Stock code: 600754、900934 Stock name: JINJIANG SHARES

Shanghai Jin Jiang International Hotels Development Co., Ltd.

2014 Annual Report

Important Notice

(I) The Board of Directors and Board of Supervisors of the Company and all its members and senior management ensure that the information contained in this Report are free from any false statement, misrepresentation or significant omission and will bear the joint and several liabilities for the truth, accuracy and completeness of the contents of the Report.

(II) The 36th Meeting of the 7th Session of Board of Directors of the Company approved the annual report on 26 March, 2015. All directors attended the board meeting.

(III) The financial statements for the year ended 31 December 2014 prepared in accordance with Accounting Standards for Business Enterprises are audited by Deloitte Touche Tohmatsu CPA LLP. and issued an auditor's report with unqualified opinion for these financial statements (De Shi Bao Shen Zi (15) No. P0386).

(IV) Mr. Yu Minliang, Chairman of Board and legal representative of the Company, Mr. Lu Zhenggang, Chief Executive Officer ("CEO") and person in charge of accounting function of the Company, Ms. Wu Lin person in charge of accounting department, declare to guarantee the authenticity, accuracy and integrity of the financial statements in this Annual Report.

(V) The plan of profit distribution and surplus converted to share capital during the reporting period discussed by the board as follows.

The Company plans to distribute a cash dividend of RMB4.00 (tax included) to every 10 shares held by all shareholders on the basis of 804,517,740 shares in total at the end of 2014; Dividend of B shares will be paid in US dollars, converted by the middle market exchange rate of PBOC in the next working day after the distribution proposal

is approved in the general meeting. The company had no plan of capital surplus converted to share capital 2014.

The plan of distribution of profit hadn't been delivered to the shareholders' meeting for approval.

(VI) The prospective description such as plans and development strategy in the annual report shouldn't be considered as the commitment to the investors. Please pay attention to the investment risk.

(VII) The Company has no non-operating funds occupied by holding shareholder and its related parties.

(VIII) The Company has no guarantees provided violating the stipulated decision-making process.

(IX) The Annual Report is published in Chinese and English respectively. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

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I. Definition and important Notice

①. Definition

In this report，the words below had the meanings as following except for other requirements.

Commonly used words		
Company/ the company/ Jin Jiang Hotels	as	Shanghai Jin Jiang International Hotels Development Co., Ltd.
Jin Jiang Hotels Group	as	Shanghai Jin Jiang International Hotels(Group)Co., Ltd.，the holding company of the Jin Jiang hotels
Jin Jiang International	as	Jin Jiang International (Holdings) Co., Ltd.，the ultimate holding company of Jin Jiang Hotels and Jin Jiang Hotels Group
Jin Jiang Metropolo	as	Shanghai Jin Jiang Metropolo Hotels Management Co., Ltd.
Jin Jiang Inn	as	Jin Jiang Inn Co., Ltd.
Hotels Investment	as	Shanghai Jin Jiang International Hotels Investment Co., Ltd.
Goldmet Inn	as	Shanxi Goldmet Inn Management Co., Ltd.
Smartel	as	Smartel Management Co., Ltd.
Da Hua Hotel	as	Shanghai Jin Jiang Da Hua Hotel Co., Ltd.
Minhang Hotel	as	Shanghai Minhang Hotel Co., Ltd.
Jin Pan Hotel	as	Shanghai Jin Pan Hotel Co., Ltd
East Asia Hotel	as	Shanghai Jin Jiang International Hotels Development Co., Ltd. East Asia Hotel
Nan Jing Hotel	as	Shanghai Jin Jiang International Hotels Development Co., Ltd.Nan Jing Hotel
Metropole Hotel	as	Shanghai Jin Jiang International Hotels (Group) Co., Ltd. Metropole Hotel
New Asia Hotel	as	Shanghai Jin Jiang International Hotels (Group) Co., Ltd. New Asia Hotel
Huating Guest House	as	Shanghai Jin Jiang International Hotels (Group) Co., Ltd. Huating Guest House
Jinshajiang Hotel	as	Shanghai Jin Jiang International Hotels (Group) Co., Ltd. Jinshajiang Hotel
BaiYulan Hotel	as	Shanghai Jin Jiang International Hotels (Group) Co., Ltd. BaiYulan Hotel
Qing Nianhui Hotel	as	Shanghai Jin Jiang International Hotels (Group) Co., Ltd. Qing Nianhui Hotel
Catering Investment	as	Shanghai Jin Jiang International Catering Investment Co., Ltd.
New Asia Food	as	Shanghai New Asia Food Co., Ltd.
Jinjiang Food	as	Shanghai Jinjiang International Food & Catering Management Co.,Ltd.
Jinzhu Catering	as	Shanghai Jinzhu Catering Management Co.,Ltd.

Jinya Catering	as	Shanghai Jinya Catering Management Co.,Ltd.(Name before changed is Shanghai New Asia Café de Coral Co.,Ltd.)
Jin Jiang Tung Lok	as	Shanghai Jin Jiang Tung Lok Catering Management Inc.
Shanghai Yoshinoya	as	Shanghai Yoshinoya Co.,Ltd.
Shanghai KFC	as	Shanghai Kentucky Fried Chicken Co., Ltd.
New Asia Fulihua	as	Shanghai New Asia Fulihua Catering Co., Ltd.
HangzhouKFC	as	Hangzhou Kentucky Fried Chicken Co., Ltd.
Wuxi KFC	as	Wuxi Kentucky Fried Chicken Co., Ltd.
Suzhou KFC	as	Suzhou Kentucky Fried Chicken Co., Ltd.
Jing An Bakery	as	Shanghai Jing An Bakery Co., Ltd.
Jin Jiang Finance	as	Jin Jiang International Finance Co., Ltd.
Changjiang Securities	as	Changjiang Securities Co., Ltd.
Shenyin & Wanguo	as	Shenyin & Wanguo Securities Co., Ltd
Shenwan Hongyuan	as	Shenwan Hongyuan Group Co., Ltd.
Hony capital		Hony Capital (Shanghai) Co., Ltd.
CSRC	as	China Securities Regulatory Commission
SSE	as	Shanghai Stock Exchange
SEHK	as	The Stock Exchange of Hong Kong Ltd.
SHSAC	as	Shanghai State-Owned Assets Supervision and Administration Commission of Shanghai Municipal Government
Company law	as	The Company Law of The People's Republic of China
Securities law	as	The Securities Law of The People's Republic of China
RevPAR	as	The average daily revenue from per available room，Average room revenues=average daily room rate× average occupancy rate
EBITDA	as	Earnings Before Interest， Taxes， Depreciation and Amortization
Articles of the company	as	Articles of Shanghai Jin Jiang International Hotels Development Co., Ltd.
Reporting period, This year, The end of reporting period, this year, The end of this year	as	01/01/2014-12/31/2014, 12/31/2014
Last reporting period, last year, The end of last reporting period, The end of last year	as	01/01/2013-12/31/2013, 12/31/2013
Yuan, '0000Yuan	as	RMB Yuan、RMB‘0000Yuan

② Important Notice

The company has described the potential risks in the report in details. Please refer to the text of discussion and analysis of the board of directors on the risks that the company would face in the development in chapter four.

II. Basic Information of the Company

1. Information of the Company

Chinese legal name	上海锦江国际酒店发展股份有限公司
Abbreviation for Chinese legal name	锦江股份
English name	Shanghai Jin Jiang International Hotels Development Co., Ltd.
Abbreviation for English name	JINJIANG SHARES
Legal representative	Yu Minliang

2. Contact person and contacts

	Secretary to the Company's Board of Directors	Securities Deputy
Name	Hu Min	Zhang Jue
Contact address	25th Floor, No.100 Yan'an Road East, Shanghai	25th Floor, No.100 Yan'an Road East, Shanghai
Telephone:	86-21-63217132	86-21-63217132
Fax:	86-21-63217720	86-21-63217720
E-mail:	JJIR@jinjianghotels.com	JJIR@jinjianghotels.com

3. Basic Introduction

Registered address	4th Floor, No.889, South Yang Gao Road, Pu Dong New District, Shanghai, People's Republic of China (District B)
Zip code of the registered address	200127
Business address	25th Floor, No.100 Yan'an Road East, Shanghai
Zip code of business address	200002
Internet website address	http://www.jinjianghotels.sh.cn
E-mail	JJIR@jinjianghotels.com

4. Information disclosure and venue for preparation and storage

Name of newspapers for information disclosure	Shanghai Securities News, Ta Kung Pao
Internet website address designated by the CSRC for the publication of the annual report	http://www.sse.com.cn
Venue for annual report preparation and storage	Secretarial Office to the Company's Board of directors

5. Brief of the stock

Stock exchange for listing of the Company's				
Stock Type	Stock Exchange	Abbreviation	Stock code	Abbreviation before changed
A share	Shanghai Stock Exchange	Jinjiang Shares	600754	New Asia Shares
B share	Shanghai Stock Exchange	Jinjiang B Shares	900934	New Asia B Shares

6. The change of registration of the company in the reporting period

1. Basic Information

Registered date	12/13/1994
Registered address	4th Floor, No.889, South Yang Gao Road, Pu Dong New District, Shanghai, People's Republic of China (District B)
Business License Registration Number	310000400101473
Tax registration number	310115132203715
Organization registration code	13220371-5

2. Relevant query index of first-time registration of the company

First-time registration date of the company was June 9th, 1993, which you can refer to the basic information of the company in 2011 annual report for details.

3. The changes of business after listed

On 11 Nov. 2009, the 1st temporary general meeting of shareholders of 2003 considered and approved "the proposed scheme of transaction of assets replacement of the Company with Jin Jiang International" which made hotels and catering as the core of the business structure.

On 23 October 2009, the 1st temporary general meeting of shareholders of 2009 considered and approved "the proposed scheme of related party transaction of significant assets replacement and procurement of the Company". On 12 May 2010, the scheme of above related party transaction of significant assets replacement and procurement was approved by China Securities Regulatory Commission (“CSRC”). According to the "Reorganization Agreement of Assets Replacement between Shanghai Jin Jiang International Hotels Development Co., Ltd. and Shanghai Jin Jiang International Hotels (Group) Co., Ltd" signed by the Company and Jin Jiang Hotels Group on 28 August 2009, the agreed date of transactions is the last day of the month when CSRC approved the transaction of assets replacement and procurement, 31 May 2010. The company completed the transition with Jin Jiang Hotels Group in Shanghai United Assets and Equity at the date of transactions. Though the significant assets replacement, the company's business changed from operation and investment of hotels, management of star-hotels and investment of chain restaurants to economy hotels and investment of chain restaurants.

In March 2013, according to the business positioning by company controlling shareholder, the company will be committed to the development of limited service hotel (including the economy hotel and limited service business hotel) while Jiang Hotels Group, the business covers the full-service hotel and the limited service hotel.

4. The changes of holding shareholders after listed

On 16 June, 1995, approved by Office of State-owned Assets of Shanghai, as well as Financial and Trade Office of Shanghai, Shanghai New Asia Group Co., Ltd was established formally, and authorized on behalf of the state held 163,641,500 of state shares of the Company.

In June 2003, the controlling shareholder of the Company with the Jin Jiang Hotels Group restructured Jin Jiang International Hotels (Group) Co., Ltd. based on the state-owned assets restructure.

In August 2003, the overall national equity of Shanghai New Asia Group Co., Ltd, the controlling shareholder of the Company was transferred to Jin Jiang International Hotels (Group) Co., Ltd. As a result, Jin Jiang International Hotels (Group) Co., Ltd. became actual controller of the company.

In July 2005, Shanghai New Asia Group Co., Ltd, the controlling shareholder of the Company was renamed to Shanghai Jin Jiang International Hotels (Group) Limited.

In January 2006, Shanghai Jin Jiang International Hotels (Group) Limited, the controlling shareholder of the Company was renamed to Shanghai Jin Jiang International Hotels (Group) Co., Ltd.

7. Other Related Information

The name of accounting firm hired by the Company (domestic)	Name	Deloitte Touche Tohmatsu CPA LLP
	Address	29th Floor, Bund Center No.222 Yan'an Road East, Shanghai
	Name of auditor	Mr. Ni Min
		Ms. Chen Xuwen
The name of security firm to perform continuous supervision duties in the reporting period	Name	Shenwan Hongyuan Securities Underwriting Sponsors Co., Ltd.
The name of sponsor institution	Address	No.171 Changshu Road Shanghai
	Name of sponsors	Mr. Zhang Wei
		Ms. Yuan Qiang
	Period of supervision	12/6/2014-12/31/2015

III. Financial Highlights

(I) Principal financial data and financial indicators as at the reporting end and recent three reporting period

i. Principal financial data

Unit: RMB

Principal financial data	2014	2013	Flux (%) compared to previous year	2012
Revenue	2,913,104,838.78	2,684,410,918.19	8.52	2,335,992,197.59
Net profit for the year attributed to shareholders of the Company	487,168,241.61	377,473,299.77	29.06	369,157,061.28
Net profit for the year attributed to shareholders of the Company, deducting the non-routine profit/loss	141,689,139.14	218,649,382.30	-35.20	293,831,409.54
Net cash flows from operating activities	559,229,653.67	639,137,604.27	-12.50	555,664,535.32
	The end of 2014	The end of 2013	Flux (%) compared to previous year	The end f 2012
Owners' equity (shareholders' equity) attributable to shareholders of the Company	8,698,798,318.06	4,343,634,098.04	100.27	4,246,411,923.90
Total assets	11,362,507,114.92	7,083,066,751.12	60.42	5,412,172,930.75

ii. Principal financial indexes

Principal financial indexes	2014	2013	Flux (%) compared to previous year	2012
Basic earnings per share (Yuan/share)	0.7857	0.6257	25.57	0.6120
Diluted earnings per share (Yuan/share)	N/A	N/A	N/A	N/A
Basic earnings per share after deducting the non-routine profit/loss (Yuan/share)	0.2285	0.3625	-36.97	0.4871
Weighted average of return on net assets (%)	10.41	8.87	Increased by 1.54 percentage point	8.99
Weighted average of return on net assets after deducting the non-routine profit/loss (%)	3.03	5.14	Decreased by 2.11 percentage point	7.15

(II). The differences of accounting data under domestic and overseas accounting standards

1. The difference of net profit and net assets attribute to shareholders in the financial report according to international accounting standards and PRC accounting standards simultaneously

□Applicable √Not applicable

2. The difference of net profit and net assets attribute to shareholders in the financial report according to foreign accounting standards and PRC accounting standards simultaneously

□Applicable √Not applicable

(III). Extraordinary gain and losses

√Applicable □Not applicable

Unit: RMB

Item	2014	2013	2012
Profit or loss on disposals of non-current assets	-2,494,685.04	3,656,417.08	-2,951,446.37
Government grants recognised in profit and loss for the current year (except government grants that is highly business related and determined based on a fixed scale according to the national unified standard)	25,481,733.17	24,244,771.49	16,158,472.70
Investment income from changes in fair value of held-for-trading financial assets and liabilities and disposals of financial assets, liabilities and available-for-sale financial assets except effective hedging transactions related to the Group's normal business	423,943,436.69	175,389,221.21	77,848,717.74
Reversal of specific bad debt provision	-	1,045,203.95	198,557.69
Other non-operating net income	8,513,773.46	3,753,641.42	10,967,388.69
Net profit attributable to minority interest	-87,402.50	-163,873.25	-3,138,641.49
Tax effect of non-recurring profit or loss	-109,877,753.31	-49,101,464.43	-23,757,397.22
Total	345,479,102.47	158,823,917.47	75,325,651.74

(IV) Items measured at fair value

Unit: RMB

Item	Balance at the beginning of year	Balance at the end of year	Compared to the previous year	Impact on profit for the current period
Available-for-sale financial assets	1,049,208,796.40	2,389,181,673.99	1,339,972,877.59	472,086,693.87

IV.Reports of the Board of Directors

(I) Management Discussion and Analysis

This year, facing to complex and volatile business environment, the company has still finished major operations tasks well this year by implementing the development strategy unswervingly, implementing the integration measures actively, and strengthening operational management.

On June 13, 2014, the proposal of non-public offering of A shares was passed through the seventh twenty-second board meeting. This proposal got an approval in the 2014 first temporary shareholders' meeting on July 2, 2014. The company received <The approval of Shanghai Jin Jiang International Hotels Development Co., Ltd. on non-public offering " by China Securities Regulatory Commission (SFC license [2014] No. 1129) on October 19, 2014, approved the company's non-public offering of 201,277,000 new shares. The completion of registration and custody procedures of this issuance of new shares was made at the China Securities Depository and Clearing Corporation Limited Shanghai Branch on December 3, 2014. Detailed matters of non-public offering of A shares, please refer to <Shanghai Jin Jiang International Hotels Development Co., Ltd. non-public offering of A shares plans>, <"Shanghai Jin Jiang International Hotels Development Co., Ltd. non-public offering of stock issuance Report >.

The company's non-public offering of A shares, will help accelerate the company's limited-service hotel business development goals. In late 2017 the company plans to achieve a limited-service hotel to reach the scale of 2,000 hotels.

During the reporting period, the fluctuation of the critical accounting data up and main factors are as follows:

In the year 2014, the company achieved consolidated revenue of RMB 2,913.10 million, increased by 8.52% compared to the previous year. The company achieved operating profit of RMB 634.1million, increased by 35% compared to the previous year. The company achieved RMB 487.17million net profit attributed to shareholders, increased by 29.06% compared to the previous year. The consolidated revenue increased mainly because the steady grow of limited service hotel business and catering business. First, the acquisition of Smartel in June 2013 won RMB 205.24 million operating income in the year 2014, increased by RMB 115.86 million compared to the previous year. Second, the initial fee and the central reservation system sales channels revenue achieved RMB 287.05 million in 2014, increased by RMB 36.73 million. Third, the catering service revenue of Jinjiang Food was RMB 114.36 million, increased by RMB 29.67million. The net profit increased mainly due to five factors: First, the company received pre-tax RMB 423.94 million by selling available for sale financial assets, increased by RMB 248.55 million. Second, the investment income under cost method from KFC Suzhou, Wuxi KFC and Hangzhou KFC was decreased by RMB 24.51 million. Third, New Asia Hotel, Metropole Hotel, Huating Guest hotels and

Jinshajiang Hotel had a temporary loss of 53.61 million in the year 2014, an increase loss of RMB 19.44 million. The first three hotels were under construction according to the brand standards of "Jin Jiang Metropolo" during 2014. Jinshajiang hotel is expected to implement in 2015 in accordance with the "Jin Jiang Metropolo" brand standards. Fourth, the company incurred RMB 66.46 million interest expenses in 2014, increased by RMB 27.25 million. Fifth, the company incurred RMB 39.80 million agency fee for the acquisition of Louvre Group (GDL).

In the year 2014, the company generated RMB 559.23 million net cash flow from operating activities, which decreased by 12.50 % comparing to the previous year. It is mainly due to increased payment of business income tax and commodity turnover tax, as well as the growth of payment on rental and labor costs of limited-service hotel business.

On December 31, 2014, the company's total assets are RMB 11,362.51 million, increased by 60.42% compared to last year; the total liabilities are RMB 2,634.91million, decreased by 2.49% compared to last year; the net assets attributed to shareholders are RMB 8,698.8 million, increased by 100.27% compared to last year. The increase of total assets was mainly due to the completion of non-public offering of A shares in this period and the raise in fair value of available for sale financial assets. The decline in total liabilities was mainly due to the repayment of bank loans after the completion of non-public offering of A shares. The main reason for increase in shareholders' equity is the completion of non-public offering of A shares in this period and the raise in fair value of available for sale financial assets.

Business of Limited Service Business Hotels operation

In 2014, the limited service business hotels operated well, and brought operating revenue amounting to RMB 2.64 billion, increasing 9.39% as compared with the same period of previous year. The net profit belonging to the segment of limited service business hotels was amounting to RMB 231.49million, increasing 0.43% as compared with the same period of previous year. The earnings before interest, taxes, depreciation and amortization, (EBITDA) were RMB 723.49 million, increasing 8.73% as compared with the same period of previous year.

Income from initial franchising fee amounting to RMB 63.56 million, decreasing 1.49% as compared with the same period of previous year; ongoing franchising fee amounting to RMB 172.64 million, increasing 17.81% as compared with the same period of previous year; Reservation channel fee amounting to RMB 50.85 million, increasing 29.52% compared with the same period of previous year. The Company accepted the reservation through Center Reservation System (including Reservation Center, Websites, etc.) and charged the related channel fee calculated by the stay time of the client and certain standards since 1st April, 2011.

(1) Information of Limited Service Business Hotels

In 2014, 140 limited service business hotels were newly opened in net, 28 among which are directly-managed inns by the Company, and the remaining 112 inns are franchise inns. Of all the newly opened hotels, 4 is Jin Jiang Metropolo Brand, 115 are Jin Jiang Inn Brand, 0 are Bestay Hotels Express Brand, 27 are Goldmet Inn Brand. At the same time 2 hotels in progress of integration (as acquiring by means of purchase, rental and entrusted operation and in need of brand transfer, the same below) have been involved.

As at 31 December 2014, 968 limited service business hotels have been opened, including 267 directly-managed inns by the Company and 701 franchise inns. Directly-managed inns accounted for 27.58% of total opened hotels and franchise inns accounted for 72.42%. The opened limited service business hotels had 116,010 rooms, including 36,833 rooms from directly-managed inns and 79,177 rooms from franchise inns. The rooms of directly-managed inns and franchise inns were accounted for 31.75% and 68.25% of total rooms of the opened inns.

As at 31 December 2014, of all the opened 968 hotels, there are 5 Jin Jiang Metropolo Brand, 815 Jin Jiang Inn, 66 Bestay Hotels Express, 56 Goldmet Express Hotel, 5 Magnolia brand hotels, and 21 hotels in progress of integration.

In 2014, 155 economy hotels were newly contracted in net, 21 among which are directly-managed inns by the Company and the remaining 134 inns are franchise inns.

As at 31 December 2014, the number of limited service business hotels contracted has been up to 1,215, 297 of which are directly-managed inns, and 918 of which are franchise inns. The contracted directly-managed inns accounted for 24.44% of total contracted hotels and franchise inns accounted for 75.56%. The number of rooms of contracted hotels has been up to 142,566, 41,073 of which belong to directly-managed inns, and 101,493 of which belong to franchise inns. The rooms of directly-managed inns accounted for 28.81% of total rooms of contracted hotels and rooms of franchise inns accounted for 71.19%.

As at 31 December 2014, of all the contracted 1,215 limited service business hotels, 17 of them are Jin Jiang Metropolo Brand, 1,011 of them are Jin Jiang Inn Brand, 74 are Bestay Hotels Express Brand, 85 are Goldmet Express Hotel and 6 are Magnolia brand hotels.

As at 31 December 2014, the network of economy hotels including Jin Jiang Inn and other brands by the Company has covered more than 295 cities in 31 provinces. Besides above we also covered 1 city in Korea.

The location and the total number of economy hotels and rooms as at 31 December 2014 are set as below:

Province (autonomous regions or municipalities)	Operated Hotels				Contracted Hotels			
	Directly-managed		Franchise		Directly-managed		Directly-managed	
	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms
Beijing	7	1,178	48	5,849	7	1,178	58	7,027
Tianjin	8	1,225	13	1,338	9	1,355	24	2,535
HeBei	5	674	30	3,432	5	674	44	4,696
Shanxi	17	2,061	17	2,031	18	2,196	25	2,805
InnerMongolia	1	128	15	1,980	1	128	24	2,994
Liaoning	16	2,213	29	3,285	17	2,363	40	4,518
Jilin	7	1,011	7	815	9	1,291	13	1,317
Heilongjiang	1	128	9	996	1	128	15	1,539
Shanghai	39	5,769	78	8,690	49	7,290	89	9,788
Jiangsu	37	4,483	125	13,742	37	4,483	152	16,299
Zhejiang	23	2,977	39	4,017	26	3,341	51	5,157
Anhui	7	1,000	20	2,132	7	1,000	24	2,516
Fujian	9	1,228	24	2,827	9	1,228	32	3,689
Jiangxi	5	700	11	1,271	6	836	17	1,832
Shandong	9	1,211	78	8,239	9	1,211	94	9,935
Henan	5	889	35	4,259	5	889	47	5,532
Hubei	11	1,863	16	1,940	11	1,863	24	2,874
Hunan	6	819	5	628	7	959	7	853
Guangdong	22	3,153	24	2,877	24	3,428	33	3,723
Guangxi	3	498	4	383	3	498	7	706
Hainan	1	283	8	899	1	283	9	981
Chongqing	2	257			3	423		
Sichuan	10	1,367	11	1,082	11	1,486	12	1,233
Guizhou			8	831			10	1,134
Yunnan	2	249	9	910	3	455	14	1,335
Tibet	1	69			2	189		

Shanxi	6	770	24	3,190	6	770	33	4,264
Gansu	2	163	3	342	2	163	6	689
Qingha	3	196	3	326	3	196	4	393
Ningxia	1	173	4	400	1	173	4	400
Xinjiang	1	98	3	285	5	596	5	548
Total	267	36,833	700	78,996	297	41,073	917	101,312

The location oversea and the total number of economy hotels and rooms as at 31 December 2014 are set as below

oversea	Oversea opened hotels				Oversea contracted hotels			
	directly-managed inns		franchise inns		directly-managed inns		franchise inns	
	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms	Number of hotels	Number of rooms
South Korea			1	181			1	181

(2) Information of opened economy hotels

In the fourth quarter of 2014, the average occupancy rate of all opened hotels (including directly-managed inns by the Company and franchised inns) was 78.48%, decreasing by 3.64 percentages as compared with the same period of the previous year; Average room rate was RMB 181.54, increasing 1.15% as compared with the same period of the previous year; RevPAR (Revenue per Available Room) was RMB 142.47, increasing 3.33% as compared with the same period of the previous year.

Operation information of operated economy hotels in fourth quarter from 2010 to 2014 is set as below:

	4th quarter of 2010	4th quarter of 2011	4th quarter of 2012	4th quarter of 2013	4th quarter of 2014
Average occupancy rate (%)	85.22	85.98	81.71	82.12	78.48
Average Room Rate (RMB/room)	184.48	178.95	179.98	179.47	181.54
RevPAR	157.21	153.86	147.06	147.38	142.47

Note: "Average occupancy rate" includes rooms rent by days.

In 2014, all opened hotels (including directly-managed inns by the Company and franchised inns) brought room revenue amounting to RMB 5.73 billion, increasing RMB 777.08 million by 15.68% as compared with the same period of previous year.

In 2014, average occupancy rate of all opened economy hotels was 80.61%, decreasing 2.57 percentage as compared with the same period of previous year, average room rate was RMB 182.42, increasing 1.46

percentage as compared with the same period of previous year, RevPAR (Revenue per Available Room) was RMB 147.05, decreasing 1.67 percentage as compared with the same period of previous year.

