,795.32	-	-	283,450.25	-	-	-	-	7,867,245.57
Shanghai Yonda Cefiro Auto Sales and Services Co., Ltd.	6,000,000.00	6,267,379.68	-	-	1,299,652.00	-	-	-	-	7,567,031.68
SNC Angers Montpellier Villeneuve Rennes Invest Hotels	5,816,796.87	6,734,885.94	-	-	1,241,188.26	(708,216.35)	-	(20,657.07)	-	7,247,200.78
SNC Invest Hotels Dix90	9,334,776.60	9,787,705.12	-	-	836,699.13	(4,187,226.42)	-	(81,374.43)	-	6,355,803.40
SNC Chaville BxArles	5,666,989.10	6,388,266.45	-	-	698,667.77	(851,959.30)	-	(27,795.84)	-	6,207,179.08
Shanghai Xinjin Hotel Management Co., Ltd.	9,000,000.00	4,096,472.84	-	-	1,007,937.88	-	-	-	-	5,104,410.72
SNCBayeuxBergeracBlagnac	4,136,286.90	4,641,054.54	-	-	659,156.41	(354,829.94)	-	(15,018.56)	-	4,930,362.45
Shanghai Laochangfang Entrepreneurial Industry Management Co., Ltd	2,000,000.00	4,173,555.72	-	-	987,759.13	(1,173,555.86)	-	-	-	3,987,758.99
SNC Fontenay Dieppe	3,362,942.49	3,722,988.69	-	-	-	-	-	-	-	3,722,988.69
Ganzi Holy Shambhala Tourism Investment Co., Ltd.	3,550,706.93	3,057,262.29	-	-	-	-	-	-	-	3,057,262.29
Shanghai Jin Jiang Passenger Transportation Co., Ltd.	3,000,000.00	3,741,576.09	-	-	(804,961.86)	-	-	-	-	2,936,614.23
SNC Lisieux	5,924,616.60	5,924,616.60	-	-	60,178.99	-	(9,684.41)	-	-	2,625,196.05
Guangzhou Wormhole Network Technology Co., Ltd.	4,909,435.97	2,579,884.65	-	-	(45,867.05)	-	-	-	-	2,534,017.60
Jiangsu Jin Jiang Nanjing Hotel Co., Ltd.	16,800,000.00	5,301,444.48	-	-	(2,780,673.95)	-	-	-	-	2,520,770.53
Guangzhou Mingyan Information Technology Co., Ltd.	2,548,897.57	2,259,016.19	-	-	-	-	-	-	-	2,259,016.19
Guangzhou Fulunzi Information Technology Co., Ltd.	2,925,473.49	2,353,644.44	-	-	(161,962.77)	-	-	-	-	2,191,681.67
Guangzhou Leji Information Technology Co., Ltd.	1,962,577.33	1,801,815.71	-	-	-	-	-	-	-	1,801,815.71
Shenzhen Fifth Space Apartment Hotel Management Co., Ltd.	2,819,766.69	1,645,279.95	-	-	-	-	-	-	-	1,645,279.95
Guangzhou Chuangbianzhe Entry-Exit Service Co., Ltd	716,824.01	1,633,755.62	-	-	1,082.40	-	-	-	-	1,634,838.02
Saclay Invest Hotel	-	1,778,331.55	-	-	(220,412.17)	-	-	(9,950.36)	-	1,547,969.02
Guangzhou Qinyou Commercial Services Co., Ltd.	2,001,794.97	1,571,639.65	-	-	(79,485.35)	-	-	-	-	1,492,154.30
Guangzhou Muximei Internet Service Co., Ltd.	1,800,000.00	1,420,976.64	-	-	(7,113.58)	-	-	-	-	1,413,863.06
Shanghai Eastern Airlines International Travel Transportation Co., Ltd.	3,920,000.00	1,786,837.18	-	-	(449,746.57)	-	-	-	-	1,337,090.61
Shanghai Jingeng Investment Management Co., Ltd.	1,000,000.00	-	-	1,000,000.00	169,316.09	-	-	-	-	1,169,316.09
Shanghai China Travel Overseas Affairs Service Co., Ltd.	800,000.00	948,074.07	-	-	3,502.27	-	-	-	-	951,576.34

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(4) Investments in associates: - continued

<u>Investee</u>	<u>Initial investment</u> RMB	<u>Opening balance</u> RMB	<u>Increase due to changes in scope of consolidation</u> RMB	<u>Increase (decrease) in investments</u> RMB	<u>Adjustment on profit or loss</u> RMB	<u>Cash dividends</u> RMB	<u>Adjustments to other comprehensive income</u> RMB	<u>Exchange differences on foreign currency translation</u> RMB	<u>Other decrease</u> RMB	<u>Closing balance</u> RMB
Shanghai FASCO International Travel & Tour Co., Ltd.	1,050,000.00	846,059.89	-	-	40,502.27	-	-	-	-	886,562.16
Guangzhou Yaji Hotel Management Co., Ltd.	1,000,000.00	931,685.87	-	-	(46,001.22)	-	-	-	-	885,684.65
Shanghai Juxing Property Management Co., Ltd.	246,500.00	1,058,243.89	-	-	20,298.49	(246,500.00)	-	-	-	832,042.38
Afrinord Hotel Investment A/S	-	596,394.80	-	-	62,070.88	-	-	(1,963.68)	-	656,502.00
Shanghai Yoshinoya Fast Food Co., Ltd.	37,590,040.10	1,553,294.14	-	-	(930,786.69)	-	-	-	-	622,507.45
Guangzhou Yule Network Co., Ltd.	1,000,000.00	533,235.85	-	-	(50,019.54)	-	-	-	-	483,216.31
Guangzhou Xiaopang Information Technology Co., Ltd.	494,843.86	506,681.05	-	-	(99,427.28)	-	-	-	-	407,253.77
Fast Lane Hospitality GmbH	320,435.50	-	-	320,435.50	-	-	-	-	-	320,435.50
Shanghai China Travel Chige Trade Co., Ltd.	280,000.00	44,474.91	-	-	-	-	-	-	-	44,474.91
Prize Holding GmbH	-	117,882,140.64	-	-	(7,083,839.18)	(750,288.00)	-	(545,042.96)	(109,502,970.50)	-
Shanghai China Travel International Co., Ltd ("China Travel")	31,000,000.00	44,854,953.20	-	-	(1,851,998.58)	-	-	-	(43,002,954.62)	-
Shanghai One-day Trip Co., Ltd.	1,699,850.00	-	-	-	-	-	-	-	-	-
Shanghai Wubei Parking Garage Co., Ltd.	1,500,000.00	-	-	-	-	-	-	-	-	-
Wuxi Jin Jiang Grand Hotel Co., Ltd.	7,704,632.00	-	-	-	-	-	-	-	-	-
Others	6,343,302.19	25,204,869.98	-	-	7,395,752.76	(673,196.60)	2,848,905.45	582,304.99	-	35,358,636.58
Total		7,003,557,138.47	28,778,621.65	123,820,435.50	323,165,740.42	(307,470,646.66)	9,127,491.62	199,315.02	(152,505,925.12)	7,028,672,170.90

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(5) List of significant joint ventures and associates and their key financial information

Investee	Principal place of business	Place of registration	Business nature	Proportion of ownership interest held by the Group		Whether it is of strategic significance to the Group's activities
				31/12/2019	31/12/2018	
Joint ventures: Galaxy Hotel	Shanghai	Shanghai	Hotel operation	50%	50%	YES
Associates: Shanghai Shendi (Group) Co., Ltd.	Shanghai	Shanghai	Entertainment industry investment, properties development and operation etc.	25%	25%	YES
HuaAn Funds Management Co., Ltd.	Shanghai	Shanghai	Securities investment fund raising and management	20%	20%	YES
PACTL	Shanghai	Shanghai	Transportation industry	20%	20%	YES
Shanghai KFC Co., Ltd.	Shanghai	Shanghai	Production of KFC fast food	42%	42%	YES

Key financial information of significant joint ventures:

(i) Galaxy Hotel

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Current assets	27,685,115.57	27,375,057.58
Non-current assets	589,864,125.29	623,828,822.29
Total assets	<u>617,549,240.86</u>	<u>651,203,879.87</u>
Current liabilities	37,167,148.31	46,365,260.64
Non-current liabilities	2,340,968.01	2,340,968.01
Total liabilities	<u>39,508,116.32</u>	<u>48,706,228.65</u>
Net assets	<u>578,041,124.54</u>	<u>602,497,651.22</u>
Share of net assets calculated by proportion of ownership interests	<u>289,020,562.27</u>	<u>301,248,825.61</u>
Carrying amount of equity investment in Galaxy Hotel	<u>289,020,562.27</u>	<u>301,248,825.61</u>
	<u>2019</u> RMB	<u>2018</u> RMB
Operating income	164,190.48	92,576.00
Total net loss and comprehensive loss attributable to owners of the Company	<u>(4,871,880.39)</u>	<u>(5,237,233.52)</u>
Dividends received from Galaxy Hotel	<u>-</u>	<u>-</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(5) List of significant joint ventures and associates and their key financial information - continued

Key financial information of significant associates

(ii) Shanghai Shendi (Group) Co., Ltd.	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Current assets	8,064,975,119.04	7,900,199,859.72
Non-current assets	48,441,199,750.62	49,783,608,286.53
Total assets	<u>56,506,174,869.66</u>	<u>57,683,808,146.25</u>
Current liabilities	5,880,468,782.38	7,372,734,662.29
Non-current liabilities	24,716,125,460.58	23,947,397,717.15
Total liabilities	<u>30,596,594,242.96</u>	<u>31,320,132,379.44</u>
Net assets	<u>25,909,580,626.70</u>	<u>26,363,675,766.81</u>
Net assets attributable to owners of the Company	<u>17,630,573,270.76</u>	<u>17,789,541,251.46</u>
Share of net assets calculated by proportion of ownership interests	<u>4,407,643,317.69</u>	<u>4,447,385,312.87</u>
Gross carrying amount of investment in Shanghai Shendi (Group) Co., Ltd.	5,013,216,913.31	5,013,216,913.31
Less: Provision for impairment	<u>1,483,000,000.00</u>	<u>1,483,000,000.00</u>
Carrying amount of investment in Shanghai Shendi (Group) Co., Ltd.	<u>3,530,216,913.31</u>	<u>3,530,216,913.31</u>
	<u>2019</u> RMB	<u>2018</u> RMB
Operating income	8,620,986,909.16	7,900,687,849.05
Net loss and total comprehensive loss attributable to owners of the Company	<u>(163,182,168.47)</u>	<u>(691,020,431.66)</u>
Dividends received from Shanghai Shendi (Group) Co., Ltd.	<u>-</u>	<u>-</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(5) List of significant joint ventures and associates and their key financial information - continued

Key financial information of significant associates - continued

(iii) HuaAn Funds Management Co., Ltd.	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Current assets	640,393,167.21	2,030,022,861.39
Non-current assets	3,311,925,690.26	1,646,437,359.11
Total assets	<u>3,952,318,857.47</u>	<u>3,676,460,220.50</u>
Current liabilities	694,941,685.31	604,012,088.50
Non-current liabilities	201,040,964.71	327,813,451.85
Total liabilities	<u>895,982,650.02</u>	<u>931,825,540.35</u>
Net assets	<u>3,056,336,207.45</u>	<u>2,744,634,680.15</u>
Net assets attributable to owners of the Company	<u>3,056,336,207.45</u>	<u>2,744,634,680.15</u>
Share of net assets calculated by proportion of ownership interests	<u>611,267,241.49</u>	<u>548,926,936.03</u>
Carrying amount of equity investment in HuaAn Funds Management Co., Ltd.	<u>611,267,241.49</u>	<u>548,926,936.03</u>
	<u>2019</u> RMB	<u>2018</u> RMB
Operating income	1,851,695,763.61	1,675,680,978.12
Net profit attributable to owners of the Company	449,931,376.93	421,016,787.50
Other comprehensive income attributable to owners of the Company	26,770,150.33	(4,082,098.65)
Total comprehensive income attributable to owners of the Company	<u>476,701,527.26</u>	<u>416,934,688.85</u>
Dividends received from HuaAn Funds Management Co., Ltd.	<u>33,000,000.00</u>	<u>30,000,000.00</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(5) List of significant joint ventures and associates and their key financial information - continued

Key financial information of significant associates - continued

(iv) Shanghai Pudong International Airport Cargo Terminal Co. Ltd. ("PACTL")

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Current assets	700,141,075.56	790,396,845.46
Non-current assets	799,691,278.03	823,926,869.72
Total assets	<u>1,499,832,353.59</u>	<u>1,614,323,715.18</u>
Current liabilities	161,770,195.49	186,768,644.84
Non-current liabilities	-	-
Total liabilities	<u>161,770,195.49</u>	<u>186,768,644.84</u>
Net assets	<u>1,338,062,158.10</u>	<u>1,427,555,070.34</u>
Net assets attributable to owners of the Company	<u>1,338,062,158.10</u>	<u>1,427,555,070.34</u>
Share of net assets calculated by proportion of ownership interests	<u>267,612,431.62</u>	<u>285,511,014.07</u>
Carrying amount of equity investment in Shanghai Pudong Int'l Airport Cargo Terminal Co., Ltd. ("PACTL")	<u>267,612,431.62</u>	<u>285,511,014.07</u>
	<u>2019</u> RMB	<u>2018</u> RMB
Operating income	859,168,065.47	913,509,614.75
Total net profit and comprehensive income attributable to owners of the Company	<u>466,316,870.27</u>	<u>578,236,941.11</u>
Dividends received from PACTL	<u>111,161,956.50</u>	<u>115,990,086.31</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(5) List of significant joint ventures and associates and their key financial information - continued

Key financial information of significant associates - continued

(v) Shanghai KFC Co., Ltd.	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Current assets	275,713,916.76	235,437,299.39
Non-current assets	528,536,337.79	506,040,817.15
Total assets	<u>804,250,254.55</u>	<u>741,478,116.54</u>
Current liabilities	173,997,808.47	155,555,540.20
Non-current liabilities	78,422,235.68	61,220,097.09
Total liabilities	<u>252,420,044.15</u>	<u>216,775,637.29</u>
Net assets	<u>551,830,210.40</u>	<u>524,702,479.25</u>
Net assets attributable to owners of the Company	<u>551,830,210.40</u>	<u>524,702,479.25</u>
Share of net assets calculated by proportion of ownership interests	<u>231,768,688.37</u>	<u>220,375,041.30</u>
Carrying amount of equity investment in Shanghai KFC Co., Ltd.	<u>231,768,688.37</u>	<u>220,375,041.30</u>
	<u>2019</u> RMB	<u>2018</u> RMB
Operating income	3,551,197,824.25	3,216,032,423.13
Total net profit and comprehensive income attributable to owners of the Company	<u>311,762,457.69</u>	<u>286,675,940.90</u>
Dividends received from Shanghai KFC Co., Ltd.	<u>120,367,774.01</u>	<u>113,316,970.03</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Long-term equity investments - continued

(6) Summary of information of insignificant joint ventures and associates

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Joint ventures:		
Total carrying amount of investments	<u>537,150,545.39</u>	<u>509,236,271.78</u>
Total of the following items calculated by proportion of ownership interests		
	<u>2019</u> RMB	<u>2018</u> RMB
Net profit	42,783,167.40	14,963,659.97
Other comprehensive income (loss)	129,628.02	(1,110,068.63)
Total comprehensive income	<u>42,912,795.42</u>	<u>13,853,591.34</u>
	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Associates:		
Total carrying amount of investments	<u>904,806,896.11</u>	<u>935,527,233.76</u>
Total of the following items calculated by proportion of ownership interests		
	<u>2019</u> RMB	<u>2018</u> RMB
Net profit	8,987,899.30	38,271,377.60
Other comprehensive income (loss)	2,940,232.15	(405,202.76)
Total comprehensive income	<u>11,928,131.45</u>	<u>37,866,174.84</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Investment properties

	<u>Land use right</u> RMB	<u>Buildings</u> RMB	<u>Total</u> RMB
<u>Original carrying amount</u>			
Opening balance	77,534,130.38	1,274,572,360.73	1,352,106,491.11
Purchase	-	224,817.80	224,817.80
Increase due to changes in scope of consolidation	-	1,329,880.95	1,329,880.95
Closing balance	<u>77,534,130.38</u>	<u>1,276,127,059.48</u>	<u>1,353,661,189.86</u>
<u>Accumulated depreciation and amortization</u>			
Opening balance	17,890,416.36	720,924,210.70	738,814,627.06
Charge for the year	1,346,257.14	29,955,765.08	31,302,022.22
Increase due to changes in scope of consolidation	-	398,964.00	398,964.00
Closing balance	<u>19,236,673.50</u>	<u>751,278,939.78</u>	<u>770,515,613.28</u>
<u>Provision for impairment</u>			
Opening balance & Closing balance	-	771,979.48	771,979.48
<u>Carrying amount</u>			
Opening balance	<u>59,643,714.02</u>	<u>552,876,170.55</u>	<u>612,519,884.57</u>
Closing balance	<u>58,297,456.88</u>	<u>524,076,140.22</u>	<u>582,373,597.10</u>

As at 31 December 2019, land use rights of RMB 21,123,200.00 (31 December 2018: RMB 21,123,200.00) were obtained via allocation. As the management believes that the useful lives of above land use rights are not determinable and are available for use in the foreseeable future, they are not amortized during the period of ownership.

As at 31 December 2019, buildings and land use rights for which the Group had not obtained certificates of title had a carrying amount of RMB 30,347,430.94 (31 December 2018: RMB 23,441,105.74).

As at 31 December 2019, buildings for which the certificates of title have not been renewed had a carrying amount of RMB 993,898.95 (31 December 2018: RMB 1,039,762.11).

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Fixed assets

Changes in fixed assets in the year are as follows:

	Land RMB	Buildings RMB	Machinery equipment RMB	Electronic equipment, fixtures and furniture RMB	Transportation vehicles RMB	Commercial vehicles RMB	Expenditures on decoration of hotels and buildings RMB	Total RMB
<u>Original carrying amount</u>								
Opening balance	1,441,232,477.34	16,515,738,679.27	6,190,406,517.35	2,105,612,960.71	125,579,530.13	1,535,097,543.75	1,658,762,204.45	29,572,429,913.00
Increase due to changes in scope of consolidation	-	126,902,204.52	484,227.15	7,815,916.79	33,631,715.76	-	-	168,834,064.22
Additions	5,406,795.91	52,183,481.35	307,433,114.52	35,951,687.51	5,361,165.78	2,992,567.89	68,683,587.89	478,012,400.85
Transfer from construction in progress	-	92,940,684.70	258,195,737.19	69,498,061.13	4,439,058.43	130,294,356.62	144,046,349.31	699,414,247.38
Disposals	(733,943.57)	(35,192,879.19)	(392,560,114.98)	(41,000,586.23)	(12,586,475.85)	(206,016,830.30)	(107,236,705.34)	(795,327,535.46)
Decrease due to changes in scope of consolidation	(4,459,661.23)	(23,879,377.30)	-	-	-	-	-	(28,339,038.53)
Exchange differences on foreign currency translation	1,549,577.26	21,873,208.13	6,548,301.96	1,887,683.63	-	-	370,363.86	32,229,134.84
Closing balance	1,442,995,245.71	16,750,566,001.48	6,370,507,783.19	2,179,765,723.54	156,424,994.25	1,462,367,637.96	1,764,625,800.17	30,127,253,186.30
<u>Accumulated depreciation</u>								
Opening balance	64,232,477.01	7,572,472,467.20	4,250,811,254.01	1,184,807,307.51	93,382,237.81	874,980,244.56	1,232,855,779.37	15,273,541,767.47
Charge for the year	3,533,766.57	517,893,366.03	562,488,833.65	80,304,668.19	16,576,387.84	192,670,364.52	141,165,719.50	1,514,633,106.30
Increase due to changes in scope of consolidation	-	17,160,546.74	460,015.79	6,674,789.96	20,109,451.45	-	-	44,404,803.94
Disposals	(141,329.32)	(26,194,147.60)	(376,615,230.25)	(37,537,606.95)	(9,861,138.26)	(182,455,640.39)	(46,854,277.54)	(679,659,370.31)
Exchange differences on foreign currency translation	228,091.28	6,291,695.67	2,052,846.03	418,906.36	-	-	628,054.42	9,619,593.76
Closing balance	67,853,005.54	8,087,623,928.04	4,439,197,719.23	1,234,668,065.07	120,206,938.84	885,194,968.69	1,327,795,275.75	16,162,539,901.16
<u>Provision for impairment</u>								
Opening balance	-	2,496,022.64	115,816,822.11	54,673.83	269,086.48	-	40,874.32	118,677,479.38
Charge for the year	-	-	18,380,739.34	-	-	-	-	18,380,739.34
Exchange differences on foreign currency translation	-	-	3,440,136.66	-	-	-	-	3,440,136.66
Closing balance	-	2,496,022.64	137,637,698.11	54,673.83	269,086.48	-	40,874.32	140,498,355.38
<u>Carrying amount</u>								
Opening balance	1,377,000,000.33	8,940,770,189.43	1,823,778,441.23	920,750,979.37	31,928,205.84	660,117,299.19	425,865,550.76	14,180,210,666.15
Closing balance	1,375,142,240.17	8,660,446,050.80	1,793,672,365.85	945,042,984.64	35,948,968.93	577,172,669.27	436,789,650.10	13,824,214,929.76

Including, fixed assets acquired through finance lease as follows:

	Land RMB	Buildings RMB	Machinery equipment RMB	Total RMB
Original carrying amount	126,986,244.00	821,216,007.15	37,319,704.12	985,521,955.27
Accumulated depreciation	-	(716,934,419.80)	(24,101,286.35)	(741,035,706.15)
Carrying amount	126,986,244.00	104,281,587.35	13,218,417.77	244,486,249.12

As at 31 December 2019, buildings for which the Group had not obtained real estate certificates had a carrying amount of RMB 102,923,310.42 (31 December 2018: RMB 154,568,397.99).

As at 31 December 2019, the subsidiary of Shanghai Jin Jiang International Hotels Development Co. Ltd. pledged the buildings with net book value of RMB 173,652,559.58 as collateral for long-term borrowings. For details, refer to Note IX 35, note 3(2).

As at 31 December 2019, the buildings and machinery and equipment with book value of overseas subsidiaries of Jin Jiang International Investment of RMB 820,478,519.82 were used as collateral for bank borrowings, refer to Note IX 35, note 3(1).

As at 31 December 2019, buildings of Shanghai CTS of RMB 12,243,157.31 were used as collateral for short-term borrowings, refer to IX 25, note 3.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Construction in progress

<u>Item</u>	<u>Opening balance</u> RMB	<u>Addition</u> RMB	Completed and transferred to <u>fixed assets</u> RMB	Completed and transferred to <u>intangible assets</u> RMB	Completed and transferred to long-term <u>prepaid expenses</u> RMB	Exchange differences on foreign currency <u>translation</u> RMB	<u>Closing balance</u> RMBRMB
Series renovation of limited service hotels	539,420,578.06	680,519,475.21	(204,331,666.65)	(132,659,642.48)	(377,571,345.42)	(736,737.79)	504,640,660.93
Renovation of full service hotels and other hotels	1,060,714,174.52	1,026,624,693.10	(334,697,526.21)	(816,256.90)	(91,354,089.21)	(1,073,524.36)	1,659,397,470.94
Renovation of restaurants	3,513,323.06	14,755,013.07	(15,243,964.84)	-	-	-	3,024,371.29
Decoration and renovation of office area and equipment	136,648,250.12	95,819,578.00	(14,846,733.06)	(35,107,332.62)	(408,832.92)	1,623,325.23	183,728,254.75
Vehicles not ready for intended use	11,421,659.88	122,069,505.98	(130,294,356.62)	-	-	-	3,196,809.24
Total original carrying amount	<u>1,751,717,985.64</u>	<u>1,939,788,265.36</u>	<u>(699,414,247.38)</u>	<u>(168,583,232.00)</u>	<u>(469,334,267.55)</u>	<u>(186,936.92)</u>	<u>2,353,987,567.15</u>
Less: Impairment provision	<u>28,908,978.74</u>						<u>30,698,728.26</u>
Carrying amount	<u>1,722,809,006.90</u>						<u>2,323,288,838.89</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Intangible assets

	<u>Land use rights</u> RMB	<u>Cars</u> <u>operation license</u> RMB	<u>Long-term lease</u> <u>right to</u> <u>operating income</u> RMB	<u>Trademarks</u> <u>and brands</u> RMB	<u>Patent and</u> <u>related rights</u> RMB	<u>Membership right</u> RMB	<u>Non-patent</u> <u>technology</u> RMB	<u>Software and others</u> RMB	<u>Total</u> RMB
<u>Original carrying amount</u>									
Opening balance	7,039,866,453.96	227,244,083.85	1,379,540,920.17	12,051,736,320.08	627,675,954.17	440,718,446.92	6,520,000.00	1,868,853,058.01	23,642,155,237.16
Increase due to changes in scope of consolidation	-	-	-	24,376,699.57	-	-	-	2,837,000.00	27,213,699.57
Additions	152,830.19	-	-	124,273.80	376,575.45	-	-	335,496,966.05	336,150,645.49
Transfer from construction in progress	-	-	-	-	-	-	-	168,583,232.00	168,583,232.00
Disposals	(712,000.00)	-	-	-	(277,492.50)	-	-	(2,055,295.16)	(3,044,787.66)
Exchange differences on foreign currency translation	339,102.35	-	(792,912.98)	87,946,076.56	(1,856,250.32)	1,708,408.43	-	3,789,453.72	91,133,877.76
Closing balance	<u>7,039,646,386.50</u>	<u>227,244,083.85</u>	<u>1,378,748,007.19</u>	<u>12,164,183,370.01</u>	<u>625,918,786.80</u>	<u>442,426,855.35</u>	<u>6,520,000.00</u>	<u>2,377,504,414.62</u>	<u>24,262,191,904.32</u>
<u>Accumulated amortization</u>									
Opening balance	1,003,254,416.25	6,030,352.00	252,620,707.26	195,987.48	369,966,521.88	46,135,000.00	-	1,220,063,082.49	2,898,266,067.36
Charge for the year	248,224,538.41	-	105,171,774.32	799,762.78	23,893,585.28	23,923,442.13	-	168,528,702.83	570,541,805.75
Eliminated on disposals	-	-	-	-	(269,784.38)	-	-	(1,313,156.04)	(1,582,940.42)
Exchange differences on foreign currency translation	135,575.93	-	453,617.62	-	257,521.37	74,599.47	-	(1,889,207.20)	(967,892.81)
Closing balance	<u>1,251,614,530.59</u>	<u>6,030,352.00</u>	<u>358,246,099.20</u>	<u>995,750.26</u>	<u>393,847,844.15</u>	<u>70,133,041.60</u>	<u>-</u>	<u>1,385,389,422.08</u>	<u>3,466,257,039.88</u>
<u>Provision for impairment</u>									
Opening balance	-	-	-	-	368,823.10	-	-	54,933,082.38	55,301,905.48
Charge for the year	-	-	-	-	-	-	-	2,973,713.48	2,973,713.48
Exchange differences on foreign currency translation	-	-	-	-	-	-	-	324,175.38	324,175.38
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,823.10</u>	<u>-</u>	<u>-</u>	<u>58,230,971.24</u>	<u>58,599,794.34</u>
<u>Carrying amount</u>									
Opening balance	<u>6,036,612,037.71</u>	<u>221,213,731.85</u>	<u>1,126,920,212.91</u>	<u>12,051,540,332.60</u>	<u>257,340,609.19</u>	<u>394,583,446.92</u>	<u>6,520,000.00</u>	<u>593,856,893.14</u>	<u>20,688,587,264.32</u>
Closing balance	<u>5,788,031,855.91</u>	<u>221,213,731.85</u>	<u>1,020,501,907.99</u>	<u>12,163,187,619.75</u>	<u>231,702,119.55</u>	<u>372,293,813.75</u>	<u>6,520,000.00</u>	<u>933,884,021.30</u>	<u>20,737,335,070.10</u>
Remained amortization period	5-60 years	Nil	11-13 years	Part of trademark right has a life of 1-10 years, others have no life	2-15 years	20 years	Nil	2-28 years	

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Intangible assets - continued

As at 31 December 2019, land use rights of RMB 150,121,800.00 (31 December 2018: RMB 150,121,800.00) have been obtained with government investment. As the management believes that the useful lives of the above land use rights are not determinable and are available for use in the foreseeable future, they are not amortized during the period of being held.

As at 31 December 2019, land use rights of RMB 203,335,970.23 (31 December 2018: RMB 203,335,970.23) have been obtained through allocation. As the management believes that the useful lives of the above land use rights are not determinable and are available for use in the foreseeable future, they are not amortized during the period of being held.

19. Goodwill

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Cost</u>		
Opening balance	13,634,380,415.01	12,025,255,296.88
Increase (decrease) for the year	(27,448,726.80)	1,609,125,118.13
Closing balance	<u>13,606,931,688.21</u>	<u>13,634,380,415.01</u>
<u>Impairment provision</u>		
Opening balance	193,500,414.33	172,955,867.40
Increase for the year	-	20,544,546.93
Closing balance	<u>193,500,414.33</u>	<u>193,500,414.33</u>
<u>Carrying amount</u>		
Opening balance	<u>13,440,880,000.68</u>	<u>11,852,299,429.48</u>
Closing balance	<u>13,413,431,273.88</u>	<u>13,440,880,000.68</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill - continued

(1) The details of the original carrying amount of the Group's goodwill are set out as follows:

	<u>Opening balance</u> RMB	Increase (decrease) in the year RMB	Exchange differences on foreign currency translation RMB	<u>Closing balance</u> RMB
Keystone	5,766,874,767.03	-	-	5,766,874,767.03
GDL (Note 1)	4,938,876,526.42	(25,574,372.20)	(20,755,006.27)	4,892,547,147.95
Radisson Hospitality AB & Radisson Holdings Inc (Note 2)	1,510,299,312.10	28,339,038.53	(9,458,386.86)	1,529,179,963.77
Vienna and Longevity Village	668,816,710.56	-	-	668,816,710.56
Pictet Huitong Network Technology (Shanghai) Co., Ltd. ("HUBS1")	428,206,217.97	-	-	428,206,217.97
Shanghai East Jin Jiang Hotel Co., Ltd. ("East Jin Jiang")	143,981,550.32	-	-	143,981,550.32
Smartel Hotel management Co., Ltd. (" Smartel")	51,785,803.21	-	-	51,785,803.21
Shanxi Jinguang Inn Management Co., Ltd. ("Shanxi Jinguang")	40,171,417.85	-	-	40,171,417.85
The Kunlun Jing An Hotel	23,446,418.54	-	-	23,446,418.54
Xi'an Xijing International Hotel Co., Ltd. ("Xi'an Xijing")	17,373,911.00	-	-	17,373,911.00
Jin Jiang Inn Hotel Investment Co., Ltd.	17,118,867.00	-	-	17,118,867.00
Sofitel Shanghai Hyland Hotel Co., Ltd.	11,002,693.00	-	-	11,002,693.00
Jin Jiang Inn Hotel Co., Ltd.	5,201,426.72	-	-	5,201,426.72
Shenzhen Duzhuhua Inn Management Co., Ltd. (" Duzhuhua")	3,740,756.59	-	-	3,740,756.59
Shanghai Jing An Bakery Co., Ltd.	3,576,117.39	-	-	3,576,117.39
Shanghai Jin Jiang International Travel Center Co., Ltd.	1,057,987.58	-	-	1,057,987.58
Shanghai Wonderful Food Co., Ltd.	1,245,947.02	-	-	1,245,947.02
Shanghai Xintiantian Cold Logistics Co., Ltd. ("Xintiantian")	972,584.60	-	-	972,584.60
Shanghai Jin Jiang International JTB Exhibition Co., Ltd.	631,400.11	-	-	631,400.11
Total	<u>13,634,380,415.01</u>	<u>2,764,666.33</u>	<u>(30,213,393.13)</u>	<u>13,606,931,688.21</u>

Note 1: The decrease for the year was due to the reduction of the goodwill of LAHOTELS and Tempting Places acquired in 2018 by the management of GDL, a subsidiary of Jin Jiang Capital, based on the amount of the identifiable net assets that was finally determined. , amounting to EUR 3,313,000.00 (equivalent to RMB 25,574,372.20), of which the intangible assets were increased by RMB 24,376,699.57.

Note 2: The increase for the year was due to the increase in the total goodwill of Radisson Hotel by RMB 28,339,038.53 by the management of Jin Jiang International investment's subsidiaries, Radisson Holdings Inc. ("RHI") and Radisson Hospitality AB ("RHAB") (collectively referred to as "Radisson Hotel"), based on the amount of fair value of the identifiable net assets finally determined during the year.

(2) Provisions for impairment of goodwill are as follows:

	<u>Opening balance & closing balance</u> RMB
East Jin Jiang	143,981,550.32
Shanxi Jinguang	40,171,417.85
Duzhuhua	3,740,756.59
Shanghai Jing An Bakery Co., Ltd.	3,576,117.39
Shanghai Jin Jiang International Travel Center Co., Ltd.	1,057,987.58
Xintiantian	972,584.60
Total	<u>193,500,414.33</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill - continued

(2) Provisions for impairment of goodwill are as follows: - continued

(i) Allocation of goodwill to cash generating unit

For the purpose of impairment testing, goodwill has been allocated to cash-generating units attributable to overseas hotel operation and management segment, cash-generating unit attributable to domestic hotel operation and management segment and cash-generating unit of other segments.

	<u>Cost</u> RMB	<u>Provision</u> <u>for impairment</u> RMB	<u>Carrying amount</u> RMB
Overseas service hotel operation and management segment			
GDL	4,892,547,147.95	-	4,892,547,147.95
Radisson Hotel	1,529,179,963.77	-	1,529,179,963.77
Domestic service hotel operation and management segment			
Keystone	5,766,874,767.03	-	5,766,874,767.03
Vienna and Longevity Village	668,816,710.56	-	668,816,710.56
HUBS1	428,206,217.97	-	428,206,217.97
East Jin Jiang	143,981,550.32	143,981,550.32	-
Smartel	51,785,803.21	-	51,785,803.21
The Kunlun Jing An Hotel	23,446,418.54	-	23,446,418.54
Shanxi Jinguang	40,171,417.85	40,171,417.85	-
Xi'an Xijing	17,373,911.00	-	17,373,911.00
Jin Jiang Inn Hotel Investment Co., Ltd.	17,118,867.00	-	17,118,867.00
Sofitel Shanghai Hyland Hotel Co., Ltd.	11,002,693.00	-	11,002,693.00
Jin Jiang Inn Hotel Co., Ltd.	5,201,426.72	-	5,201,426.72
Duzhihua	3,740,756.59	3,740,756.59	-
Other business segments			
Others	7,484,036.70	5,606,689.57	1,877,347.13
Total	<u>13,606,931,688.21</u>	<u>193,500,414.33</u>	<u>13,413,431,273.88</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill - continued

(2) Provisions for impairment of goodwill are as follows: - continued

(ii) the key assumptions and basis for calculating the recoverable amount of above cash generating units are as follows:

A. Cash generating units of overseas service hotel operation and management segment

The recoverable amount of the cash generating units of overseas service hotel operation and management segment is determined based on the present value of the estimated future cash flows. The future cash flows are determined based on the assessment of third party appraisal institution or the financial budget of the management. The key assumption used in estimating the present value of expected future cash flows is: estimate the expected growth rate and discounting rate of the average income from available-for-rent guest rooms based on the past performance of the cash generating units and the management's expectation on market. Among them, the key assumption used in estimating the present value of GDL's future cash flows is: estimate the expected growth rate (2020 to 2024: about 1.6% to 2.0%, after 2024: about 1.4% to 2.0%) and discounting rate (directly-operated hotels: about 7.92%, franchisee and management hotels: about 13.22%) of the average income from available-for-rent guest rooms based on the past performance of the cash generating units and the expectation on market, among which, the growth rate of income from available-for-rent guest rooms after 2024 is determined based on the inflation rate of the country where the hotel is operated. The key assumption used in estimating the present value of Radisson Hotel's future cash flows is: estimate the expected growth rate (2020 to 2024: about 4.05% to 6.72%, after 2024: about 2.0%) and discounting rate (about 11.52%) of the average income from available-for-rent guest rooms based on the past performance of the cash generating units and the expectation on market. The management believes that any reasonable change in the above assumptions will not result in the total book value of the asset group GDL and Radisson Hotel exceeding its recoverable amount.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill - continued

(2) Provisions for impairment of goodwill are as follows: - continued

- (ii) the key assumptions and basis for calculating the recoverable amount of above cash generating units are as follows: - continued

B. Domestic Hotel Operations and Management Business Segment Asset Group

Except for Smartel, the recoverable amount of the cash generating units of domestic hotel operation and management segment is determined based on the present value of expected future cash flows. The future cash flows are determined based on the assessment of third party appraisal institution or the financial budget of the management. The key assumption used in estimating the present value of expected future cash flows is: estimate the expected growth rate and discounting rate of the average income from available-for-rent guest rooms based on the past performance of the cash generating units and the management's expectation on market. Among them, the key assumption used in estimating the present value of Keysone's future cash flows is: estimate the expected growth rate (2020 to 2024: about 9.37%, after 2024: 2%) and pre-tax discounting rate (about 14.12%) of the average income from available-for-rent guest rooms based on the past performance of the cash generating units and the expectation on market, among which, the growth rate of income from available-for-rent guest rooms after 2024 is determined based on the inflation rate. The key assumption used in estimating the present value of Vienna and Longevity Village's future cash flows is: estimate the expected growth rate (2020 to 2024: about 4.59%, after 2024: 2%) and pre-tax discounting rate (about 17.15%) of the average income from available-for-rent guest rooms based on the past performance of the cash generating units and the expectation on market. The recoverable amount of Smartel is determined based on the fair value net of cost of disposal. The key assumption used to estimate the fair value and cost of disposal is: estimate the cost of disposing the properties held by Smartel based on the cost of disposal of properties of the same type in the market. Except for East Jin Jiang, Shanxi Jinguang and Duzhijia, the management believes that any reasonable change in the above assumptions will not result in that total carrying amount of the cash generating units of domestic service hotel operation and management segment exceeds its recoverable amount. For East Jin Jiang, Shanxi Jinguang and Duzhijia, the management makes full provision for impairment of goodwill based on expected recoverable amount of asset group.