Operation information of operated economy hotels from 2010 to 2014 is set as below:

	2010/12/31	2011/12/31	2012/12/31	2013/12/31	2014/12/31
Number of operated hotels	417	554	690	828	968
Including: directly-managed inns	144	171	192	239	267
franchised inns	273	383	498	589	701
Number of Rooms	54,254	68,915	83,860	100,566	116,010
Including: directly-managed inns	21,779	24,773	26,748	33,553	36,833
franchised inns	32,475	44,142	57,112	67,013	79,177
	2010	2011	2012	2013	2014
Average occupancy rate (%)	86.28	86.71	84.43	83.18	80.61
Average Room Rate (RMB/room)	187.62	178.09	180.87	179.79	182.42
RevPAR	161.88	154.42	152.71	149.55	147.05

In 2014, the "RevPAR" of all the four economy hotel brands increased as compared with the same period of the previous year.

	Average room Rate (RMB)		Average occupancy rate(%)		RevPAR (RMB)		
	2014	2013	2014	2013	2014	2013	Flux(%)
JinJiang Metropolo	545.69	469.29	57.96	33.67	316.28	158.01	100.16
Magnolia	271.59	242.81	71.24	65.00	193.48	157.83	22.59
JinJiang Inn	181.69	181.54	82.65	84.46	150.17	153.33	-2.06
Goldmet Express	165.49	169.78	64.71	76.93	107.09	130.61	-18.01
Bestay Hote lExpress	110.04	107.00	71.32	78.97	78.48	84.50	-7.12
Subtotal	180.05	178.13	81.24	83.74	146.27	149.17	-1.94
Brand in integration	276.17	282.13	61.81	58.69	170.70	165.58	3.09
Including: Smartel	275.57	282.70	66.63	60.46	183.61	170.92	7.42
Total	182.42	179.79	80.61	83.18	147.05	149.55	-1.67

Note: Jin Jiang Metropolo Brand is a new brand founded by company in2014.

Asat31December2014,there have been 741 limited service business hotels opened for more than18 months accounted for 76.55% and 227 inns opened less than 18 months accounted for 23.45% of all the 968 opened economy hotels.

The details of opened economy hotels by 31 December 2014 are set as below:

	Number of Operated hotels	Open for more than 18 months	Open for less than 18 months	Average number of rooms per hotel	Period of lease or franchising
Leased and operated hotels	267	220	47	138	15
Franchised and managed hotels	701	521	180	113	8
Total	968	741	227	120	

Operation information of the all economy hotels opened as at 31 December 2014, along with both opened for more than 18 months and less than 18 months is set as below:

	All hotels opened	Open for more than 18 months	Open for less than 18 months
Occupancy Rate (%):	80.61	82.98	67.42
Including: Leased and operated hotels	78.97	81.38	57.60
Franchised and managed hotels	81.40	83.82	70.11
Average Room Rate (RMB/Room)	182.42	183.12	177.64
Including: Leased and operated hotels	192.56	191.90	200.84
Franchised and managed hotels	177.74	178.69	172.41
RevPAR(RMB/Room)	147.05	151.95	119.76
Including: Leased and operated hotels	152.06	156.17	115.68
Franchised and managed hotels	144.68	149.78	120.88

In the first quarter of 2015, the operating revenue of limited service business hotels is expected to achieve from RMB 574million to RMB 635million. As the uncertain possibility in the process of operation, there exist differences between the estimates and the ultimate data in regular reports, therefore these estimates are for reference only.

Other relevant financial information on operations of limited service business hotels and business management, please refer to the section "Principal subsidiaries and company analysis."

Business of Food and Restaurants

In 2014, business of food and restaurants brought consolidated operating revenue amounting to RMB 276.68 million, increasing by 0.89% as compared with the same period of previous year; net profit amounting to RMB -14.27 million, as compared with the same period of previous year; the net profit brought by the food and catering business decreased, which was mainly due to the influence in raw-food

material of Shanghai Kentucky Fried Chicken, human cases of influenza A (H7N9), the rising labor and store rental costs, and other external business environment etc.

Operating revenue and number of restaurant of food and restaurant business in 2014 are listed as below:

Shanghai New Asia Café de Coral Co., Ltd, of which the Company holds 100% equity interest, accomplished operating revenue amounting to RMB 124.89 million in 2014, decreasing by 17.12% as compared with the same period of previous year. At the end of the reporting period, Shanghai New Asia Café de Coral Company was operating 47 chain restaurants including 9 breakfast shops, 65 chain restaurants including 12 breakfast shop at the end of last year.

Shanghai Jin Jiang International Catering Investment Co., Ltd., of which the Company holds 100% equity interest, whose name was Shanghai New Asia Catering Management Co., Ltd. mainly engaged in food and catering management. In 2014, Shanghai Jin Jiang International Catering Investment Co., Ltd. accomplished operating revenue amounting to RMB114.36 million, increased by 35.03% as compared with the same period of previous year. At the end of reporting period, there were 43 restaurants managed, and there were 34 restaurants managed.

Shanghai New Asia Food Co., Ltd., of which the Company holds 100% equity interest, accomplished operating revenue amounting to RMB 10.71 million in 2014, decreased by 35.03% as compared with the same period of previous year, mainly because of the deduction of mooncake sales revenue.

Shanghai Jin Jiang Jinzhu Catering Management Inc, in which the Company holds 100% equity interest, opened the first "Dingweiyuan" restaurant in Shanghai, Pudong New Area on May 2013, and opened the second Dingweiyuan" restaurant in Xi'an JinJiang XiJing International Hotels on June,2014, and accomplished operating revenue amounting to RMB 11.8 million.

Shanghai Jin Jiang Tung Lok Catering Management Inc, of which the Company holds 51% equity interest, accomplished operating revenue amounting to RMB 19.60 million in 2014, decreased by 5.27% as compared with the same period of previous year. At the end of the reporting period, there were 2 restaurants, the same as the end of 2013.

Shanghai Yoshinoya Co., Ltd, of which the Company holds 42.815% equity interest, accomplished operating revenue amounting to RMB 63.56 million in 2014, decreasing 9.21% as compared with the same period of previous year. At the end of the reporting period, Shanghai Yoshinoya Co., Ltd was operating 14 chain restaurants, and 22 at the end of last year.

Shanghai Kentucky Fried Chicken Co., Ltd, of which the Company holds 42% equity interest, accomplished operating revenue amounting to RMB 2.67 billion in 2014, increasing by 4.72% as compared with the previous year. At the end of the reporting period, Shanghai Kentucky was operating 304 chain restaurants, and 304 at the end of last year.

Other relevant financial information on the food and catering business, please refer to the section "Principal subsidiaries and company analysis."

(i) Analysis of Main operation and performance

(1) Changes of Accounts in Income Statement and Cash Flow Statement

The reasons of fluctuations are analyzed as follows:

Unit: Yuan

Item	2014	2014	Flux (%)
Operating income	2,913,104,838.78	2,684,410,918.19	8.52
Operating cost	308,410,736.94	300,755,608.14	2.55
Selling expenses	1,536,665,713.06	1,392,779,718.82	10.33
Administrative expenses	676,727,893.36	580,945,258.02	16.49
Financial expenses	69,623,797.85	45,849,095.18	51.85
Net cash flows from operating activities	559,229,653.67	639,137,604.27	-12.50
Net cash flows from investing activities	112,727,944.37	-1,088,629,395.57	Not applicable
Net cash flows from financing activities	2,200,849,499.64	376,53,349.79	484.47
R&D expenditure	Not applicable	Not applicable	Not applicable

(2) Operating revenue

1. Analysis of main factors of operating revenue

The principal operation of the Company is business of Limited service hotels operation and business of food and restaurants. In 2014, the business of economy hotels operation and the business of food and restaurants accounted for 90.49% and 9.50% of total operating revenue of the Company respectively. There existed no significant fluctuations as compared with the same period of previous year.

Changes of consolidation scope in 2014 are as below:

Acquisition of a new subsidiary company， In November 2014, the company completed The Overseas Chinese Town holding Company equity investment partnership 100% equity trading. Shenzhen Overseas Chinese Town Co.Ltd became a subsidiary of the Company and consolidated financial statements.

Three affiliated companies increased, whose name is Shanghai Jinlu investment management co., LTD. The company this year new set up and holds a 100% stake in the subsidiary. Jiaxing kam lake hotel management co., LTD., Shanghai jin chang hotel management co., LTD. Is a Shanghai jinjiang international hotel investment management co., LTD., this year's new and hold 100% stake in the subsidiary.

One affiliated company decreased, whose name was Shanghai Jinchu Catering management Co., Ltd., of which Shanghai Jin Jiang Inn Co., Ltd.. held 100% equity interest. On January 23,2014, jin hutch the formalities for cancellation of industry and commerce has been completed.

In the year 2014, the company consolidated operating income RMB 2,913,104,838.78, increasing RMB 228,693,920.59and 8.52% over the same period last year. Among them, the limited service hotel operations and management income RMB 2,636,196,379.24, increasing over the previous year RMB 226,309,600.27and

9.39%. Food and catering revenue is RMB 276,681,694.19, increasing over the previous year RMB 2,437,636.95and 0.89%. The growth of operating income reporting period consolidated, mainly driven from the company's main operation.

(2) Facts of major sales customers

In 2014, the revenue from major clients were amounted to RMB 37,170,449.87, 1.28% of total operating income compared 1.14% last year.

Details of major clients are as follows：

Top 5	Operating revenue	Ratio
No. 1	8,525,112.61	0.29%
No. 2	8,103,771.16	0.28%
No. 3	7,102,248.40	0.24%
No. 4	7,016,871.60	0.24%
No. 5	6,422,446.10	0.22%
Total	37,170,449.87	1.28%

3. Operating cost

(1).Analysis of main factors of operating cost

Unit: Yuan

By industries						
By industries	Items	2014	Ratio	2013	Ratio	Flux
Business of Limited service hotels	Food and restaurant	106,853,198.13	34.65	114,963,550.22	38.22	-7.05
	Commodity sales	25,485,016.04	8.26	30,493,389.39	10.14	-16.42
	Others	37,393,111.62	12.12	24,589,993.98	8.18	52.07
	Subtotal	169,731,325.79	55.03	170,046,933.59	56.54	-0.19
Business of food and restaurant	Chain restaurant	75,185,481.76	24.38	77,264,523.67	25.69	-2.69
	Sales of food	8,980,218.91	2.91	12,053,473.37	4.01	-25.50
	Group meal	53,029,313.41	17.20	38,069,543.96	12.66	39.30
	Others	1,484,397.07	0.48	3,321,133.55	1.10	-55.30
	Subtotal	138,679,411.15	44.97	130,708,674.55	43.46	6.10
Total		308,410,736.94	100	300,755,608.14	100	2.55

As stated previously, the Company is mainly involved in business of limited service hotels operation and business of food and restaurant. Operating costs are mainly cost of raw material and selling cost of commodity sales. In 2014, the costs of business of economy hotels operation and business of food and restaurant accounted for 55.03% and 44.97% respectively of total operating costs. Increased by 1.51% over the previous year and a decrease of 1.51%, no significant fluctuation occurred as compared with the same period of previous year.

In 2014, the operating costs of the Company were amounted to RMB 308,410,736.94, increasing RMB 7,655,128.80 by 2.55% as compared with the same period of previous year, including costs brought by business of limited service hotels operation amounting to RMB 169,731,325.79, declining RMB 315,607.80 by 0.19%. And the revenue brought by business of food and restaurant operation amounting to RMB 138,679,411.15, increasing RMB 7,970,736.60 by 6.10% as compared with the same period of previous year. The rise of operating costs during the reporting period was mainly led by ⑴the increase of group meal cost RMB 14,959,769.45 due to the increase of revenue growth; ⑵the decline of food sale cost RMB 3,073,254.46 due to the decline of mooncake sales from New Asia Food.

(2) Analysis of major suppliers

In 2014, the amount of procurement from Top 5 suppliers added up to RMB 33,814,196.18, equal to 9.36% of the company's total procurement, compared with 5.92% last year. The main reason is the increase of procurement due to the increase of revenue from Jinjiang Food, and the Jinya Catering's change of suppliers.

Amount of procurement of top five suppliers and comparison

Top 5 suppliers	Amount	Ratio (%)	Major items
No. 1	14,358,767.39	3.97	Meat
No. 2	8,167,343.04	2.26	Aquatic Product
No. 3	4,206,789.06	1.16	Fruit
No. 4	3,875,581.95	1.07	Vegetable
No. 5	3,205,714.74	0.89	Non-staple food
Total	33,814,196.18	9.36	

(4) Expenditures

Items	2014	2013	Flux (%)
Selling and distribution expenses	1,536,665,713.06	1,392,779,718.82	10.33
Administrative expenses	676,727,893.36	580,945,258.02	16.49
Financial expenses	69,623,797.85	45,849,095.18	51.85
Reversals of impairment losses in respect of assets	3,187.97	1,069,444.66	-99.70

Investment income	462,321,266.21	246,716,376.88	87.39
Non-operating income	35,478,681.48	29,191,683.88	21.54
Non-operating expenses	3,977,859.89	2,251,453.65	76.68
Losses from disposal of non-current assets	3,031,805.01	1,203,571.22	151.90
Income tax expenses	175,421,493.42	114,497,613.96	53.21
Profit or loss attributable to minority interests	3,008,293.26	4,677,019.05	-35.68

The reasons of fluctuations are analyzed as follows:

1) Selling and distribution expenses

Selling and distribution expenses for current period and previous period are approximately RMB 1,536,665,713.06 and RMB 1,392,779,718.82respectively, increasing by 10.33% which was mainly due to the newly increase entrusted management (or lease) hotels selling expenses.

2) Administrative expenses

Administrative expenses for current period and previous period are approximately RMB 676,727,893.36 and RMB 580,945,258.02respectively, which was mainly due to the newly increase entrusted management(or lease) Groupe du Louvre selling expenses.

3) Financial expenses

Financial expenses for current period and previous period are approximately RMB 69,623,797.85 and RMB 45,849,095.18 respectively, increasing by 51.85% which was mainly due to the increased entrusted loans from Jin Jiang international, loans from Jin Jiang finance and other banks.

4）Reversals of impairment losses in respect of assets

Reversals of impairment losses in respect of assets are approximately RMB 3,187.97and RMB 1,069,444.66 respectively, depressing by 99.70% which was mainly due to received accounts receivable from Holland New Shanghai City last year.

5）Investment income

Investment income assets are approximately RMB 462,321,266.21and RMB 246,716,376.88 respectively, increasing by 87.39% which was mainly due to the increase of returns of disposal of Changjiang Securities' stock, the decline of dividend from Suzhou KFC, Wuxi KFC and Hangzhou KFC, as well as the revenue from settlement of Yuecai Trust.

6）Non-operating income

Non-operating income is approximately RMB 35,478,681.48 and RMB 29,191,683.88 respectively, increasing

by 21.54% which was mainly due to the increase of government subsidy this year.

7）Non-operating expenses

Non-operating expenses are approximately RMB 3,977,859.89 and RMB 2,251,453.65 respectively, increasing by 76.68% which was mainly due to some stores of New Asia Café de Coral closed this year.

8）Losses from disposal of non-current assets.

Losses from disposal of non-current assets are approximately RMB 3,031,805.01 and RMB 1,203,571.22 respectively, increasing by 151.90% which was mainly due to some stores of New Asia Café de Coral closed this year.

9) Income tax expenses

Income tax expenses for current period and previous period are approximately RMB 175,421,493.42and RMB 114,497,613.96 respectively, increasing by 53.21% which was mainly due to pre-tax revenue from the disposal of Changjiang Securities stock, etc.

10) Profit or loss attributable to minority interests

Profit or losses attributable to minority interest are approximately RMB 3,008,293.26 and RMB 4,677,019.05 respectively, decreasing by 35.68%, which was mainly due to the profit decline of Jin Jiang Tung Lok and Hotels Investment.

(5) Cash flows

Remarks and reasons of fluctuations on cash flow statement's items during the reporting period

1) Net cash flows from operating activities for the reporting period

Net cash flows from operating activities for current period and previous period are approximately RMB 559,229,653.67 and RMB 639,137,604.27 respectively, declined by 12.50%, which is mainly due to the increase of corporate income tax and circulation tax, as well as the increase of rent and labor cost from Jin Jiang Inn and Hotels Investment.

2) Net cash flows from investing activities for the reporting period

Net cash flows from investing activities for current period and previous period are approximately RMB 112,727,944.37 and -1,088,629,395.57 respectively, having a net increase of RMB 1,201,357,339.94, which was mainly due to our company's payment of transferee Smartel equity price and construction price, and the current disposal of available-for-sale financial assets for cash increased comparing to last year effects in the current period.

3)Net cash flows from financing activities for the reporting period

Net cash flows from financing activities for current period and previous period are RMB 2,200,849,499.64and RMB 376,553,349.79 respectively, having a net increase of RMB 1,824,296,149.85 which was mainly due to the Non-public issue of stocks and repayment of the borrowings from bank.

(6) Others

1) Details on significant changes of profits sources

As mentioned above, the Company is mainly engaged in business of limited service hotels operation and management, and the business of food and restaurant. Meanwhile, the Company holds a certain amount of available-for-sale financial assets. The profits of the Company are mainly composed of the three parts.

In 2014, the amount of the Limited service hotels Operation and management business profits approximately accounted for 48% of total net profits, decreasing about 13 percentages as compared with previous year. Mainly due to available-for-sale financial assets increased by more than the Limited service hotels Operation and management business profit growth during the reporting period.

In 2014, the amount of the profits from business of food and restaurant approximately accounted for 7% of total net profits, decreasing about 11 percentages as compared with previous year. Manly due to Shanghai Kentucky Fried Chicken was affected to the chicken problems; business performance had a big drop compared to previous year.

In 2014, the amount of the investment income from available-for-sale financial assets from available-for-sale financial assets and other investment accounted for 97% of total net profits, increasing 44% as compared with previous year. Among them, the income before tax of selling stock of Changjiang Securities was approximately RMB 372.42 million, increasing RMB 197.03 million as compared with previous year, and cash dividends of Changjiang Securities was RMB 20.78 million, decreasing RMB 2.75 million as compared with previous year. After Yuecai's trust contract of Changjiang equity incentive plan- equity collection finished, the company received RMB 51.52 million before tax after clearing

2) Development strategy and Operating plan progress analysis

In 2014, the revenue is RMB 2,913,100thousand, increasing RMB 116,900 thousand and accomplished 96.14% of the plan. 140 limited service hotels were newly opened in net (opened 162, closed 19, suspension for fitment 3). Operating plan for 2014 is 142 new openings. Reason for closing is mainly contract expiration. 155 limited service hotels were newly contracted in net, 45 less than operating plan, accomplished 77.50% of the plan. Mainly because not meet the brand standard, termination of contracts in advance or market competition.

(ii) Main operation and performance

(1) Main operation analysis by industries or by products

In the year 2014, the company's main operation continues to maintain a high gross margin level. The following table shows the gross profit margin for the situation of the industry:

Unit: Yuan Currency: RMB

Main operation analysis by industries						
By industry	Revenue from	By industry	Revenue from	By industry	Revenue from	By industry
Limited service hotels operation & management	2,636,196,379.24	169,731,325.79	93.56	9.39	-0.19	Increased by 0.62 percentage
Food and restaurants	276,681,694.19	138,679,411.15	49.88	0.89	6.10	Decreased by 2.46 percentage
Others	226,765.35	Not applicable	Not applicable	-19.04	Not applicable	Not applicable
Total	2,913,104,838.78	308,410,736.94	89.41	8.52	2.55	Increased by 0.61 percentage

Note: Gross operating profit margin = [(Operating revenue– Operating cost)/Operating revenue]* 100%

(2) Main operation analysis by operating regions

In 2014, large growth of operating revenue in Shanghai and other area, the following table shows the detail:

Unit: Yuan Currency: RMB

Area	Operating revenue	Increase/decrease against previous year (%)
Shanghai	1,265,884,473.23	7.32
Other areas	1,647,220,365.55	9.46
Total	2,913,104,838.78	8.52

(iii) Remarks on significant changes in the balance sheet items during reporting period

(1) Analysis of the balance sheet items

Unit: Yuan

Item	31 December 2014	Proportion of total assets (%)	31 December 2013	Proportion of total assets (%)	Flux (%)
Currency funds	3,551,614,901.31	31.26	678,807,803.63	9.58	423.21
Account receivable	88,420,644.15	0.78	69,224,584.94	423.21	27.73

Interest receivable	1,272,464.17	0.01	610,879.88	0.98	108.30
Dividend receivable	2,042,209.70	0.02	5,256,833.65	27.73	-61.15
Other receivable	62,368,314.79	0.55	47,797,514.34	0.01	30.48
Other current assets	2,711,183.83	0.02	3,742,834.43	108.30	-27.56
Financial assets available for sale	2,389,181,673.99	21.03	1,049,208,796.40	14.81	127.71
Short loan	800,000,000.00	7.04	1,330,000,000.00	18.78	-39.85
Payroll payable	86,160,486.77	0.76	121,204,401.33	1.71	-28.91
Tax payable	181,478,947.60	1.60	125,139,174.82	1.77	45.02
Interest payable	559,618.64	0.01	2,022,500.00	0.03	-72.33
Non-current liabilities within 1 years	4,964,076.58	0.04	485,829.13	0.01	921.77
Long-term loans	4,500,000.00	0.04	0.00	Not applicable	Not applicable
Deferred income tax liabilities	654,616,988.13	5.76	301,787,817.47	4.26	116.91
Deferred income	27,174,141.58	0.24	20,630,197.62	0.29	31.72
Share capital	804,517,740.00	7.08	603,240,740.00	8.52	33.37
Capital reserve	4,482,097,548.95	39.45	1,659,484,077.87	23.43	170.09
Other comprehensive income	1,639,273,900.26	14.43	565,936,911.73	7.99	189.66
Minority interests	28,798,007.19	0.25	37,169,297.01	0.52	-22.52

The reasons of fluctuations are analyzed as follows:

(1) Currency funds

The ending and beginning balances of currency funds were approximately RMB 3,551,614,901.31and RMB 678,807,803.63 respectively, increasing by 423.21% which was mainly due to non-public issue of stock A shares.

(2) Account receivable

The ending and beginning balances of account receivable were approximately RMB 88,420,644.15 and RMB 69,224,584.94 respectively, increasing by 27.73% which was mainly due to the increase income of company's limited service hotel, food and catering business.

(3) Interest receivable

The ending and beginning balances of interest receivable were approximately RMB 1,272,464.17and RMB 610,879.88 respectively, increasing by 108.30 % which was mainly due to the increase of bank savings after the non-public issue of stock A shares.

(4) Dividend receivable

The ending and beginning balances of dividend receivable were approximately RMB 2,042,209.70 and RMB 5,256,833.65 respectively, decreasing by 61.15 % which was mainly due to the Company recognized the dividends receivable from Wuxi KFC and Suzhou KFC last year.

(5) Other receivable

The ending and beginning balances of dividend receivable were approximately RMB 62,368,314.79 and RMB 47,797,514.34 respectively, increasing by 30.48 % which was mainly due Shenzhen Overseas Chinese Town Co.Ltd became a subsidiary of the Company and consolidated financial statements.

(6) Other current assets

The ending and beginning balances of other current assets were approximately RMB 2,711,183.83 and RMB 3,742,834.43 respectively, decreasing by 27.56 % which was mainly due to the increase of amortization of Smartel.

(7) Financial assets available for sale

The ending and beginning balances of financial assets available for sale were approximately RMB 2,389,181,673.99 and RMB 1,049,208,796.40 respectively, increasing by 127.71 % which was mainly due to the change in fair value of available-for-sale financial assets including Changjiang Securities and Shenyin & Wanguo.

(8) Short-term loans

The ending and beginning balances of short-term loans were approximately RMB 800,000,000.00 and RMB 1,330,000,000.00 respectively, decreasing by 39.85% which was mainly due to the decrease of loans from banks.

(9) Payroll payable

The ending and beginning balances of fixed assets were approximately RMB 86,160,486.77 and RMB 121,204,401.33 respectively, decreasing by 28.91% which was mainly due to policy's fluctuations of Year- end Bonus.

(10) Tax payable

The ending and beginning balances of tax payable were approximately RMB 181,478,947.60and RMB 125,139,174.82 respectively, increasing by 45.02% which was mainly due to the combined effect of Company

disposal of available-for-sale financial assets.

(11) Interest payable

The ending and beginning balances of Interest payable were approximately RMB 559,618.64 and RMB 2,022,500.00, decreasing by 72.33% which was mainly due to the decrease of interest of loans banks.

(12) Non-current liabilities within 1 years

The ending and beginning balances of other Non-current liabilities within 1 year were approximately RMB 4,964,076.58 and RMB 485,829.13 respectively, which was mainly due to the amortization of asset-related subsidy from the government, and the financial leasing of equipment from Minhang Hotel and Dahua Hotel after reopening.

(13) Long-term loans

The ending and beginning balances of Long-term loans were approximately RMB 4,500,000.00 and RMB 0 respectively, which was mainly due to the loans from Shenyang Jinfu Hotels' Minority.

(14) Deferred income tax liabilities

The ending and beginning balances of deferred income tax liabilities were approximately RMB 654,616,988.13 and RMB 301,787,817.47 respectively, increasing by 116.91% which was mainly due to increasing of the fair value of financial assets available for sale.

(15) Deferred income

The ending and beginning balances deferred income were approximately RMB 27,174,141.58 and RMB 20,630,197.62, increasing by 31.72% which was mainly due to Metropole Hotel received of government subsidy.

(16) Share capital

The ending and beginning balances of Share capital were approximately RMB 804,517,740.00 and RMB 603,240,740.00respectively, increasing by 33.37% which was mainly due to non-public issue of stock A shares.

(17) Capital reserve

The ending and beginning balances of Capital reserve were approximately RMB 4,482,097,548.95and RMB 1,659,484,077.87 respectively, increasing by 170.09% which was mainly due to non-public issue of stock A shares.

(18) Other comprehensive income

The ending and beginning balances of other comprehensive income were approximately RMB 1,639,273,900.26 and RMB 565,936,911.73 respectively, increasing by 189.66% which was mainly due to increasing of the fair value of financial assets available for sale.

(19) Minority interests

The ending and beginning balances of Minority interests were approximately RMB 28,798,007.19 and RMB 37,169,297.01respectively, decreasing by 22.52% which was mainly due to distribution of dividends of Hotels Investment's some subsidiaries.

(IV) Analysis of core-competitiveness

The Company has been making great efforts for about 20 years and has been achieving core-competitiveness. In accordance with the overall goals of development strategy, the Company will make further efforts to enhance the advantages in management, brand, network and talent, and to build and consolidate the leading position in limited service hotel market.