C. Cash generating units of other business segments

The recoverable amount of the cash generating units of other business segment is determined based on the present value of expected future cash flows. The future cash flows are determined based on the management's budget.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Long-term prepaid expenses

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase due to</u> <u>Changes in scope</u> <u>of consolidation</u> RMB	<u>Increase</u> <u>in the year</u> RMB	<u>Transfer from</u> <u>construction</u> <u>in progress</u> RMB	<u>Amortization</u> <u>for the year</u> RMB	<u>Decrease in</u> <u>the year</u> RMB (note 2)	<u>Exchange differences</u> <u>on foreign</u> <u>currency translation</u> RMB	<u>Closing</u> <u>balance</u> RMB
Expenditures on improvement and decoration of fixed assets leased in	4,100,213,368.10	3,062,065.86	179,613,024.97	468,446,190.04	(646,642,974.23)	(70,832,930.49)	8,901,949.64	4,042,760,693.89
Expenditures relating to the use right of properties of Peace Hotel (note 1)	52,914,285.99	-	-	-	(1,984,285.68)	-	-	50,930,000.31
Prepaid rents and others	143,607,883.35	-	2,665,474.13	888,077.51	(7,818,617.00)	(6,024,244.70)	62,465.61	133,381,038.90
Total original carrying amount	4,296,735,537.44	3,062,065.86	182,278,499.10	469,334,267.55	(656,445,876.91)	(76,857,175.19)	8,964,415.25	4,227,071,733.10
Less: Provision for impairment	1,134,407,598.87							1,251,008,956.95
Total	3,162,327,938.57							2,976,062,776.15

Note 1: The expenditures relating to use right of properties of Peace Hotel represents the allowance for staff, relocation compensation and relevant charges on delivery paid by Shanghai Peace Hotel Co., Ltd. ("Peace Hotel"), the subsidiary of Jin Jiang Capital, to Shanghai Foreign Trade Enterprises Co., Ltd to obtain the use rights of part of the properties.

Note 2: The decrease for the year is the decrease of RMB 13,276,309.81 due to adjustments to settlement of construction completion, decrease of RMB 57,556,620.68 due to disposal of assets and prepaid rents of RMB 6,024,244.70 carried forward due to actual utilization.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets/deferred tax liabilities

Deferred tax assets and deferred tax liabilities that are not offset are as follows:

Deferred tax assets

Item	Deductible temporary differences and deductible losses		Deferred tax assets	
	Closing balance	Opening balance	Closing balance	Opening balance
	RMB	RMB	RMB	RMB
Deductible losses	5,031,639,391.00	4,703,668,641.90	1,244,284,650.48	1,166,494,049.80
Provision for impairment of assets	1,799,658,684.29	1,804,289,500.76	448,443,037.03	449,569,605.23
Employee benefits payable	896,940,731.56	858,285,889.90	223,377,184.89	212,949,687.21
Book-tax difference of rental fees recognized using straight-line method	463,111,484.40	503,256,411.00	115,777,871.10	125,122,283.00
Accrued expenses	92,636,038.28	67,251,894.21	24,083,192.47	17,569,237.55
Intangible assets amortization difference	89,389,489.92	92,096,650.28	22,347,372.48	23,024,162.57
Deferred income from membership card and points received in advance	588,912,923.29	55,036,162.20	143,443,283.77	14,069,181.80
Unrealized profit of internal transactions	102,067,720.44	55,715,604.44	22,056,313.11	14,072,953.11
Fixed assets depreciation difference	443,836,833.58	378,744,099.82	79,403,767.70	73,899,375.50
Long-term prepaid expenses amortization difference	9,998,204.00	10,666,907.00	2,499,551.00	2,666,727.00
Others	757,861,363.74	559,987,085.86	199,322,440.38	136,297,594.01
Total	<u>10,276,052,864.50</u>	<u>9,088,998,847.37</u>	<u>2,525,038,664.41</u>	<u>2,235,734,856.78</u>

The Group's management considers that the Group is probably to obtain sufficient taxable income to deduct the deductible temporary differences and deductible losses in the future period, and therefore recognized the above relevant deferred tax assets.

The following deductible temporary differences and deductible losses for which the deferred tax assets are not recognized are as follows:

	Closing balance	Opening balance
	RMB	RMB
Deductible losses	5,223,522,757.86	4,830,687,439.42
Deductible temporary differences	711,582,128.00	881,219,056.32
Total	<u>5,935,104,885.86</u>	<u>5,711,906,495.74</u>

As the Group's management believes that the Group will not obtain sufficient income against which the above deductible temporary differences can be utilized in the foreseeable future period, and therefore relevant deferred tax assets have not been recognized in the balance sheet.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets/deferred tax liabilities - continued

Deductible losses, for which deferred tax assets are not recognized, will expire in the following years:

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
2019	-	393,193,693.16
2020	466,524,651.60	485,426,773.46
2021	992,636,103.64	1,002,618,622.90
2022	856,781,176.98	1,125,725,614.37
2023	1,226,751,718.78	1,053,352,754.43
2024 and subsequent years	1,680,829,106.86	770,369,981.10
Total	<u>5,223,522,757.86</u>	<u>4,830,687,439.42</u>

Deferred tax liabilities

<u>Item</u>	<u>Taxable temporary differences</u>		<u>Deferred tax liabilities</u>	
	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Adjustments to the fair value of assets in business combination not involving enterprises under common control	14,179,463,616.06	13,875,024,135.87	3,528,903,390.87	3,409,508,518.43
Changes in fair value of available-for-sale financial assets recognized in other comprehensive income	2,507,387,153.34	2,111,821,144.06	628,468,621.30	527,776,936.60
Fixed assets depreciation difference	596,032,927.32	518,543,495.07	149,880,250.38	132,608,889.56
Finance lease cost	83,516,808.47	90,605,440.00	21,564,039.95	23,394,325.00
Unrealized profit of internal transactions	89,733,295.00	80,226,395.00	22,433,324.00	20,056,599.00
Intangible assets amortization difference	343,005,676.00	357,337,984.61	74,696,394.50	78,149,855.60
Others	48,341,121.37	145,361,111.39	9,864,745.81	36,594,013.36
Total	<u>17,847,480,597.56</u>	<u>17,178,919,706.00</u>	<u>4,435,810,766.81</u>	<u>4,228,089,137.55</u>

Deferred tax assets or liabilities to be listed at the net amount after offset:

<u>Category</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Deferred tax assets	<u>1,090,007,339.96</u>	<u>1,648,929,741.24</u>
Deferred tax liabilities	<u>3,000,779,442.36</u>	<u>3,641,284,022.01</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22. Other non-current assets

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Time deposit	1,120,000,000.00	-
Circulation right for equity separation (Note 1)	136,533,445.57	136,533,445.57
Lease margin and deposit	117,158,552.42	101,377,403.33
Wealth management products (Note 2)	100,990,000.00	61,330,000.00
Entrusted loans	64,268,867.50	141,793,546.18
Underground building rental fees	51,326,031.26	51,849,813.00
Prepayment for purchase of fixed assets	28,500,000.00	525,862.00
Civil aviation deposit	2,100,000.00	2,100,000.00
Others	72,934,902.03	11,573,242.17
Total	<u>1,693,811,798.78</u>	<u>507,083,312.25</u>

Note 1: In the prior years, according to the equity division reformation plan, the Group, as the ultimate controlling party, paid the book value corresponding to the shareholders of circulation shares of JJ and Jin Jiang Investment, amounting to RMB 86,940,101.00 and RMB 49,593,344.57 respectively.

Note 2: Wealth management products include: (1) The trust plan represents the collective fund trust plan of RMB 60,990,000.00 (31 December 2018: RMB 61,330,000.00) established and managed by Shanghai Lujiazui International Trust Co., Ltd. as entrusted by Jin Jiang International Investment. (2) Financial products of RMB 40,000,000.00 purchased by subsidiaries of Jin Jiang Capital (31 December 2018: nil). The expiration periods of above wealth management products are all more than one year.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23. Provision for impairment losses of assets

	<u>Opening balance</u> RMB	Increase due to changes in scope of consolidation RMB	Charge during the year RMB	Reversal during the year RMB	Written-off during the year RMB	Charge off during the year RMB	Exchange differences on foreign currency translation RMB	<u>Closing balance</u> RMB
Bad debt provision	821,895,395.43	4,797,737.67	29,099,451.43	(47,541,668.92)	-	(691,051.39)	12,189,978.22	819,749,842.44
Provision for decline in value of inventories	4,562,456.69	-	-	(2,650.36)	(1,265,315.53)	-	(511.12)	3,293,979.68
Provision for impairment of available-for-sale financial assets	118,690,753.88	3,205,223.09	99,419,040.00	-	(4,311,096.96)	-	1,038,240.00	218,042,160.01
Provision for impairment of long-term equity investments	1,490,118,094.19	-	1,645,279.95	-	-	-	-	1,491,763,374.14
Provision for impairment of investment properties	771,979.48	-	-	-	-	-	-	771,979.48
Provision for impairment of fixed assets	118,677,479.38	-	18,380,739.34	-	-	-	3,440,136.66	140,498,355.38
Provision for impairment of intangible assets	55,301,905.48	-	2,973,713.48	-	-	-	324,175.38	58,599,794.34
Provision for impairment of construction in progress	28,908,978.74	-	1,831,090.96	-	-	-	(41,341.44)	30,698,728.26
Provision for impairment of goodwill	193,500,414.33	-	-	-	-	-	-	193,500,414.33
Provision for impairment of long-term prepaid expenses	1,134,407,598.87	-	116,601,358.08	-	-	-	-	1,251,008,956.95
Total	<u>3,966,835,056.47</u>	<u>8,002,960.76</u>	<u>269,950,673.24</u>	<u>(47,544,319.28)</u>	<u>(5,576,412.49)</u>	<u>(691,051.39)</u>	<u>16,950,677.70</u>	<u>4,207,927,585.01</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Assets with restricted ownerships

	<u>Closing balance</u>	<u>Opening balance</u>
	RMB	RMB
Equity pledges (Note 1)	3,333,252,865.40	9,587,217,227.74
Collateral for borrowings (Note 2)	1,052,874,236.71	1,028,579,206.16
Deposit reserve (Note 3)	417,472,000.00	491,621,838.69
Pledged deposits (Note 4)	109,749,676.11	963,495,899.16
Bank acceptance margin (Note 5)	94,794,633.45	93,731,461.28
Collateral for notes payable (Note 6)	40,000,000.00	-
L/G margin (Note 7)	6,812,085.00	13,912,085.00
Restricted bank deposit due to litigation (Note 8)	4,947,615.00	-
Tourism quality margin (Note 9)	4,600,000.00	3,200,000.00
Bank deposit that is frozen for accounts being unused for a long time (Note 10)	1,473,291.45	96,880.92
L/C margin (Note 11)	1,402,600.25	2,216,379.60
Crediting business margin	-	2,210,880.00
Total	<u>5,067,379,003.37</u>	<u>12,186,281,858.55</u>

Note 1: These represent Keystone's net equity of RMB 3,333,252,865.40 pledged by the subsidiaries of the Group for bank borrowings (refer to Note IX 35 for details)

Note 2: This represents the net fixed assets of RMB 820,478,519.82 collateralized by the overseas subsidiaries of the Group for bank borrowings, for details, refer to Note IX 35; inventories of RMB 46,500,000.00 collateralized by Jin Jiang Investment for short-term borrowings, for details, refer to Note IX 25; fixed assets of RMB 173,652,559.58 collateralized by JJ for long-term borrowings, for details, refer to Note IX 35; and net fixed assets of RMB 12,243,157.31 collateralized by Shanghai CTS for short-term borrowings, for details, refer to Note IX 25.

Note 3: This represents the finance company's contribution to legal deposit reserve in Bank of China as per regulations.

Note 4: Pledged deposits are bank deposits of USD 13,415,000.00 and EUR 2,068,191.81, totally equivalent to RMB 109,749,676.11, of the subsidiary of Jin Jiang International Investment pledged as collateral for issuing L/C and company credit card.

Note 5: This represents the bank acceptance margin of Jin Jiang Investment.

Note 6: This represents inventories of RMB 40,000,000.00 collateralized by Jin Jiang Investment for notes payable mortgages.

Note 7: This represents L/G margin of Shanghai Jin Jiang International Travel Co., Ltd. ("Jin Jiang Travel") and JJ.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Assets with restricted ownerships - continued

Note 8: This represents the bank deposits of the subsidiary of JJ, which has been restricted due to litigation. For details, refer to Note IX, 40.

Note 9: This represents tourism quality margin of Jin Jiang Travel and Shanghai Education Development.

Note 10: This represents bank deposit that is frozen for accounts being unused for a long time of JJ.

Note 11: This represents L/C margin deposited in bank by JHJ and Jin Jiang Commerce for L/C settlement in accordance with the regulations.

25. Short-term borrowings

Category	Closing balance			Opening balance		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Credit borrowings						
RMB (Note 1)	5,660,900,000.00	1.0000	5,660,900,000.00	5,760,728,898.59	1.0000	5,760,728,898.59
EUR (Note 2)	1,041,596.35	7.8155	8,140,596.27	-	-	-
Mortgage borrowings						
RMB (Note 3)	112,108,351.41	1.0000	112,108,351.41	-	-	-
Pledged borrowings						
EUR	-	-	-	680,000,000.00	7.8473	5,336,164,000.00
Secured borrowings						
RMB	-	-	-	5,000,000.00	1.0000	5,000,000.00
Total			<u>5,781,148,947.68</u>			<u>11,101,892,898.59</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

25. Short-term borrowings - continued

Note 1: As at 31 December 2019, credit borrowings dominated in RMB are borrowings of total RMB 5,619,900,000.00 borrowed by the Company, Jin Jiang Capital, Shanghai CTS and JHJ from the third-party commercial banks, with borrowing interest rate of 1.20%-5.22%, and borrowings of total RMB 41,000,000.00 borrowed by Jin Jiang Investment from the related party Shanghai Zhendong Auto Service Co., Ltd. and Shanghai Jin Jiang Jia You Auto Service Co., Ltd.

Note 2: As at 31 December 2019, credit borrowings dominated in EUR are borrowings of total EUR 1,041,596.35 (equivalent to RMB 8,140,596.27) borrowed from the third-party commercial banks, with floating interest rate.

Note 3: As at 31 December 2019, the pledged borrowings dominated in RMB include:

- (1) The borrowing of RMB 37,908,351.41 borrowed from SAIC-GMAC. The borrowing is pledged with the inventory of RMB 46,500,000.00.
- (2) The subsidiary of Shanghai CTS has borrowed RMB 9,200,000.00 from China Merchants Bank Co., Ltd. Suzhou Branch, with borrowing interest rate of 5.00% and the expiration date of 24 November 2020. The borrowing is pledged with the buildings and land use rights with a book value of RMB 2,235,673.96.
- (3) The subsidiary of Shanghai CTS has borrowed RMB 25,000,000.00 from Agricultural Bank of China Co., Ltd. Shanghai Branch, with borrowing interest rate of 3.915% and the expiration date of 27 May 2020. The borrowing is pledged with the buildings with a book value of RMB 6,367,272.84.
- (4) The subsidiary of Shanghai CTS has borrowed RMB 40,000,000.00 from Agricultural Bank of China Co., Ltd. Shanghai Branch, with borrowing interest rate of 3.915% and the expiration date of 3 April 2020. The borrowing is pledged with the buildings with a book value of RMB 3,640,210.51.

As at 31 December 2019, there were no outstanding short-term borrowings of the Group that were overdue.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

26. Customer deposits and deposits from banks and other financial institutions

<u>Item</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Deposits from enterprises obtained by finance company	<u>149,102,233.13</u>	<u>114,816,266.78</u>

27. Notes payable

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Bank acceptance	<u>120,734,832.00</u>	<u>119,000,000.00</u>

Total notes payable that are matured but not paid at the end of the year are RMB zero.

28. Accounts payable

<u>Aging</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Within 1 year	2,998,671,041.14	3,106,507,650.59
1 to 2 years	1,864,670.01	4,053,153.03
2 to 3 years	48,587,542.45	51,437,968.44
Total	<u>3,049,123,253.60</u>	<u>3,161,998,772.06</u>

As at 31 December 2019, the Group has no accounts payable with significant amount exceeding RMB 20 million (inclusive) and aged more than one year.

29. Receipts in advance

<u>Aging</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Within 1 year	1,616,594,653.35	1,571,596,568.18
More than 1 year	25,201,685.71	22,639,676.32
Total	<u>1,641,796,339.06</u>	<u>1,594,236,244.50</u>

At the end of the current year, the Group had no significant receipts in advance with aging of more than one year and amount exceeding RMB 20 million (inclusive).

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

30. Employee benefits payable

Details of employee benefits payable are as follows

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase in the year</u> RMB	<u>Decrease in the year</u> RMB	<u>Closing balance</u> RMB
Short-term compensation	2,177,743,057.38	9,897,315,281.85	(9,953,807,310.83)	2,121,251,028.40
Defined contribution plan (Note)	290,967,628.34	589,608,155.72	(565,459,974.70)	315,115,809.36
Termination benefits	198,374,978.31	91,153,230.12	(113,445,078.27)	176,083,130.16
Total	2,667,085,664.03	10,578,076,667.69	(10,632,712,363.80)	2,612,449,967.92

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase in the year</u> RMB	<u>Decrease in the year</u> RMB	<u>Closing balance</u> RMB
Wages or salaries, bonuses, allowances and subsidies	1,599,210,354.01	8,206,898,837.43	(8,316,251,783.42)	1,489,857,408.02
Staff welfare	6,763,410.16	306,969,311.84	(302,093,005.44)	11,639,716.56
Domestic social security contributions	76,082,090.61	301,322,750.08	(298,780,893.27)	78,623,947.42
Including: Basic medical insurance	60,511,644.21	263,171,068.11	(262,274,574.70)	61,408,137.62
Work injury insurance	4,949,170.46	11,003,380.65	(11,128,381.16)	4,824,169.95
Maternity insurance	4,945,002.26	26,056,651.29	(23,805,126.38)	7,196,527.17
Supplementary medical insurance	5,676,273.68	1,091,650.03	(1,572,811.03)	5,195,112.68
Overseas social security contributions	131,666,617.51	545,585,187.00	(551,592,852.35)	125,658,952.16
Housing funds	111,193,705.98	258,680,840.47	(259,661,677.29)	110,212,869.16
Defined contribution plan	290,967,628.34	589,608,155.72	(565,459,974.70)	315,115,809.36
Termination benefits	198,374,978.31	91,153,230.12	(113,445,078.27)	176,083,130.16
Labor union and Staff education fund	26,209,480.23	50,842,022.91	(48,537,305.27)	28,514,197.87
Others	226,617,398.88	227,016,332.12	(176,889,793.79)	276,743,937.21
Total	2,667,085,664.03	10,578,076,667.69	(10,632,712,363.80)	2,612,449,967.92

Note: According to the pension and unemployment insurance plan set up by the government institutions or assigned with financial institutions, the Company and domestic subsidiaries monthly pay to the plan for the staff of according to the average salary of staff in prior year. Apart from the above monthly payment, the Company and domestic subsidiaries bear no longer further payment obligation. Corresponding expenses are recorded in the profits and losses of current period or the cost of the related assets.