After a long time planning for developing limited service business hotels and careful deliberation, the "Jinjiang metropolo" is chosen to be the flagship of limited service business hotel unit. The company will take full advantage of Jinjiang Hotels Group's experience of managing high star-level hotels to ensure higher quality of service and management, to speed up brand building and expand its influence, setting a solid foundation for the long-term development in the future.

In the early days of developing Jinjiang Metropolo, the company will manage some 3-star hotels of Jinjiang Hotels Group by leasing or entrusted operating, and meanwhile, finding some compatible potential projects to seize market share.

During reporting period, in order to improve self-core-competiveness, the company has major actions as below:

On June 13rd, 2014 The company signed < Conditional agreement of subscribe for shares> with Hony capital and Jin Jiang hotels group, the company intended to issue total 201.277 million shares of A share to Hony capital and Jin Jiang hotels group. This issue has been approved through the first 2014 occasional shareholder's meeting which hosted on July 2nd, 2014. On October 29th, 2014, the company received <Approval and examination of Shanghai Jin Jiang International hotels development Co., Ltd. non-public issuing of shares> (The permission of securities regulatory [2014] No. 1129). China Securities Depository and Clearing (Shanghai) Company Limited completed registration of entrusted procedure of new added shares issuing on December 3rd, 2014. This new added shares are circulating shares with limited conditions, issue targets cannot transfer subscribed shares in 36 months after issue date, estimated circulating on market date is December 6th, 2017

During the reporting period, the Company took several measures to enhance core-competitiveness:
In 2014, the members of Jin Jiang Inns had been increased 5.47 million, and the total members had been up to 16.74 million. A record number of 1.45 million Jin Jiang Inn corporation credit cards with Bank of Communications and 11.233 million Jin Shang integral cards had been issued accumulatively. The amount of enterprise customers went up over 105,000.Meanwhile, by starting to use new call center and complete the upgrading of the internet reservation system, the Company's reservation platform has been gradually intensified and its marketing support and reception for nationally wide chains were furthermore improved.

In 2014, China Golden Dragon Award Committee awarded Shanghai Jin Jiang Metropolo Hotel Investment Management Co., Ltd as "the Most Popular Business Hotel Award", awarded Jin Jiang Inn Co., Ltd. as the honorary title of "the Most Popular Chain Hotel Brand" and awarded Shanxi Goldmet Inn Management Co., Ltd. as the honorary title of "the Most Valuable National Hotel Brand". The Chinese Hotel Industry Annual Conference Organizing Committee awarded Shanghai Jin Jiang Metropolo Hotel Investment Management Co., Ltd as "2014 the Best Restaurant Chain Brand" and "2014 international award for the best brand". In the Chinese customer satisfaction evaluation jointly launched by the Customer satisfaction evaluation center Chinese Standardization Research Institute and Tsinghua university in 2014, " Jin Jiang Inn Co., Ltd. " continue ranking top among "Express Inn" brand; The Third China finance summit group committee awarded Shanghai Jin Jiang Metropolo Hotel as "2014 Best Innovation Award"; Jinjiang Inn is a step point of China's hotel industry portal awarded the "China Top Ten Influential hotel industry economy hotel brand"; Jinjiang Inn was awarded as "the annual most valuable economy hotel brand" in the 7th Asia hotel (AHF) international hotel investment summit sponsored by the Asia hotel BBS center and Jin Jiang Metropolo Hotel was awarded as " the most potential developing mid-range hotel brand of the year". HC Chinese hotel industry awarded Jin Jiang Metropolo Hotel as "2013 the most influential mid-range hotel brand "; China chain association awarded Jin Jiang Metropolo Hotel as "2013 year China franchise O2O and online marketing award"; The first finance and economics institute awarded Jin Jiang Metropolo Hotel as "best practical customer value award".
In addition, in 2014, in the selection of " the most respected listed companies by investors" hosted by the China association among the listed companies, China securities investor protection fund corporation limited joint China securities industry association, China association of investment funds, Securities daily co- in 2014, Shanghai Jinjiang International Hotels Development Co., Ltd. was named as " the annual top 100 most respected listed companies by investors in 2014"; Shanghai Jinjiang International Hotels

Development Co., Ltd. was awarded as "2014 best information disclosure among the listed companies" in the Chinese securities golden bauhinia award activity which means China listed companies overseas peak BBS hosted by Beijing association of listed company of the ta kung pao (Hong Kong) co., LTD, Shanghai co., LTD, Hong Kong Chinese enterprises association, Hong Kong association of Chinese securities industry, the Hong Kong institute of Chinese finance and the Hong Kong securities Institute.

(V) Details for the investments of the Company

During the reporting period, the total amount of investment was RMB 770.61 million, decreasing RMB 623.97 million as compared with previous year by 44.74%.

1. Overall analysis for the equity investment

During the reporting period, the amount of equity investment was RMB 407.87 million, decreasing RMB 375.94 million by 47.96%.

(1) In March, the Company invested a total of RMB 11,865,973.38, paid the balance due of transferee Smartel option price. As of December 31, 2014, the Company holds 100% stock in Smartel.

(2) In April, the Company's wholly-owned subsidiary of Hotel Investment Company invested RMB 10,000,000.00, established in Shanghai Jin Zhang Hotel Investment Management Co., Ltd. As of December 31, 2014, hotel Investment Company holds Shanghai Jin Zhang Hotel Investment Management Co., Ltd 100% stock.

(3) In August, the Company's wholly-owned subsidiary of Hotel Investment Company invested RMB 15,000,000.00, established in Jiaxin Jin Hu Hotel Investment Management Co., Ltd. As of December 31, 2014, hotel Investment Company holds Jiaxin Jin Hu Hotel Investment Management Co., Ltd 100% stock.

(4)In November, the company's wholly-owned subsidiary Jin Jiang Inn invested RMB 70,000,000.00, paying transferee Shenzhen Overseas Chinese Town City Inn option price.to purchase 100% stock. As of December 31, 2014, Jin Jiang Inn holds 100% stock of Shenzhen City Inn. According to equity transaction agreement, Jin Jiang Inn should receive RMB 2,493,874.49, because of losses during transitional period.

(5) In December, the Company invested RMB 1,000,000.00, established Shanghai Jin Lu Investment Management Co., Ltd. As of December 31, 2014, the Company holds 100% stock in the capital of Shanghai Jin Lu Investment Management Co., Ltd.

(6) In December, the Company invested RMB 300,000,000.00 for the implementation of the capital increase Hotel Investment Company. As of December 31, 2014, with registered capital of Hotel Investment Company 1,525 million, the Company holds 100% stock in Hotel Investment Company.

2. Other listed companies and non-listed financial enterprises

①. Equity interest of other listing companies held by the Company

Unit: RMB

Stock code	Abbreviation of the stock	Initial investment	Equity shares of the invested company (%)	Book value at year end	Profit/loss for the reporting period	Change in owners equity for the reporting period	Account	Source of shares
000783	Changjiang Securities	252,599,789.03	2.74	2,186,599,999.99	392,920,495.92	950,839,098.39	Available-for- sale financial assets	Investment
002186	Quanjude	56,408.72	<1	1,821,332.40	21,033.76	12,190.02	Available-for- sale financial assets	Investment
601328	Bank of Communications	1,540,945.00	<1	6,893,642.80	263,580.46	2,250,571.62	Available-for- sale financial assets	Investment
Total		254,197,142.75	/	2,195,314,975.19	393,205,110.14	953,101,860.03	/	/

Instructions of equity interest of other listing companies held by the Company

Note: Profit or loss for the reporting period represents the cash dividend income and the disposal of stocks for the reporting period.

②. Equity interest of unlisted financial institution held by the Company

Equity interest held in	Initial investment (Yuan)	Equity interest (share)	Equity shares of the invested company (%)	Book value at year end	Profit/loss for the reporting period	Change in owners equity for the reporting period	Account	Source of shares
Shenyin & Wanguo	10,000,000.00	11,088,566	<1	5,000,000.00	1,108,856.60	119,988,396.56	Available-for- sale financial assets	Investment
Total	10,000,000.00	11,088,566	/	5,000,000	1,108,856.60	119,988,396.56	/	/

Note: During the reporting period, according to the approval on Shenyin & Wanguo Securities Co., LTD., offering shares to absorb Hongyuan Securities Co., LTD by China Securities Regulatory Commission. (The approval of the regulatory licensing [2014] No. 1279), Shenyin & Wanguo Securities Co., LTD merge Hongyuan Securities Co., LTD with a share swap. After the restructuring, the company changed its name to Shenwan Hongyuan Group Co., LTD., and was listed in Shenzhen Stock Exchange on January 26, 2015(stock abbreviation: Shenwan Hongyuan, stock code: 000166). As of this report, the company holds Shenwan Hongyuan 11,088,566.00 shares, accounting for 0.07% of its total equity.

③. Disposal/purchase of equity interest of other listing companies

Name of the stock	Shares held at beginning of the year (share)	Shares acquired from allotment for the reporting period(share)	Utilization of fund (Yuan)	disposal for the reporting period (share)	Shares held at year end (share)	Investment income generated (Yuan)
Changjiang Securities	96,230,000	0	N/A	48,230,000	130,000,000	372,420,495.92

During the reporting period, selling subscription of new shares of total investment returns was zero.

Note: on December 31, 2013, the company holds Changjiang securities 96.23 million shares, accounting for 4.06% of Changjiang securities equity. From 24 March to March 28,2014, the company sold 14.23 million shares of Changjiang securities through the Shenzhen Stock Exchange, making 82.19 million yuan income before income tax after deducting costs and related transaction taxes and fees. On July 9, 2014, Changjiang securities completed equity assignment of 2013, namely adding equity capital with 10 shares every 10 turn which used the premium on capital reserves. The Company increased the shares of Changjiang security to 164 million after the completion of 2013 equity allocation. From September 26 to September 27, 2014, the company sold 13 million shares of Changjiang securities through the Shenzhen Stock Exchange, making 72.0583 million yuan income before income tax after deducting costs and related transaction taxes and fees. From November 26 to December 5, 2014, the company sold 21 million shares of Changjiang securities through the Shenzhen Stock Exchange, making 218.1641 million yuan income before income tax after deducting costs and related transaction taxes and fees. As of December 31, 2014, the company shares held 130 million shares of Changjiang securities, accounting for 2.74% of the equity of Changjiang securities.

(3) Details for entrusted financing and derivatives investment of non-financial companies

① Details for entrusted loans

According to the company's development strategy, the company continues to a limited -service hotel operations and management services to provide and maintain a certain amount of entrusted loans. During the reporting period, to recover entrusted loans RMB 430 million, entrusted loans RMB 360 million. As of December 31, 2014, the company's entrusted loans of RMB 660 million, an increase over the previous year RMB 70 million.

Events for entrusted loans

As at 31 December 2014, the entrusted loans from the Company for Jin Jiang Inns and Smartel its affiliated companies are as follows:

Unit: Yuan Currency: RMB

Borrower	Amount	Maturity	Rate (%)	Purpose	Guarantor	Overdue	RPT transaction	Extension	Law suit	Sourse of funds(Placement)	RPT Relationship	Expected income	Profit and loss
Jin Jiang Inn Co., Ltd.	10,000	24 months	1.2	Capital turnover	N/A	No	No	No	No	No	Subsidiary	240.0	-
Jin Jiang Inn Co., Ltd.	10,000	36 months	1.2	Capital turnover	N/A	No	No	No	No	No	Subsidiary	360.0	-
Jin Jiang Inn Co., Ltd.	10,000	36 months	1.2	Capital turnover	N/A	No	No	No	No	No	Subsidiary	360.0	-
Smartel Management Co., Ltd.	36,000	6 months	5.04	Capital turnover	N/A	No	No	No	No	No	Subsidiary	907.2	-

(4) Other investment

During the reporting period, the Company continued to increase the limited service hotel and chain restaurant stores construction and renovation, as well as information Jinjiang headquarters construction and improvement projects , total new investment of RMB 362.74 million , an decrease over the previous year RMB 303 million.

(1) During the reporting period, the Company's paid RMB 59.78 million, for the overall repair of East Asia Hotel , Da Hua Hotel , Minhang Hotel , New Asia Hotel, Metropole Hua Ting guest house and Jingpan hotels in total.

(2) During the reporting period, the Company's wholly -owned subsidiary of Hotel Investment invested RMB 222.52 million in total for the construction of stores and overall repair.

(3) During the reporting period, the Company's wholly-owned subsidiary of Jin Jiang Inn paid RMB 48.85 million in total, for the overall construction and renovation of stores; paid RMB 13.58 million in total for the construction of the headquarters for IT projects.

(4) During the reporting period, the Company's subsidiary, New Asia Café de Coral paid RMB 18.01 million in total for the construction of chain stores and overall repair.

(5) Details for usage of raised fund

① Overall details for usage of raised fund

√Applicability □Inapplicability

Unit:Yuan Currency:RMB

Year of raising fund	Method of raising fund	The Total Amount of Fund	Issuing Fee	The Total Use Amount of fund this year	The Total Cumulative Use Amount of fund	The Total Amount of fund not used	Purpose and going for fund not used
2014	Non-public Offering	3,035,257,160	7,001,277	1,000,000,000	1,000,000,000	2,028,255,883	Supply funds for business scale and development in the next three years
Sum	/	3,035,257,160	7,001,277	1,000,000,000	1,000,000,000	2,028,255,883	/
Overall details for replacement use				The total amount of raised fund is 3,035,257,160 yuan, deducting 7,001,277 yuan of issuing fee, the actual amount raised is 3,028,255,883 yuan.			

② Project commitment details for replacement use

□Applicability √Inapplicability

③ Project change details for replacement use

□Applicability √Inapplicability

④ Others

□Applicability √Inapplicability

(6) Business operation and performance of principal subsidiaries and invested companies

Unit:"0000 Yuan Currency: RMB

Company name	Principal Business	Shareholding percentage on December 31st ,2014	Principal for registration	Total assets on December 31st, 2014	Net assets of parent company on December 31st, 2014	2014 Operating Income	2014 Net profit of parent
I. Business of limited service hotels (Principal):							
1. Shanghai Jin Jiang Metropolo Hotel Investment Management Co., Ltd(note1)	Operation and management of limited service	100%	5,000	11,750	6,188	3,981	1,297
2. Jin Jiang Inn Co., Ltd.	Operation and management of limited service hotels	100%	17,971	143,779	72,922	149,067	28,209
3. Shanghai International Hotels Investment Co., Ltd.	Hotels investment	100%	152,500	227,703	198,772	68,903	-1,645
Including subsidiary: Shanxi Goldmet Inn Management Co., Ltd. (Note 2)	Operation and management of limited service hotels	100%	6,833	16,257	12,945	8,353	1,005
4. Smartel Hotel Management Co.,	Operation of hotel and	100%	30,000	134,831	29,099	20,524	137

Ltd(note3)	catering of limited service hotels						
5. Shanghai Jin Jiang Da Hua Hotel Co., Ltd.(note4)	Operation of hotel and catering	100%	3,170	5,835	111	1,393	-545
6. Shanghai Minhang Hotel Co., Ltd(note5)	Operation of hotel and catering	100%	769	5,310	322	1,053	-428
II. Business of food and restaurant (Principal):							
1. Shanghai Jin Jiang International Catering Investment Co., Ltd.	Development and Management of restaurants, domestic trading	100%	14,993	10,643	3,078	28,142	-4,297
Including subsidiary: Shanghai Jinjiang International Food & Catering Management Co.,Ltd (note6)	Catering	100%	1,000	3,702	1,942	11,436	526
Shanghai New Asia Food(note6)	Production of moon cakes and frozen food	100%	1,142	1,961	421	1,071	-483
Shanghai Jinzhu Catering Management Co.,Ltd(note6)	Catering	100%	1,000	559	-400	1,180	-644
Shanghai New Asia Café de Coral Co., Ltd. (note6)	Catering of Chinese and western cuisine	100%	6,867	3,402	-253	12,489	-2,359
Shanghai Jin Jiang Tung Lok Catering Management Inc (note6)	Catering of Chinese and western cuisine	51%	1,890	736	362	1,960	-166
Associated Companies: Shanghai Yoshinoya Co., Ltd.(note6)	Operations of Japanese fast food	42.815%	USD $ 1,230	1,778	1,080	6,356	-1,633
Shanghai Jing An Bakery Co., Ltd(note6)	Bakery	14.63%	USD $205	5,107	1,304	10,435	32
2. Shanghai Kentucky Fried Chicken Co., Ltd.(note7)	Operations of western fast food	42%	USD $2,701	71,968	22,305	267,164	-562
3. Shanghai New Asia Fulihua Catering Co.,Ltd.	Operations of Chinese restaurants	41%	3,500	9,735	6,232	20,686	1,089
4. Hangzhou Kentucky Fried Chicken Co., Ltd.(note7)	Operations of western fast food	8%	USD $ 2,150	107,159	42,178	386,653	23,774

5. Wuxi Kentucky Fried Chicken Co., Ltd.	Operations of western fast food	8%	$ 334.8	37,618	8,471	108,938	3,418
6. Suzhou Kentucky Fried Chicken Co., Ltd.	Operations of western fast food	8%	$ 1,000	59,885	18,877	192,576	10,877
III. Others (Principal):							
Changjiang Securities Co.,Ltd.	Securities agency and investment consulting business	2.74%	474,246	6,792,283	1,394,037	454,821	170,544

Note1: Shanxi Goldmet Inn Management Co., Ltd. is the wholly-owned subsidiary of Shanghai International Hotels Investment Co., Ltd.

Note2: Shanghai Minhang Hotel Co., Ltd. to implement the full range of store renovation since May 2013, and restarted operation in accordance with the "Jin Jiang MetroPolo" brand from September 2014.

Note3: Shanghai Jin Jiang International Catering Investment Co., Ltd. holds 95% equity interest of Shanghai New Asia Food Co., Ltd., 82% equity interest of Shanghai Jinjiang International Food & Catering Management Co. Ltd., 100% equity interest of Shanghai Jinzhu Food & Catering Management Co. Ltd, 100% equity interest of Shanghai New Asia Caféde Coral Catering Co., Ltd., 51% equity interest of Shanghai Tongle Food & Catering Management Co. Ltd.and 42.815% equity interest of Shanghai Yoshinoya Co., Ltd. In addition, Shanghai Jin Jiang International Catering Investment Co., Ltd. holds 14.63% equity interest of Shanghai Jing An Bakery Co., Ltd., and has the capability of exerting significant influence on Shanghai Jing An Bakery Co., Ltd. The Company holds 100% equity interest of Shanghai Jin Jiang International Catering Investment Co., Ltd., 5% equity interest of Shanghai New Asia Food Co., Ltd and 18% equity interest of Shanghai Jin Jiang International Catering Investment Co., Ltd.

Note4: The financial data of Shanghai Kentucky Fried Chicken Co., Ltd, Hangzhou Kentucky Fried Chicken Co., Ltd. are unaudited, which is for reference only.

Note5: Equity interest at the end of the reporting period in above sheet represents total equity interest held by the Company directly and indirectly.

(II) Discussion and analysis about development of the future of the board of directors

(i) Industry competition configuration and development trend

(1)Industry competition pattern

The market of limited service hotels develops quickly in China now, and some advantage companies have appeared. Though, according to room size, top 10 economy hotel chains group have a large share of the market, the market of economy hotels still has huge space for development, and still existing few advantage companies and a large number of new companies will have large-scale expansion in next few years. According

to "Hostelcn",the number of economy hotel in china has increased from 23 to 12,227, and guest room number has increased from 3236 to 1,235,833 from 2000 to 2013.At the same time, the second national economic census leading group office of the state council and the national bureau of statistics jointly issued on December 16, 2014 as of December 31, 2013 the second national economic census data bulletin (No.3) shows, the national accommodation units are total of 73000 as a legal person, including 24000 hotels and 42000 general hotels. According to this calculation, the economy hotel number currently only accounts for the lodging of company legal person units about 17.4% of the total and 30.3% of normal ones.

The number of national chain stores catering enterprises 20,554 in late 2013, an increase of more than 2,401 points at the end of 2012. Restaurant chain's turnover for the year 2013 to achieve 1,319.62 billion, an increase of 2.8 % compared to 2012 (Source: National Bureau of Statistics); expects the number of its chain of stores catering business turnover will continue to maintain a certain level of growth..

(2) Industry development trend

It's is comprehensive construction well-off society and realize the third strategic target the critical period of socialist modernization construction in current and the future, also the golden development and transformation and upgrading of tourism industry period in our country. Along with quick development of the industrialization, informationization, urbanization, marketization and internationalization, tourism development of our country faces new opportunities.

"The state council about accelerate the development of tourism opinion "put forward requirements clearly: With the transformation and upgrading, quality and efficiency as the main line, to promote the conversion of tourism products to sightseeing, leisure, vacation pay equal attention to meet the diversified, multi-level tourism consumption demand; promote the tourism development to intensive change, pay more attention to energy and resources conservation and ecological environment protection, pay more attention to the cultural heritage of innovation, to achieve sustainable development; to promote the transformation of tourism service to quality service, realize the organic unity of standardization and individuation service. By 2020, domestic traveling reached 5.5 billion, citizens travelling 4.5 times annually, tourism industry added value accounted for the proportion of gross domestic product more than 5%.

According to the general rules of the development of tourism in the world, when GDP per capita being nearly $5000, tourism will become the basic content of urban residents living and consumption demand, and tourism will enter the explosive growth stage. At present, the national per capita GDP has reached more than 6,700 dollars, that is the level of middle-income countries. With the development of traffic, city construction, tourism infrastructure, it will make the tourism accessibility and convenience to significantly enhance. These are for the sustained and rapid development of tourism industry has laid a solid foundation.

After comprehensive analysis of all the factors which impact the 2014 tourism, we believe that in 2015 China's tourism industry will maintain steady and rapid growth. National Tourism Bureau information shows the development of China's tourism industry related target is that in 2015 the number of domestic tourists will

reach to 3,95 billion, with growth of 10%; domestic tourism revenue of 3,300 billion, with growth of 12%; international tourism income of $58 billion, increase of 3%; total tourism income of 3,660 billion, with growth of 11%.

(ii) Development strategy of the Company

The Company emphasizes on the development of limited service hotels and restaurants, striving to establish the benchmark of Jin Jiang Inn in the domestic limited service hotels industry and improve the JinJiang Metropolo brand. The company actively explores the independent brand fast food chain business model and strives to improve the catering business investment benefit. Further ascension in the "management, brand, network, talent" and other aspects of the core competitive ability, the global layout, transnational management, realize the maximization of corporate value.

(iii) Annual operation plan for the coming year

The Company has the perspective of the 2015 total domestic revenue as RMB 3.15 billion increasing by 8.13% as compared with previous year and its new year's operation plans are as follows:

(1)Business of limited service hotels operation and management

To continue to accelerate the development of limited service hotels, the company plans to open 150 new hotels in 2015 and amount to 1,118 hotels at the end of 2015; newly contracted hotels 250 and amount to 1,465 contracted hotels at the end of 2015. The measures will be explained as follows.

Firstly, we should speed up our development and continue to promote the coordinated development of multi brand. Through analyzing the current brand system, further clarify the orientation and connotation of the brand. Besides, we should optimize the investment model, financial model formulation and optimization of each brand competitive. We should also strengthen budget execution and management, improve operational efficiency.

Secondly, we should promote the Internet thought as the guidance, make the innovation of marketing tools. To speed up the application of new technology, make the mobile intelligent terminal and hotel service combined deeply in order to improve the response speed of user reputation and marketing. We should also increase the area of electronic commerce business investment, adapt to market changes, making integration, intelligent travel experience, in order to offer better services and attract consumers.

Thirdly, we should continue to deepen the enterprise transformation, strong management platform. Learn from mature international hotel group practices and experience in order to build a multi-brand, internationalization management platform. Make full use of the information platform, through the existing business and process, we can combine and share service platform to adapt to multi brand and

internationalization development. We should further expand the share business category, play system and platform effect, greatly enhance the sharing platform of control and support efficiency.

Fourthly, we should strengthen the quality of hotel construction. Combine the cutting edge hotel together, provide cost-effective services to consumers. Meet the cultural needs and aesthetic taste of the target population. We should set the industry benchmark. At the same time we should improve the standard construction of the brand, clear positioning and characteristics of each brand, unity and seriousness to maintain brand standards.

Fifthly, we should strengthen the construction of franchise management. Optimize franchise systems and processes, improve service support level, build a win to win system of the company and joined the business, we should pay attention to the interests and demands of the franchise business, help to improve business performance. Strengthen the franchisee classification management, with a new perspective, new strength and new attitude will join the management work to a new point of view, to enhance the company's service platform support services for the franchise ability.

Sixthly is to promote the international development strategy. Promote the Louvre international acquisition effect, promote the company internationalization development strategy, through the "Introduction" and "going out", and further improve the company hotel brand series; at the same time the company should introduce and draw on advanced international management experience, integrate domestic and foreign resources in order to realize the regional advantages, give full play to the synergy effect, promote the company of hotel assets value, expand the scale of business and enhance the market share.

(2)Business of Food and Restaurants

Firstly, The Company will make plan for the transformation of New Asia Café de Coral. Based on the existing products comb adjustment, optimization shop battalion movement line and improve the quality of the products. The company can have the formation of a new business mode, so as to effectively control the cost of artificial, energy, food. At the same time, the establishment of fast food chain operation system and standard can promote the formation of the core competitive capacity; adjustment of the location of shops around the market development planning, values, consumer hot spot out of accord with demand, strategic transformation plan of the new shop, enhance brand awareness, improve customer experience, sustainable income to achieve the company's future growth.

Secondly is the steady development of catering business. To improve the system construction, and management efficiency; vigorously develop the group meal business, through output management, cooperative development and other business models, and actively promote the business development; the establishment of backup talents management mechanism, through the establishment of group meal training center, while retaining talent, planned, step by step to speed up and strengthen the reserve talents training, and constantly improve the ability of sustainable development of group meal.

Thirdly is to enhance the food production capacity. By means of production function and the upgrading of

production capacity, on the premise of ensuring product quality, continue to explore effective ways to reduce production costs and improve profitability.

(iv) Fund demand to maintain current business and perform investment in construction projects

The Company estimates that RMB 900 million will be input in renovating and newly establishing some limited service hotels and restaurants in 2015. All the funds will be financed by self-owned capital, financing and other financial tools.

(v) The potential risks in the future

(1) Uncertainty from macro-conditions' changes:

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

(2) Risks from soaring cost

Among the operating costs of limited service hotels like "Jinjiang Metropolo" and "Jin Jiang Inn" and chain restaurants, fixed assets depreciation and lease cost are of high percentage. Operating lease payments of the Company currently are recognised on a straight-line basis over the lease term. This policy, to some extent, does help to smooth the impact on the future operating performance. However, with the increasing number of branches, the Company is prone to rising rents. Furthermore, the main branches of both economy hotels and chain restaurants are located in the downtown. Intensified competition in this kind of areas with no doubt will lead to higher lease cost.