The Company and domestic subsidiaries shall pay RMB 571,946,689.05 and RMB 17,661,466.67 (2018: RMB 562,989,550.29 and RMB 20,423,140.11) respectively to the pension insurance and unemployment insurance schemes in the year. As at 31 December 2019, the Company and domestic subsidiaries have had RMB 307,126,759.25 and RMB 7,989,050.11 (31 December 2018: RMB 281,541,094.70 and RMB 9,426,533.64) of pension insurance and unemployment insurance outstanding but not paid.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31. Taxes payable

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase in the year</u> RMB	<u>Decrease in the year</u> RMB	<u>Closing balance</u> RMB
Income tax	1,122,910,744.22	1,034,989,933.39	(1,029,259,647.97)	1,128,641,029.64
Valued-added tax	171,981,589.39	768,082,914.52	(683,747,703.18)	256,316,800.73
Property tax	24,793,394.85	355,984,165.23	(353,838,729.81)	26,938,830.27
Land appreciation tax	1,627,945.21	-	-	1,627,945.21
Other taxes	131,322,753.37	131,961,332.98	(131,597,602.58)	131,686,483.77
Total	<u>1,452,636,427.04</u>	<u>2,291,018,346.12</u>	<u>(2,198,443,683.54)</u>	<u>1,545,211,089.62</u>

32. Other payables

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Interest payable	67,235,805.92	89,761,288.95
Dividends payable	291,334,032.21	167,121,632.52
Other payables	3,584,561,406.73	3,517,632,648.98
Total	<u>3,943,131,244.86</u>	<u>3,774,515,570.45</u>

(1) Interest payable

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Interest payable on borrowings	<u>67,235,805.92</u>	<u>89,761,288.95</u>

At the end of the current year, the Group had no unpaid overdue interest.

(2) Dividends payable

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
SASAC of Shanghai Municipal Government	194,176,919.04	144,663,256.20
Minority interests of the subsidiaries of the Group	97,157,113.17	22,458,376.32
Total	<u>291,334,032.21</u>	<u>167,121,632.52</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

32. Other payables - continued

(3) Other payables

<u>Nature</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Temporary receipts and advances	1,289,430,220.86	1,280,328,863.57
Accrued expenses	871,017,503.06	813,522,614.39
Deposit, security deposit and guarantee deposit	420,178,589.43	456,805,631.05
Transaction agent services fees of Radisson Hotel	294,261,390.50	255,296,210.90
Balances with related parties	76,326,646.72	80,815,706.02
Accrued tax involved in significant replacement of assets and underlying transactions	58,623,448.29	58,623,448.29
Equity transfer obligation	41,025,000.00	41,025,000.00
Land transferring fees and tax for transfer of land	38,944,028.42	39,821,417.77
Compensation payable for profit or loss for the period in which Galaxy Hotel is disposed	36,961,754.16	36,961,754.16
Restructuring expenses of RHAB (Note 1)	46,767,952.00	36,599,807.20
Project cooperation payment	30,000,000.00	30,000,000.00
Relocation compensation payable	28,626,401.08	29,473,019.40
Amounts due to subsidiaries for acquisition of equity (Note 2)	35,609,620.24	3,000,000.00
Others	316,788,851.97	355,359,176.23
Total	<u>3,584,561,406.73</u>	<u>3,517,632,648.98</u>

Note 1: These represent the estimated expenses of RHAB's plan to reorganize its internal organizational structure and improve operational efficiency. The expenses are expected to be paid in 2020.

Note 2: As at 31 December 2019, a balance of RMB 35,609,620.24 in the payment for acquiring the minority interest of the subsidiary Keystone by the Group is not paid.

As at 31 December 2019, the Group's significant other payables aged more than 1 year and amount exceeding RMB 20 million (inclusive) comprise:

- (1) Amount of RMB 41,025,000.00 payable regarding equity transfer obligation arising from disposal of rural commercial bank. As the counterparty hasn't urged for collection, these payables haven't been settled.
- (2) Accrued tax of RMB 58,623,448.29 in respect of significant replacement of assets and underlying transactions, which will be paid after the completion of relevant tax settlement work.
- (3) According to the equity transfer agreement of Galaxy Hotel, Jin Jiang Capital should pay to the equity acquirer the compensation of RMB 36,961,754.16 for the profit or loss for the period of acquisition. As the counterparty hasn't urged for collection, the amount hasn't been settled.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

32. Other payables - continued

(3) Other payables - continued

- (4) In the prior year, Keystone received cooperation payment of RMB 30,000,000.00 from third party cooperating party for development of commercial property. As the cooperation project hasn't commenced, the payment hasn't been paid.

As at 31 December 2019, apart from the above items, the Group's other payables mainly represent the accrued rental expenses etc., advances, deposits and security deposits, etc. relating to normal course of business

33. Non-current liabilities due within one year

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Long-term borrowings due within one year (details refer to Note IX, 35)	2,082,362,739.37	3,554,355,462.51
Bonds payable due within one year (details refer to Note IX, 37)	-	954,211,679.35
Long-term payables due within one year (details refer to Note IX, 38)	<u>639,502,913.38</u>	<u>331,947,832.85</u>
Total	<u><u>2,721,865,652.75</u></u>	<u><u>4,840,514,974.71</u></u>

34. Other current liabilities

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Land collection fees received in advance (Note 1)	360,640,000.00	880,640,000.00
Equity acquisition fees received in advance (Note 2)	<u>577,215,134.00</u>	<u>463,960,000.00</u>
Total	<u><u>937,855,134.00</u></u>	<u><u>1,344,600,000.00</u></u>

Note 1: The land of the Company located in Longhua Street, Xuhui District, Shanghai City, will be collected by Shanghai Xuhui Land Development Co., Ltd. As at 31 December 2019, the Company received land savings of RMB 360,640,000.00. The transfer of land property rights is expected to take place, and the transfer of land property rights is expected to take place in 2020.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Other current liabilities - continued

Note 2: Equity acquisition fees received in advance includes:

- (1) This represent that the Company signed the equity transfer agreement with Neoglory Holdings Group Co., Ltd, transferring its 16.19% equity of Shanghai Joyu Culture Communication Co., Ltd to the counterparty. At 31 December 2019, the Company received the equity transfer payment of RMB 270,000,000.00 and guarantee deposit of RMB 193,960,000.00 from Neoglory Holdings Group Co., Ltd. The equity transfer has not been completed.
- (2) The Company signed an equity transfer agreement with Wumart Technology Group Co., Ltd., transferring all its equity of Jin Jiang Metro Cash & Carry Co., Ltd., Xinyan Property Management (Shanghai) Co., Ltd, Xinsheng Property Management (Shanghai) Co., Ltd. to the counterparty. At 31 December 2019, the Company has received the equity transfer sincerity of RMB 113,255,134.00 from Wumart Technology Group Co., Ltd.. The equity transfer has not been completed.

35. Long-term borrowings

	Closing balance			Opening balance		
	Functional currency	Exchange rate	RMB	Functional currency	Exchange rate	RMB
Credit borrowings (Note 1)						
RMB	3,093,687,783.01	1.0000	3,093,687,783.01	1,552,497,783.01	1.0000	1,552,497,783.01
EUR	2,370,274,992.04	7.8155	18,524,884,200.26	2,488,423,474.19	7.8473	19,527,405,529.00
USD	119,900,000.00	6.9762	836,446,380.03	100,000,000.00	6.8632	686,320,000.00
GBP	70,000,000.00	9.1501	640,507,000.00	70,000,000.00	8.6762	607,334,000.00
PLN	32,411,233.68	1.8359	59,503,783.91	36,715,626.51	1.8244	66,983,989.00
INR	9,172,591.10	0.0988	906,252.00	10,642,729.79	0.1021	1,086,148.00
DKK	150,546.16	1.0459	157,456.23	518,129.83	1.0508	544,450.83
Secured borrowings (Note 2)						
RMB	2,707,658.55	1.0000	2,707,658.55	2,879,826.16	1.0000	2,879,826.16
Mortgage loans (Note 3)						
USD	80,423,000.00	6.9762	561,046,932.61	102,751,496.90	6.8632	705,204,073.53
PLN	31,052,292.84	1.8359	57,008,904.42	35,524,211.80	1.8244	64,810,372.00
Pledged borrowings (Note 4)						
RMB	4,059,000,000.00	1.0000	4,059,000,000.00	4,559,000,000.00	1.0000	4,559,000,000.00
Total long-term borrowings			<u>27,835,856,351.02</u>			<u>27,774,066,171.53</u>
Less: Long-term borrowings due within one year			2,082,362,739.37			3,554,355,462.51
Including: Credit borrowings						
RMB	1,018,780,000.00	1.0000	1,018,780,000.00	1,519,460,000.00	1.0000	1,519,460,000.00
EUR	4,000,000.00	7.8155	31,262,000.00	87,000,000.00	7.8473	682,715,100.00
PLN	5,961,116.47	1.8359	10,944,013.73	4,770,489.48	1.8244	8,703,281.00
DKK	150,546.16	1.0459	157,456.23	-	-	-
USD	-	-	-	100,000,000.00	6.8632	686,320,000.00
Mortgage loans						
USD	2,146,000.00	6.9762	14,970,925.22	21,709,511.82	6.8632	148,996,721.51
PLN	3,403,422.95	1.8359	6,248,344.19	4,472,900.68	1.8244	8,160,360.00
Pledged borrowings						
RMB	1,000,000,000.00	1.0000	1,000,000,000.00	500,000,000.00	1.0000	500,000,000.00
Long-term borrowings due after one year			<u>25,753,493,611.65</u>			<u>24,219,710,709.02</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Long-term borrowings - continued

Note 1: As at 31 December 2019, the credit borrowings represent the borrowings of the Group from third party commercial banks and other third parties totally equivalent to RMB 23,156,092,855.44, of which the interest rate ranges from 0.6% to 4.28%.

Note 2: As at 31 December 2019, the secured borrowings represent Shanghai Foods Group Company borrowed RMB 2,707,658.55 from Bank of China Shanghai Branch, which was guaranteed by Shanghai Foreign Trade Co., Ltd.

Note 3: As at 31 December 2019, mortgage loans include:

- (1) The overseas subsidiary of Jin Jiang International Investment has borrowed USD 80,423,000.00 (equivalent to RMB 561,046,932.61) from the third-party commercial bank, of which borrowings due within one year are equivalent to RMB 14,970,925.22. The borrowing interest rate is 7.63%. The borrowing is pledged with the buildings and machinery equipment with book value of RMB 820,478,519.82.
- (2) The subsidiary of GDL has borrowed PLN 31,052,292.84 (equivalent to RMB 57,008,904.42) from overseas banks, of which borrowings due within one year are equivalent to RMB 6,248,344.19. The collaterals are the buildings with net book value of RMB 173,652,559.58 held by the company, and the annual interest rate is 2.7% higher interbank borrowing rate of the Polish banks for the three months.

Note 4: As at 31 December 2019, pledged borrowings are RMB 4,059,000,000.00 borrowed by JJ from the Export-Import Bank of China. The annual interest rate is floating rate, and the weighted average rate is 3.6% for the year. The borrowing period is from 18 February 2016 to 18 February 2022, and the pledge is 81.0034% equity interests of its subsidiary, Keystone.

36. Customer deposits

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Customer deposits	308,752,233.13	290,816,266.78
Less: Customer deposits due within one year	149,102,233.13	114,816,266.78
Customer deposits due after one year	<u>159,650,000.00</u>	<u>176,000,000.00</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Bonds payable

<u>Short form and code for bonds</u>	<u>Opening balance</u> RMB	<u>Addition (repay)</u> RMB	<u>Accrued interest</u> <u>for the current year</u> RMB	<u>Interest paid</u> <u>in the current year</u> RMB	<u>Exchange differences</u> <u>on foreign</u> <u>currency translation</u> RMB	<u>Closing balance</u> RMB
14 Jin Jiang MTN001 (Note 1)	954,211,679.35	(950,000,000.00)	40,913,320.65	(45,125,000.00)	-	-
16 Jin Jiang MTN001 (Note 2)	3,069,113,027.38	-	120,073,950.51	(117,000,000.00)	-	3,072,186,977.89
16 Jin Jiang MTN002 (Note 3)	1,695,910,622.40	-	58,679,512.14	(53,550,000.00)	-	1,701,040,134.54
ISIN: XS174888345 8(Note 4)	3,943,936,373.05	-	37,511,978.15	(31,695,106.50)	(15,809,841.07)	3,933,943,403.63
18 Jin Jiang 01-143517 (Note 5)	520,552,272.96	-	26,259,374.26	(26,250,000.00)	-	520,561,647.22
18 Jin Jiang 02-155042 (Note 6)	1,004,463,340.41	-	41,818,479.55	(41,800,000.00)	-	1,004,481,819.96
ISIN: XS1843462497						
&ISIN: XS1843461846 (Note 7)	1,951,851,081.70		135,687,643.20	(119,541,455.54)	(7,526,025.36)	1,960,471,244.00
ISIN: XS2050910418 (Note 8)	-	3,869,864,560.12	11,338,473.20	-	18,714,987.95	3,899,918,021.27
Subtotal	<u>13,140,038,397.25</u>	<u>2,919,864,560.12</u>	<u>472,282,731.66</u>	<u>(434,961,562.04)</u>	<u>(4,620,878.48)</u>	<u>16,092,603,248.51</u>
Less: Bonds payable due within one year	<u>954,211,679.35</u>					<u>-</u>
Bonds payable due after one year	<u>12,185,826,717.90</u>					<u>16,092,603,248.51</u>

Note 1: This represents the medium term note issued by the Company on 3 November 2014, with a par value of RMB 950 million, coupon rate of 4.75% with a term of 5 years, has been expired on 2 November 2019.

Note 2: This represents the medium term note issued by the Company on 28 April 2016, with a par value of RMB 3,000 million, coupon rate of 3.90% with a term of 5 years, expiring on 27 April 2021.

Note 3: This represents the medium term note issued by the Company on 13 October 2016, with a par value of RMB 1,700 million, coupon rate of 3.15% with a term of 5 years, expiring on 12 October 2021.

Note 4: This represents credit enhanced bond dominated in EUR issued by the subsidiary of the Company on 25 January 2018, with a total par value of EUR 500 million, coupon rate of 0.817% with a term of 3 years, expiring on 25 January 2021.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Bonds payable - continued

Note 5: This represents the medium term note issued by the Company on 16 March 2018, with a par value of RMB 500 million, coupon rate of 5.25% with a term of 5 years, expiring on 16 March 2023.

Note 6: This represents the medium term note issued by the Company on 20 November 2018, with a par value of RMB 1,000 million, coupon rate of 4.18% with a term of 5 years, expiring on 20 November 2023.

Note 7: This represents bond dominated in EUR issued by the subsidiary of the Company, RHAB, with a par value of EUR 250 million, coupon rate of 6.785%, expiring on 15 July 2023. The bond dominated in EUR is pledged with principal assets of RHAB.

Note 8: This represents bond dominated in EUR issued by the subsidiary of the Company on 26 September 2019, with a par value of EUR 500 million, coupon rate of 1.00%, with a term of 5 years, expiring on 25 September 2024.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Long-term payables

<u>Category</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Land payable (Note 1)	1,796,359,166.00	1,806,653,935.00
Payments for acquisition of minority interests (Note 2)	1,009,521,486.04	1,356,536,319.73
Operating rents payable	194,246,197.34	168,088,316.53
Finance lease payable	174,750,211.33	195,200,752.00
Payments for acquisition of equity of Prize Holding GmbH	-	69,582,009.10
Decoration expenses payable	34,442,908.50	36,756,753.20
Payments for acquisition of equity GT SEA (Note 3)	7,526,326.46	9,416,760.00
Losses from long-term lease contracts (Note 4)	6,534,278.32	8,129,157.00
Other	10,626,748.41	3,816,193.49
Total	<u>3,234,007,322.40</u>	<u>3,654,180,196.05</u>
Including: Long-term payables due within one year	639,502,913.38	331,947,832.85
Long-term payables due after one year	<u>2,594,504,409.02</u>	<u>3,322,232,363.20</u>

Note 1: The land payable is transfer expense payable of RMB 878,940,000.00 for the land use right of Shanghai Pacific Grand Hotel Co., Ltd. and transfer expense of RMB 917,419,166.00 for the land use right of Yangtze River.

Note 2: According to the equity transfer agreements with Keystone, Sarovar, Hôtels et Préférence and Vienna and Longevity Village, the Group grant the original shareholders the right to sell the residual equity to the Group at the price calculated using agreed method within the agreed period. The Group record relevant liabilities according to the present value of expected future cash flows corresponding to the right exercised by the original shareholders, with changes in fair value of such liabilities recognized in profit or loss. In the year, the Group purchased 3.49825% of minority interest from the original shareholders of Keystone and paid a consideration of RMB 351,216,077.14. In the year, the Group recognized losses of RMB 1,486,550.47 due to changes in fair value of the above obligations.

Note 3: This represents the final payment unpaid for acquisition of GT SEA by JJ for the year.

Note 4: Long-term lease contracts represent the difference that the future cash from the non-cancellable lease contracts entered into by Keystone, which has been assessed upon the acquisition of Keystone by Shanghai Jin Jiang International Hotels Development Co. Ltd., exceeds the fair value at the acquisition date. The losses from the long-term lease contracts are amortized over the residual period of corresponding lease contracts.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Long-term payables - continued

Finance lease payables are as follows:

<u>Category</u>	<u>Minimum finance lease payments</u>	
	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
1st year subsequent to balance sheet date	17,229,712.00	18,322,473.00
2nd year subsequent to balance sheet date	16,136,014.00	17,351,610.00
3rd year subsequent to balance sheet date	13,815,455.00	16,889,253.60
Subsequent years	217,809,353.33	224,729,368.40
Total	<u>264,990,534.33</u>	<u>277,292,705.00</u>
Unrecognized financing charge	<u>90,240,323.00</u>	<u>82,091,953.00</u>
Finance lease payables	<u>174,750,211.33</u>	<u>195,200,752.00</u>
Including: Finance lease payables due within one year	18,999,710.56	15,763,288.00
Finance lease payables due after one year	<u>155,750,500.77</u>	<u>179,437,464.00</u>

39. Long-term employee benefits payable

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Termination benefits (Note 1)	450,681,053.12	466,224,315.46
Deferred compensation plan (Note 2)	95,301,868.21	92,954,090.39
Long-term incentive plan (Note 3)	13,987,281.00	23,260,475.18
Net liabilities of defined benefit plan payables (Note 4)	<u>205,164,049.84</u>	<u>178,312,821.29</u>
Total	<u>765,134,252.17</u>	<u>760,751,702.32</u>

Note 1: As at 31 December 2019, the long-term employee benefits payable comprise the termination benefits payable of RMB 450,681,053.12 arising from the termination plan, early retirement, employee welfare plan during the period in which the hotel is overall closed for decoration of Jin Jiang Capital, Jin Jiang North and Shanghai CTS.