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

(3) Risks from domestic expansion

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

second or third tier cities so as to keep its market share and leading position.

(4) Risk from new brand building

The Company is seeking to establish new brands in both budget hotel and chain catering field. Target customers overlapped between new brands and existing brands will prevent the Company from expected revenue increase. If the new brands cannot increase its target revenue and effectively reduce its cost, three will be negative influence on company's operation.

(5) Risks from franchise management

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

(6) Risks from lease property ownership

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

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

If the issue cannot be solved out according to the schedule (reduce to 20%, 10% and 0% in 12 months, 24months and 36 months respectively.), the Company will take further measures on the hotels over the rate of schedule in 3 months after the scheduled ending date. Measures to thoroughly solve out the issues include selling out over the purchase price, breaching lease contract and relocation. In case of breaching lease contract with defect property lessors, the Company will be unavoidably involved into penalties.

However, Jin Jiang International on 1, Mar. 2010, promised to pay any penalty arising from contract violation, relocation and compensation for operation discontinuity at the price of appraisal amount issued

on 31, July 2009. In addition, the operation discontinuity loss result from property defect will be paid by Jin Jiang International under the condition that lessors are not able to offer compensation. The actual compensation amount will be the higher of total initial investment cost audited on 31, July 2009 and evaluated amount issued on 31, July 2009) Jin Jiang International will be official creditor to lessors and any compensation received from lessors belongs to Jin Jiang International. Meanwhile, Jin Jiang International will fund the closed hotels to cover the operating loss at the amounts of the last year revenue audited.

(7)Uncertainty from infectious disease breaks and food safety

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

(8) Increasing changes of shareholders equity and return of equity

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

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

(9) Risks from reliance too much on part of key staff

Sustainable development in the Company largely depends on management teams and senior staff. A lack of experienced team and staff will definitely have an adverse influence on the operation.

(III) Description of the Board of Directors for the CPA firm "non-standard audit report

(i) Description of the Board of Directors and Supervisors for the CPA firm "non-standard audit report

N/A

(ii) Description of the Board's analysis of the causes and effects of changes in accounting policies, accounting estimates or accounting methods

N/A

(iii) The Board of Directors' analysis of the causes and effects of significant accounting error

N/A

(IV) **The proposal on profit distribution or capitalization of reserves**

(i) The proposal and execution of cash dividend policy

The general meeting of shareholders held in 2012 considered and approved on a motion to modify some provisions of the Articles of Association : When the cash dividends conditions are met, the Company's annual allocation amount of cash dividends (including the interim distribution of cash dividend) with the consolidated financial statements for the year The ratio of net profit attributable to shareholders of the Company not less than 50%, and cash bonuses when the year attributable to shareholders of listed companies net assets ratio of not less than the same period in the People's Bank of China announced a one-year term deposits as interest rates.

During the reporting period, 2013 profit distribution has been approved by the general meetings of shareholders. A cash dividend of RMB 0.38 per share (tax included) for all shareholders on the basis of the total share capital of 603,240,740 shares at the end of 2013, for which B shareholders are entitled to a cash dividend of USD. The announcement on resolutions of 2013 shareholders' meetings was published on Shanghai Securities News and Ta Kung Pao on 29 May 2014.

(ii) The proposal on profit distribution or capitalization of reserves

The profit and dividend distribution are based on the profit attributable for distribution of the parent company. The audited net profit attributable to shareholders of 2014 is 469,140,829.23, which is calculated by summing up the profit attributable for distribution at the beginning of 2013, amounting to 515,552,320.91, and subtracted dividends distributed of 2013 paid in 2014, amounting to 229,231,481.20. The profit attributable for distribution at the end of 2014 amounted to 755,461,668.94.

According to the Company Law of the People's Republic of China, Article of Association of Shanghai jin Jiang International Hotels Development Co., Ltd. and other relevant regulations, the distribution of 2014 as following:

1. Statutory surplus reserve in accordance with related laws is measured as 10 percent of after tax profit RMB 469,140,829.23 which is calculated through 2014 auditing.
2. The company didn't provide statutory surplus reserve in 2014
3. The Company plans to distribute a cash dividend of RMB 4 (tax included) to every 10 shares held by all shareholders on the basis of 804,517,740 shares in total at the end of 2014; Dividend of B shares will be paid in US dollars, converted by the middle market exchange rate of PBOC in the next working day after the distribution proposal is approved in the general meeting. The company distributed dividend RMB 321,807,096.00 in total in 2014 which occupied 66.06% of the net profit attributable to the shareholders in consolidated financial statements of the listed company in 2014 and 68.59% of the net profit attributable

to the shareholders in parent's financial statements in 2014. The ratio of cash dividends and net assets attributable to shareholders in the consolidated financial statements at the end of the year is 3.70%.

4. After the distribution, in 2014, the remaining balance of RMB 921,886,291.43 in consolidated financial statements and RMB 386,740,490.02 in parent's financial statements will be accounted for undistributed profit attributable to the shareholders of the listed company and carried forward to next year.
5. There was no plan of capitalization of reserves in 2014.

(iii) Dividends distribution for the last 3 years

Unit: Yuan Currency: RMB

Year for dividend distribution	Bonus issue every 10 shares	Cash dividend every 10 shares(tax included)	Shares convert every 10 shares	Amount of cash dividend (tax included)	Net profit for the year	Rate of Distribution (%)
2014	-	4.0	-	321,807,096.00	487,168,241.61	66.06
2013	-	3.80	-	229,231,481.20	377,473,299.77	60.73
2012	-	3.70	-	223,199,073.80	369,157,061.28	60.46

(V) Fulfillment of social responsibility

In the pursuit of maximizing shareholders' interest, the Company values the sustained profitable with great importance and places the social responsibility at the core in order to achieve a win-win situation between the corporate economic efficiency and social benefits.

Being committed to the society and human being, the Company makes all efforts to protect environment. Economy hotels such as "Jin Jiang Inn" and "Jin jiang Metropolo" built by national eco-friendly standards are with brand new concepts of "green economy hotels". For example, water recycling system, like collecting the rainwater for flushing and watering, was introduced in those cities located in fresh water shortage areas. Meanwhile, a series of environment-friendly settings such as high-efficient air interchanger and insulation building materials have been used in designing hotels. The indoor construction materials used in Jin Jiang Inn were double tested by both engineering department and external authority institution to assure the materials reached national environment-friendly quality. In order to provide a safe accommodation, Jin Jiang Inn detected and strengthened the building structure to reach national aseismic standards and introduced advanced infrared security system. The green idea is fully involved in economy hotels design, equipment and materials used, service, operation and management to stress the concept of "safe, healthy, comfortable and professional" of economy hotels like "Jin Jiang Inn" and "Jin Jiang Metropolo".

The Company is consistently focusing on improving salaries and benefits of employees. During the reporting period, the Company kept on devoting to raise employee's salaries and amending supplementary medical insurance project for employees. Furthermore, the Company bought the insurance of employer's responsibilities to enhance the protection of safety and life of employees, good effect was obtained.

The company temporarily does not disclose report of fulfilling its social responsibility. The company not only focuses on maximizing shareholder value, at the same time considers enterprise value as the mission for a long time. The company will value social responsibility in the enterprise strategy development, in order to achieve the enterprise economic benefit and social benefit win-win

V.Significant Events

(i) Significant lawsuits and arbitrations

Not applicable

(ii) During the reporting period the Fund appropriations and clearing progress

Not applicable

(iii) Assets transaction, enterprise consolidation

Not applicable

(iv) Condition and effects of company effects incentive

Not applicable

(v) Significant related transaction

Applicable

1 Related party transactions in association with daily operation

(1). Related party transactions announced on the interim announcements and without further changes.

Overview and type of matters	Query index
In June 13rd, 2014, the company signed < Conditional agreement of non-public share subscription> with Hony capital (Shanghai).,Lp. Shanghai Jin Jiang international hotels(the group) company limited. The company planned to issue 201,277,000 shares with RMB 15.08 issue price per share. Shares issued to Hony capital (Shanghai).,Lp and the company equity controlled Shanghai Jin Jiang international hotels(group) Company limited. Including 100,000,000 shares to Hony capital (Shanghai).,Lp and 101,277,000 share to Shanghai Jin Jiang international hotels(group) Company limited.	Details refer to the company disclosure <Announcement about related transactions controlling shareholder subscribe non-public stocks> in June 14th, 2014

(2).Transactions announced on the interim announcements and with future changes or progresses

During reporting period, Jin Jiang hotels (group) entrusted the company to manage Metropole hotels, New Asia hotel, Marvel hotel, and paid RMB 39,669,600 for entrusted management fee. The company rented Hua Ting guest house hotel, Shanghai,Jinshajiang Hotel and Magnotel hotel and paid related fee RMB 28,056,000. In addition, the company paid RMB 42,543,100 to related labor cost and social securities for Jin Jiang hotels (group), Marvel hotels, Hua Ying gust house, Jinshajiang hotel, and Magnotel hotel. At the same

time, for operating needs, the company made Marvel hotel to calculate inventories which is RMB 2,447.23 based on book value basis on December 31st, 2013

(3). Undisclosed transactions announced on the interim announcements

Unit: Yuan Currency: RMB

Related party	Related party relationship	Transaction type	Content	Pricing policy	Related price	Transaction amount	Proportion in Congener business (%)	Settlement by	Market price	The reason of hue difference between transaction price and market price
JinJiang International (Holdings) Co., Ltd., Jin Jiang Hotels Group and their hotel-related subsidiaries	Ultimate holding company, parent company and its subsidiaries	Support labor service	Limited service management fee	Market price		1,284,213.89	0.74	Cash		
Jin Jiang Hotels Group and its subsidiaries	Parent company and its subsidiaries	Support labor service	Food business management fee	Market price		6,765.35	19.12	Cash		
Jin Jiang International (Holdings) Co., Ltd., Jin Jiang Hotels Group and their hotel-related subsidiaries	Ultimate holding company, parent company and its subsidiaries	Support labor service	Market co-ordination fee	Market price		361,874.64	100.00	Cash		
Jin Jiang Hotels Group and its subsidiaries	Parent company and its subsidiaries	Support labor service	Mooncake ODM	Market price		1,838,611.33	19.20	Cash		

Jin Jiang International (Holdings) Co., Ltd., Jin Jiang Hotels Group and their hotel-related subsidiaries	Ultimate holding company, parent company and its subsidiaries	Sales	Limited service management Fee	Market price		46,322.87	0.26	Cash		
Jin Jiang International (Holdings) Co., Ltd., Jin Jiang Hotels Group and their hotel-related subsidiaries	Ultimate holding company, parent company and its subsidiaries	Sales	Sales of food	Market price		993,657.96	28.02	Cash		
Jin Jiang International (Holdings) Co., Ltd., Jin Jiang Hotels Group and their hotel-related subsidiaries	Ultimate holding company, parent company and its subsidiaries	Purchase	Purchase of hotel goods and food	Market price		2,977,128.38	0.82	Cash		
Jin Jiang Hotels Group and its subsidiaries	Ultimate holding company, parent company and its subsidiaries	Receive Labor service	Member integration services	Market price		2,999,230.56	100.00	Cash		
Jin Jiang Hotels Group and its subsidiaries	Parent company and its subsidiaries	Receive Labor service	Food business management fee	Market price		140,849.07	83.11	Cash		
Total				/	/	10,648,654.05	1.87	/	/	/
Details of sales return with huge amount										

Necessity and sustainability for these related party transactions(non-market other transaction) and reasons for choosing of these related parties	Jin Jiang Inn Co., Ltd., a subsidiary of the Company, provides limited service hotel management services to Jin Jiang international, Jin Jiang Hotels Group and its subordinative hotel-related entities. The main purpose is to expand market share of limited service hotel management. The related party transactions agreements related with the Company's daily operation were approved by the Annual Shareholders' Meeting of 2013 held on 26 March 2013.
Explanation of related transactions	Agreement of related transactions of daily operation has been handed in during 19th meeting of board of directors and approved in March 26th 2014.

(ii) Others

The Company deposits part of its operation or idle fund into Jin Jiang International Finance Co., Ltd. (an authorized non-bank finance institution, Jin Jiang International Finance), and the balance at end of reporting period was approximately RMB 793,420,000 and the balance at beginning of reporting period was approximately RMB 399,130,000. The Company's 2014 annual shareholders' meeting convened on 28 May 2014 considered and approved the resolution on making deposit in the Jin Jiang International Finance: the Company's outstanding deposits in the Jin Jiang International Finance in 2013 shall not exceed RMB 900,000,000. Interest income derived from the deposit for the reporting period was RMB 7,150,000

The subsidiaries of the Company have borrowings from Jin Jiang International Finance Co., Ltd., and the balance at the beginning was RMB 330,000,000 and the ending was RMB 800,000,000 of reporting period. On 28 May 2014, the general meeting of shareholders considered and approved the resolution on borrowings from the Jin Jiang International Finance Co., Ltd.: the Company's outstanding borrowings from the Jin Jiang International Finance Co., Ltd. in 2013 shall not exceed RMB 1,200,000,000. Interest expense derived from the borrowings for the reporting period was approximately RMB 15,560,000.

As is stipulated by the Article12 of 3rd Chapter of Article of Association of Jin Jiang International Finance, it is committed by the Board of Directors of Jin Jiang International Holdings Company Limited that in the case of the difficulty in payment of the Company, Jin Jiang International Holdings Company Limited will supervise and urge Jin Jiang Hotels Group to inject relevant capital according to the practical demand to settle the difficulty of payment.

To further ensure the security and independence of the company's deposit in Jin Jiang International Finance, Jin Jiang Hotels Group, the substantial controller of the Company, made commitment on 22 December 2009 as follows:

Based on the precondition that the reorganization is approved and implemented, Jin Jiang Hotels Group will provide full guarantee for the company's and its subsidiaries‟ deposit in Jin Jiang International

Finance and other financial assets as at 31 July 2009,the date of evaluation and audit, and their deposit Jiang International Finance and other financial assets thereafter. In the case that Jiang International Finance fail to repay the deposit and principal and interest of other financial assets of your Company, Jin Jiang Hotels Group will repay on behalf of Jiang International Finance. Businesses like capital deposit and withdrawal between the Company and Jiang International Finance are based on the freewill and independent decision of the two parties. Jin Jiang Hotels Group committed not to make unitive arrangement on the businesses like capital deposit and withdrawal between the Company and Jiang International Finance by any means to interfere the normal decision making of the Company so as to ensure the independence of the finance and the secure of capital. As a result, the Company shall disclose the deposit and guarantee stated above timely according to certain regulations (including the periodical disclose in periodical reports and timely disclose of significant events).

VI Significant contracts and fulfillment of contracts

(i) Trusteeship, contracting or leasing

Not Applicable

(ii) Events on guarantee

Not Applicable

(iii) Other significant contracts

No other significant contract

VII Fulfillment of commitment

(i) During reporting period or continue to reporting period, commitment items of listed company, shareholders who have over 5% of shares, controlling shareholders and substantial controller

Commitment items	Commitment	Fulfillment
Commitments regarding to the assets reorganization	Agreement of Assets Replacement, it is noted that 30 inns among the transferred in and acquired assets of Jin Jiang Inn have the properties' defects problems. For the purpose of resolving the above defects problems and setting the timetables, as at 1 March 2010, Jin Jiang International (Holdings) Co., Ltd. acknowledged for below: 1) If Jin Jiang International (Holdings) Co., Ltd. failed to solve the properties' defects problems within the scheduled timetable and quantities, that means the amount of the inns to be declined to 20% within 12	As at the reporting date, among all of the operating inns which have properties' defects problems, 20 inns have obtained the legal lease record proofs or confirmations issued by Bureau of Land and Resources, which means that they don't have properties' defects problems. There is no significant risk caused by not obtaining ownership's certificate, land use right certificate or having difference between the record proofs and operation.

	months; or to be declined to 10% within 24 months; or to be totally solved within 36 months after the approvals of CSRC, Jin Jiang International (Holdings) Co., Ltd will undertake the default penalty for the cancellation of the rental contract and should make the compensation by the evaluated amount of the assets at the base date of appraisal (31 July 2009). 2）2) In the future operation of the transferred in and acquired assets, the several lease inns of Jin Jiang Inn may have to relocate due to the relevant defects. In the case that the lessors couldn't fully compensate the loss, Jin Jiang International (Holdings) Co., Ltd. should fully compensate the inns for their loss as the support to relocation and reopening in accordance with the below calculation. The specific loss amount of an asset should be settled as the higher of the evaluated amount of the assets at the base date of appraisal (31 July 2009) and total original cost of fixed assets and decoration based upon the audit result of 31 July 2009. After the compensation by Jin Jiang International (Holdings) Co., Ltd, any compensation repayment from the lessors will belong to Jin Jiang International (Holdings) Co., Ltd. Meanwhile, Jin Jiang International (Holdings) Co., Ltd. should compensate the relevant inns of the fiscal year audited net profit before close to make up for the loss of business during the inn closed.	As at the reporting date, since the lease inns of Jin jiang Inn do not have properties' defects problems, Jin Jiang International (Holdings) Co., Ltd. does not need to implement the commitments and as also doesn't violate the commitments.
	The reorganization report discloses：On 22 December 2009, Jin Jiang International made a commitment to provide full guarantee for the whole balance of deposits and all of the other financial assets , which are deposited in Jin Jiang International Finance Co., Ltd. of the Company and its subsidiaries from the base date of appraisal (31 July 2009). For example, Jin Jiang International will pay the deposits and interest for Jin Jiang International Finance Co., Ltd. to the Company and its subsidiaries when Jin Jiang International Finance	During the reporting period, Jiang International Finance Co., Ltd. did not have payment crisis for the deposits and interest of the Company and its subsidiaries. Therefore, there was no necessary for Jin Jiang International to fulfill the commitment.

	Co., Ltd. is unable to pay.	
	Jin Jiang hotels group provided < Commitment of transactions about preventing horizontal competition>,which committed Jin Jiang hotel group and controlled companies(excluded Jin Jiang international hotels development Co., Ltd and affiliated companies) would not do any business which Jin Jiang international hotels development Co., Ltd has been doing and may occurred any competition, or Jin Jiang hotel group and controlled companies would these related business transfer to Jin Jiang international hotels development C., Ltd based on equitable, fair market value.	Since this commitments has been executing, Jin Jiang hotels has committed seriously, and has not had any horizontal competition or profit conflicts with Jin Jiang international hotels development Co., Ltd

VIII Appointment and demission of auditor

Unit: "000"Yuan Currency: RMB

Changed the auditors? (Y/N)		N
	The previous CPA	The current CPA
Domestic CPA Firm Name		Deloitte Touche Tohmatsu Certified Public Accountants LLP
Domestic CPA Firm Fee		1,350
Term of domestic CPA audit		40

	Company's Name	Service Fee
Internal audit control CPA Firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	550
Sponsor	Shenwan hongyuan securities underwriting and sponsors LLC	800

(IX) The punishment received by the Company and the Directors, Supervisors, senior management, shareholders who owned over 5% of shares, substantial controller and the remedial actions adopted

The Company and the Company's Directors, Supervisors, senior management, shareholders and substantial controller all had not been investigated, punished and publicly reprimanded by the China Securities Regulatory Committee and not publicly condemned by the stock exchange this year.

(X) Effects on consolidated financial statement by executing new accounting policies

1. Effects of changes in long-term equity investment policies on consolidated financial statements

Unit：Yuan Currency：RMB

investee	Transaction information	2013/1/1 Shareholder's equity to parent company（+/-）	2013/12/31		
			Long-term equity investment（+/-）	AFS financial assets（+/-）	Shareholder's equity to parent company（+/-）
Hangzhou Kentucky Fried Chicken Co., Ltd.			-12,265,725.33	12,265,725.33	
Suzhou Kentucky Fried Chicken Co., Ltd.			-5,484,594.24	5,484,594.24	
Wuxi Kentucky Fried Chicken Co., Ltd.			-3,761,343.20	3,761,343.20	
Yangtze river economic united development (Group) Co.,Ltd			-700,000.00	700,000.00	
Shanghai business center LLC			-5,187,700.00	5,187,700.00	
Shenyin&Wanguo securities LLC(Note)			-5,000,000.00	5,000,000.00	
Shanghai Jin Jiang Hotel goods LLC			-1,469,473.95	1,469,473.95	
Others			-8,850,000.00	8,850,000.00	
Total	/		-42,718,836.72	42,718,836.72	

Explanation of Effects of changes in long-term equity investment policies on consolidated financial statements

According to <Enterprise accounting policy article 2-long-term equity investment>, for long-term equity investment which has no control, joint control, significant effects, and these fair value cannot be measured reliably, the company will measure the investment based on the cost of AFS financial assets, and the investments would not be considered as long-term equity investment to be measured. In addition, the company will adjust the fair through retrospective application.

Executing above policy, Effects only has on the value amount of AFS financial assets and long-term equity investment. Not effects on the ending balance of total assets, total liabilities, net assets and net profit

Note: during reporting period, According to the China securities regulatory commission <Approval

about Shenyin&wanguo securities Co., Ltd issue shares to absorb and acquire Hongyuan securities Co., Ltd >

The permission of securities regulatory [2014] #1279. Shenyin&Wanguo securities Co.,Ltd acquired Hongyuan securities Co., Ltd through shares exchanging., After recombination, the name of company changed to Shenwan&hongyuan Group LLC. On January 26th, 2015, the company is listed in Shenzhen stock exchange (Share abbreviation; Shenwanhongyuan code of share:000166).At the disclosure date of the report, the company possess 11,088,566 shares of Shenwan&honyuan, which takes 0.07% of total Shenwan&hongyuan shares)

VI. Change of Share Capital and Particulars of Shareholders

(I) Change of Share Capital

i. Change of Share Capital

1. Change of Share Capital

Unit：share

	Before		Change for the period（＋，－）					After	
	Shares	(%)	New issue of share	Bonus issue	Capitalisation of surplus reserve	Others	Subtotal	Shares	(%)
I. **Restricted tradable shares**			201,277,000				201,277,000	201,277,000	25.02
1 State-owned shares									
2. State-owned legal person shares			101,277,000				101,277,000	101,277,000	12.59
3.Other domestic shares			100,000,000				100,000,000	100,000,000	12.43
Including：Non State-owned legal person shares			100,000,000				100,000,000	100,000,000	12.43
Domestic person shares									
4. Other foreign shares									
Including：Overseas legal person shares									
Overseas person shares									
II.Tradable shares									
1. Ordinary shares denominated in RMB	603,240,740	100.00						603,240,740	74.98
2. Foreign capital shares listed domestically	447,240,740	74.14						447,240,740	55.59
3. Foreign capital shares listed overseas	156,000,000	25.86						156,000,000	19.39
4. Others									
III. **Total shares**	603,240,740	100.00	201,277,000				201,277,000	804,517,740	100.00

2. Changes in shares Description

On June 13, 2014, the company seventh twenty-second of the Board considered and approved the company's non-public offering of A shares related to the motion. The motion has been approved on 2014 First Extraordinary General on July 2, 2014. The approval of Shanghai Jin Jiang International Hotels Development Co., Ltd. non-public offering issued by China Securities Regulatory Commission has been received on October 19, 2014 (The permission of securities regulatory [2014] No. 1129.It approved the company's non-public offering of 201,277,000 new shares. The issue of new shares has been completed registration formalities hosted in China Securities Depository and Clearing Corporation Limited Shanghai Branch of December 3, 2014. Detailed matters of non-public offering of A shares, please refer to the "Shanghai Jin Jiang International Hotels Development Co., Ltd. non-public offering of A shares plans," "Shanghai Jin Jiang International Hotels Development Company Limited non-public offering of stock issuance Report .

(ii) Change of Restricted Tradable Shares

Unit: share

Name of shareholder	Early number of shares	The number of restricted shares lifted	The number of increasing restricted shares	Number of shares at the end of year	Restricted reason	Lift restrictions on sale date
Jin Jiang Hotel			101,277,000	101,277,000	Non-public offering	2017-12-06
Hony Capital Fund			100,000,000	100,000,000	Non-public offering	2017-12-06
Total			201,277,000	201,277,000	/	/

(II)Securities Issuance and Listing

i: The last 3 years previous issuance of securities of the reporting period

Unit：share Currency：RMB

Stock and derivatives types of securities	Issue date	Issue price (or interest rate)	Issue number	Listing date	Number of transactions approved for listing	Termination date of the transaction
Ordinary shares of class						
RMB ordinary shares (non-public offering)		15.08	201,277,000	2017-12-06	201,277,000	

Description previous issuance of securities as of the reporting period of nearly three years（The duration of the different interest rate bonds, please explain respectively）:

ii: Changes in the total number of shares and changes in shareholder structure and corporate structure of the company's assets and liabilities

During the reporting period, company implemented a non-public offering of stock items to the controlling shareholder of Jin Jiang Hotels Group and Hony Capital Fund. Upon completion of the registration of the shares, the company added 201,277,000 new restricted shares, the total share capital increased from 603,240,740 shares to 804,517,740 shares.