Note 2: Radisson Hospitality Inc. ("America Radisson Hotel") has a deferred compensation plan under which employees at a certain level of America Radisson Hotel can defer part of their basic salary or bonuses to be paid at a certain time point in the future. For employees who choose to be paid at a certain time point in the future, the deferred compensation payable is recognized as long-term employee benefits, and for employees who choose to be paid at the time of demission, the deferred compensation payable is recognized as post-employment benefits.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

39. Long-term employee benefits payable - continued

Note 3: America Radisson Hotel has a long-term incentive plan under which the senior management personnel of America Radisson Hotel can acquire corresponding incentive bonuses when operating performance and capital management has reached a certain standard within the specified service period.

Note 4: The defined benefit plans of the Group are provided by GDL, RHAB, Jin Jiang Tour and Jin Jiang Investment respectively.

The Group is exposed to actuarial risks associated with defined benefit plan, which comprise interest rate risk, long life risk and inflation risk. The decrease in rate of return from government bonds will result in increase in the present value of defined benefit plan obligations. The present value of obligations under defined benefit plan is calculated based on the best estimated mortality rate of employees participating the plan. Therefore, the increase in the expected lives of the participants of the plan will result in the increase in plan obligations. In addition, the present value of obligations under defined benefit plan relates to the future payment standard of the plan, while the payment standard is determined based on inflation rate, therefore, the increase in inflation rate will result in the increase in liabilities of the plan.

40. Provisions

<u>Item</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Pending litigation and claims reserve (Note)	52,189,372.65	64,798,417.83
Estimated relocation losses	-	12,398,734.00
Onerous contract	15,631,000.00	-
Total	<u>67,820,372.65</u>	<u>77,197,151.83</u>

Note 1: As at 31 December 2019, this represents the reserve provided for pending litigation and claims due to house leases and dispute with providers, etc. Because of these pending litigations, as at 31 December 2019, bank balance of RMB 4,947,615.00 is frozen. (31 December 2018: Nil).

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

41. Deferred income

	<u>Opening balance</u> RMB	<u>Increase</u> <u>in the year</u> RMB	<u>Decrease</u> <u>in the year</u> RMB	<u>Exchange</u> <u>difference of foreign</u> <u>currency transaction</u> RMB	<u>Closing balance</u> RMB
Relocation compensation for auto insurance					
rapid claim settlement center	22,074,864.15	-	(959,776.68)	-	21,115,087.47
Government grants related to assets	36,337,017.64	1,295,000.00	(4,618,503.43)	-	33,013,514.21
Government grants related to income	17,884,600.25	-	(15,114,767.84)	-	2,769,832.41
Customer loyalty programs	640,587,657.84	239,537,128.99	(250,835,707.34)	8,792,542.82	638,081,622.31
Income from deferred initial fee and others	<u>157,025,138.29</u>	<u>9,995,669.18</u>	<u>(11,769,455.66)</u>	<u>2,443,394.67</u>	<u>157,694,746.48</u>
Total	<u>873,909,278.17</u>	<u>250,827,798.17</u>	<u>(283,298,210.95)</u>	<u>11,235,937.49</u>	<u>852,674,802.88</u>

42. Other non-current liabilities

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Marketing fund (note)	70,877,849.76	65,906,650.61
Others	<u>7,276,176.57</u>	<u>20,191,534.42</u>
Total	<u>78,154,026.33</u>	<u>86,098,185.03</u>

Note: the marketing fund represents the brand promotion fees for brand promotion in the future that GDL charges from franchise hotels.

43. Paid-in capital

	<u>Opening and closing balance</u> RMB	Proportion %
State-owned capital	<u>2,000,000,000.00</u>	<u>100</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Capital reserve

2019:

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase</u> <u>in the year</u> RMB	<u>Decrease</u> <u>in the year</u> RMB	<u>Closing balance</u> RMB
Capital premium	803,520,783.01	651,216,077.14	(1,029,251,846.19)	425,485,013.96
Including: Capital invested by investors (Note 1)	3,439,627,441.36	300,000,000.00	-	3,739,627,441.36
Difference arising from acquisition of minority interests (Note IX, 69)	(1,654,241,704.26)	-	(1,029,251,846.19)	(2,683,493,550.45)
Disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary	56,499,857.56	-	-	56,499,857.56
Investor repay the dividends paid in prior year	56,271,200.00	-	-	56,271,200.00
Capital invested by minority interests	3,609,080.51	-	-	3,609,080.51
Grant of drag-along right (Note 2)	(1,104,052,558.99)	351,216,077.14	-	(752,836,481.85)
Others	5,807,466.83	-	-	5,807,466.83
Other capital reserve	1,615,242,273.79	57,270,825.84	-	1,672,513,099.63
Including: State-owned interests transfer (Note 3)	1,208,602,436.12	57,270,825.84	-	1,265,873,261.96
Investors' exemption of debt	384,691,273.00	-	-	384,691,273.00
Other changes in investee other than net profit or loss, other comprehensive income and profit distribution	21,948,564.67	-	-	21,948,564.67
Transfer from capital reserve under the original accounting system	1,898,189,327.06	-	-	1,898,189,327.06
Total	<u>4,316,952,383.86</u>	<u>708,486,902.98</u>	<u>(1,029,251,846.19)</u>	<u>3,996,187,440.65</u>

Note 1: The increase in capital invested by investors for the year was due to the increase in state-owned capital of RMB 300,000,000.00 by the Shanghai SASAC.

Note 2: Changes in grant of drag-along right are due to acquisition of 3.49825% minority interest of Keystone by subsidiaries of the Group for the year.

Note 3: The increase in state-owned interest transfer for the year is mainly the capital reserve of RMB 57,270,825.84 arising from the Shanghai Municipal Education Commission's allocation of 100% equity of the subsidiary Xinyuan Technology, Finance and Trade Guest House, Shanghai Gaojie, Higher Education Institute and Yuguang Instrument Factory and 85% equity of SECM to the Company based on relevant documents of SASAC of Shanghai Municipality.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Capital reserve - continued

2018:

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase</u> <u>in the year</u> RMB	<u>Decrease</u> <u>in the year</u> RMB	<u>Closing balance</u> RMB
Capital premium	(149,577,913.50)	1,204,778,376.39	(251,679,679.88)	803,520,783.01
Including: Capital invested by investors	3,439,627,441.36	-	-	3,439,627,441.36
Difference arising from acquisition of minority interests	(1,402,562,024.38)	-	(251,679,679.88)	(1,654,241,704.26)
Disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary	56,499,857.56	-	-	56,499,857.56
Investor repay the dividends paid in prior year	56,271,200.00	-	-	56,271,200.00
Capital invested by minority interests	3,609,080.51	-	-	3,609,080.51
Grant of drag-along right	(2,308,830,935.38)	1,204,778,376.39	-	(1,104,052,558.99)
Others	5,807,466.83	-	-	5,807,466.83
Other capital reserve	245,696,788.94	1,369,545,484.85	-	1,615,242,273.79
Including: State-owned interests transfer	(160,943,048.73)	1,369,545,484.85	-	1,208,602,436.12
Investors' exemption of debt	384,691,273.00	-	-	384,691,273.00
Other changes in investee other than net profit or loss, other comprehensive income and profit distribution	21,948,564.67	-	-	21,948,564.67
Transfer from capital reserve under the original accounting system	1,898,189,327.06	-	-	1,898,189,327.06
Total	<u>1,994,308,202.50</u>	<u>2,574,323,861.24</u>	<u>(251,679,679.88)</u>	<u>4,316,952,383.86</u>

45. Special reserve

<u>Item</u>	<u>Opening balance</u> RMB	<u>Increase</u> <u>in the year</u> RMB	<u>Decrease</u> <u>in the year</u> RMB	<u>Closing balance</u> RMB
Safety funds	<u>-</u>	<u>3,854,807.77</u>	<u>(3,854,807.77)</u>	<u>-</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

46. Surplus reserve

	<u>Statutory</u> <u>surplus reserve</u> RMB	<u>Discretionary</u> <u>surplus reserve</u> RMB	<u>Total</u> RMB
2019:			
Opening balance	602,816,433.66	106,535,086.29	709,351,519.95
Charge for the year	28,344,041.11	-	28,344,041.11
Closing balance	<u>631,160,474.77</u>	<u>106,535,086.29</u>	<u>737,695,561.06</u>
2018:			
Opening balance	558,349,869.29	106,535,086.29	664,884,955.58
Charge for the year	44,466,564.37	-	44,466,564.37
Closing balance	<u>602,816,433.66</u>	<u>106,535,086.29</u>	<u>709,351,519.95</u>

The statutory surplus reserve may be used for making up the losses of the company, enlarging the production and operation of the company or increasing the company's registered capital.

47. Retained profits

	<u>2019</u> RMB	<u>2018</u> RMB
Retained profits at the beginning of year	7,918,964,663.82	7,376,366,623.61
Add: Net profit attributable to owners of the parent company in current year	805,051,717.27	767,782,845.38
Profit available for distribution to shareholders	8,724,016,381.09	8,144,149,468.99
Less: Appropriation to statutory surplus reserve	28,344,041.11	44,466,564.37
Dividends distribution (Note 1)	230,342,732.84	180,718,240.80
Retained profits at the end of year (Note 2)	<u>8,465,329,607.14</u>	<u>7,918,964,663.82</u>

Note 1: In accordance with the provisions of Evaluation of SASAC of Shanghai [2018] No. 308, the Company shall make provision and pay the profit to State-owned Assets Supervision and Administration Commission of Shanghai based on 20% of net profit attributable to the owners' equity of the Company in the consolidated financial statements of the Group deducting statutory reserve transferred for the year.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

47. Retained profits - continued

Note 1: - continued

In accordance with the provisions of Evaluation of SASAC of Shanghai [2019] No. 161, shall make provision and pay the profit to State-owned Assets Supervision and Administration Commission of Shanghai based on 25% of net profit attributable to the owners' equity of the Company in the consolidated financial statements of the Group deducting statutory reserve transferred for the year. Therefore, the Company made provision for profit payable of RMB 194,176,919.04 for the year, and made supplementary provision for profit payable of RMB 36,165,813.80 for 2018 at the same time. Total provision for profit payable is RMB 230,342,732.84.

Note 2: As at 31 December 2019, the Group's retained profits include the surplus reserve of RMB 1,296,357,996.38 (31 December 2018: RMB 1,172,739,138.21) appropriated by the subsidiaries.

48. Operating income

	<u>2019</u> RMB	<u>2018</u> RMB
Principal operating activities	35,983,049,313.58	24,900,329,288.13
Including: Hotel rooms and catering service	27,059,626,993.86	16,687,498,052.37
Passenger transportation and logistics service	5,010,048,385.98	5,120,806,507.58
Tourism service	2,280,372,047.70	1,946,217,138.79
Trade business	80,482,957.92	68,899,114.96
Real-estate business	103,465,147.52	124,942,200.18
Others	1,449,053,780.60	951,966,274.25
Other operating activities	29,484,867.00	22,251,025.78
Total	<u>36,012,534,180.58</u>	<u>24,922,580,313.91</u>

49. Interest income/expenses of financial institutions

	<u>2019</u>		<u>2018</u>	
	<u>Income</u> RMB	<u>Expenses</u> RMB	<u>Income</u> RMB	<u>Expenses</u> RMB
Interest income/expenses of finance company	<u>114,672,274.81</u>	<u>55,275,107.20</u>	<u>136,908,726.67</u>	<u>69,098,752.00</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

50. Operating costs

	<u>2019</u> RMB	<u>2018</u> RMB
Principal operating activities	14,357,899,019.42	8,208,293,856.83
Including: Hotel rooms and catering service	7,421,961,229.86	1,734,049,083.07
Passenger transportation and logistics service	4,355,236,876.44	4,407,538,115.06
Tourism service	2,054,265,622.12	1,729,642,250.28
Trade business	45,444,432.66	31,137,278.79
Real estate business	42,572,313.03	34,514,860.51
Others	438,418,545.31	271,412,269.12
Other operating activities	<u>9,638,526.29</u>	<u>6,451,675.01</u>
Total	<u><u>14,367,537,545.71</u></u>	<u><u>8,214,745,531.84</u></u>

51. Taxes and levies

	<u>2019</u> RMB	<u>2018</u> RMB
Property tax	347,815,898.78	245,020,252.76
Urban construction and maintenance tax	38,030,213.77	38,878,732.75
Education surcharge	26,639,842.34	26,523,801.31
Others	<u>31,935,141.16</u>	<u>20,722,902.60</u>
Total	<u><u>444,421,096.05</u></u>	<u><u>331,145,689.42</u></u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

52. Selling expenses

	<u>2019</u> RMB	<u>2018</u> RMB
Labor costs	4,183,008,133.71	3,615,037,305.48
Lease expenses	1,762,795,186.94	1,769,095,840.66
Energy, fuels and materials	963,693,653.80	1,057,898,574.29
Advertising expenses	942,747,034.89	268,578,257.11
Depreciation expenses	752,175,631.11	691,652,716.09
Amortization of intangible assets and long-term prepaid expenses	626,361,946.84	808,970,657.84
Commission fees	613,769,577.99	335,995,750.04
Repair and maintenance expense	495,492,695.79	457,387,432.59
Intermediary consulting fee	244,803,817.35	5,868,816.85
Cleaning expenses	234,144,024.38	222,353,318.97
Postage and communication expenses	72,765,544.90	76,363,411.03
Others	582,169,133.88	277,583,963.85
Total	<u>11,473,926,381.58</u>	<u>9,586,786,044.80</u>

53. Administrative expenses

	<u>2019</u> RMB	<u>2018</u> RMB
Labor costs	4,183,654,511.07	3,644,261,992.10
Intermediary consulting fee	531,267,128.06	411,295,332.33
Depreciation expense	515,439,999.75	538,982,404.06
Amortization of intangible assets and long-term prepaid expenses	439,228,729.15	248,297,967.08
Lease expenses	338,745,562.88	139,863,806.85
Advertising expenses	321,727,661.90	136,624,956.44
Office management expenses	259,804,520.24	17,936,273.72
Travel expenses	183,464,614.77	92,912,980.70
Energy, fuels and materials	158,617,577.07	139,396,401.11
Repair and maintenance expense	151,675,094.71	148,645,294.99
Postage and communication expenses	39,076,824.25	35,640,231.63
Others	436,957,879.57	99,618,322.09
Total	<u>7,559,660,103.42</u>	<u>5,653,475,963.10</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

54. Financial expenses

	<u>2019</u> RMB	<u>2018</u> RMB
Interest expense	1,502,335,825.83	1,386,977,790.31
Less: Interest income	262,761,254.67	548,827,424.91
Exchange differences	10,324,915.56	101,902.24
Handling fees and others	113,732,998.23	133,501,727.09
Total	<u>1,363,632,484.95</u>	<u>971,753,994.73</u>

55. Exchange losses (gains) of financial institutions

	<u>2019</u> RMB	<u>2018</u> RMB
Exchange losses (gains) of finance company	<u>(1,283,460.62)</u>	<u>(2,201,413.00)</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

56. Other income

<u>Item</u>	<u>2019</u> RMB	<u>2018</u> RMB	<u>Related to assets/ Related to income</u>
Industry supporting funds	84,677,079.73	45,313,110.79	Related to income
VAT weighted deduction	19,614,849.37	-	Related to income
Tax refunds	9,184,858.44	4,151,391.07	Related to income
Supporting funds of Huangpu District			
Finance Bureau	3,300,000.00	9,700,000.00	Related to income
Enterprise supporting funds	3,057,658.46	2,414,185.54	Related to income
Jin Jiang One-stop Tourism Platform Project	2,044,907.31	27,375,291.38	Related to assets
Special funds for the reconstruction and expansion of the agricultural base	1,741,516.64	1,741,516.32	Related to income
Financial supporting funds	2,190,080.27	1,639,000.00	Related to income
Relocation compensation for Motor Vehicle Insurance Quick Claim Center	959,776.68	959,776.68	Related to assets
Supporting funds for Smartel	919,000.00	994,500.00	Related to assets
Supporting funds for Metropole Hotel project	787,050.00	722,150.00	Related to assets
Subsidy for Wusong cruise delivery project	179,926.08	179,926.08	Related to assets
Subsidy for Wusong cold chain project	101,855.01	136,631.52	Related to assets
Involvement and support funds of Expo Development Committee	-	6,268,800.00	Related to income
Information platform supporting funds	-	3,900,000.00	Related to assets
Industrial park reformation funds	-	492,093.38	Related to assets
Transformation and upgrade grants for Hongkou Financial Enterprises	-	180,000.00	Related to income
Other subsidy projects relating to income	7,190,223.33	8,445,625.31	Related to income
Other subsidy projects relating to assets	585,765.03	16,001.28	Related to assets
Total	<u>136,534,546.35</u>	<u>114,629,999.35</u>	

57. Investment income

	<u>2019</u> RMB	<u>2018</u> RMB
Income from long-term equity investments	377,189,893.07	367,173,062.05
Including: Investment income under equity method	353,720,644.48	359,108,252.13
Gains on disposal of long-term equity investments	2,792,562.24	8,064,809.92
Fair value adjustments arising from acquisition in stages	20,676,686.35	-
Income from held-for-trading financial assets	37,461,999.34	5,558,402.41
Income from available-for-sale financial assets	922,490,822.80	1,591,078,125.78
Including: Gains on disposal of available-for-sale financial assets	417,495,892.00	1,066,686,284.58
Dividends distribution declared by the investee corresponding to available-for-sale financial assets	504,994,930.80	524,391,841.20
Income from entrusted loans	17,266,262.62	21,888,849.48
Others	9,553,367.57	53,153,811.13
Total	<u>1,363,962,345.40</u>	<u>2,038,852,250.85</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

57. Investment income - continued

Details of gains on disposal of long-term equity investments are as follows:

	<u>2019</u> RMB	<u>2018</u> RMB
Gains from liquidation of Shanghai Jinyi Real Estate Development Co., Ltd.	2,800,037.87	-
Losses from liquidation of Shanghai Jin Jiang International Trade Co., Ltd.	(7,475.63)	-
Gains from disposal of equity of Guangzhou Eggshell	-	9,581,619.27
Gains from liquidation of Shanghai Jinyi Food Inspection Co., Ltd.	-	189,259.86
Gains from liquidation of Shanghai Xinlu Catering Development Co., Ltd.	-	8,325.17
Gains (losses) from disposal of subsidiaries of GDL	-	(1,714,394.38)
Total	<u>2,792,562.24</u>	<u>8,064,809.92</u>

There is no significant restriction on the repatriation of the Group's investment income.