(III) Particulars of shareholders and the substantial controller

i . The total number of shareholder

As of the report the total number of shareholders (households)	39,676 households (including: A shareholders of 17,985 shares, B shares shareholders of 21,961 shares)
Total shareholders prior to the annual report of the disclosure at the end of the fifth trading day (households)	
As of the reporting period the total number of preferred shareholders voting rights restored (households)	
The total number of preferred shareholders annual reports before the end of the fifth day of voting rights restored (households)	

ii . The top ten shareholders as of the reporting period, the top ten shareholders (or tradable shareholders) shares of the table

	Shareholding of the top 10 shareholders						
Name of shareholder	Increase/ decrease during the reporting period	Number of restricted tradable shares	Percentage	The number of restricted shares	Closing pledged or frozen		Nature of shareholder
					Shares status	Amount	
Jin Jiang Hotels Group	101,277,000	404,810,935	50.32	101,277,000	N/A		State-owned legal person
Hony (Shanghai) Equity Investment Fund Center (limited partnership)	100,000,000	100,000,00	12.43	100,000,000	Pledged		Domestic non-state-owned legal person
INVESCO FUNDS SICAV		22,604,170	2.81		Unknown		Overseas legal person
Double Coins Holdings Ltd.		8,541,951	1.06		N/A		Overseas legal person
National Social Security Fund portfolio1140	1,095,392	6,600,551	0.82		N/A		Others
INVESCO PERPETUAL HONG KONG & CHINA FUND		4,942,249	0.61		Unknown		Overseas legal person
DBS NOMINEES PRIVATE LTD – PB CLIENTS	4,786,014	4,786,014	0.59		Unknown		Overseas legal person
Yinfeng Securities Investment Fund	4,199,866	4,199,866	0.52		N/A		Others
Investment Quality Growth Securities Investment Fund	3,354,116	3,354,116	0.42		N/A		Others

SCBHK A/C BBH S/A VANGUARD EMERGING MARKETS STOCK INDEX FUND		3,272,024	0.41		Unknown		Overseas legal person

Particulars of top 10 unrestricted tradable share shareholders			
Name of shareholder	Numbers of unrestricted tradable shares	The category and amount of shares	
		Category	Amount
Jin Jiang Hotels Group	303,533,935	RMB ordinary shares	
INVESCO FUNDS SICAV	22,604,170	Domestically-listed foreign shares	
Double Coins Holdings Ltd.	8,541,951	RMB ordinary shares	
National Social Security Fund portfolio1140	6,600,551	RMB ordinary shares	
INVESCO PERPETUAL HONG KONG & CHINA FUND	4,942,249	Domestically-listed foreign shares	
DBS NOMINEES PRIVATE LTD – PB CLIENTS	4,786,014	Domestically-listed foreign shares	
Yinfeng Securities Investment Fund	4,199,866	RMB ordinary shares	
Investment Quality Growth Securities Investment Fund	3,354,116	RMB ordinary shares	
SCBHK A/C BBH S/A VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,272,024	Domestically-listed foreign shares	
Fullgoal Fund Securities Investment Fund of innovation theme	3,166,608	RMB ordinary shares	
Explanation on associated relationship among the top 10 shareholders or acting-in-concert	National Social Security Fund portfolio1140 was administrated by Fullgoal Fund Management Co.Ltd, Fullgoal Fund Securities Investment Fund of innovation theme is Fullgoal Fund Management Co.Ltd's funds. INVESCO FUNDS SICAV and INVESCO PERPETUAL HONG KONG & CHINA FUND are all belonging to INVESCO Co., Ltd. The Company didn't know whether the other shareholders were related parties or the person acting-in-concert defined as" Measures for the administration of disclosure of shareholders' equity changes of listed companies ".		
The instructions on restoring voting rights and number of shares of preferred stockholders			

Particulars of top 10 shareholders of shares and restricted conditions

Unit：share

No.	Names of restricted tradable shares	Numbers of unrestricted tradable shares	Conditions of restricted tradable shares can be listed		Restricted conditions
			Time can be trade	Number of new shares can be traded	
1	Jin Jiang Hotels Group	101,277,000	2017-12-6		Since the end of the release date of 36 months may not be transferred
2	Hony (Shanghai) Equity Investment Fund Center (limited partnership)	100,000,000	2017-12-6		Since the end of the release date of 36 months may not be transferred
The shareholders' relationship or the concerted actions					

iii: Strategic investors, or local person for placement of new shares to become the top 10 shareholders

The name of strategic investors or legal person	The starting date of shareholding agreement	The end of date of shareholding agreement
Hony Capital Fund	2014-12-03	2017-12-05
Description on strategic investors or legal persons participating in the placing of new shares in the holding period		

IV. Brief introduction to the holding shareholder and the substantial controller

1. Particulars of the holding shareholder

Enterprise corporation

Unit: one hundred million yuan Currency: RMB

Name	Shanghai Jin Jiang International Hotels Development Co., Ltd.
Legal Representative	Yu Minliang
Date of Establishment	16 June 1995
National Organization Code	13223706-9
Registered capital	RMB 5,566,000,000
Primary Business	Hotel management, hotel investment, enterprise investment management, domestic trade, its own office building, apartment rental, parking, training and project consulting; following restrictions branches of business: hotel operations, catering, cum sale (Han Yan,wine retail), West bakery, coffee shop, bar, cigar bar, music cafe, a massage at the spa, beauty salon, games room, gym, swimming pool, parking library operations, property management (Project is subject to ratification in accordance with the law before the approval of the relevant business activities department).
Future Development Strategy	Shanghai Jin Jiang International Hotels Development Co., Ltd.（"Jin Jiang Hotel"）will accelerate the development of core industries, to play international acquisitions, promote industrial upgrading; Group's reorganization and integration of hotel, passenger transportation and logistics, tourism industry chain, and strive to enhance corporate value. Jin Jiang Hotel management center, economy hotel operations center, auto service center, tourist center, food and beverage management center, the hotel asset management center and other functions will continue to improve the center, continue to strengthen the information, finance, procurement, marketing, human resources and management systems. such as platform construction, promote the business model, hotel networks, resource allocation, institutional mechanisms, management, and cultural innovation; enhance the core competitiveness of the brand, network, human resources and management systems, and strive to become an internationally competitive force of China's tourism industry leader.
Other inside and outside of the reporting period holding and shareholding equity of listed companies	As at the end of the reporting period, domestic listed companies held by Jin Jiang Investment (600650) The number of shares: 212,586,460 shares; held by domestic listed companies, Jin Jiang Travel (900,929) Number of shares: 66,556,270 shares.

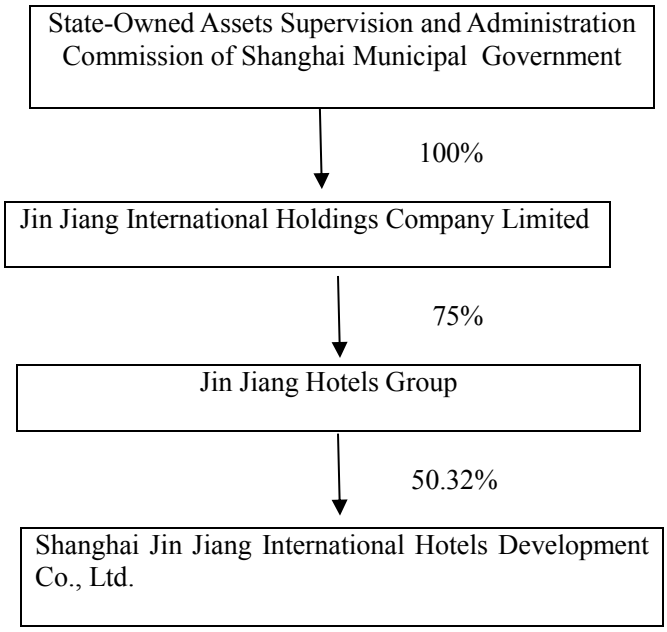
IV. Particulars of the substantial controller

i. enterprise corporation

Unit : yuan Currency: RMB

Name	Shanghai SASAC

ii. Framework for the property right and governance relationship between the Company and its holding shareholder and the substantial controller



V. Other holdings over 10% of corporate shareholders

Unit: yuan Currency: Dollar

Name of corporate shareholder	Unit manager or the legal representative	Date of establishment	National Organization Code	Registered capital	Primary business or management activities
Hony Capital Fund	ZHAO John Huan （Proxy）	2011-05-03	57584663-X	357,249,865	Equity investment

VII.Directors, Supervisors and Senior Management

(I) Changes in shareholding and remuneration of Directors, Supervisors and senior Management

Unit: Share

Name	Position	Gender	Age	The start date of term of office	The termination date of term of office	Shares held at beginning of the year	Shares held at the end of the year	Shares change held during the period	Reason for change	Total emolument for the reporting period (RMB"0000) (before tax)	Emolument from other related entities
Yu Minliang	Chairman of the board	Male	57	2012-9-25	2015-9-24	14,305	14,305				
Yang Weimin	Vice Chairman	Male	60	2012-9-25	2015-9-24	497,339	497,339				65.4
Xu Zurong	Vice Chairman	Male	58	2012-9-25	2015-9-24	777,720	607,020	-170,700	trading on secondary market	140.4 Note 1 (including 2010 bonus)	
Zhang Xiaoqiang	Director	Male	46	2012-9-25	2015-9-24	0	0				61.5
Lu Zhenggang	The person in charge of financial function	Male	56	2012-9-25	2015-9-24	0	0			61.1	
	CEO			2013-11-28	2015-9-24						
Xue Jianmin	Director	Male	56	2012-9-25	2015-9-24	0	0				
Zhang Guangsheng	Independent Director	Male	71	2012-9-25	2015-9-24	0	0			2.5	
Xu Jianxin	Independent Director	Male	59	2012-9-25	2015-9-24	0	0			10	
Li Zhiqiang	Independent	Male	47	2012-9-25	2015-9-24	0	0			10	

	Director										
Zan Lin	Chief Supervisor	Female	49	2012-9-25	2015-9-24	0	0			48.6	
Chen JunJin	Supervisor	Female	53	2012-9-25	2015-9-24	0	0			38.8	
Wang Zhicheng	Supervisor	Male	58	2012-9-25	2015-9-24	10,172	7,672	-2,500	trading on secondary market	34.3	
Kang Ming	Supervisor	Male	43	2012-9-25	2015-9-24	0	0				46.3
Yu Meng	Vice president	Male	55	2012-9-25	2015-9-24	299,470	324,770	25,300	trading on secondary market	130.9 Note 1 (including 2010bonus)	
Hu Min	Secretary to Board	Female	42	2012-9-25	2015-9-24	0	0			38.0	
Total	/	/	/	/	/	1,599,006	1,451,406	--147,900	/	518.0	/

Note: On 26 August 2011, the 22nd session of 6th Board of Directors of the Company considered and approved "the proposed scheme of rewards to the management team and core members of Jin Jiang Inn Co., Ltd. and Shanghai Jin Jiang International Hotels Investment Co., Ltd. The 2014 emolument before tax of Mr. Xu zhurong and Mr. Yu meng included the bonus of 2013 and 2014.

Name	Major working experiences of Directors, Supervisors and senior management
Yu Minliang	Yu Minliang, who used to be General Manager of Shanghai New Asia (Group) Co., Ltd., General Manager and Party Secretary of Shanghai New Asia (Group) Company, Chairman and Party Secretary of Jin Jiang (Group) Co., Ltd., and Chairman, Party Secretary and CEO of Jin Jiang International Holdings Company Limited, now serves as Chairman and Party Secretary of Jin JiangInternational Holdings Company Limited as well as Chairman of Jin Jiang Hotels Group.
Yang Weimin	Yang Weimin, who used to be Vice President of Jin Jiang (Group) Co., Ltd. and CEO of Shanghai Jin Jiang International Hotels Development Co., Ltd., now serves as Executive Director, Vice Chairman, CEO of JinJiang Hotels Group.
Xu Zurong	Xu Zurong, who used to be General Manager of Shanghai Cypress Hotel

	Co., Ltd., General Managerof Jin Jiang California Company in the U.S., and Manager of Integrated Service Management JinJiang (Group) Co., Ltd. , Executive Director and Vice President of Jin Jiang HotelsGroup, Director and CEO of Jin Jiang Inn Company Limited, Director and CEO of Shanghai JinJiang International Hotel Investment Co., Ltd.., now serves as chairman of Jin Jiang Inn Company Limited and Shanghai Jin Jiang International Hotel Investment Co., Ltd..
Zhang Xiaoqiang	Zhang Xiaoqiang, who used to be director of food and beverage of Tian Cheng Hotel and Wenzhou Dynasty Hotel Co., Ltd., general manager of building of New Asia Li Jing, deputy manager of HaiLun Hotel and HongQiao Hotel, now serves as CEO of Shanghai Jin Jiang International Hotels Development Co., Ltd., vice chairman of Jin Jiang Inn Company Limited and Shanghai Jin Jiang International Hotel Investment Co., Ltd..
Lu Zhenggang	Lu Zhenggang, who used to be Financial Controller of Jian Guo Hotel and Executive Manager of Shanghai New Asia (Group) Co., Ltd. , Vice President of Shanghai Jin Jiang International Hotels Development Co., Ltd., now serves as executive director of Shanghai Jin Jiang International Hotels Development Co., Ltd., director of Jin Jiang Inn Company Limited and Shanghai Jin Jiang International Hotel Investment Co., Ltd..
Xue jianmin	Xue jianmin, who used to be Chief Accountant and Head of Financial and Assets Department in Shanghai Tyre & Rubber Co., Ltd. now serves as the Chief Accountant and Head of Financial and Assets Department in Double Coins Holdings Ltd..
Zhang Guangsheng	Zhang Guangsheng, who used to be Deputy Director General of Shanghai 1st Bureau of Commerce, Director of Shanghai Financial Trade Office, Director of Shanghai Municipal Commercial Committee, Chairman of Shanghai Pudong Development Bank, Honorary Director of Shanghai Institute of Circulation Economic Research, Economist of Jilin Province, member of Asia Pacific specialist of Kerry Group US, Independent Director of Shanghai Maling Aquarius Co., Ltd. and Independent Director of Xuhui Mall Co., Ltd.
Xu Jianxin	Xu Jianxin, who used to be teacher of Shanghai University of Finance and Economics, CPA of Dahua CPAs firm, Deputy Manager of Shanghai New Century Investment Service Co., Ltd., Deputy Chief Accountant and CFO of Orient International (Holding) Co., Ltd. and the Vice Chairman of Orient International Enterprise Ltd. , now serves as chief economist of Oriental

	International (Holding) Co., Ltd..
Li Zhiqiang	Li Zhiqiang, founding partner of Jinmao Kaide Law Firm, Director of International Bar Association,Vice Chairman of Legal Practice Committee, Pacific Rim Bar Association, member of the Tenth National Youth Committee, Director of Shanghai Outstanding Youth Association. Mr Li is qualified as External Director and Exterior Supervisor of State-owned enterprises controlled by Shanghai Municipal Government. He also serves as Arbitrators of China International Economic and Trade Arbitration Commission and Shanghai Arbitration Commission.
Zan Lin	Zan Lin, who used to be manager of Nanjing Hotel, the hotel's general manager of the Yangtze River, Chongqing Taiji Jinjiang Hotel Executive General Manager, Shanghai KFC Co., Ltd. Deputy General Manager, Party branch secretary. Now serves as Shanghai Jin Jiang International Hotels Corporation Party deputy secretary of the Discipline Committee, the chairman of the trade union.
Chen Junjin	Chen Junjin, who used to be financial controller, assistant of director and deputy director of Jin Jiang International Hotel Management Co., Ltd., financial director of Jin Jiang International (HongKong) Co., Ltd., now serves as director of internal audit department of Shanghai Jin Jiang International Hotels Development Co., Ltd..
Wang Zhicheng	Wang Zhicheng, who used to be Vice General Manager of Nanjing Hotel, now serves as General Manager in Nanjing Hotel of Shanghai Jin Jiang International Hotels Development Co., Ltd..
Kang Ming	Kang Ming, who used to be the Director of Financial Department and Secretarial Office of Board of Director in Shanghai New Asia (Group) Co., Ltd. and the Secretary of the Board of Director in Shanghai Jin Jiang International Hotel Development Co., Ltd., now served as the Executive Director, Secretary of executive committee of the Board(vice president), Secretary of the Board of Director and Joint Company Secretary of Jin Jiang Hotels Group.
Yu Meng	Yu Meng, who used to be general manager, business manager, assistant of general manager, vice president of Jin Jiang Inn Company Limited, now serves as vice president of Shanghai Jin Jiang International Hotels Development Co., Ltd., director and CEO of Jin Jiang Inn Company Limited and director of Shanghai Jin Jiang International Hotel Investment

	Co., Ltd..
Hu Min	Hu Min, who used to be Securities Deputy of Shanghai Jin Jiang International Hotels Development Co., Ltd., now serves as Secretary of the Board of Director in Shanghai Jin Jiang International Hotels Development Co., Ltd..

(ii) Directors, supervisors and senior management of equity during the reporting period was granted incentive case

□Applicable √Not applicable

(II) Position assumed of Directors, Supervisors and senior Management

(i) Position assumed in shareholding entities

√Applicable □ Not applicable

Name	Name of the shareholding entity Position	Position	Start date of office term	Expiry date of office term
Yu Minliang	Jin Jiang Hotels Group	Chairman	2005-05	Now
Yang Weimin	Jin Jiang Hotels Group	Executive Director	2005-05	Now
		Vice Chairman	2012-10	Now
		CEO	2006-04	Now
Zhang Xiaoqiang	Jin Jiang Hotels Group	Vice President	2013-11	Now
Xue Jianmin	Double Coins Holdings Ltd.	Chief Accountant & Head of Financial and Assets Department	2001-10	Now
Kang Ming	Jin Jiang Hotels Group	Executive Director	2006-11	Now
		Secretary of the Board of Director, Joint Company Secretary	2006-04	Now
		Secretary of executive committee of the Board(vice president)	2011-09	Now

(ii) Position assumed in other entities

Name	Name of the entity	Position	Start date of office term	Expiry date of office term
Yu Minliang	Jin Jiang International Holdings Company Limited	Chairman	2003-06	Now
Kang Ming	Shanghai Jin Jiang International Industrial Investment Co., Ltd.	Director	2012-09-26	2015-09-25

	Shanghai Jin Jiang International Industrial Investment Co., Ltd.	Director	2012-04-26	2016-05-28

(III) Particulars of the emolument and allowance for the Company's Directors, Supervisors and senior management

Decision-making process of the emolument and allowance paid for the Company's Directors, Supervisors and senior management	Allowance for Independent Directors is provided based on the resolution of general meeting of shareholders. Plans of Emolument for senior management are to be established by the Company, and approved by Remuneration and Evaluation Committee of Board of Directors before presenting to Board of Director.
Basis of emoluments for the Company's Directors, Supervisors and senior management	Emoluments for the Company's senior management are based on scale of operation, value in talent market and accomplishment of annual business objectives.
Actual emoluments payment for Directors, Supervisors and Senior Managers	Please refer to (I) Changes in shareholding and remuneration of Directors, Supervisors and senior management.
Total the emoluments of all directors, supervisors and senior management personnel of the reporting period	RMB 5,180,000

IV Change of the Company's Directors, Supervisors and senior management

i Particulars of employees

Number of on-job employee of the Parent Company	1,063
Number of on-job employee of the major Subsidiaries	9,685
Number of on-job employee	10,748
Number of retirees borne by the company	1,343
Professional structure	
Classification of Profession	Number of people
Production and technical personnel	7,236
Sales personnel	1,867
Financial personnel	588
Administrative personnel	1,057
Total	10,748
Degree of education	
Education background	Education background
Master and above	36
Bachelor	755
Senior college	2,268
Secondary technical	3,208

school and others	
Senior high school	4,481
Total	10,748

ii Remuneration policy

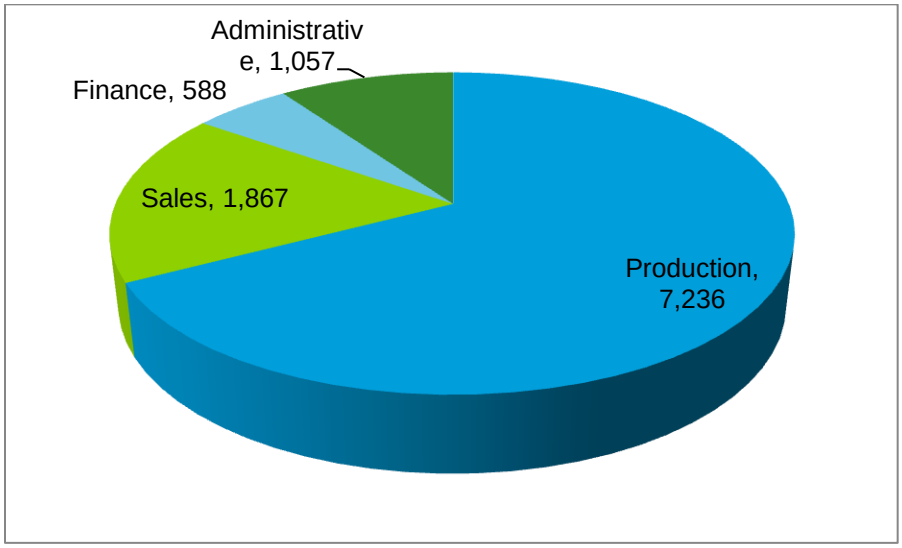
Follow giving priority to efficiency, taking into account the principle of equitable distribution, to play the role of regulation of wages, the Company will increase employee efficiency through the improvement of business efficiency wages. The same time, in the case of ensuring employees' income increased with the improvement of business efficiency, the Company will accelerate the remuneration system streamlined and improved efforts to gradually make pay and benefits distribution system to adapt to the needs of the market and the development of the company gradually labor costs business bearing capabilities.

The company's basic approach: to increase the basic salary of general staff, which is mainly based on performance, efficiency, price factors, and industry wage levels and other factors, adjust the wage, fixed incomes, while strengthening the results of the implementation of the operating budgetassessment, the pilot ultra-budget incentives into distribution; corporate middle managers through performance appraisal, performance incentives; enterprise-class management team and key positions in the core staff, increase the intensity of assessment and constraints, their income, career development and the companycareer, employee income growth combined together with the implementation of assessment.

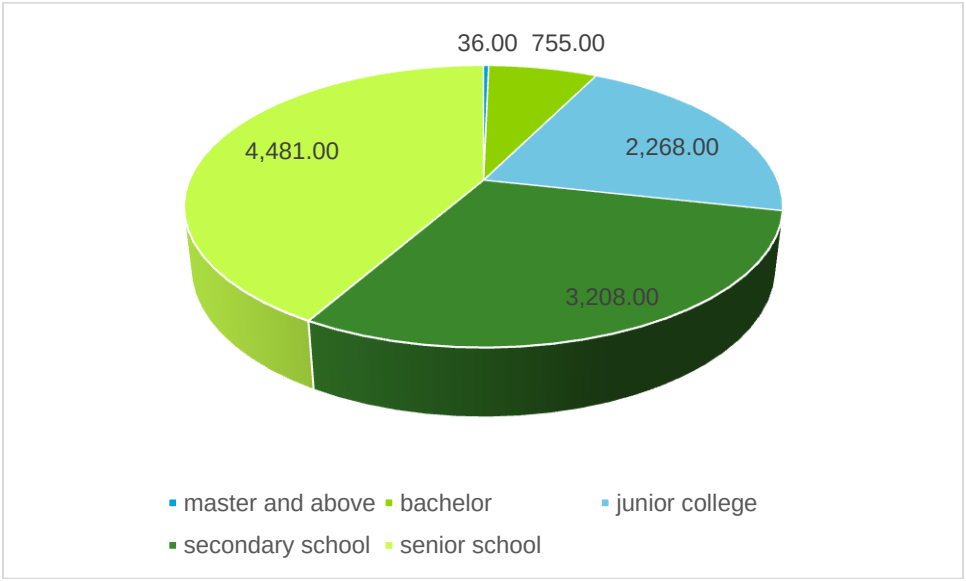
iii Training programs

The Company will train staff and subordinate employees to carry out the hierarchical classification. The company's human resources according to the training needs of research to formulate the company's annual training plan. Senior management team by participate in systemic executives course, to the country, successful companies inside and outside the study tour and participate in the senior trainer of domestic and foreign famous enterprises of high-end talks to develop strategic thinking, enhance the purpose of the business philosophy; Senior management team through the hiring of experts and professors to focus on teaching and organize relevant personnel to participate in seminars, seminar and training in management practices; In terms of professional training, accounting, statistics, audit, human resources practitioners to participate in the annual continuing education training and professional skills training; professional and technical personnel of enterprises to participate in the promotion, skills training and Grading.

iv Staff chart



v Education background



VIII. Company Governance

(I) Governance of the Company and Insider Registration Management

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

(i) On shareholders and shareholders' meetings

The Company put efforts on taking in visits and consultation of investors to manage the relationship with investors, further improved the platform for communication and the management of relationship with investors in accordance with the Regulation of Investor Relationship Management. The Company can, based on the requirements of the Opinion on Standardization of Shareholders' Meeting, the Rules of Procedure of the Shareholders' Meeting and the Articles of Association of the Company, organize and convene the shareholders' meeting, treating all the shareholders equally and ensuring each shareholder to participate in the meeting and exercise the rights of consultation and voting in full length. The general meeting of shareholders was witnessed and issued legal opinion about the validity by lawyers.

(ii) On the holding shareholder and the listed company

The Company and its controlling shareholder strictly carry out five separations in personnel, assets, finance, organization and business with independent accounting, taking independent obligation and risks. During the reporting period, there is no occupation of non-operating funds by controlling shareholder of the Company.

(iii) On Directors and Board of Directors

The Company, in strict compliance with the established procedures provided by the Company Law and the Articles of Association, selects its Directors. The membership and structure of the Boards of Directors of the Company meet the requirements of relevant laws and statutes. All the Company's Directors can, based on the Rules of Procedure of the Meetings of the Board of Directors and other systems, attend the Board meetings earnestly and perform their duties in good faith and with diligence. During the reporting period, current term of the Board of Directors comprises 12 directors, 4 of who are independent directors, chief (convener) of each specialized committee are appointed to independent director.

(iv) On Supervisors and the Supervisory Committee

The Company's Supervisory Committee can, based on the Rules of Procedure of the Supervisory Committee and other systems, hold the meeting of the Supervisory Committee regularly, and attend the Board meetings earnestly, fulfill its supervision and examining responsibility to the duty performance of the Directors and senior management and the Company's finance, and express its independent opinion. During the reporting period, the board of supervisors comprises 5 supervisors, 2 of them are staff supervisors.

(v) On performance evaluation and incentive and controlling mechanism

According to the market principles, the Company set up the equitable performance evaluation method, which connected the income of operator with operation results of enterprise and personal achievement. Employment of senior management presented open, transparency, which obeyed with regulations of laws.

(vi) On the Company's beneficiary

The Company can fully respect and safeguard the lawful rights and interests of its beneficiary, realize the coordinative balance of the benefits of its shareholders, employees and the society, and promote the Company's lasting and healthy development.

(vii) On information disclosure and its transparency

The Company prepared Information Disclosure Management System which stipulates the process of information disclosure and responsibility of relevant staff as well as the disclosure of holding shareholder and subsidiaries, further improving the Company's information disclosur management. The Company shall disclose information with publicity, fairness, justice, truthfulness,accuracy, integrity and punctuality in strict accordance with relevant regulations. The Company fulfilled the information disclosure obligation of a listed company and vigorously safeguarded legal rights and interests of the Company and its investors with those of medium and small-size shareholders in particular.

(viii) On the specified activities concerning governance of Company

Pursuant to the circular on the Enhancement of Specified Activities Concerning Governance of the Listed Company published by the CSRC and circular on the Specified Activities Concerning Governance of the Listed Company in Shanghai published by Shanghai Securities Regulatory Bureau, the Company carried out its specified activities concerning governance. The Company will strictly follow the requirements of certain authorities to perform specified activities on the corporate governance and to keep the healthy development of the Company.

(ix) Insider Registration Management

The the sixth eighth meeting of the Board of Directors of the company passed the "Insider Information and external information management system". In order to further improve the corporate insider information management system, "listed companies to establish insiders registration management system requirements" issued by the China Securities Regulatory Commission (CSRC Announcement [2011] No. 30), the first of the Sixth Board of Directors the twenty-sixth meeting examined and adopted the motion on the revision of the "insider information insider and external information to use management system". Before and after the periodic reports and other significant matters insiders registration.

(II) Brief Introduction to General Meetings

Conference Times	Convening Date	The proposal of meeting	Resolutions	Resolutions in the specific	Disclosure date of the resolution published
The annual general meeting of shareholders in 2013	2014-05-28	Report of the Board of Directors 2013, Report of the Supervisory Committee 2013, Annual Report and abstract 2013, Financial report 2013,Profit Distribution Plan 2013, the proposal of payment for auditor"s remuneration, the proposal of appointment of CPAs firm in 2014, the proposal of approval on daily related party transactions in 2014	The motion was passed	www.sse.com.cn	2014-05-29
The First Extraordinary General	2014-07-02	"Motion about the company in accordance with non-public a-share stock",	The motion was	www.sse.com.cn	2014-07-03

Meeting of shareholders in 2014		“motion about the company non-public offering of A shares ", “motion on ‘Shanghai Jin Jiang International Hotels Development Co., Ltd. non-public offering of A shares plans’” ,”motion about ‘conditional effect of non-public share subscription agreement’ signed by company, Hony Capital Fund and Jin Jiang Hotel Group”, “motion on the company's non-public stock involved in related party transactions”, “motion on the company's non-public offering to raise funds Feasibility Analysis Report”, “motion om the General Meeting to authorize the Board of Directors and the Board of Directors to delegate person authorized to handle those matters related to the issuance of work”, “motion on the return to shareholders planning in the next 3 years(2014-2016)”,”motion on the amendments to ‘approach to raise funds management’”	passed		

(III) Duty fulfillment of Directors

(i). Attendance of Directors in Board meetings

Name of Directors	Independent Directors or not	Attendance board meeting						Attendance general meeting of shareholders
		Expected attendance frequency in Board meetings	Attendance frequency in person	Participation by communications	Entrusted attendance frequency	Times of absence	Consecutively absent from two meetings in person	Attendance frequency at the general meeting of shareholders
Yu Minliang	No	13	13	10	0	0	No	2
Yang Weimin	No	13	13	10	0	0	No	2
Xu Zurong	No	13	13	10	0	0	No	2
Zhang Xiaoqiang	No	13	13	10	0	0	No	2
Lu Zhenggang	No	13	13	10	0	0	No	2
Xue Jianmin	No	13	13	10	0	0	No	2
Zhang Guangsheng	Yes	13	13	10	0	0	No	2
Xu Jianxin	Yes	13	13	10	0	0	No	2
Li Zhiqiang	Yes	13	13	10	0	0	No	2

Number of board meetings held during the year	13
Including: number of site meetings	3
Number of meetings held by communication	10
Number of meetings held by site combined with communication	0

(IV) Important recommendations by the special committees under the Board of Directors in the performance of their duties during the reporting period

During the reporting period, the Company held 3 Audit Committee meetings, the Remuneration and Appraisal Committee meeting. As the Board special institutions, various special committees of the annual report audit, internal control system, the selection of audit institutions audit executive pay provides important advice and recommendations.

(V) Rejection raised by Supervisory Committee on the Company risk

During the reporting period, the Company's Board of Supervisors did not raise any objection.

(VI) During the reporting period, the establishment and implementation of the senior management of the evaluation mechanism and incentives

The Company continues to follow the completion of the annual business objectives established by the Board to determine the remuneration. Accordance with market principles, and constantly improve the appraisal and incentive mechanism, so that the remuneration of the senior management of revenue and management level, results of operations closely linked, in order to fully mobilize and inspire the enthusiasm and creativity of the management, focus on efficiency, to achieve maximizing shareholder value.

IX. Internal Control

(I) Construction and Responsibility Statement of Internal Control

Responsibility Statement of Internal Control：

The Board of Directors of the Company and the Directors to ensure the contents of this report there are no false records, misleading statements or material omissions, and jointly and severally accept responsibility for the authenticity, accuracy and integrity of the content of the report. Establish a sound and effective internal control system is the responsibility of the Board of Directors of the Company; Board of Supervisors has to supervise the establishment and implementation of internal control; control the day-to-day running of the managers responsible for the organization and leadership within the company. The Company's internal control objectives are: reasonable assurance that the operation and management of compliance, security of assets, financial reports and related information is true and complete, to improve operational efficiency and effectiveness, and promote the realization of the development strategy.

The company has been based on the requirements of the basic specification, evaluation guidelines and other relevant laws and regulations, the effectiveness of the design and operation of internal control as of December 31, 2014, the self-evaluation. During the reporting period, the company has established business and events included in the scope of the evaluation of internal control, and the effective implementation of the Company's internal control target, there is no significant deficiencies.

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

(II) Internal control audit reports note

The company hired Deloitte Touche Tohmatsu Certified Public Accountants (special general partner) to conduct an independent audit of the effectiveness of the Company's internal control and issued a standard unqualified. Internal control audit reports will be disclosed on March 28, 2015 SSE website (www.sse.com.cn).

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

(III) Description of the accountability system and the implementation of the annual report material errors

The twenty-seventh meeting of the Sixth Board of Directors considered and approved the annual report information disclosure system of accountability for significant mistakes. No significant errors in disclosure of annual report in the reporting period.

X. Financial Report

(I) Report of the Auditor

The financial statements for the year ended 31 December 2014 prepared in accordance with Accounting Standards for Business Enterprises are audited by Deloitte Touche Tohmatsu CPA LLP. CPA Ni,Min and CPA Chen Xuwen signed and issued an auditor's report with unqualified opinion for these financial statements (De Shi Bao Shen Zi (15) No. P0386).
The audit report is attached.

(II) Financial Statements(attached)

(III) Notes to the Financial Statements(attached)

XI. Document for Reference

1. Financial statements signed and sealed by legal representative, person in charge of financial function, person in charge of the financial department;

2. The original auditors report sealed by the CPAs firm and signed and chopped by the CPAs;

3. All the formal files and original announcements disclosed in Shanghai Securities News and Ta Kung Pao during the reporting period.

Chairman of the Board: Yu Minliang

Shanghai Jin Jiang International Hotels Development Co., Ltd.

26 March 2015

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR END ENDED 31 December 2014

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De Shi Bao (Shen) Zi (14) No. P 0386
[Translation]

AUDITORS' REPORT

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

We have audited the accompanying financial statements of Shanghai Jin Jiang International Hotels Development Co., Ltd. ("the Company"), which comprise the company's and consolidated balance sheets as at 31 December 2014, and the company's and consolidated income statements, the company's and consolidated statements of changes in shareholders' equity and the company's and consolidated cash flow statements for year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) 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.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the Certified Public Accountant, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Certified Public Accountant considers the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Opinion

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprise in all material respect and present fairly the company's and consolidated financial position as of 31December 2014, and the company's and consolidated results of operations and cash flows for the 6 months period then ended.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant

Ni Min

Chen Xuwen

26 March 2015

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. In case the English version does not conform to the Chinese version, the Chinese version prevails.

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

AT 31 December 2014

CONSOLIDATED BALANCE SHEET

UNIT: RMB

Item	Note	2014/12/31	2013/12/31	Item	Note	2014/12/31	2013/12/31
Current Assets:				**Current Liabilities:**			
Cash and bank balances	(V)1	3,551,614,901.31	678,807,803.63	Short-term borrowings	(V)18	800,000,000.00	1,330,000,000.00
Financial assets at fair value through profit or loss		-	-	Financial liabilities at fair value through profit or loss		-	-
Notes receivable		-	-	Notes payable		-	-
Accounts receivable	(V)2	88,420,644.15	69,224,584.94	Accounts payable	(V)19	511,766,155.46	462,706,177.04
Advances to suppliers Prepayments	(V)3	36,563,815.81	38,509,417.60	Advances from customers	(V)20	151,957,498.70	156,572,747.93
Interest receivable		1,272,464.17	610,879.88	Employee benefits payable	(V)21	86,160,486.77	121,204,401.33
Dividends receivable	(V)4	2,042,209.70	5,256,833.65	Taxes payable	(V)22	181,478,947.60	125,139,174.82
Other receivables	(V)5	62,368,314.79	47,797,514.34	Interest payable	(V)23	559,618.64	2,022,500.00
Inventories	(V)6	28,981,298.59	32,931,711.92	Dividends payable	(V)24	371,241.41	344,139.43
Non-current assets due within one year		-	-	Other payables	(V)25	205,631,152.90	175,104,299.56
Other current assets	(V)7	2,711,183.83	3,742,834.43	Non-current liabilities due within one year	(V)26	4,964,076.58	485,829.13
Total current assets		**3,773,974,832.35**	**876,881,580.39**	Other current liabilities		-	-
				Total current liabilities		**1,942,889,178.06**	**2,373,579,269.24**
Non-current Assets:				**Non-current Liabilities:**			
Available-for-sale financial assets	(V)8	2,389,181,673.99	1,049,208,796.40	Long-term borrowings	(V)27	4,500,000.00	-
Held-to-maturity investments		-	-	Bonds payable		-	-
Long-term receivables		-	-	Long-term payables	(V)28	5,730,481.90	6,266,071.74
Long-term equity investments	(V)9	131,328,786.66	143,850,687.42	Special payables		-	-
Investment properties			-	Foreseeable liabilities		-	-
				Deferred Income	(V)29	27,174,141.58	20,630,197.62
Fixed assets	(V)10	2,793,111,236.82	2,838,958,420.36	Deferred tax liabilities	(V)15	654,616,988.13	301,787,817.47
Construction in progress	(V)11	367,529,091.17	362,466,510.94	**Total non-current liabilities**		**692,021,611.61**	**328,684,086.83**
Materials for construction of fixed assets		-	-	**TOTAL LIABILITIES**		**2,634,910,789.67**	**2,702,263,356.07**
Fixed and held for disposal		-	-				
Intangible assets	(V)12	239,495,091.84	250,302,642.97	**SHAREHOLDERS' EQUITY:**			
Development expenditure		-	-	Share capital	(V)30	804,517,740.00	603,240,740.00
Goodwill	(V)13	95,697,977.65	91,957,221.06	Capital reserve	(V)31	4,482,097,548.95	1,659,484,077.87
Long-term prepaid expenses	(V)14	1,418,923,023.89	1,319,289,683.09	Less: Treasury shares		-	-
Deferred tax assets	(V)15	91,691,878.78	84,817,317.73	Other comprehensive Income	(V)32	1,639,273,900.26	565,936,911.73
Other non-current assets	(V)16	61,573,521.77	65,333,890.76	Surplus reserve	(V)33	529,215,741.42	482,301,658.50
Total non-current assets		**7,588,532,282.57**	**6,206,185,170.73**	Undistributed surplus	(V)34	1,243,693,387.43	1,032,670,709.94
				Translation of Foreign currency			
				Total shareholders' equity attributable to the parent company		8,698,798,318.06	4,343,634,098.04
				Minority interests	(V)35	28,798,007.19	37,169,297.01
				TOTAL SHAREHOLDERS' EQUITY		**8,727,596,325.25**	**4,380,803,395.05**
TOTAL ASSETS		**11,362,507,114.92**	**7,083,066,751.12**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**		**11,362,507,114.92**	**7,083,066,751.12**

The accompanying notes form part of the financial statements.

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

AT 31 December 2014

COMPANY'S BALANCE SHEET

UNIT:RMB

Item	Note	2014/12/31	2013/12/31	Item	Note	2014/12/31	2013/12/31
Current Assets:				**Current Liabilities:**			
Cash and bank balances	(XIV)1	2,842,897,015.27	168,198,943.36	Short-term borrowings	(XIV)16	647,000,000.00	1,393,000,000.00
Financial assets at fair value through profit or loss		-	-	Financial liabilities at fair value through profit or loss		-	-
Notes receivable		-	-	Notes payable		-	-
Accounts receivable	(XIV)2	5,654,382.71	6,324,271.33	Accounts payable		39,824,399.04	17,016,891.15
Advances to suppliers		193,793.26	781,718.60	Advances from customers		7,947,345.74	8,248,922.35
Interest receivable		1,707,273.23	942,761.12	Employee benefits payable	(XIV)18	23,254,669.65	22,312,471.60
Dividends receivable	(XIV)3	2,042,209.70	5,256,833.65	Taxes payable	(XIV)19	91,670,792.75	42,622,875.93
Other receivables	(XIV)4	494,371,895.15	723,508,677.96	Interest payable		543,741.00	2,109,308.33
Inventories	(XIV)5	1,886,302.44	2,385,074.98	Dividends payable		371,241.41	344,139.43
Non-current assets due within one year	(XIV)6	100,000,000.00	-	Other payables	(XIV)20	133,937,191.57	103,659,295.89
Other current assets	(XIV)7	360,063,248.89	430,122,702.61	Non-current liabilities due within one year		-	-
Total current assets		**3,808,816,120.65**	**1,337,520,983.61**	Other current liabilities		-	-
				Total current liabilities		**944,549,381.16**	**1,589,313,904.68**
Non-current Assets:				**Non-current Liabilities:**			
Available-for-sale financial assets		2,387,712,200.04	1,047,739,322.45	Long-term borrowings		-	-
Held-to-maturity investments		-	-	Bonds payable		-	-
Long-term receivables	(XIV)8	10,328,000.00	10,328,000.00	Long-term payables		-	-
Long-term equity investments	(XIV)9	3,451,894,780.87	3,151,211,145.01	Special payables		-	-
Investment properties		-	-	Estimated liabilities		-	-
Fixed assets	(XIV)10	50,469,132.69	55,219,146.70	Deferred Income	(XIV)21	3,883,795.01	-
Construction in progress	(XIV)11	60,863,210.74	7,183,831.48	Deferred tax liabilities	(XIV)14	536,484,922.66	180,666,897.35
Materials for construction of fixed assets		-	-	Other non-current liabilities			
Disposal for fixed assets		-	-	**Total non-current liabilities**		**540,368,717.67**	**180,666,897.35**
Intangible assets	(XIV)12	59,567,520.94	62,118,703.41	**TOTAL LIABILITIES**		**1,484,918,098.83**	**1,769,980,802.03**
Development expenditure		-	-	**SHAREHOLDERS' EQUITY:**			
Goodwill		-	-	Share capital		804,517,740.00	603,240,740.00
Long-term prepaid expenses	(XIV)13	8,004,148.33	9,894,465.24	Capital reserve	(XIV)22	4,871,182,047.73	2,044,203,164.73
Deferred tax assets	(XIV)15	-	-	Less: Treasury shares		-	-
Other non-current assets	(XIV)14	200,000,000.00	300,000,000.00	Other comprehensive income	(XIV)23	1,639,273,900.26	565,936,911.73
Total non-current assets		**6,228,838,993.61**	**4,643,694,614.29**	Surplus reserve		529,215,741.42	482,301,658.50
				Unallocated surplus		708,547,586.02	515,552,320.91
				TOTAL SHAREHOLDERS' EQUITY		**8,552,737,015.43**	**4,211,234,795.87**
TOTAL ASSETS		**10,037,655,114.26**	**5,981,215,597.90**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**		**10,037,655,114.26**	**5,981,215,597.90**

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

CONSOLIDATED INCOME STATEMENT

UNIT: RMB

Item	Note	Period ended 2014/12/31	Period ended 2013/12/31
I. Operating income	(V)36	2,913,104,838.78	2,684,410,918.19
Less: Total Operating costs	(V)36、37	308,410,736.94	300,755,608.14
Business taxes and levies	(V)38	149,903,945.05	142,159,357.02
Selling and distribution expenses	(V)37	1,536,665,713.06	1,392,779,718.82
Administrative expenses	(V)37	676,727,893.36	580,945,258.02
Financial expenses	(V)39	69,623,797.85	45,849,095.18
Reversals of impairment losses in respect of assets	(V)40	(3,187.97)	(1,069,444.66)
Add: Profit arising from changes in fair value		-	-
Investment income	(V)41	462,321,266.21	246,716,376.88
Including: Investment income (losses) from investment in associates and jointly controlled entities		(9,888,632.71)	(8,860,885.49)
II. Operating profit		634,097,206.70	469,707,702.55
Add: Non-operating income	(V)42	35,478,681.48	29,191,683.88
Less: Non-operating expenses	(V)43	3,977,859.89	2,251,453.65
Including: Losses from disposal of non-current assets		3,031,805.01	1,203,571.22
III. Total profit		665,598,028.29	496,647,932.78
Less: Income tax expenses	(V)44	175,421,493.42	114,497,613.96
IV. Net profit		490,176,534.87	382,150,318.82
Net profit attributable to the parent company		487,168,241.61	377,473,299.77
Profit or loss attributable to minority interests	(V)45	3,008,293.26	4,677,019.05
V. Other comprehensive income (losses)	(V)32	1,073,336,988.53	(57,052,051.83)
Other comprehensive income (net of tax) attributable to owners of the parent company		1,073,336,988.53	(57,052,051.83)
Other comprehensive income that will be reclassified subsequently to profit or loss		1,073,336,988.53	(57,052,051.83)
1 Effective hedging portion of gains or losses on cash flow hedges		236,731.95	157,222.12
2 Gains or losses arising on changes in fair value of available-for-sale financial assets		1,073,100,256.58	(57,209,273.95)
Net other comprehensive income to minority shareholders after tax		-	-
VI. Comprehensive income		1,563,513,523.40	325,098,266.99
Comprehensive income attributable to shareholders of the parent		1,560,505,230.14	320,421,247.94
Comprehensive income attributable to minority interests		3,008,293.26	4,677,019.05
VII. Earnings per share:			
(I) Basic earnings per share		0.7857	0.6257
(II) Diluted earnings per share		N/A	N/A

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

COMPANY'S INCOME STATEMENT

UNIT: RMB

Item	Note	Period ended 2014/12/31	Period ended 2013/12/31
I. Operating income	(XIV)24	206,767,066.27	197,706,246.12
Less: Operating costs	(XIV)24、25	25,874,314.75	30,723,246.22
Business taxes and levies		11,009,360.57	10,590,139.78
Selling and distribution expenses	(XIV)25	153,281,976.93	131,408,890.91
Administrative expenses	(XIV)25	112,035,257.20	75,373,151.41
Financial expenses	(XIV)26	62,041,792.32	37,346,857.75
Impairment losses in respect of assets		22,976.51	(1,080,058.91)
Add: Profit arising from changes in fair value		-	-
Investment income	(XIV)27	694,896,637.90	412,821,923.40
Including: Investment income(losses) from investment in associates and jointly controlled entities		2,316,903.91	(1,397,091.89)
II. Operating profit		537,398,025.89	326,165,942.36
Add: Non-operating income	(XIV)28	4,705,754.79	1,657,147.57
Less: Non-operating expenses		13,429.54	267,879.31
Including: Losses from disposal of non-current assets		8,536.50	64,879.31
III. Total profit		542,090,351.14	327,555,210.62
Less: Income tax expenses		72,949,521.91	25,323,683.30
IV. Net profit		469,140,829.23	302,231,527.32
VI. Other comprehensive income (losses)		1,073,336,988.53	(55,307,407.95)
Other comprehensive income that will be reclassified subsequently to profit or loss		1,073,336,988.53	(55,307,407.95)
1 Effective hedging portion of gains or losses on cash flow hedges		236,731.95	157,222.12
2 Gains or losses arising on changes in fair value of available-for-sale financial assets		1,073,100,256.58	(55,464,630.07)
VII. Comprehensive income (losses)		1,542,477,817.76	246,924,119.37

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

CONSOLIDATED CASH FLOW STATEMENT

UNIT: RMB

Item	Note	Period ended 2014/12/31	Period ended 2013/12/31
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		2,928,970,643.62	2,704,854,801.81
Receipts of taxes refund		-	-
Other cash receipts relating to operating activities	(V)46(1)	36,746,062.56	42,944,436.06
Sub-total of cash inflows		**2,965,716,706.18**	**2,747,799,237.87**
Cash payments for goods purchased and services received		708,283,449.31	580,247,671.12
Cash payments to and on behalf of employees		811,300,388.67	742,733,349.72
Payments of taxes		321,913,261.51	257,727,238.70
Other cash payment relating to operating activities	(V)46(2)	564,989,953.02	527,953,374.06
Sub-total of cash outflows		**2,406,487,052.51**	**2,108,661,633.60**
Net cash flows from operating activities		**559,229,653.67**	**639,137,604.27**
II. Cash flows from investing activities:			
Cash receipts from disposal of investments		514,770,901.21	258,024,537.75
Cash receipts from returns on investments		54,351,086.18	120,384,016.74
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		13,021,812.55	6,565,954.24
Cash receipts relating to other investing activities		-	-
Sub-total of cash inflows		**582,143,799.94**	**384,974,508.73**
Net cash payments to acquisition and disposals of subsidiaries and other business Units	(V)46(3)	68,254,075.80	653,767,718.97
Cash payments to acquire fixed assets, intangible assets and other long-term assets		392,161,779.77	809,425,441.39
Cash payments to acquire investments		9,000,000.00	10,410,743.94
Cash payments relating to other investing activities		-	-
Sub-total of cash outflows		**469,415,855.57**	**1,473,603,904.30**
Net cash flows from investing activities		**112,727,944.37**	**(1,088,629,395.57)**
III. Cash flows from financing activities:			
Cash receipts from capital contributions		3,028,255,883.00	4,500,000.00
Including: Cash receipts from capital contributions by minority shareholders of subsidiaries		-	4,500,000.00
Cash receipts from borrowings	(V)46(4)	3,034,500,000.00	2,630,000,000.00
Cash receipts relating to other financing activities		-	-
Sub-total of cash inflows		**6,062,755,883.00**	**2,634,500,000.00**
Cash repayments of borrowings	(V)46(5)	3,560,000,000.00	1,975,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		301,234,300.37	266,001,430.68
Including: Cash payments to minority shareholders for distribution of dividends or profits		4,375,995.00	5,981,560.00
Cash payments for purchase of minority interest		-	11,369,000.00
Cash payments relating to other financing activities		672,082.99	5,576,219.53
Sub-total of cash outflows		**3,861,906,383.36**	**2,257,946,650.21**
Net cash flows from financing activities		**2,200,849,499.64**	**376,553,349.79**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		2,872,807,097.68	(72,938,441.51)
Add: Opening balance of cash and cash equivalents	(V)47(1)	678,807,803.63	751,746,245.14
VI. Closing balance of cash and cash equivalents	(V)47(1)	3,551,614,901.31	678,807,803.63

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

COMPANY'S CASH FLOW STATEMENT

UNIT: RMB

Item	Note	Period ended 2014/12/31	Period ended 2013/12/31
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		209,088,140.46	197,203,209.77
Other cash receipts relating to operating activities		16,478,940.68	15,480,128.68
Sub-total of cash inflows		**225,567,081.14**	**212,683,338.45**
Cash payments for goods purchased and services received		55,170,166.73	54,403,335.46
Cash payments to and on behalf of employees		87,121,893.06	95,679,812.57
Payments of taxes		39,544,143.28	23,634,095.17
Other cash payment relating to operating activities		122,626,120.34	98,572,393.32
Sub-total of cash outflows		**304,462,323.41**	**272,289,636.52**
Net cash flows from operating activities		**(78,895,242.27)**	**(59,606,298.07)**
I. Cash flows from investing activities:			
Cash receipts from disposal of investments		839,770,901.21	1,025,050,202.90
Cash receipts from returns on investments		274,720,921.25	285,000,193.01
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,475.00	-
Cash receipts relating to other investing activities		-	-
Sub-total of cash inflows		**1,114,494,297.46**	**1,310,050,395.91**
Net cash payments to acquisition and disposals of subsidiaries and other business Units		11,865,973.38	664,682,781.26
Cash payments to acquire fixed assets, intangible assets and other long-term assets		32,964,313.32	23,214,788.97
Cash payments to acquire investments		301,000,000.00	1,089,886,601.01
Cash payments relating to other investing activities	(XIV)29	-	675,000,000.00
Sub-total of cash outflows		**345,830,286.70**	**2,452,784,171.24**
Net cash flows from investing activities		**768,664,010.76**	**(1,142,733,775.33)**
II. Cash flows from financing activities:			
Cash receipts from capital contributions		3,028,255,883.00	-
Cash receipts from borrowings	(XIV)29	2,885,000,000.00	2,693,000,000.00
Cash receipts relating to other financing activities		-	-
Sub-total of cash inflows		**5,913,255,883.00**	**2,693,000,000.00**
Cash repayments of borrowings		3,631,000,000.00	1,300,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		297,326,579.58	260,392,519.45
Cash payments relating to other financing activities		-	-
Sub-total of cash outflows		**3,928,326,579.58**	**1,560,392,519.45**
Net cash flows from financing activities		**1,984,929,303.42**	**1,132,607,480.55**
III. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
IV. Net increase in cash and cash equivalents		2,674,698,071.91	(69,732,592.85)
Add: Opening balance of cash and cash equivalents	(XIV)30	168,198,943.36	237,931,536.21
V. Closing balance of cash and cash equivalents	(XIV)30	2,842,897,015.27	168,198,943.36

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

UNIT:RMB

Item	2014						
	Attributable to equity holders of the parent					Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Unappropriated profits		
I: End Balance for Last Year	603,240,740.00	2,225,420,989.60	-	482,301,658.50	1,032,670,709.94	37,169,297.01	4,380,803,395.05
Add: Changes in accounting policies	-	(565,936,911.73)	565,936,911.73	-	-	-	-
II: Opening balances for this year	603,240,740.00	1,659,484,077.87	565,936,911.73	482,301,658.50	1,032,670,709.94	37,169,297.01	4,380,803,395.05
III. Changes for the year	201,277,000.00	2,822,613,471.08	1,073,336,988.53	46,914,082.92	211,022,677.49	(8,371,289.82)	4,346,792,930.20
(1)Comprehensive Income	-	-	1,073,336,988.53	-	487,168,241.61	3,008,293.26	1,563,513,523.40
(II) Owner's contributions and reduction in capital	201,277,000.00	2,822,613,471.08	-	-	-	(7,003,588.08)	3,016,886,883.00
1.Capital contribution from owners	201,277,000.00	2,826,978,883.00	-	-	-	-	3,028,255,883.00
2.Capital contribution from subsidiaries Minority	-	-	-	-	-	-	-
3.Capital deduction from subsidiaries Minority	-	-	-	-	-	-	-
4.Acqiure Minority equity (refer to (VII)1(1))	-	(4,365,411.92)	-	-	-	(7,003,588.08)	(11,369,000.00)
(IV) Profit distribution	-	-	-	46,914,082.92	(276,145,564.12)	(4,375,995.00)	(233,607,476.20)
1. Transfer to surplus reserve	-	-	-	46,914,082.92	(46,914,082.92)	-	-
2. Distribution to shareholders	-	-	-	-	(229,231,481.20)	(4,375,995.00)	(233,607,476.20)
(V) Transfer within shareholders' equity	-	-	-	-	-	-	-
(VI) Special reserve	-	-	-	-	-	-	-
(VII) Others	-	-	-	-	-	-	-
IV. Closing balances	**804,517,740.00**	**4,482,097,548.95**	**1,639,273,900.26**	**529,215,741.42**	**1,243,693,387.43**	**28,798,007.19**	**8,727,596,325.25**