58. Impairment loss of assets

	<u>2019</u> RMB	<u>2018</u> RMB
Loss on bad debt	(18,442,217.49)	(11,065,913.83)
Impairment for decline in value of inventories	(2,650.36)	(1,489,100.92)
Impairment loss of goodwill	-	20,544,546.93
Impairment loss of long-term equity investments	1,645,279.95	2,259,016.19
Impairment loss of construction in progress	1,831,090.96	-
Impairment loss of intangible assets	2,973,713.48	-
Impairment loss of fixed assets	18,380,739.34	-
Impairment loss of available-for-sale financial assets	99,419,040.00	3,500,000.00
Impairment loss of long-term prepaid expenses	116,601,358.08	36,188,711.35
Total	<u>222,406,353.96</u>	<u>49,937,259.72</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

59. Non-operating income

	<u>2019</u> RMB	<u>2018</u> RMB
Government grants	20,048,490.44	20,108,280.89
Compensation income	20,007,439.30	17,835,379.52
Payables that do not need to be paid	18,394,604.77	3,335,365.59
Incomes from fines and confiscation	1,109,189.52	6,295,944.14
Others	9,327,813.76	28,992,595.54
Total	<u>68,887,537.79</u>	<u>76,567,565.68</u>

60. Non-operating expenses

	<u>2019</u> RMB	<u>2018</u> RMB
Sponsorship and donation expenses	20,980,268.57	5,864,988.00
Project termination loss	7,981,859.60	-
Retirement of fixed assets	4,878,417.92	4,575,081.25
Expenses from fines and confiscation	3,616,785.31	2,898,400.86
Compensation loss	92,167.40	24,000.00
Estimated relocation losses of GDL	-	12,398,734.00
Others	39,372,764.20	9,984,285.21
Total	<u>76,922,263.00</u>	<u>35,745,489.32</u>

61. Income tax expenses

	<u>2019</u> RMB	<u>2018</u> RMB
Current tax expense calculated according to tax laws and relevant requirements	1,022,978,024.02	800,797,251.83
Deferred tax expense	(200,362,748.39)	(234,746,015.01)
Difference arising on settlement of income tax for the previous year	(12,570,358.60)	158,969.29
CAVE	24,106,314.16	28,543,179.27
Total	<u>834,151,231.19</u>	<u>594,753,385.38</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

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

	<u>2019</u> RMB	<u>2018</u> RMB
Accounting profit	2,682,463,009.21	2,466,570,952.06
Income tax expenses calculated at 25%	670,615,752.30	616,642,738.02
Effect of different tax rates of subsidiaries	11,075,974.22	(35,268,749.62)
Tax impact of non-deductible expense	112,452,011.36	78,521,589.86
Tax impact of tax-free income	(226,612,024.50)	(247,270,246.86)
Tax impact of unrecognized deductible losses and deductible temporary difference	233,857,322.75	253,941,496.15
Tax impact of utilizing deductible loss and deductible temporary difference previously not recognized	(36,843,942.22)	(28,239,897.26)
Changes in opening balance of deferred tax assets/liabilities arising from tax rate adjustments	6,047,868.79	(56,611,966.00)
Withholding income tax	58,048,891.47	(8,527,932.65)
Difference arising on settlement of income tax for the prior year	(12,570,358.60)	158,969.29
CAVE (note)	18,079,735.62	21,407,384.45
Income tax expense	<u>834,151,231.19</u>	<u>594,753,385.38</u>

Note: According to the tax laws and regulations of France, the CAVE may be disbursed before income tax. It is presented in accordance with the amount after deducting the 25% effect of income tax expenses.

62. Government grants

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Receipts of government grants related to assets</u>		
-Food Group park reconstruction fund	995,000.00	8,762,000.00
-Subsidy for scientific research projects of food research	300,000.00	600,000.00
-Jin Jiang one-stop tourism platform project	-	30,000,000.00
<u>Receipts of government grants related to income</u>		
-Support fund for enterprise (Note 1)	94,976,799.00	85,142,711.88
-Tax subsidy (Note 2)	9,309,690.68	4,454,681.10
-Financial incentives	6,346,586.06	8,271,317.43
-Financial subsidy (Note 3)	2,680,944.61	5,987,575.12
-Others	2,961,119.12	3,864,108.07
Total	<u>117,570,139.47</u>	<u>147,082,393.60</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

Note 1: The support fund for enterprise represent the key enterprise industrial support fund, technology development support fund and other support funds etc. received by the Group.

Note 2: The tax subsidy represents the tax refunds received by the Group.

Note 3: The financial subsidies represent the financial allocation and subsidies etc. received by the Group from the governments at township and district level.

63. Other comprehensive income (loss)

(1) Items of other comprehensive income

	2019			2018		
	Pre-tax amount RMB	Income tax RMB	After-tax amount RMB	Pre-tax amount RMB	Income tax RMB	After tax amount RMB
I. Other comprehensive income that will not be subsequently reclassified to profit or loss						
Remeasurement of changes in defined benefit plans	(13,863,572.97)	(3,204,609.02)	(10,658,963.95)	(7,987,454.32)	(2,750,080.52)	(5,237,373.80)
II. Other comprehensive income that will be subsequently reclassified to profit or loss						
Share of other comprehensive income of the investee accounted for under equity method	9,257,119.64	-	9,257,119.64	(2,331,691.12)	-	(2,331,691.12)
Subtotal	9,257,119.64	-	9,257,119.64	(2,331,691.12)	-	(2,331,691.12)
Gains or losses from changes in the fair value of available-for-sale financial assets	1,913,085,883.40	173,931,769.42	1,739,154,113.98	(2,738,977,140.53)	(312,082,551.31)	(2,426,894,589.22)
Less: amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	384,127,879.04	73,902,313.02	310,225,566.02	1,057,818,503.40	264,454,625.85	793,363,877.55
Subtotal	1,528,958,004.36	100,029,456.40	1,428,928,547.96	(3,796,795,643.93)	(576,537,177.16)	(3,220,258,466.77)
Effective portion of profit or loss from cash flow hedging instruments	(2,093,765.76)	622,247.30	(2,716,013.06)	1,628,136.90	560,445.89	1,067,691.01
Subtotal	(2,093,765.76)	622,247.30	(2,716,013.06)	1,628,136.90	560,445.89	1,067,691.01
Exchange differences on foreign currency translation	168,659,243.79	-	168,659,243.79	(18,354,212.03)	-	(18,354,212.03)
Subtotal	168,659,243.79	-	168,659,243.79	(18,354,212.03)	-	(18,354,212.03)
Total	1,690,917,029.06	97,447,094.68	1,593,469,934.38	(3,823,840,864.50)	(578,726,811.79)	(3,245,114,052.71)

(2) Changes in other comprehensive income are as follows:

	Share of other comprehensive income of the investee accounted for using the equity method RMB	Profit or loss from changes in fair value of available-for-sale financial assets RMB	Exchange differences on foreign currency translation RMB	Effective portion of profit or loss from cash flow hedging instruments RMB	Remeasurement of changes in defined benefit plans RMB	Total RMB
Opening balance of previous year	494,488,645.68	3,341,914,840.31	3,892,202.05	653,840.14	(1,601,580.09)	3,839,347,948.09
Changes for the year	(1,653,423.11)	(2,728,601,468.46)	20,366,072.35	402,946.59	(1,976,584.87)	(2,711,462,457.50)
Closing balance of previous year	492,835,222.57	613,313,371.85	24,258,274.40	1,056,786.73	(3,578,164.96)	1,127,885,490.59
Opening balance of current year	492,835,222.57	613,313,371.85	24,258,274.40	1,056,786.73	(3,578,164.96)	1,127,885,490.59
Changes for the year	7,192,225.20	1,293,164,490.59	92,413,807.44	(3,454,848.58)	(6,455,064.27)	1,382,860,610.38
Closing balance of current year	500,027,447.77	1,906,477,862.44	116,672,081.84	(2,398,061.85)	(10,033,229.23)	2,510,746,100.97

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Cash and cash equivalents

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Cash	17,557,721,799.40	21,389,655,351.28
Including: Cash on hand	19,752,686.84	20,393,265.92
Bank deposits	17,520,097,654.22	21,275,873,352.37
Other monetary funds	17,871,458.34	93,388,732.99
Balance of cash and cash equivalents	<u>17,557,721,799.40</u>	<u>21,389,655,351.28</u>

65. Supplementary information to the cash flow statement

	<u>2019</u> RMB	<u>2018</u> RMB
(1) Reconciliation of net profit to cash flow from		
Net profit	1,848,311,778.02	1,871,817,566.68
Add: Provision for impairment losses of assets	222,406,353.96	49,937,259.72
Depreciation of fixed assets	1,514,633,106.30	1,199,663,033.25
Depreciation of investment properties	31,302,022.22	30,972,086.90
Amortization of intangible assets	570,541,805.75	471,103,113.29
Amortization of long-term prepaid expenses	656,445,876.91	586,165,511.63
Losses on disposal of fixed assets, intangible assets and other long-term assets Less: Gains)	(594,749,541.77)	(198,043,034.95)
Losses on changes in fair values (Less: Gains)	(8,195,378.91)	66,809,030.29
Financial expenses	1,512,660,741.39	1,387,079,692.55
Investment income	(1,363,962,345.40)	(2,038,852,250.85)
Decrease in deferred tax assets (Less: Increase)	558,922,401.28	(554,043,403.98)
Increase in deferred tax liabilities (Less: Decrease)	(640,504,579.65)	(251,960,608.93)
Decrease in inventories (Less: Increase)	(10,094,822.98)	(146,864,575.60)
Decrease in receivables from operating activities (Less: Increase)	(348,508,811.22)	610,428,642.22
Increase in payables from operating activities (Less: Decrease)	(176,654,718.86)	351,422,277.66
Net cash flow from operating activities	<u>3,772,553,887.04</u>	<u>3,435,634,339.88</u>
(2) Significant investing and financing activities that do not involving cash:		
Acquire non-current assets with debt	2,888,400.00	3,423,432.20
(3) Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	17,557,721,799.40	21,389,655,351.28
Less: Opening balance of cash and cash equivalents	21,389,655,351.28	22,751,652,504.89
Net decrease in cash and cash equivalents	<u>(3,831,933,551.88)</u>	<u>(1,361,997,153.61)</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

66. Other cash flows relating to operating activities

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Other cash received relating to operating activities</u>		
Receipts of government grant	117,570,139.47	147,082,393.60
Cash receipts of interest, fees and commission charged by finance company	114,672,274.81	136,908,726.67
Interest income obtained by companies other than finance company	266,229,838.53	884,561,622.57
Changes in deposit reserve	74,149,838.69	-
Net increase in customer deposits	17,935,966.35	34,850,000.00
Others	8,064,951.74	46,961,064.03
Subtotal	<u>598,623,009.59</u>	<u>1,250,363,806.87</u>
<u>Other cash payments relating to operating activities</u>		
Payment of selling expenses and administrative expenses	5,744,363,925.90	5,497,814,844.50
Bank charges paid by companies other than finance company	113,732,998.23	133,501,727.09
Cash receipts of interest, fees and commission paid by finance company	55,275,107.20	69,098,752.00
Changes in deposit reserve	-	86,425,434.69
Others	174,048,509.65	84,439,049.68
Subtotal	<u>6,087,420,540.98</u>	<u>5,871,279,807.96</u>

67. Other cash flows relating to investing activities

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Other cash payment relating to investing activities</u>		
Cash paid to acquire time deposit	1,120,000,000.00	-
Payment of engineering deposit	3,138,484.30	-
Intermediary fees for acquisition-related projects	1,262,358.13	-
Subtotal	<u>1,124,400,842.43</u>	<u>-</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

68. Other cash flows relating to financing activities

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Other cash receipts relating to financing activities</u>		
Recovery of time deposits and wealth management products pledged for borrowings upon maturity (including principal and interest)	1,249,036,810.55	3,498,000,000.00
Subtotal	<u>1,249,036,810.55</u>	<u>3,498,000,000.00</u>
<u>Other cash payments relating to financing activities</u>		
Finance lease cost paid	12,388,485.81	10,524,595.40
Financing cost paid	-	6,098,165.50
Subtotal	<u>12,388,485.81</u>	<u>16,622,760.90</u>

69. Transaction where changes in owner's equity of subsidiaries occur and control of subsidiaries exists

In 2019, JJ acquired 3.49825% minority interests of Keystone, with consideration of RMB 351,216,077.14. After completion of equity transfer, the shareholding proportion of JJ in Keystone increased to 96.50175%.

The effect of the transaction on minority interest and owners' equity attributable to the Company:

	<u>Keystone</u> RMB
Cost of purchase - cash	351,216,077.14
Less: Net asset of subsidiaries calculated based on the proportion of equity acquired	<u>171,823,751.49</u>
Differences	<u>179,392,325.65</u>
Including: Adjustments of capital reserve	<u>67,702,663.70</u>

In 2019, Aplite Holdings AB, a subsidiary of the Group, acquired 43.91% minority interests of RHAB, with consideration of EUR 312,163,924.31, equivalent to RMB 2,399,200,280.05. After completion, the shareholding proportion of Aplite Holdings AB in RHAB increased to 94.12%.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

69. Transaction where changes in owner's equity of subsidiaries occur and control of subsidiaries exists - continued

The effect of the transaction on minority interests and owners' equity attributable to the Company:

	<u>RHAB</u> RMB
Cost of purchase - cash	2,399,200,280.05
Less: Net asset of subsidiaries calculated based on the proportion of equity acquired	<u>979,729,978.18</u>
Differences	<u>1,419,470,301.87</u>
Including: Adjustments to capital reserve	<u>961,549,182.49</u>

70. Business combination not involving enterprises under common control

(1) Business combination not involving enterprises under common control

In the current year, the Group, as the acquirer, carried out business combinations not involving enterprises under common control, of which the basic information are as follows.

(a) Basic information of the transactions

Acquisition of China Travel

On 8 March 2019, Shanghai CTS, a subsidiary of the Group, signed an equity transfer agreement with China Travel Service Head Office Co., Ltd., another shareholder of China Travel and acquired its 50% equity in China Travel. After the completion of the equity acquisition, Shanghai CTS's shareholding in China Travel increased from 50% to 100%. China Travel became a subsidiary of Shanghai CTS and was included in the scope of the Group's consolidation.

The information of the acquiree and related transactions are summarized as follows:

<u>Name of acquiree</u>	<u>Time point at which the equity is obtained</u>	<u>Cost for acquiring the equity</u> RMB	<u>Proportion of equity obtained</u> %	<u>Acquisition method</u>	<u>Acquisition date</u>	<u>Basis for determining the acquisition date</u>	<u>Acquiree's income from the acquisition date to the year end</u> RMB	<u>Acquiree's profit from the acquisition date to the year end</u> RMB
China Travel Services corporation	8 March 2019	84,796,847.96	50	Cash payment	8 March 2019	Equity transfer date on which the control over the acquiree is obtained	791,295,719.60	6,802,910.84

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

70. Business combination not involving enterprises under common control - continued

(1) Business combination not involving enterprises under common control - continued

(b) The acquiree's identifiable assets, liabilities at the acquisition date

	<u>China Travel (Note)</u>	
	<u>Fair value at</u> <u>the acquisition date</u> RMB	<u>Carrying amount at</u> <u>the acquisition date</u> RMB
Assets:		
Cash and bank balances	64,970,451.29	64,970,451.29
Other current assets other than cash and bank balances	99,042,957.36	96,204,317.55
Fixed assets	121,229,245.84	34,380,911.84
Intangible assets	2,837,000.00	-
Other non-current assets other than fixed assets, intangible assets	1,298,823.96	1,298,823.96
Subtotal of assets	<u>289,378,478.45</u>	<u>196,854,504.64</u>
Liabilities:		
Current liabilities	82,747,554.51	82,747,554.51
Other non-current liabilities	21,212,556.33	95,349.34
Subtotal of liabilities	<u>103,960,110.84</u>	<u>82,842,903.85</u>
Net assets	185,418,367.61	114,011,600.79
Less: Minority interests	15,824,671.69	6,662,699.51
Net assets obtained	<u>169,593,695.92</u>	<u>107,348,901.28</u>

Note: There is no active market for identifiable net assets in China Travel. To determine its fair value, the Group invited an independent appraiser to assess the fair value of its identifiable net assets. The Group determines the fair value of net identifiable assets at the acquisition date based on the assessment results.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

70. Business combination not involving enterprises under common control - continued

(2) Business combination not involving enterprises under common control - continued

(c) Cost of combination and goodwill

CTS
RMB

Consolidated cost - cash	84,796,847.96
Consolidated cost - fair value of non-cash assets	84,796,847.96
Less: Acquired interest in the fair value of identifiable assets	<u>169,593,695.92</u>
Goodwill	<u><u>-</u></u>

(d) Cash flows from acquisition of subsidiaries

CTS
RMB

Acquisition cost of subsidiaries	84,796,847.96
Less: Cash and cash equivalents held by the acquiree	<u>64,970,451.29</u>
Net cash payment in the current year	<u><u>19,826,396.67</u></u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

71. Allocation of state-owned equity

(1) Basic information of the transaction

As at 31 December 2019, the Shanghai Municipal Education Commission allocated 100% equity of the subsidiaries Xinyuan Technology, Finance and Trade Guest House, Shanghai Gaojie, Higher Education Institute, Yuguang Instrument Factory and 85% equity of Shanghai Education Construction to the Group using book value based on relevant documents issued by SASAC.

The financial position of the allocated company on 1 January 2019 is as follows:

	Carrying amount of <u>Xinyuan Technology</u> RMB	Carrying amount of Finance and Trade <u>Guest House</u> RMB	Carrying amount of <u>Shanghai Gaojie</u> RMB	Carrying amount of Higher Education <u>Institute</u> RMB	Carrying amount of Shanghai Education <u>Construction</u> RMB	Carrying amount of <u>Yuguang Instrument Factory</u> RMB	Total RMB
Assets:							
Cash and bank balances	2,080,400.03	302,442.37	6,048,118.55	10,571,538.35	11,991,019.47	4,707,359.28	35,700,878.05
Other current assets other than cash and bank balances	4,777.72	1,500.00	4,757,222.38	4,841,593.20	3,367,864.00	430,166.00	13,403,123.30
Available-for sale financial assets	-	-	-	747,925.20	-	-	747,925.20
Fixed assets	-	-	1,223,766.26	782,166.85	602,231.28	591,850.05	3,200,014.44
Other non-current assets other than available-for-sale financial assets, fixed assets	-	-	28,778,621.65	1,093,300.30	2,240,058.78	-	32,111,980.73
Subtotal of assets	<u>2,085,177.75</u>	<u>303,942.37</u>	<u>40,807,728.84</u>	<u>18,036,523.90</u>	<u>18,201,173.53</u>	<u>5,729,375.33</u>	<u>85,163,921.72</u>
Liabilities:							
Current liabilities	965.97	1,152,829.64	6,847,712.50	10,164,100.21	8,144,994.70	41,559.78	26,352,162.80
Other non-current liabilities	-	-	-	32,506.26	-	-	32,506.26
Sub-total of liabilities	<u>965.97</u>	<u>1,152,829.64</u>	<u>6,847,712.50</u>	<u>10,196,606.47</u>	<u>8,144,994.70</u>	<u>41,559.78</u>	<u>26,384,669.06</u>
Net assets	2,084,211.78	(848,887.27)	33,960,016.34	7,839,917.43	10,056,178.83	5,687,815.55	58,779,252.66
Less: Minority interests	-	-	-	-	1,508,426.82	-	1,508,426.82
Net assets obtained	<u>2,084,211.78</u>	<u>(848,887.27)</u>	<u>33,960,016.34</u>	<u>7,839,917.43</u>	<u>8,547,752.01</u>	<u>5,687,815.55</u>	<u>57,270,825.84</u>

JIN JIANG INTERNATIONAL HOLDINGS CO., LTD.

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

71. Allocation of state-owned equity - continued

(2) Information of cash flow

	Carrying amount of <u>Xinyuan Technology</u> RMB	Carrying amount of Finance and Trade <u>Guest House</u> RMB	Carrying amount of <u>Shanghai Gaojie</u> RMB	Carrying amount of Higher Education <u>Institute</u> RMB	Carrying amount of Shanghai Education <u>Construction</u> RMB	Carrying amount of <u>Yuguang Instrument Factory</u> RMB	<u>Total</u> RMB
Consideration paid by allocated subsidiaries	-	-	-	-	-	-	-
Less: Cash and cash equivalents held by allocated subsidiaries	<u>2,080,400.03</u>	<u>302,442.37</u>	<u>6,048,118.55</u>	<u>10,571,538.35</u>	<u>11,991,019.47</u>	<u>4,707,359.28</u>	<u>35,700,878.05</u>
Net cash from acquisition of subsidiaries	<u>2,080,400.03</u>	<u>302,442.37</u>	<u>6,048,118.55</u>	<u>10,571,538.35</u>	<u>11,991,019.47</u>	<u>4,707,359.28</u>	<u>35,700,878.05</u>

IX. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

72. Segment reporting

According to the Group's internal organization structure, management requirements and internal reporting system, the Group has divided its operating business into 6 reporting segments, which are determined based on the business nature of the companies. The Group's management evaluates the operating results of these segments regularly, in order to determine the allocation of resources and assess their performance.

Information of segment reporting are disclosed according to segment accounting policies and measurement standards, the measurement basis should be corresponding with that of financial statements.

	Hotel rooms and catering		Tourism		Passenger transportation and logistics		Real estate		Trade		Finance		Undistributed projects		Mutual deduction between segments		Total	
	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB
Operating income:																		
External revenue	27,835,274,073.54	17,485,632,726.13	2,672,115,948.87	1,872,219,796.40	5,060,894,401.55	5,127,663,751.11	278,095,180.72	291,189,699.60	135,218,840.50	137,868,002.86	48,346,490.04	41,747,662.60	97,261,520.17	103,167,401.88	-	-	36,127,206,455.39	25,059,489,040.58
Inter-segment revenue	182,584,344.42	116,499,297.22	61,683,465.62	79,785,003.22	-	-	27,927,663.01	29,367,114.72	-	-	-	-	15,611,062.48	10,586,037.74	(287,806,535.53)	(236,237,452.90)	-	-
Total operating income	28,017,858,417.96	17,602,132,023.35	2,733,799,414.49	1,952,004,799.62	5,060,894,401.55	5,127,663,751.11	306,022,843.73	320,556,814.32	135,218,840.50	137,868,002.86	48,346,490.04	41,747,662.60	112,872,582.65	113,753,439.62	(287,806,535.53)	(236,237,452.90)	36,127,206,455.39	25,059,489,040.58
Operating costs:																		
Cost of external transactions	7,596,213,666.98	1,980,900,078.35	2,165,092,132.79	1,606,375,175.60	4,377,606,740.18	4,424,960,167.35	105,176,601.74	98,928,320.10	122,057,716.75	104,839,918.36	33,612,715.81	30,103,928.97	23,053,078.66	37,736,695.11	-	-	14,422,812,652.91	8,283,844,283.84
Cost of inter-segment transactions	80,621,617.72	34,579,934.29	112,469,132.07	61,993,633.48	-	-	-	-	-	-	-	-	15,795,600.00	-	(208,886,349.79)	(96,573,567.77)	-	-
Total operating costs	7,676,835,284.70	2,015,480,012.64	2,277,561,264.86	1,668,368,809.08	4,377,606,740.18	4,424,960,167.35	105,176,601.74	98,928,320.10	122,057,716.75	104,839,918.36	33,612,715.81	30,103,928.97	38,848,678.66	37,736,695.11	(208,886,349.79)	(96,573,567.77)	14,422,812,652.91	8,283,844,283.84
Reconciling items:																		
Business tax and levies	386,481,192.81	279,769,793.03	12,783,639.12	13,132,643.82	15,333,459.86	16,196,269.28	12,679,644.38	4,653,389.98	2,917,621.25	3,420,149.07	2,178,975.90	89,059.51	12,046,562.73	13,884,384.73	-	-	444,421,096.05	331,145,689.42
Selling expenses	10,736,010,600.53	8,872,132,202.86	253,426,251.93	250,322,461.78	395,791,151.84	387,732,540.56	39,318,805.74	40,468,589.41	15,965,494.54	16,182,532.96	408,223.73	(123,762.32)	33,005,853.27	36,690,227.25	-	(16,638,747.70)	11,473,926,381.58	9,586,786,044.80
Administrative expenses	6,855,251,336.60	4,844,146,346.65	268,520,867.03	359,141,425.69	151,919,997.57	285,169,164.29	67,709,228.16	77,594,806.68	33,627,967.29	35,268,797.21	43,343,644.89	54,010,441.37	257,889,393.56	144,182,474.51	(118,602,331.68)	(146,037,881.30)	7,559,660,103.42	5,653,475,963.10
Research and development expenses	27,846,208.00	25,337,326.72	25,920,652.90	17,379,701.33	3,639,480.48	3,916,056.03	-	-	-	-	-	-	2,046,997.69	1,656,594.30	-	-	59,453,339.07	48,289,678.38
Financial expenses (including profit or loss of finance company)	786,761,847.87	565,561,534.96	(8,684,443.18)	(20,214,583.77)	(7,422,670.71)	(10,884,132.24)	(37,276,581.13)	(49,725,809.57)	(21,733,847.40)	(28,474,869.85)	107,949,680.74	(81,758,862.14)	536,569,748.12	586,745,996.70	6,185,290.02	8,303,307.64	1,362,349,024.33	969,552,581.73
Impairment losses of assets	129,929,216.03	59,408,565.23	444,121.48	(5,268,627.49)	983,040.01	(1,544,608.51)	(7,999,129.39)	(2,783,066.23)	(26,313.96)	101,937.49	98,976,784.98	-	98,452.81	23,059.23	-	-	222,406,353.96	49,937,259.72
Gains or losses on changes in fair value	(18,399,768.76)	(19,857,741.85)	3,256,961.21	(3,301,327.36)	27,145,341.46	(11,356,116.08)	7,155.00	-	7,155.00	-	-	-	-	-	(3,800,000.00)	(32,301,000.00)	8,195,538.91	(66,809,030.29)
Investment income	237,828,748.38	693,804,422.66	92,455,138.18	388,369,837.25	188,432,065.63	313,032,383.93	33,638,437.93	42,479,279.90	69,249,871.73	36,394,899.15	772,287,727.52	464,567,739.36	908,197,746.31	1,520,603,071.04	(938,127,070.30)	(1,420,399,382.46)	1,363,962,345.40	2,038,852,250.85
Gains from disposal of assets	6,286,769.69	55,318,838.43	(172,322.11)	1,482,394.50	37,554,652.07	40,392,230.67	832,629.86	151,047.06	11,539,650.67	291,847.71	-	-	493,412,962.02	105,908,775.77	48,920,617.49	(927,017.94)	599,627,959.69	202,618,116.20
Other income	117,299,047.33	61,077,593.84	12,694,288.20	29,829,048.71	3,905,175.76	3,110,077.41	4,718,879.97	3,622,791.25	243,924.20	6,711,200.00	-	530,000.00	-	9,749,288.14	-	-	136,534,546.35	114,629,999.35
Operating profit	1,757,759,528.06	1,730,618,966.34	12,061,125.83	85,222,922.28	380,080,437.24	367,296,870.30	164,847,747.01	197,680,857.16	63,443,466.63	49,927,484.48	534,164,191.51	504,524,596.57	637,650,835.03	929,095,142.74	(859,590,596.89)	(1,438,917,964.17)	2,690,497,734.42	2,425,748,875.70
Non-operating income	115,470,433.57	54,708,972.71	3,463,117.67	3,661,210.24	10,884,811.53	13,698,829.49	511,236.42	28,125,113.24	5,235.54	76,395,529.72	3,567,284.41	3,388.37	(104,899.35)	(100,025,478.09)	(64,909,682.00)	(927,017.94)	68,887,537.79	76,567,565.68
Non-operating expenses	55,896,701.06	36,410,072.71	(729,482.37)	(6,687,938.78)	791,386.28	479,817.66	6,718,904.75	6,041,937.14	12,650.43	13,783.83	856,959.65	43.69	14,462,608.26	408,791.01	(1,087,555.56)	(927,017.94)	76,922,263.00	35,745,489.32
Total profit	1,817,333,170.57	1,748,911,866.34	16,253,725.87	95,872,071.30	390,173,862.49	380,515,882.13	158,640,078.68	219,764,033.26	63,436,051.74	126,309,230.37	536,874,516.27	504,527,941.25	623,083,327.42	828,660,873.64	(923,331,723.83)	(1,437,990,946.23)	2,682,463,009.21	2,466,570,952.06
Income tax	637,878,680.50	368,562,833.01	(8,567,297.27)	88,966,474.98	59,661,818.83	40,467,015.91	21,564,765.14	39,641,131.39	1,283,245.06	22,713,274.57	117,601,601.39	31,175,688.76	5,333,417.54	3,226,966.76	-	-	834,151,231.19	594,753,385.38
Net profit	1,179,459,490.07	1,380,349,033.33	24,821,025.14	6,905,596.32	331,112,043.66	340,048,866.22	137,075,313.54	180,122,901.87	62,152,806.68	105,595,955.80	419,272,914.88	473,352,252.49	617,749,909.88	825,433,906.88	(923,331,723.83)	(1,437,990,946.23)	1,848,311,778.02	1,871,817,566.68
Total assets	70,409,498,623.51	70,609,083,384.95	3,590,754,668.00	4,015,511,639.77	5,547,524,983.66	5,193,039,651.85	4,091,490,883.21	4,260,836,998.29	1,785,707,995.76	1,787,250,873.90	26,850,850,208.13	27,083,184,744.58	35,188,498,872.64	34,003,516,711.22	(40,891,705,298.51)	(37,672,778,851.20)	106,572,620,936.40	109,279,645,153.36
Total liabilities	42,893,311,780.68	44,101,114,950.06	1,486,632,287.58	1,530,150,451.47	1,386,577,533.35	1,406,751,199.97	777,364,270.32	1,229,547,112.41	515,625,876.89	548,269,579.85	21,037,681,213.91	21,025,160,404.89	16,717,847,987.63	16,735,788,117.00	(12,942,381,749.61)	(11,059,042,725.80)	71,872,659,170.75	75,517,739,089.85
Supplementary information:																		
Depreciation and amortization expenses	2,280,480,287.36	1,845,598,955.16	223,161,051.58	156,936,840.27	230,025,883.69	239,618,841.05	21,191,396.66	27,134,296.18	5,781,954.18	40,874,475.13	-	1,017,462.52	12,282,237.71	(23,277,125.24)	-	-	2,772,922,811.18	2,287,903,745.07
Impairment losses recognized in the current period	129,929,216.03	59,408,565.23	444,121.48	(5,268,627.49)	983,040.01	(1,544,608.51)	(7,999,129.39)	(2,783,066.23)	(26,313.96)	101,937.49	98,976,784.98	-	98,452.81	23,059.23	-	-	222,406,353.96	49,937,259.72
Capital expenditure	2,091,756,178.95	1,647,838,585.09	30,357,282.38	(64,321,300.75)	20,135,218.14	65,755,867.94	8,136,755.91	1,943,031.34	67,214.13	57,202,035.99	-	-	81,302,255.94	3,498,662.18	(44,767,058.91)	-	2,753,951,311.69	1,744,955,416.64
Including: Expenditure arising from construction in progress	1,919,226,822.77	1,409,757,764.53	5,504,462.62	(59,455,661.81)	10,375,085.99	2,858,418.07	5,392,954.22	71,060.24	-	9,068,767.44	-	-	71,213,935.76	(711,060.24)	-	-	1,939,788,265.36	1,434,303,713.48
Expenditure arising from purchase of fixed assets	459,295,947.52	151,511,144.79	1,935,582.94	(6,424,779.81)	9,760,132.15	62,122,463.96	2,743,801.69	1,231,971.10	67,214.13	48,133,268.55	-	-	10,088,320.18	4,209,722.42	(44,916,488.16)	-	478,012,400.85	221,745,900.61
Expenditure arising from purchase of intangible assets	313,233,408.67	86,569,675.77	22,917,236.82	1,559,140.87	-	774,985.91	-	-	-	-	-	-	-	-	-	-	336,150,645.49	88,903,802.55

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Nature of major related parties:

<u>Name of related company</u>	<u>Related party relationship</u>
Shanghai Shendi (Group) Co., Ltd.	Associate of the Company
Shanghai One-day Trip Co., Ltd.	Associate of the Company
HRG Jin Jiang Travel (China) Co., Ltd.	Associate of the Company
Shanghai Interunited Co., Ltd.	Associate of the Company
Shanghai Wufeng Shangshi Food Co., Ltd.	Associate of the Company
Shanghai Xinxin Construction Development Co., Ltd.	Associate of the Company
Shanghai Proton and Heavy Ion Center	Associate of the Company
The above companies are collectively referred to as associates of the Company	
Shanghai New Union Building Co., Ltd. ("New Union Building")	Associate of Jin Jiang International Investment
Afrinord Hotel Investment A/S	Associate of Jin Jiang International Investment
Al Quesir Hotel Company S.A.E	Associate of Jin Jiang International Investment
The above companies are collectively referred to as associates of Jin Jiang International Investment	
Shanghai Zhendong Auto Service Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Jinmao Jin Jiang Auto Service Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Dazhong Xinya Taxi Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Jin Jiang Jia You Auto Service Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Nissan Car Repair Center	Joint venture of Jin Jiang Capital
Shanghai Motor Vehicle Driver Training Center Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Petroleum Group Changle Road Petro Station Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Jin Jiang Sheshan Auto Service Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Yongda Second-hand Motor Vehicle Operation Co., Ltd.	Joint venture of Jin Jiang Capital
IHHC	Joint venture of Jin Jiang Capital
Beijing Kunlun Hotel Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Jin Jiang Tomson Hotel Company Limited	Joint venture of Jin Jiang Capital
Shanghai Jin Jiang Fairmont Hotel Management Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Jin Jiang Del Interactive Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Tower Jin Jiang Hotel Assets Management Co., Ltd.	Joint venture of Jin Jiang Capital
Shanghai Galaxy Hotel Co., Ltd.	Joint venture of Jin Jiang Capital
Wuxi Jin Jiang Grand Hotel Co., Ltd.	Associate of Jin Jiang Capital
Jiangsu Jin Jiang Nanjing Hotel Co., Ltd.	Associate of Jin Jiang Capital
Shanghai KFC Co., Ltd.	Associate of Jin Jiang Capital
Shanghai New Asia Fulihua Catering Co., Ltd.	Associate of Jin Jiang Capital
Shanghai Yoshinoya Fast Food Co., Ltd.	Associate of Jin Jiang Capital
Jin Jiang International Les Roches Hotel Management College	Associate of Jin Jiang Capital
Jiangsu Nanjing Long-distance Passenger Transportation (Group) Co., Ltd.	Associate of Jin Jiang Capital
Shanghai Pudong International Airport Cargo Terminal Co. Ltd. ("PACTL")	Associate of Jin Jiang Capital
Shanghai Jin Jiang Passenger Transportation Co., Ltd.	Associate of Jin Jiang Capital
Shanghai Yonda Cefiro Auto Sales and Services Co., Ltd.	Associate of Jin Jiang Capital
Shanghai Huangpu River Cruise Co., Ltd.	Associate of Jin Jiang Capital
Shanghai Juxing Property Management Co., Ltd.	Associate of Jin Jiang Capital
Shanghai FASCO International Travel & Tour Co., Ltd.	Associate of Jin Jiang Capital
Shanghai Wubei Parking Garage Co., Ltd.	Associate of Jin Jiang Capital
The above companies are collectively referred to as Joint ventures and Associates of Jin Jiang Capital	

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(1) Nature of major related parties: - continued

Shanghai Xinshangshi International Trade Co., Ltd. Associate of Food Group
 Shanghai Jin Yi Food Inspection Co., Ltd. Associate of Food Group
The above companies are collectively referred to as associates of Food Group

Shanghai CTS Suo Jin Trade Co., Ltd. Associate of CTS Group
 Shanghai China Travel International Co., Ltd Associate of CTS Group
The above companies are collectively referred to as associates of CTS Group

(2) Significant related party transactions and the amounts

(a) Sales and purchase

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Revenue from sales</u>		
Joint venture and Associate of Jin Jiang Capital	15,057,149.01	9,937,952.18
Associates of Jin Jiang International Investment	367,370.77	-
Total	<u>15,424,519.78</u>	<u>9,937,952.18</u>
<u>Revenue from rendering of services</u>		
Joint ventures and associates of Jin Jiang Capital	21,636,269.50	21,098,984.29
Associates of the Company	6,658,483.15	-
Total	<u>28,294,752.65</u>	<u>21,098,984.29</u>
<u>Revenue from vehicle operation</u>		
Associates of the Company	40,938,893.64	54,700,111.93
Joint ventures and associates of Jin Jiang Capital	28,800.00	1,758,516.50
Associates of Jin Jiang International Investment	46,922.12	188,200.00
Total	<u>41,014,615.76</u>	<u>56,646,828.43</u>
<u>Cost of purchase of goods</u>		
Joint ventures and associates of Jin Jiang Capital	7,195,699.40	1,832,687.32
Associates of the Company	500,052.34	671,767.87
Associates of Food Group	14,426,540.90	8,974,971.14
Total	<u>22,122,292.64</u>	<u>11,479,426.33</u>
<u>Cost of receipts of services</u>		
Joint ventures and associates of Jin Jiang Capital	66,455.67	745,147.09
Associates of the Company	58,018.00	-
Total	<u>124,473.67</u>	<u>745,147.09</u>