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY-continued

UNIT:RMB

Item	2013						
	Attributable to equity holders of the parent					Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Unappropriated profits		
I: End Balance for Last Year	603,240,740.00	2,282,473,041.43	-	482,301,658.50	878,396,483.97	38,839,975.49	4,285,251,899.39
Add: Changes in accounting policies	-	(622,988,963.56)	622,988,963.56	-	-	-	-
II: Opening balances for this year	603,240,740.00	1,659,484,077.87	622,988,963.56	482,301,658.50	878,396,483.97	38,839,975.49	4,285,251,899.39
III. Changes for the year	-	-	(57,052,051.83)	-	154,274,225.97	(1,670,678.48)	95,551,495.66
(1)Comprehensive Income	-	-	(57,052,051.83)	-	377,473,299.77	4,677,019.05	325,098,266.99
(II) Owner's contributions and reduction in capital	-	-	-	-	-	(366,137.53)	(366,137.53)
1.Capital contribution from owners	-	-	-	-	-	-	-
2.Capital contribution from subsidiaries Minority	-	-	-	-	-	4,500,000.00	4,500,000.00
3.Capital deduction from subsidiaries Minority	-	-	-	-	-	(4,866,137.53)	(4,866,137.53)
4.Acqiure Minority equity (refer to (VII)1(1))	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	(223,199,073.80)	(5,981,560.00)	(229,180,633.80)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(223,199,073.80)	(5,981,560.00)	(229,180,633.80)
(V) Transfer within shareholders' equity	-	-	-	-	-	-	-
(VI) Special reserve	-	-	-	-	-	-	-
(VII) Others	-	-	-	-	-	-	-
IV. Closing balances	**603,240,740.00**	**1,659,484,077.87**	**565,936,911.73**	**482,301,658.50**	**1,032,670,709.94**	**37,169,297.01**	**4,380,803,395.05**

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB

Item	2014						2013					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Unappropriated profits	Total shares' equity	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Unappropriated profits	Total shares' equity
I End balance for last year	603,240,740.00	2,610,140,076.46	-	482,301,658.50	515,552,320.91	4,211,234,795.87	603,240,740.00	2,665,447,484.41	-	482,301,658.50	436,519,867.39	4,187,509,750.30
Add: Changes in accounting policies	-	(565,936,911.73)	565,936,911.73	-	-	-	-	(621,244,319.68)	621,244,319.68	-	-	-
II: Beginning balances for this year	603,240,740.00	2,044,203,164.73	565,936,911.73	482,301,658.50	515,552,320.91	4,211,234,795.87	603,240,740.00	2,044,203,164.73	621,244,319.68	482,301,658.50	436,519,867.39	4,187,509,750.30
III. Changes for the year	201,277,000.00	2,826,978,883.00	1,073,336,988.53	46,914,082.92	192,995,265.11	4,341,502,219.56	-	-	(55,307,407.95)	-	79,032,453.52	23,725,045.57
(1) Comprehensive income(losses)	-	-	1,073,336,988.53	-	469,140,829.23	1,542,477,817.76	-	-	(55,307,407.95)	-	302,231,527.32	246,924,119.37
(2) Owner's contribution and deduction in capital	201,277,000.00	2,826,978,883.00	-	-	-	3,028,255,883.00	-	-	-	-	-	-
(3) Profit distribution	-	-	-	46,914,082.92	(276,145,564.12)	(229,231,481.20)	-	-	-	-	(223,199,073.80)	(223,199,073.80)
1. Transfer to surplus reserve	-	-	-	46,914,082.92	(46,914,082.92)	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(229,231,481.20)	(229,231,481.20)	-	-	-	-	(223,199,073.80)	(223,199,073.80)
(V) Transfer within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
(VII) Others	-	-	-	-	-	-	-	-	-	-	-	-
III. Closing balances	804,517,740.00	**4,871,182,047.73**	**1,639,273,900.26**	**529,215,741.42**	**708,547,586.02**	**8,552,737,015.43**	**603,240,740.00**	**2,044,203,164.73**	**565,936,911.73**	**482,301,658.50**	**515,552,320.91**	**4,211,234,795.87**

Legal Representative: Yu Minliang
Chief Financial Officer: Lu Zhenggang
Person in Charge of the Accounting Body: Wu Lin

I GENERAL

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

The company holds a business license with which registration number is 310000400101473. The legal representative is Yu Minliang.

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

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

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

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

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

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

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

On 29 October 2014, in accordance with China securities regulatory commission regulatory permission to [2014] no. 1129 <on the approval of non-public share issuance of Shanghai jin jiang international hotel development co., LTD.,>, China Securities Regulatory Commission approved non-public share issuing items of the company. According to the approval, the company issued 201,277,000 (A share) non-public issuing shares which have RMB 1 per share at premium with the issue price of RMB 15.08 per share to HongYi(Shanghai) Investment fund center (Limited Partnership) ("HongYi investment fund) and Shanghai Jinjiang International Hotels (Group) CO.,LTD ("Jinjiang Hotels Group"). Total raised fund is RMB 3,035,257,160. Total raised fund deduct issuing expense RMB 7,001,277, net raised fund is RMB3,028,255,883 in which RMB 201,277,000 included in equity and RMB 2,826,978,883 included in capital reserve.

As on 31 December 2014, total share capital of the Company was RMB 804,517,740. Jin Jiang Hotels Group held 404,810,935 unrestricted tradable shares of the Company, representing 50.32% of the total share capital and was the parent of the Company. Jin Jiang International (Holdings) Co., Ltd. ("Jin Jiang International") was the parent company of Jin Jiang Hotels Group and the ultimate holding company of the Company.

I GENERAL – continued

The shareholding structure of the Company is stated in note (V) 30.

On 26 March 2015, Board of Directors of the Company authorized these financial statements for issuance.

II: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The group performs the ministry of finance issued enterprise accounting standard (including new and revised the accounting standard for business enterprises promulgated in 2014 promulgated) and relevant regulations. In addition, the group also prepared in accordance with <the company information disclosure rules No 15th - general provisions of the financial statements (revised in 2014) of publicly issued securities information disclosure rules> to disclose the financial information.

III: PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Important accounting policy and measurement

Financial statements prepared by the company meet the requirements of accounting standards for enterprises. These financial statements fully reflect the real financial condition of the company and consolidation in December 31st 2014 ,and reflect the operating results and cash flow of the company and consolidation.

2. Basis of accounting and principle of measurement

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

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their 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 categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of 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.

3. Accounting period

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

4. Business cycle

Business cycle is defined as the period that the company starts from purchasing asset for process till receiveing cash or cash equivalents. Business cycle of the company is normally identified as 12 months.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

5. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Group operates. The functional currency of the Group is RMB. RMB is used as reporting currency to prepare the financial statements.

6. Business combinations under common control and under non common control

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

6.1 A business combination involving enterprises under common control

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

Assets and liabilities obtained are measured at their respective carrying amounts as recorded by the combining entities 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 / the aggregate face value of shares issued as consideration] is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

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

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

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. [Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree.] The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised 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 are 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 recognised 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 recognises the remaining difference immediately in profit or loss for the current period.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

7. PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS

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

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

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

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 [or the party being absorbed under merger by absorption] 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 [or from the date when they first came under the common control of the ultimate controlling party] are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

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

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

The portion of 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/ shareholders' equity]. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

7. PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS - continued

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

8. Cash and cash equivalents

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

9. Translation of transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated by applying the spot exchange rate at the dates of the transactions.

At the balance sheet date, foreign currency monetary items are translated to RMB using the spot exchange rate at that date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition, or construction of qualifying assets, which are capitalized as part of the cost of those assets during the capitalization period.

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 recognised in profit and loss or as other comprehensive income.

10. Financial instruments

Financial assets and financial liabilities are recognised on trade date when the Group becomes a party of a financial instrument’s contract. Financial assets and financial liabilities are initially measured at fair value. For those financial assets and liabilities classified as at fair value through profit or loss (FVTPL), related transaction costs are recognized directly in profit or loss; for the other kinds of financial assets and liabilities, they are initially measured at fair value, plus related transaction costs.

10.1 The effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

When calculating the effective interest rate, the Group estimates future cash flows of a financial asset or financial liability under the basis of the contractual terms(without considering the future credit losses), as well as the related cost, transaction fees and discount or premium of the charges or payments included in the effective interest rate by each party.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

10. Financial instruments - continued

10.2 Classification, recognition and measurement of financial assets

On initial recognition, financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'loans and receivables' and 'available-for-sale' (AFS) financial assets. All regular way purchase or sales of financial assets are recognised and derecognised on a settlement date basis.

Financial assets held by the Group comprise mainly receivables and available-for-sale financial assets.

10.2.1. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The accounts receivable, interest receivables, dividends receivable and other receivable are included in this category.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortisation are recognized in profit or loss for the current period. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or 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.

10.2.2. AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (1) financial assets at FVTPL, (2) loans and receivables, and (3) held-to-maturity investments. Available-for-sale financial assets are included in other current assets in the balance sheet if they will be disposed within 12 months of the balance sheet date.

AFS financial assets are subsequently measured at fair value. Gain or losses arising from changes in fair value (other than impairment losses and foreign exchange gain and losses resulted from foreign currency monetary assets which are recognised in profit or loss for the current period) are recognised directly in shareholders' equity, and are reversed and recognised in profit or loss for the period when such financial assets are derecognized.

Interest received during the period in which the Group holds the AFS financial assets and cash dividends declared by the investee are recognised as investment income.

10.3 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 evidence arising from the following events:

(1) Significant financial difficulty of the issuer or obligor;
(2) A breach of contract, 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 reorganization;
(5) The disappearance of an active market for that financial asset because of financial difficulties;

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

10. Financial instruments - continued

10.3 Impairment of financial assets - continued

(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 equity instrument 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 carried at amortised cost

If financial assets carried at amortised 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 recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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 recognised are not included in a group of financial assets with similar credit risk characteristics for collective assessment of impairment.

- Impairment of AFS financial assets

For AFS equity instrument investment, at balance sheet date, if the fair value of one equity instrument investment is lower than 50%(included 50%) of the cost, or lower than the initial cost of investment over 12 months (included 12 months), We consider that the fair value has serious or non-temporary decline, which means impairment accrued

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised 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 amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised 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 recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

10. Financial instruments - continued

10.3 Impairment of financial assets - continued

- Impairment of financial assets carried 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 recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

10.4 transfer of financial assets

The Group derecognizes a financial asset only when: (1) the contractual rights to the cash flows from the financial asset expire; or (2) it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity; or (3) it transfers the financial asset, neither transfers nor retains substantially all the risks and rewards of ownership but has not retained control over the financial assets.

If the goup neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and retains its control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognized an associated liability. The extent of the enterprise'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 recognised in other comprehensive income, is recognised in profit or loss.

10.5 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 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 as either financial liabilities at 'fair value through profit or loss' (FVTPL) or 'other financial liabilities'. Other financial liabilities are main financial liabilities of the Group

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 obligations are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

10.6 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 derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

10. Financial instruments – continued

10.7 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise 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.

10.8 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 recognised. 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 [owner's equity / shareholders' equity].

11. Accounts receivable

11.1 Individually significant receivables that are individually evaluated for impairment

Determining basis or the standard amount of individually significant receivables	The Group recognizes accounts receivable of over RMB5,000,000(included RMB5,000,000) as individually significant receivables.
Measurement of the provision for impairment of individually significant receivables that are individually evaluated for impairment	Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the Group will not be able to collect the full amounts according to the original terms, a provision for impairment of the receivable is established. The provision for impairment of the receivable is established at the difference between the carrying amount of the receivable and the present value of estimated future cash flow.

11.2 Receivables being grouped evaluated for impairment

Recognition of the provision for impairment of the receivable being grouped evaluated for impairment	
Account receivable of limited service business hotel on operation and management	Aging analysis

The ratios of bad debt provision being provided by aging analysis are as below:

Aging	Ratio of bad debt provision (%)
Within 3 months	-
3-6 months	0.50
6 months-1year	25.00
After 1 year	100.00

Except for above trade receivables, other receivables' provisions for impairment are provided individually.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

11. Accounts receivable - continued

11.3 Individually insignificant receivables that are individually evaluated for impairment

The reason of individually evaluating for impairment	Have objective evidence that the single amount is not significant, but the special impairment of receivables should be separately tested.
Single amount is not significant but the method of single provision for bad debts	Do the impairment test separately, and use the difference between fair value of future cash flow and its book value to record in the current profits and losses.

12. Inventories

12.1 Classification of inventories

The Group's inventories include raw materials, finished goods, goods in stock and materials for override processing, and are measured at the lower of cost and net realizable value. The cost of finished goods comprises raw materials, direct labor and related production overhead expenditures based on normal operating capacity.

12.2 The measurement of inventories issued

Cost of sales is determined using the first-in; first-out ("FIFO") method and weighted average method.

12.3 Recognition of the net realizable value and measurement of provision for decline in value of inventories

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

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

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

12.4 The stock count system for inventories

The perpetual inventory system is adopted for stock count.

12.5 Amortization methods of low-value consumables and packaging materials

Reusable materials are materials that will transfer their values gradually through multiple usages without changing their original shapes while they are not recognized as fixed assets, including packaging materials and low-value consumables.

Low-value consumables are written off in full when issued for use. Significant amount of low value consumables used in the commencement of hotels are amortized within 12 months after issue.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

13. Long-term equity investments

13.1 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 effects 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 have been considered.

13.2 Determination of initial investment cost

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

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

The intermediary fees incurred by the absorbing party or acquirer such as audit legal, valuation and consulting fee, etc. and other related administrative expenses attributable to the business combination are recognised 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 due to [additional investment], the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standard for Business Enterprises No.22*– Financial Instruments; *Recognition and Measurement* (CAS 22) and the additional investment cost.

13.3 Subsequent measurement and recognition of profit and loss

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

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

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

13. Long-term equity investments - continued

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

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

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised 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 recognises 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 recognises 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 recognise 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, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealised 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 recognising 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 recognised 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 recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

13.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the [owners' /shareholders'] equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

14. Fixed assets

14.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised 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.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

14. Fixed assets - continued

14.1 Recognition criteria for fixed assets - continued

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

14.2 Depreciation methods

Depreciation is provided to write off the cost of each category of fixed assets after deducting their estimated residual values over their estimated useful lives from the month after they are brought to working condition for the intended use, using the straight-line method .For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The useful lives, estimated net residual values rates and annual depreciation rates of each class of fixed assets are as follows:

Category of fixed assets	Depreciation methods	Useful life (years)	Residual value(%)	Annual depreciation rates (%)
Buildings	Straight-Line Depreciation	20-40	5-10	2.25-4.75
Equipment	Straight-Line Depreciation	3-15	5-10	6.00-31.67
Motor vehicles	Straight-Line Depreciation	4-10	5-10	9.00-23.75
Renovation expenditure	Straight-Line Depreciation	5	0	20.00

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.

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

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. The leased asset is recorded at the amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Consistent depreciation policies are adopted to finance leased fixed assets. Leased fixed assets are depreciated over the estimated useful lives when it is reasonably determined that the ownership of the asset will be obtained after the lease term is over. Otherwise, the leased assets are depreciated over the shorter period between the lease term and the estimated useful lives of the assets.

14.4 Others

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

14. Fixed assets - continued

14.4 Others - continued

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

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 capitalised 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. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised 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. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. [Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed.]

Other borrowing costs are recognised 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 capitalised 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 capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

17. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Group.

An intangible asset is initially measured at cost. The expenditures incurred on an intangible asset is recognised as cost of the intangible asset only if: 1) it is probable that economic benefits associated with the asset will flow to the Group; and 2) the cost of the asset can be measured reliably. Other expenditures on an intangible asset that fail to meet the recognition criteria are charged to profit or loss when incurred.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life when the asset is available for use. An intangible asset with an indefinite useful life is not amortised.
Each intangible asset amortization method, useful life(year) and residual value are as follow:

Category of intangible assets	Amortization method	Useful life (year)	Residual value (%)
Land-use right	Straight-line amortization	40	-
The beneficial right of the long-term leases	Straight-line amortization	5-17	-
Software	Straight-line amortization	2-10	-

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

17. Intangible assets - continued

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least at each financial year-end and makes changes if necessary.

18. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that intangible assets with finite useful life may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, the difference is recognised as an impairment loss and charged to profit or loss for the current period.

An intangible asset with an indefinite useful life or an intangible asset that is yet to be available for use is tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired.

Once any loss of asset impairment is recognized, it is not revesed in a subsequent period.

19. Long-term prepayment

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

The estimated beneficial periods and annual amortization rate are as follows:

Categories of long-term prepayment	Estimated beneficial periods	Annual amortization rate (%)
Leasehold improvement	The shorter period among the lease term, useful period and the operating period.	-
Leasehold decoration	5	20.00
Others	Lease term under contract	-

20. Employee compensation

20.1 Accounting treatment of short-term compensation

Actually occurred short-term employee benefits are recognised 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 recognised in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised 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.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

20. Employee compensation - continued

20.2 Accounting treatment of termination by the Group

When the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and at the same time the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision is recognised for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the profit or loss for the current period.

20.3 Accounting treatment of welfare termination

When the Group provides termination benefits to employees, employee benefit liabilities are recognised 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 recognises costs or expenses related to restructuring that involves the payment of termination benefits.

21. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency such as [products quality assurance/ onerous contract/ restructuring], 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 recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

22. Revenue

22.1 Revenue from the sale of goods

Revenue is recognised 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 recognisation criteria have been met.

22.2 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 recognised amounts previously recorded as deferred income as revenue calculated upon the basis of percentage of amounts exchanged to amounts expected to be exchanged.

22.3 Income from initial fee

Income from initial fee is recognized on an accrual basis in accordance with relevant contracts or agreements.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

22. Revenue - continued

22.4 Income from central booking system

Income from central booking system is recognized on an accrual basis in accordance with relevant contracts or agreements.

21.5 Membership income

Membership income is recognised on a straight-line basis over the beneficial period of the members.

21.6 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.

23. Government grant

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

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. [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 recognised immediately in profit or loss for the period.]

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

Government grants of the group included supporting funds for information platform, Xincheng hotel project funds and Smartel project. Because the subsidy payments used for investing, researching and developing of related assets, these payments are government grant of related assets.

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

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

Government grants of the group included financial subsidy for supporting of Jinjiang star and promoting of Jingjiang city brand, these are government grant related to gain (loss).

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

24. Income tax

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

24.1. Current income taxes

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

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 recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. 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 recognised.

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

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be taxable profits against which to utilise 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 realised or the liability is settled.

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

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES – continued

24. Income tax-continued

24.3 Offsetting of income taxes

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise 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 realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

25. Leases

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.

25.1 Accounting treatment of operating leases

25.1.1 The Group as lessee under operating leases

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

25.1.2. The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised 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

25.2 Accounting treatment of finance leases

The Group as lessee under finance leases

Related accounting treatment refer to Note (XIV) "14.3 Recognition, measurement and depreciation method of fixed assets leased under finance leases ". Unrecognised finance charges are recognised 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 unrecognised finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Significant accounting policies and changes in accounting estimates

26.1 Changes in accounting policies

Content and reasons of changes in accounting policies	Approval	Note
The Group has applied new standards of *Accounting Standard for Business Enterprises No. 39– Fair Value Measurement* (CAS 39), *Accounting Standard for Business Enterprises No.40–Joint Arrangements* (CAS 40), *Accounting Standard for Business Enterprises No. 41– Disclosure of Interests in Other Entities* (CAS 41) and amendments to *Accounting Standard for Business Enterprises No.2–Long-term Equity Investments* (CAS 2), *Accounting Standard for Business Enterprises No.9–Employee Benefits* (CAS 9), *Accounting Standard for Business Enterprises No. 30– Presentation of Financial Statements* (CAS 30) and *Accounting Standard for Business Enterprises No.33–Consolidated Financial Statements* (CAS 33) issued by the Ministry of Finance in 2014 from 1 July, 2014; moreover, the Group has applied *Accounting Standard for Business Enterprises No. 37– Presentation of Financial Instruments* (CAS 37) revised by the Ministry of Finance for the first time in 2014 annual financial statements. Long-term equity investments Before the implementation of *Accounting Standard for Business Enterprises No.2–Long-term Equity Investments* (Revised), the equity investments that the Group had no joint control or significant influence over the investee and were not quoted in an active market , also whose fair value could not be reliably measured were accounted for as long-term equity investments under the cost method. After the implementation of *Accounting Standard for Business Enterprises No.2–Long-term Equity Investments* (Revised), the equity investments that the Group have no joint control or significant influence over the investee and are not quoted in an active market, also whose fair value cannot be reliably measured are accounted for as available-for-sale financial assets. The above changes in accounting policy have been applied retrospectively; please refer to the table below for the impact of such changes in accounting policy. Employee benefits Before the implementation of *Accounting Standard for Business Enterprises No.9–Employee Benefits* (Revised), as to the accounting treatment of termination benefits, for termination of employment before the end of employment contract or compensation offers made to encourage employees to accept voluntary redundancy, if the Group had developed a formal termination plan or made an offer to encourage voluntary redundancy which was about to be implemented , and at the same time the Group could not unilaterally withdraw such termination plan or redundancy offer, provisions for the expected compensation for termination of employment would be recognized, with a corresponding charge to the profit or loss for the current period.	Changes in accounting policies were approved by the board of director October 29th 2014	None

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26.1 Changes in accounting policies - continued

Content and reasons of changes in accounting policies	Approval	Note
Employee benefits-continued After the implementation of *Accounting Standard for Business Enterprises No.9–Employee Benefits* (Revised), details of accounting policies for termination benefits are set out in Note 4.19. The above changes in accounting policy have been applied retrospectively; please refer to the table below for the impact of such changes in accounting policy. Joint arrangements Under *Accounting Standard for Business Enterprises No.40–Joint Arrangements*, there are two types of joint arrangements – joint operations and joint ventures. The type of joint arrangements is determined based on the rights and obligations of joint operator to the joint arrangements by considering the factors, such as the structure, the legal form of the arrangements, and the contractual terms, etc. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. [Management of the Group believes that adopting CAS 40 has no material impact on the Group's financial statements.] Consolidated financial statements *Accounting Standard for Business Enterprises No.33–Consolidated Financial Statements* (Revised) changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns; it also clarifies the accounting treatments for special transactions. [Management of the Group believes that adopting CAS 40 has no material impact on the Group's financial statements.] Presentation of financial instruments *Accounting Standard for Business Enterprises No. 37– Presentation of Financial Instruments* (Revised) adds the requirements regarding offsetting and disclosures, the disclosure requirements on the transfer of financial assets, and revised disclosure requirements on the maturity analysis for financial assets and financial liabilities. The financial statements have been prepared in accordance with CAS 37, and the disclosure in the notes to the comparative financial statements had been adjusted accordingly.		None

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26.1 Changes in accounting policies-continued

Content and reasons of changes in accounting policies	Approval	Note
Presentation of financial statements Under *Accounting Standard for Business Enterprises No. 30– Presentation of Financial Statements* (Revised), items of other comprehensive income are grouped into the following two categories: (1) items that will not be reclassified subsequently to profit or loss; (2) items that may be reclassified subsequently to profit or loss when specific conditions are met. CAS 30 also sets out the presentation requirements for other items (e.g. those held for sale). The financial statements have been prepared in accordance with CAS 30, and the presentation of comparative financial statements has been adjusted accordingly. Fair value measurement *Accounting Standard for Business Enterprises No. 39– Fair Value Measurement* prescribes the measurements of fair value and disclosures about fair value measurements. Adopting CAS 39 has no material impact on the measurement of financial statement items, but will result in more extensive disclosures about fair value in the notes to the financial statements. Required disclosures have been made in the financial statements in accordance with CAS 39. Disclosure of interests in other entities *Accounting Standard for Business Enterprises No. 41– Disclosure of Interests in Other Entities* applies to the disclosure of an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Adopting CAS 41 results in more extensive disclosure in the notes to the entity's financial statements. Required disclosures have been made in the financial statements in accordance with CAS 41, and the notes to the comparative financial statements had been adjusted accordingly.		None

For changes in accounting policies described above, the entity has adjusted the opening balances of the financial statements or the comparative figures for the prior year retrospectively and restated the comparative financial statements. The impact of the above changes in accounting policies shareholders' equity as at 1 January 2013 and 31 December 2013 is presented as follows:

	31/12/2013 (Before restatement) RMB	Long-term equity investments RMB	31/12/2013(After restatement) RMB
Available-for-sale financial assets	1,006,489,959.68	42,718,836.72	1,049,208,796.40
Long-term equity investments	186,569,524.14	(42,718,836.72)	143,850,687.42
Capital reserve	2,225,420,989.10	(565,936,911.73)	143,850,687.42
Other comprehensive income	-	565,936,911.73	565,936,911.73
	1/1/2013 (Before restatement) RMB	Long-term equity investments RMB	1/1/2013(After restatement) RMB
Available-for-sale financial assets	1,150,338,438.54	39,302,019.12	1,189,640,457.66
Long-term equity investments	235,181,122.39	(39,302,019.12)	195,879,103.27
Capital reserve	2,282,473,041.43	(622,988,963.56)	1,659,484,077.87
Other comprehensive income	-	622,988,963.56	622,988,963.56

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26.1 Changes in accounting policies-continued

The above changes in accounting policies have no impact on shareholder's equity, income statement and the amount of other comprehensive income on January 1st 2013 and December 31st 2013.

26.2 Changes in accounting estimate

During Financial reporting period, the Group has no changes in accounting estimate.

27. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates

The Group continuously evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimated and judgments

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined as below:

27.1 Estimated useful lives and residual values of fixed assets

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

27.2 Estimated beneficial periods of leasehold improvement and decoration

The Group operates numbers of hotels with rental properties, and makes payments to leasehold improvement and decoration of the hotels. Based on the historical experience and available information, the leasehold improvement is amortized within shorter period among useful lives,lease terms and expected beneficial periods,; and leasehold decoration is amortized within 5 years. The management of the Group will revise the expectation where the estimated beneficial period of leasehold improvement and decoration is different from the original expectation.

27.3 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realized or the related deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27 Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates- continued

27.4 Impairment of long-term investments, fixed assets, land-useright and leasehold improvement

The Group's management assesses at each of the balance sheet date whether long-term investments, fixed assets, land-useright and leasehold improvement have any indication of impairment, in accordance with the accounting policy stated in note (II) 12, 13, 16 and 17. The recoverable amount is higher of an asset's present value of estimated future cash flows and fair value less costs to sell, which is estimated based on the best information available to reflect the amount that is obtainable at each of the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs to disposal, or cash to be generated from continuously using the assets. The estimation is likely to be adjusted in each impairment test.