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Significant related party transactions and the amounts - continued

(b) Other businesses

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Lease income</u>		
Associates of Jin Jiang International Investment	15,386,753.04	15,574,953.04
Joint ventures and associates of Jin Jiang Capital	1,363,101.26	6,820,205.84
Associates of the Company	<u>1,066,260.00</u>	<u>3,078,841.62</u>
Total	<u><u>17,816,114.30</u></u>	<u><u>25,474,000.50</u></u>

Administrative income

Joint ventures and associates of Jin Jiang Capital	<u>2,315,261.15</u>	<u>2,550,571.44</u>
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Expenditures on purchase of vehicles

Joint ventures and associates of Jin Jiang Capital	<u>-</u>	<u>22,126,599.26</u>
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Lease expense

Joint ventures and associates of Jin Jiang Capital	<u>4,744,767.55</u>	<u>5,597,254.09</u>
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Interest income

Associates of Jin Jiang International Investment	<u>1,268,066.04</u>	<u>4,426,412.27</u>
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Interest expense

Joint ventures and associates of Jin Jiang Capital	8,733,235.65	8,693,159.81
Associates of Jin Jiang International Investment	<u>1,260.30</u>	<u>-</u>

Total	<u><u>8,734,495.95</u></u>	<u><u>8,693,159.81</u></u>
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(c) Guarantees provided to other parties

	<u>2019</u> RMB	<u>2018</u> RMB
<u>Guarantees</u>		
Associates of the Company	158,520,511.90	156,260,568.40
Joint ventures and associates of Jin Jiang Capital	<u>3,000,000.00</u>	<u>-</u>
Total	<u><u>161,520,511.90</u></u>	<u><u>156,260,568.40</u></u>

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Significant related party transactions and the amounts - continued

(d) Balances due from/to related parties

<u>Account and name of related party</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
<u>Accounts receivable</u>		
Associates of the Company	8,692,542.53	7,993,370.06
Joint ventures and associates of Jin Jiang Capital	2,780,787.24	2,946,606.91
Total	<u>11,473,329.77</u>	<u>10,939,976.97</u>
<u>Interest receivable</u>		
Joint ventures and associates of Jin Jiang Capital	<u>328,666.77</u>	<u>332,961.51</u>
<u>Dividends receivable</u>		
Joint ventures and associates of Jin Jiang Capital	5,619,442.40	5,619,442.40
Associate of CTS Group	-	2,533,728.87
Total	<u>5,619,442.40</u>	<u>8,153,171.27</u>
<u>Other receivables</u>		
Joint ventures and associates of Jin Jiang Capital	47,866,732.72	47,989,148.12
Associates of Jin Jiang International Investment	-	7,054,722.70
Associates of the Company	9,425,414.40	13,550.02
Total	<u>57,292,147.12</u>	<u>55,057,420.84</u>
<u>Loans and advances due within one year</u>		
Joint ventures and associates of Jin Jiang Capital	<u>517,800,000.00</u>	<u>410,000,000.00</u>
<u>Other current assets</u>		
Associates of Jin Jiang International Investment	-	120,000,000.00
Joint ventures and associates of Jin Jiang Capital	33,700,000.00	3,900,000.00
Total	<u>33,700,000.00</u>	<u>123,900,000.00</u>
<u>Loans and advances</u>		
Joint ventures and associates of Jin Jiang Capital	-	<u>54,900,000.00</u>
<u>Other non-current assets</u>		
Associates of Jin Jiang International Investment	27,557,453.00	26,633,736.20
Joint ventures and associates of Jin Jiang Capital	3,425,200.00	-
Total	<u>30,982,653.00</u>	<u>26,633,736.20</u>

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Significant related party transactions and the amounts - continued

(d) Balances due from/to related parties - continued

<u>Account and name of related party</u>	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
<u>Prepayments</u>		
Joint ventures and associates of Jin Jiang Capital	1,000,000.00	-
<u>Accounts payable</u>		
Associates of Food Group	9,723,083.69	6,126,049.97
Associates of the Company	1,596,436.42	297,593.48
Joint ventures and associates of Jin Jiang Capital	330,475.09	1,493,378.58
Total	11,649,995.20	7,917,022.03
<u>Interest payable</u>		
Joint ventures and associates of Jin Jiang Capital	17,164,909.01	20,159,962.38
<u>Other payables</u>		
Joint ventures and associates of Jin Jiang Capital	61,435,207.86	59,655,876.56
Associates of the Company	14,891,438.86	21,159,829.46
Total	76,326,646.72	80,815,706.02
<u>Customer deposits and deposits from banks and other financial institutions</u>		
Joint ventures and associates of Jin Jiang Capital	256,746,211.92	248,396,889.57

(e) Borrowings from/loans to related parties

Details of borrowings from/loans to related parties are as follows:

	<u>Amount</u> <u>incurred in</u> <u>current year</u> RMB	<u>Closing</u> <u>balance of</u> <u>current year</u> RMB	<u>Amount</u> <u>incurred in</u> <u>prior year</u> RMB	<u>Closing</u> <u>balance of</u> <u>prior year</u> RMB
Borrowed from:				
Joint ventures and associates of Jin Jiang Capital	41,000,000.00	41,000,000.00	-	-
Total	41,000,000.00	41,000,000.00	-	-

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include cash and bank balances, financial assets at fair value through profit or loss, available-for-sale financial assets, borrowings, bonds payable, accounts receivable, accounts payable, other receivables, other payables, long-term receivables, long-term payables, other current assets, other non-current assets and other non-current liabilities etc. Details of these financial instruments are disclosed in Note IX. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and benefits, and 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 and practice risk management, and monitors these exposures regularly and effectively to ensure the risks are controlled at a certain level.

1.1 Market risk

1.1.1. Foreign exchange risk

Foreign exchange risk refers to the risk that fluctuation of fair value or future cash flows will occur because of changes in foreign exchange rates. The Company and its subsidiaries in main land China mainly operate in main land China, using RMB for settlement of their principal business activities, therefore most of the transactions, assets and liabilities are denominated in RMB. As at 31 December 2019 and 31 December 2018, the foreign currency balances of the Company and its subsidiaries in main land China mainly concentrate at part of the cash and bank balances and account receivable, therefore the currency risk exposure of the Company and its domestic subsidiaries primarily associated with USD and EUR. Radisson Hotel, an overseas subsidiary of the Group outside mainland China, operates mainly in Europe and the United States. The main operating activities are accounted for in EUR or USD, therefore, most transactions, assets and liabilities are dominated in EUR or USD. As at 31 December 2019 and 31 December 2018, the foreign currency balances of Radisson Hotel mainly concentrate at part of the cash and bank balances, account receivable and accounts payable, therefore the currency risk exposure of Radisson Hotel primarily associated with EUR and USD. GDL, an overseas subsidiary of the Group outside mainland China, operates mainly in Europe. The main operating activities are accounted for in EUR, therefore, most transactions, assets and liabilities are dominated in EUR. As at 31 December 2019 and 31 December 2018, the foreign currency balances of GDL mainly concentrate at part of the cash and bank balances. Its currency risk exposure is primarily associated with GBP and PLN.

As at 31 December 2019, except for the assets and liabilities mentioned below use USD, EUR, GBP, JPY, AUD and PLN (converted in RMB), the Group's assets and liabilities are settled on the basis of RMB of each entity. The foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Group's operating performance.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.1. Foreign exchange risk - continued

	<u>Closing balance</u> RMB	<u>Opening balance</u> RMB
Cash and bank balances	716,515,397.31	635,902,941.98
Accounts receivable	184,199,408.94	134,042,901.35
Other receivables	1,635,296,139.26	2,482,867,925.14
Accounts payable	189,843,481.48	133,019,760.00
Other payables	1,628,359,194.44	1,797,434,891.95
Long-term borrowings (including long-term borrowings due within one year)	<u>101,354,000.00</u>	<u>783,926,500.00</u>

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures and migrate the exchange rate fluctuation exposure by purchasing forward foreign exchange contracts etc. from time to time.

1.1.2. Interest rate risk - risk of changes in fair value

The Group's fair value interest rate risk of financial instruments relates primarily to cash and bank balances, fixed-rate entrusted loans, fixed-rate bank borrowings and bonds payable (see Note IX 1, Note IX 10, Note IX 25, Note IX 35 and Note IX 37 for details). The Group currently does not take any measures to hedge interest rate risk exposures.

1.1.3. Interest rate risk - risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings (see Note IX 25 and Note IX 35 for details) and finance lease payable (see note IX 38 for details). It is the Group's policy to keep its borrowings at floating rate of interests so as to eliminate the fair value interest rate risk.

1.1.4. Other price risks

The Group's available-for-sale financial assets and financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Group is exposed to the risks of changes in the security prices. The Group minimizes the equity security price risks by holding a portfolio of equity securities with different risks.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.2. Credit risk

As at 31 December 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of other party to fulfill an obligation and financial guarantees issued by the Group, including the carrying amount of the financial assets has been recognized in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks will change according to the future changes in fair value.

In order to minimize the credit risk, the Group has established and carried out relevant policies for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is low because they are deposited with banks with high credit ratings.

The Group has adopted a policy to ensure that all sales customers have good credit records. The Group has no other significant concentration of credit risk.

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

2. Fair value

Fair values of the financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively;
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions;

The management of the Group considers that the carrying amounts of financial assets and financial liabilities that are measured at amortized cost approximate their fair values.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

3. Sensitivity analysis

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and owners' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

3.1. Foreign exchange risk

As at 31 December 2019, except for the items presented in Note XI 1.1.1 Foreign exchange risk, the Group's assets and liabilities are both denominated in RMB. The future significant increase in the values of foreign currencies against RMB may result in adverse effect on the Group's operating performance.

The Group's foreign exchange risk exposure is primary associated with HKD, USD and GBP. Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and owners' equity:

<u>Item</u>	<u>Change in exchange rate</u>	<u>Current year</u>		<u>Prior year</u>	
		<u>Effect on profit</u> RMB'000	<u>Effect on equity</u> RMB'000	<u>Effect on profit</u> RMB'000	<u>Effect on equity</u> RMB'000
USD	5% increase against RMB	16,010,340.84	16,010,340.84	20,617,886.30	20,617,886.30
USD	5% decrease against RMB	(16,010,340.84)	(16,010,340.84)	(20,617,886.30)	(20,617,886.30)
GBP	5% increase against RMB	1,911,334.56	1,911,334.56	1,718,478.64	1,718,478.64
GBP	5% decrease against RMB	(1,911,334.56)	(1,911,334.56)	(1,718,478.64)	(1,718,478.64)

3.2. Interest rate risk

The sensitivity analysis on interest rate risk is based on the following assumptions:

- Changes in the market interest rate may influence the interest income or expense of the variable rate financial instruments;
- For fixed rate financial instruments measured at fair value, changes in the market interest rate only influence their interest income or expense;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate as at the balance sheet date, using the method of discounted cash flow analysis.

On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and equity:

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

3. Sensitivity analysis - continued

3.2. Interest rate risk - continued

Item	Change in exchange rate	Current year		Prior year	
		Effect on profit RMB'000	Effect on equity RMB'000	Effect on profit RMB'000	Effect on equity RMB'000
Bank borrowings	50 basis points increased	(128,767)	(128,767)	(121,099)	(121,099)
Bank borrowings	50 basis points decreased	128,767	128,767	121,099	121,099

3.3 Other price risk

The Group is exposed to the price risk arising from financial assets which are measured at fair value. The changes in market price of shares may have the following pre-tax effect on the profit or loss for the period and equity:

Item	Change in price RMB'000	Current year		Prior year	
		Effect on profit RMB'000	Effect on equity RMB'000	Effect on profit RMB'000	Effect on equity RMB'000
Financial assets measured at fair value and change included in the profit or loss for the period	10% increase	54,783	54,783	60,161	60,161
Financial assets measured at fair value and change included in the profit or loss for the period	10% decrease	(54,783)	(54,783)	(60,161)	(60,161)
Available-for-sale financial assets	10% increase	-	1,411,226	-	1,306,329
Available-for-sale financial assets	10% decrease	-	(1,411,226)	-	(1,306,329)

4. Transfer of financial assets

Transferred financial assets that have been derecognized but the transferring party continues to be involved in

During the year, the Group discounted bank acceptances of RMB 48,521,080.25 (2018: RMB 39,460,501.85) to the bank. As the main risks and rewards such as interest rate risk associated with these bank acceptances have been transferred to the bank, the Group derecognized the discounted bank acceptances that have not matured. According to the discount agreement, if the bank acceptances fail to be accepted, the bank has the right to request the Group to pay the unsettled balance. As a result, the Group continued to be involved in discounted bank acceptances. As at 31 December 2019, bank acceptances discounted but undue were RMB 13,163,459.55 (31 December 2018: RMB 24,400,240.86).

XII. CAPITAL MANAGEMENT

The Group manages its capital by optimizing the structure of liabilities and owners' equity so as to ensure the Group entities' ability to maintain as going concern and maximize the return to shareholders. The Group's overall strategy for 2019 and 2018 remains unchanged.

The Group's capital structure consists of the Group's net debt and owners' equity.

The Group is not subject to external mandatory capital management requirement. The management of the Group reviews the Group's capital structure on a regular basis.

XIII. FAIR VALUE

1. The closing fair values of assets and liabilities measured at fair value

Unit: RMB

	31 December 2019				31 December 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Continuous fair value measurement								
(I) Financial assets measured at fair value and change included in the profit and loss for the period								
1. Held-for-trading financial assets	547,630,400.97	-	-	547,630,400.97	597,789,235.31	-	-	597,789,235.31
2. Derivative financial assets	-	195,387.50	-	195,387.50	-	3,815,898.57	-	3,815,898.57
(II) Available-for-sale financial assets								
1. Equity instrument investments	15,362,560,731.33	-	50,502,113.18	15,413,062,844.51	14,072,977,546.92	-	55,003,912.04	14,127,981,458.96
Total assets continuously measured at fair value	15,910,191,132.30	195,387.50	50,502,113.18	15,960,888,632.98	14,670,766,782.23	3,815,898.57	55,003,912.04	14,729,586,592.84
(III) Held-for-trading financial liabilities								
1. Derivative financial liabilities	-	5,426,310.56	-	5,426,310.56	-	3,432,142.21	-	3,432,142.21
Total liabilities continuously measured at fair value	-	5,426,310.56	-	5,426,310.56	-	3,432,142.21	-	3,432,142.21

2. Determination basis of item the market price measured at continuous first level fair value.

The fair value is determined based on the market transaction price.

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for items continuously measured at second level fair value

Unit: RMB

	Fair value at 31 December 2019	Valuation technique	Inputs
Derivative financial assets	195,387.50	Discounted cash flow method	Discounting rate and forward rate
Derivative financial liabilities	5,426,310.56	Discounted cash flow method	Discounting rate and forward rate

XIII. FAIR VALUE - continued

4. Valuation techniques and qualitative and quantitative information of key parameters adopted for items continuously measured at third level fair value

Unit: RMB

	Fair value at 31 December 2019	Valuation technique	Inputs
Available-for-sale financial assets	50,502,113.18	Listed company comparison method	Liquidity discount

5. Fair value of financial assets and financial liabilities that are not measured at fair value

Included in the Group's current assets and current liabilities, the carrying amounts of the financial assets and financial liabilities that are not measured at fair value approximate their fair values.

XIV. CONTINGENCIES

- (1) As at 31 December 2019, the Company has provided guarantee for Shanghai Overseas Joint-Investment Co., Ltd. regarding the bank borrowings of USD 19,999,500.00 (equivalent to RMB 139,520,511.90) (31 December 2018: USD 19,999,500.00, equivalent to RMB 137,260,568.40). The Group has provided guarantee for bank borrowings of Jin Jiang International HRG Business Travel Co., Ltd. amounting to RMB 19,000,000.00 (31 December 2018: RMB 19,000,000.00).
- (2) As at 31 December 2019, subsidiary of the Group has provided guarantee for bank borrowings of Shanghai Jinmao Jin Jiang Auto Service Co., Ltd. amounting to RMB 3,000,000.00 (31 December 2018: Nil).
- (3) RHAB, a subsidiary of Jin Jiang International Investment, usually has some business disputes due to its operation of hotel and management business in multiple countries in Europe and around the world. Usually these matters will be resolved through negotiation, but in a few cases, they may eventually lead to material disputes or be settled through litigation. The management of RHAB assesses all material disputes, and when these disputes are probable to cause an outflow of economic benefits, RHAB will make provision for the estimated liabilities. As of the date of approval of the financial statements, RHAB has assessed all major pending litigations within the Group and believes that the probability of outflow of the Group's economic benefits expected to be caused by related pending litigation is small, therefore, there is no need to make provisions.

XV. COMMITMENTS

(1) Capital commitments

	<u>Closing balance</u> RMB'000	<u>Opening balance</u> RMB'000
Contracted but not recognized in the financial statements:		
- Irrevocable loan commitment	47,000	75,100
- Commitment for acquisition and construction of long-term assets	<u>489,452</u>	<u>665,998</u>
Total	<u><u>536,452</u></u>	<u><u>741,098</u></u>

(2) Operating lease commitments

Till the balance sheet date, the information on irrevocable operating lease contracts that have been signed are as follows:

	<u>Closing balance</u> RMB'000	<u>Opening balance</u> RMB'000
Minimum lease payments under irrevocable operating leases:		
1st year subsequent to the balance sheet date	2,180,804	2,089,023
2nd year subsequent to the balance sheet date	2,042,455	2,050,701
3rd year subsequent to the balance sheet date	1,869,998	1,939,676
Subsequent periods	<u>13,913,642</u>	<u>14,775,022</u>
Total	<u><u>20,006,899</u></u>	<u><u>20,854,422</u></u>

XVI. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

Evaluation of the impact of COVID-19

The COVID-19 epidemic ("epidemic") outbreak nationwide in early 2020 and has spread to the world. The prevention and control of the epidemic is going on all over the world. Many provinces and cities in China immediately initiated the highest-level response to the major public health emergencies, and adopted strict prevention and control measures. Other countries have also issued travel bans one after another. This event has affected the operating income of each operating segment of the Group to different extents.

Due to the impact of the epidemic on the overall economic operation, the fair value of the ACCORSA stock held by the Group's subsidiaries on the date of approval of the financial statements has decreased significantly compared to the fair value on 31 December 2019. In addition, the Group is evaluating the impact on the Group's test results of goodwill impairment and the impairment risk of financial assets held.

The Group will pay close attention to the development of epidemic, evaluate and actively respond to its impact on the Group's financial situation, operating results and other aspects. As the situation is unclear at the issuance date of the report, the evaluation is still in progress.

XVII. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of the Company on 30 April 2020.

* * * END OF THE FINANCIAL STATEMENTS * * *