27.5 Impairment of receivables

The Group's management estimates the provisions of impairment of accounts receivables and other receivables by assessing their recoverability. Provisions are applied to accounts receivables and other receivables where events or changes in circumstances indicate that the balances may not be collected and require useing estimation. Where the expectation is different from the original estimation, such difference will have impact on carrying value of receivables and the impairment charge.

27.6 Impairment of goodwill

The Group's management tests the provisions of impairment of goodwill by calculating the recoverability in accordance with the present value of expected future cash flow using the internal rate of return of the event as discount rate.

IV. Taxation

1. Taxes and tax rate

Taxes	Tax basis	Tax rate
Value added tax (General taxpayers)	Value added tax ("VAT") on sales is calculated on revenue from principal operations and paid after deducting input VAT on purchases	6% or 13% or 17%(note1)
Business tax	Taxable revenue	5%
Urban maintenance and construction tax	Turnover tax	7%
Levy for Education	Turnover tax	3%
Local levy for education	Turnover tax	2%
Income tax	Taxable income	15% or 25%(note2)
Property tax	Original cost of taxable property , rental income	1.2% or 12%

Note1: Under the "notice business tax with VAT pilot program," the Ministry of Finance, State Administration of Taxation on November 26th 2011 jointly issued (Cai Shui [2011] No. 110) and fiscal [2012] No. 71 the text "About eight in Beijing Conducting transportation provinces and parts of modern services business tax with VAT pilot "ongoing franchise of the Group's subsidiaries, officers dispatched labor and booking channels fee income from June 2013 to start the implementation of the VAT reform pilot turned the VAT to pay sales tax, applicable VAT rate of 6%.

Note2: According to the Tibet Autonomous Region People's Government on the adjustment of corporate income tax rate (Tibetan Affairs [2011] No. 14), as well as state tax incentives for the development of the western region, for all kinds of enterprises located in the Tibet Autonomous Region, during the period 2011-2020 Lhasa Jinjiang Inn Co. at the rate of 15% corporate income tax. In addition, the Company and other subsidiaries corporate income tax rate is 25%.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Currency funds

Unit: RMB

Item	2014/12/31			2013/12/31		
	Foreign Currency	Exchange rate	RMB	Foreign Currency	Exchange rate	RMB
Cash:						
RMB			7,591,617.72			7,258,204.07
Cash deposit:						
RMB			2,749,761,343.98			271,794,118.26
USD	137,390.66	6.1190	840,693.45	103,077.55	6.0969	628,453.51
Deposit in other financial institution (note):						
RMB			793,421,246.16			399,127,027.79
Total			3,551,614,901.31			678,807,803.63

Note: Deposit in other financial institution represents the amount deposited in Jin Jiang International Finance Co., Ltd. (authorized non-bank financial institute, ' Jin Jiang Finance ').

2. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Item	2014/12/31					2013/12/31				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant accounts receivable and bad debt provision recognized individually	8,421,931.11	9.40	-	-	8,421,931.11	-	-	-	-	-
Accounts receivable and bad debt provision recognized by credit risk	67,861,147.75	75.77	1,131,139.53	1.67	66,730,008.22	53,359,480.03	75.81	1,095,058.88	2.05	52,264,421.15
Individually insignificant accounts receivable but bad debt provision recognized individually	13,281,181.52	14.83	12,476.70	0.09	13,268,704.82	17,022,436.52	24.19	62,272.73	0.37	16,960,163.79
Total	89,564,260.38	100.00	1,143,616.23	1.28	88,420,644.15	70,381,916.55	100.00	1,157,331.61	1.64	69,224,584.94

(1) Individually significant accounts receivable and bad debt provision recognized individually:

Unit:RMB

Name of entity	2014/12/31			
	Amount	Bad debt provision	Ratio (%)	Reason
Dobe Cultural and Creative Industry Development Co., Ltd.	8,421,931.11	-	-	Not applicable
Total	8,421,931.11	-	-	

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Account receivable-continued

(2) Bad debt provision of the Group's accounts receivable that recognized by aging analysis:

Unit: RMB

Aging	2014/12/31		
	Amount	Bad debt provision	Ratio (%)
Within 3 months	61,476,598.95	-	-
3-6 months	4,416,164.00	22,080.55	0.50
6-12 months	1,145,785.76	286,459.94	25.00
Over 12 months	822,599.04	822,599.04	100.00
Total	67,861,147.75	1,131,139.53	

(3) During the reporting period, the bad debt movement of accounts receivable is as follows:

Unit: RMB

Item	2013/12/31	Addition	Reversal	Write-off	2014/12/31
Bad debt provision	1,157,331.61	439,822.19	(432,944.96)	(20,592.61)	1,143,616.23

(4) Top five entities with the largest balances of accounts receivable:

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable (%)	Bad debt provision Amount
Dobe Cultural and Creative Industry Development Co., Ltd.	ThirdParty	8,421,931.11	9.40	-
ShangHai Clearing House	ThirdParty	1,271,397.84	1.42	-
Shanghai Qijiao Property Management Co., Ltd. Zhangjiang Branch	ThirdParty	1,172,432.66	1.31	-
Shenzhen Ju Xingrong Business Company	ThirdParty	997,623.32	1.11	-
Chengdou Aier Ophthalmic Hospital Co., Ltd.	ThirdParty	985,675.50	1.10	1,409.82
Total		12,849,060.43	14.34	1,409.82

3. Advances to suppliers

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

Unit: RMB

Aging	2014/12/31		2013/12/31	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	36,563,815.81	100.00	38,509,417.60	100.00
Total	36,563,815.81	100.00	38,509,417.60	100.00

(2) The information on the advances to top five debtors is as follow:

Unit: RMB

Name	Relationship with the Group	Amount	Cause for outstanding
Hubei Ruicheng Trading Co., Ltd.	ThirdParty	2,160,000.00	Rental prepayment
Foshan Wenshang Hotel Management Co., Ltd.	ThirdParty	1,691,537.49	Rental prepayment
Shanghai Airport Authority	ThirdParty	1,318,515.26	Rental prepayment
China Oriental Performing Arts Group Co., Ltd	ThirdParty	1,250,000.02	Rental prepayment
Nanjing Heshi Jewelry Co., Ltd	ThirdParty	849,045.24	Rental prepayment
Total		7,269,098.01	

(3) At the end of reporting period, there is no significant balance.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Dividends receivable

Unit: RMB

Item	2013/12/31	Addition	Deduction	2014/12/31	Reason for outstanding	Devaluation
Aging within 1 year						
(1) Shanghai Kentucky Fried Chicken Co., Ltd.	-	-	-	-	Not Applicable	No
(2) Chang Jiang Security Co., Ltd.	-	20,500,000.00	(20,500,000.00)	-	Not Applicable	No
(3) Hangzhou Kentucky Fried Chicken Co., Ltd.	-	15,280,799.23	(15,280,799.23)	-	Not Applicable	No
(4) Shenyin & Wanguo Securities Co., Ltd.	-	1,108,856.60	(1,108,856.60)	-	Not Applicable	No
(5) Suzhou Kentucky Fried Chicken Co., Ltd.	3,081,209.92	8,178,469.42	(11,259,679.34)	-	Not Applicable	No
(6) Wuxi Kentucky Fried Chicken Co., Ltd.	2,175,623.73	2,442,209.71	(2,575,623.74)	2,042,209.70	Not paid by investee	No
(7) Shanghai New Asia Fulihua Catering Co., Ltd.	-	2,870,000.00	(2,870,000.00)	-	Not Applicable	No
(8) Others	-	632,922.22	(632,922.22)	-	Not Applicable	No
Total	5,256,833.65	51,013,257.18	(54,227,881.13)	2,042,209.70	--	--

As at the end of reporting period, there is no outstanding balance of dividends receivable aging more than 1 year.

5. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Item	2014/12/31					2013/12/31				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant other receivable and bad debt provision recognized individually	-	-	-	-	-	-	-	-	-	-
Other receivable and bad debt provision recognized by credit risk	-	-	-	-	-	-	-	-	-	-
Individually insignificant other receivable but bad debt provision recognized individually	65,722,680.77	100.00	3,354,365.98	5.10	62,368,314.79	51,151,880.32	100.00	3,354,365.98	6.56	47,797,514.34
Total	65,722,680.77	100.00	3,354,365.98	5.10	62,368,314.79	51,151,880.32	100.00	3,354,365.98	6.56	47,797,514.34

(2) During the reporting period, the bad debt movement of other receivable is as follows:

During the reporting period, the bad debt amount of other receivable remains the same.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Other receivables-continued

(3) Category of other receivable

Unit: RMB

Item	2014/12/31	2013/12/31
Deposit	37,563,438.09	30,182,430.58
Advance money for another	11,052,738.19	8,920,240.19
Business fund	4,653,889.80	4,177,600.64
Payment of share transfer (Note)	2,493,874.49	-
Other	6,604,374.22	4,517,242.93
Total	62,368,314.79	47,797,514.34

Note: Please refer to Note(V)5(4) Note2.

(4) The balances of other receivables due from top five debtors are as follows:

Unit: RMB

Name	Nature	Relationship with the Group	Amount	Aging	Ratio (%)	Bad debt provision
Shanxi MaoYuan Industrial Group Co.,Ltd. (Note1)	Compensation	Third party	4,732,152.44	Over 3 years	7.59	2,640,000.00
Shenzhen Overseas Chinese Town International Hotel Management Co.,Ltd. (Note2)	Payment of share transfer	Third party	2,493,874.49	Within 1 year	4.00	-
Shenzhen Investment Holdings Property Development Co.,Ltd. (Note3)	Deposit	Third party	1,598,283.36	Within 1 year	2.56	-
Beijing Yinghe Century Properties Co.,Ltd. (Note3)	Deposit	Third party	1,500,000.00	2-3 years	2.41	-
Foshan Chang Jia Investment Properties Co.,Ltd. (Note3)	Deposit	Third party	1,377,000.00	Within 1 year	2.21	-
Total			11,701,310.29		18.77	2,640,000.00

Note1: At the end of reporting period, Jinjiang Inns Xianyang Middle People Road Inn accused Shanxi MaoYuan Industrial Group Co., Ltd. about the leasing disputes in accordance with the law of arbitration. The balances of other receivables were RMB 4,732,152.44 which was rental deposit, rental and related economic loss. The bad debt provision was RMB 2.64 million.

Note2: During the reporting period, Jin Jiang International Hotels Management Co., Ltd. Acquired Shenzhen Overseas Chinese Town City Inn Co., Ltd. (City Inn). According to assets and equity exchange contract, Shenzhen Overseas Chinese Town International Hotel Management Co.,Ltd. should return loss during transition period of City Inn. The amount is RMB 2,493,874.49.

Note3：The balance represents rental deposits.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Inventories

(1) Category of inventories

Unit: RMB

Item	2014/12/31			2013/12/31		
	Cost	Provision for the decline in value	Carrying amount	Cost	Provision for the decline in value	Carrying amount
Raw material	15,447,278.44	-	15,447,278.44	15,773,312.82	-	15,773,312.82
Finished goods	751,568.66	-	751,568.66	875,453.66	-	875,453.66
Goods in stock	3,337,492.64	-	3,337,492.64	3,267,733.20	-	3,267,733.20
Materials for overside processing	9,579,305.20	134,346.35	9,444,958.85	13,159,623.79	144,411.55	13,015,212.24
Total	29,115,644.94	134,346.35	28,981,298.59	33,076,123.47	144,411.55	32,931,711.92

(2) Falling price reserve for goods in stock

Unit: RMB

Category of inventories	2013/12/31	Deduction		2014/12/31
		Reversal	Write-off	
Materials for overside Processing	144,411.55	(10,065.20)	-	134,346.35
Total	144,411.55	(10,065.20)	-	134,346.35

7. Other current assets

Unit: RMB

Item	2014/12/31	2013/12/31
Prepaid expenses	2,711,183.83	3,517,960.13
Paid Income tax	-	224,874.30
Total	2,711,183.83	3,742,834.43

8. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Item	2014/12/31			2013/12/31		
	Book balance	Bad debt provision	Book Value	Book balance	Bad debt provision	Book Value
Available-for-sale equity instruments						
- Measured at fair value	2,360,312,837.27	-	2,360,312,837.27	1,006,489,959.68	-	1,006,489,959.68
- Measured at cost	28,868,836.72	-	28,868,836.72	47,718,836.72	5,000,000.00	42,718,836.72
Total	2,389,181,673.99	-	2,389,181,673.99	1,054,208,796.40	5,000,000.00	1,049,208,796.40

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

8. Available-for-sale financial assets-continued

(2) Available-for-sale financial assets measured at fair value at end of term

Unit: RMB

Category of available-for-sale financial assets	Available-for-sale equity instruments
Cost of equity instruments	177,219,678.23
Fair Value as at 31 December 2013	2,360,312,837.27
Total changes in fair value of available-for-sale financial assets recognized in other comprehensive income	2,183,093,159.04

Unit: RMB

Name of the invested companies	Stock Code	2013/12/31	Fair value change for the year	Acquisition (disposal) for the year	2014/6/30	Number of Shares held at year end
Changjiang Securities	000783	1,000,792,000.00	1,267,785,464.51	(81,977,464.52)	2,186,599,999.99	130,000,000
Bank of Communications	601328	3,892,880.64	3,000,762.16	-	6,893,642.80	95,608
Quanjude	002186	1,805,079.04	16,253.36	-	1,821,332.40	1,013,771
Shenyin & Wanguo Securities Co., Ltd.(Note)	-	-	159,997,862.08	5,000,000.00	164,997,862.08	11,088,566
Total		1,006,489,959.68	1,430,800,342.11	(76,977,464.52)	2,360,312,837.27	

Note: On December 14, 2014, the board of Shenyin & Wanguo Securities Co., Ltd.(Shenyin & Wanguo) approved the restructuring plan of consolidation by merging Hong Yuan Securities Co., Ltd.(Hong Yuan Securities). On January 26, 2015, Shen Wan Hong Yuan Group Co., Ltd. was launched in Shenzhen Stock Exchange. Related disclosure of fair value refers to Note(IX)3.

(3) Available-for-sale financial assets measured at cost at end of term

Unit: RMB

Investee		Book value				Provision for impairment				Equity interest (%)	Cash dividend for the period
	Initial investments	2013/12/31	Addition	Deduction	2014/12/31	2013/12/31	Addition	Deduction	2014/12/31		
Hangzhou Kentucky Fried Chicken Co., Ltd.	12,265,725.33	12,265,725.33	-	-	12,265,725.33	-	-	-	-	8	15,280,799.23
Suzhou Kentucky Fried Chicken Co., Ltd.	5,484,594.24	5,484,594.24	-	-	5,484,594.24	-	-	-	-	8	8,178,469.42
Wuxi Kentucky Fried Chicken Co., Ltd.	3,761,343.20	3,761,343.20	-	-	3,761,343.20	-	-	-	-	8	2,442,209.71
Chang Jiang United Development Co., Ltd.	700,000.00	700,000.00	-	-	700,000.00	-	-	-	-	<1	19,500.00
Shanghai Trade Center Company Limited	5,187,700.00	5,187,700.00	-	-	5,187,700.00	-	-	-	-	3	171,300.00
Shenyin and Wanguo Securities Co., Ltd.	10,000,000.00	10,000,000.00	-	(10,000,000.00)	-	5,000,000.00	-	(5,000,000.00)	-	<1	1,108,856.60
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	1,469,473.95	1,469,473.95	-	-	1,469,473.95	-	-	-	-	15	-
Others (Note 1)	8,850,000.00	8,850,000.00	-	(8,850,000.00)	-	-	-	-	-	-	-
Total		47,718,836.72	-	(18,850,000.00)	28,868,836.72	5,000,000.00	-	(5,000,000.00)	-		27,201,134.96

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

8. Available-for-sale financial assets-continued

Note: Pursuant to the agreement reached by the Company and Guangdong Finance Trust and Investment Co., Ltd. ("entrustee") on 29 December 2006, the Company kept Changjiang Securities shares, whose initial investment cost is RMB 8,850,000.00, to implement a share incentive scheme for the employees of Changjiang Securities, which was pending for the approval of authorization department. According to the statement of "Yuecai trust- equity reserve collection property trust termination of contract on Changjiang Securities equity incentive plan(" the termination of the trust contract") which ultimately signed by the company and trustee and came into force on 6 Feb. 2012, the liquidation of the trust will begin by trustee since the date when all clients of the collection property trust sign termination of the trust contract with the trustee and terminate the trust when the all the trust property have been distributed . In the reporting period, the liquidation of the trust was completed and the Company received RMB 60,372,940.77. Deducted investment cost of RMB 8.85 million, the rest, RMB 51,522,940.77, was recognised as investment income.

9. Long-term equity investment

Unit: RMB

Investee	Initial investments	2013/12/31	Change for the year								2014/12/31	Impairment loss provided for the year
			Addition investment	Deduction investment	Net profit /(losses) using equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared	Provision for impairment loss	Other		
Associates												
Shanghai Kentucky Fried Chicken Co., Ltd.	97,977,250.00	96,051,959.99	-		-	(2,369,484.02)	-	-	-	-	93,682,475.97	-
Shanghai Xinlu Catering Development Co., Ltd.	2,719,227.00	1,382,858.53	-		-	221,103.21	-	-	-	-	1,603,961.74	-
Shanghai New Asia Fulihua Catering Co., Ltd.	14,350,000.00	23,720,322.62	-		-	4,465,284.72	236,731.95	-	(2,870,000.00)	-	25,552,339.29	-
Shanghai Yoshinoya Co., Ltd.	37,590,040.10	11,613,466.12	-		-	(6,990,039.35)	-	-	-	-	4,623,426.77	-
Shanghai Jing An Bakery Co., Ltd.(Note)	7,365,136.40	2,082,080.16	-		-	6,221.48	-	-	-	-	2,088,301.64	-
Shanghai Xinjin Hotel Management Co., Ltd.	9,000,000.00	9,000,000.00	-		-	(5,221,718.75)	-	-	-	-	3,778,281.25	-
Total		**143,850,687.42**	-		-	**(9,888,632.71)**	**236,731.95**	-	**(2,870,000.00)**	-	**131,328,786.66**	-

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

10. Fixed assets

(1) Information of fixed assets

Unit: RMB

Item	Buildings	Equipment	Motor vehicles	Decoration	Total
II、Cost					
1.12/31/2013	2,432,918,568.45	1,225,905,862.08	12,572,474.12	173,798,602.12	3,845,195,506.77
2.Addition					
(1)Purchase	-	26,578,876.36	750,064.81	1,360,285.00	28,689,226.17
(2)construction in progress	25,378,618.12	77,675,252.69	-	30,909,718.99	133,963,589.80
(3)Company consolidation (details on Not3 VI1(3)	-	18,737,574.16	-	-	18,737,574.16
3.Deduction					
(1)Disposal	-	(32,486,501.91)	(2,354,989.63)	(87,144.50)	(34,928,636.04)
(2) construction clearing adjustment	(126,684.13)	-	-	(102,571.28)	(229,255.41)
4. 12/31/2014	2,458,170,502.44	1,316,411,063.38	10,967,549.30	205,878,890.33	3,991,428,005.45
II、Accumulated depreciation					
1.12/31/2013	226,273,941.92	688,106,416.97	8,181,364.40	83,576,907.34	1,006,138,630.63
2.Addition					
(1)Withdrawing	67,944,294.43	114,035,988.74	976,426.47	25,466,972.99	208,423,682.63
(2)Company consolidation (Details on Note (VI)1(3)	-	14,406,986.03	-	-	14,406,986.03
3.Deduction					
(1)Disposal	-	(28,829,411.11)	(1,896,180.35)	-	(30,725,591.46)
(2) construction clearing adjustment	(808.96)	-	-	(9,161.38)	(9,970.34)
4. 12/31/2014	294,217,427.39	787,719,980.63	7,261,610.52	109,034,718.95	1,198,233,737.49
III、Provision for impairment loss					
1. 12/31/2013	-	98,455.78	-	-	98,455.78
2.Addition	-	-	-	-	-
3.Disposal or write off	-	(15,424.64)	-	-	(15,424.64)
4. 12/31/2014	-	83,031.14	-	-	83,031.14
IV、Book Value					
1. 12/31/2014	2,163,953,075.05	528,608,051.61	3,705,938.78	96,844,171.38	2,793,111,236.82
2. 12/31/2013	2,206,644,626.53	537,700,989.33	4,391,109.72	90,221,694.78	2,838,958,420.36

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

10. Fixed assets - continued

(2) Information of fixed assets by finance lease

Unit: RMB

Item	Cost	Accumulated depreciation	Carrying amount
2013/12/31			
Equipment	7,642,177.11	1,544,186.60	6,097,990.51
2014/12/31			
Equipments	7,642,177.11	2,285,040.73	5,357,136.38

(3) Fixed assets of which certificates of title have not been obtained

On December 31st 2014, the amounts of fixed assets of which certificates of title have not been obtained are RMB 201,266,034.41 belong to Smartel Hotel.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

11. Construction in progress

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

Unit: RMB

Item	2014/12/30			2013/12/31		
	Original value	Provision for impairment loss	Net booking value	Original value	Provision for impairment loss	Net booking value
I. Fixed assets decoration and improvement						
1. Renovation of Hotels Investment						
Renovation of JJ Inn,Shanghai zhangheng Road Hotel	20,820,341.37	-	20,820,341.37	-	-	-
Renovation of JJ Inn, Changchun economy development zone Hotel	19,160,108.93	-	19,160,108.93	-	-	-
Renovation of Goldmet Inn, Jiefang Road LinFen	19,000,699.98	-	19,000,699.98	16,716,110.29	-	16,716,110.29
Renovation of JJ Inn, Nanhai Guichen subway station , Foshan	18,380,495.01	-	18,380,495.01	-	-	-
Renovation of JJ Inn, HuangGang port ,Shenzhen	17,037,103.27	-	17,037,103.27	-	-	-
Renovation of JJ Inn, Tianjiang	16,150,036.91	-	16,150,036.91	6,355,228.88	-	6,355,228.88
Renovation of JJ Inn, Zhennan Road ,Shanghai	15,176,501.58	-	15,176,501.58	13,118,659.71	-	13,118,659.71
Renovation of JJ Inn, Yibin Municipal, SiChuang	14,076,422.38	-	14,076,422.38	-	-	-
Renovation of JJ Inn, Zhongshan Park , Shenyang	13,713,926.14	-	13,713,926.14	-	-	-
Renovation of JJ Inn, Beijing Road City of Lhasa	13,192,553.31	-	13,192,553.31	-	-	-
Renovation of JJ Inn, Husong highway, Jiuting, Shanghai	11,970,235.10	-	11,970,235.10	-	-	-
Renovation of JJ Inn, Gushan Road, Xinchang County, City of Shaoxing	11,176,542.00	-	11,176,542.00	-	-	-
Renovation of JJ Inn, Jiangling Road,Binjiang area, Hangzhou	9,901,097.33	-	9,901,097.33	8,410,836.61	-	8,410,836.61
Renovation of Goldmet Inn, Huaiyuan Hotel (double Brand), Shenyang	-	-	-	23,475,851.71	-	23,475,851.71
Renovation of JJ Inn, Technology building overpass location,(double brand), Mianyang	-	-	-	20,062,172.95	-	20,062,172.95
Renovation of JJ Inn, Liaohe avenue,Yingkou	-	-	-	18,283,382.48	-	18,283,382.48
Renovation of Goldmet Inn, DongDa Gate Hotel, Shenyang	-	-	-	17,933,066.27	-	17,933,066.27
Renovation of JJ Inn, HarborLand Theme Park, Beilun, Ningbo	-	-	-	16,359,479.71	-	16,359,479.71
Renovation of JJ Inn, Daqing street hotel, Xi'an	-	-	-	15,699,403.06	-	15,699,403.06
Renovation of Goldmet Inn, Shuangliu International Airport hotel.	-	-	-	15,558,241.78	-	15,558,241.78
Renovation of JJ Inn, Government hotel, eastern area, Panzhihua	-	-	-	15,120,259.87	-	15,120,259.87
Renovation of JJ Inn, Kaiyuan Temple Hotel, Quanzhou	-	-	-	13,886,278.63	-	13,886,278.63

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

11. Construction in progress - continued

(1) Details of construction in progress are as follows-continued

Unit: RMB

Item	2014/12/31			2013/12/31		
	Original value	Provision for impairment loss	Net booking value	Original value	Provision for impairment loss	Net booking value
1. Renovation of Hotels Investment						
Renovation of JJ Inn, Yingwu Bridge, Taizhou	-	-	-	13,810,232.45	-	13,810,232.45
Renovation of JJ Inn Shanhaiguan,Qinhuangdao	-	-	-	12,457,876.82	-	12,457,876.82
Renovation of JJ Inn, East Harbor Road, Qinghuangdao	-	-	-	12,368,051.59	-	12,368,051.59
Renovation of JJ Inn, South Huancheng Road, Jiangyin	-	-	-	5,294,684.96	-	5,294,684.96
Renovation of JJ Inn, Middle Shuguang Road, Changsha	-	-	-	3,773,875.63	-	3,773,875.63
Other renocvations of Hotels Investment	1,346,987.86	-	1,346,987.86	1,615,160.89	-	1,615,160.89
Subtotal	**201,103,051.17**	-	**201,103,051.17**	**250,298,854.29**	-	**250,298,854.29**
2. Renovation of JJ Metropolo, Kaifu location, Changsha	83,251,799.28	-	83,251,799.28	79,449,157.84	-	79,449,157.84
3. Renovation of JJ Metropolo, Xinchng Restaurant	40,073,243.18	-	40,073,243.18	3,045,531.48	-	3,045,531.48
4. Renovation of Metropolo, Xinya Grand Hotel	12,601,291.68	-	12,601,291.68	4,138,300.00	-	4,138,300.00
5. Renovation of JJ Inn, Jingpan Hotel	9,566,870.12	-	9,566,870.12	4,154,011.00	-	4,154,011.00
6. Renovation of JJ Metropolo, South Huating Hotel	7,005,388.67	-	7,005,388.67	-	-	-
7. Renovation of JJ Inn	2,346,050.64	-	2,346,050.64	3,943,476.33	-	3,943,476.33
8. Renovation of JJ Metropolo, Minhang Restaurant	-	-	-	17,437,180.00	-	17,437,180.00
9. Other Renovation	2,276,376.91	-	2,276,376.91	-	-	-
Total of Fixed Assets decoration an improvement	**358,224,071.65**	-	**358,224,071.65**	**362,466,510.94**	-	**362,466,510.94**
II: Software						
JJ Inn, Enterprise performance management (EPM) systempProject	3,849,216.20	-	3,849,216.20	-	-	-
JJ Inn, Business Intelligence (BI) Platform and other projects	5,455,803.32	-	5,455,803.32	-	-	-
Subotal of Software	**9,305,019.52**	-	**9,305,019.52**	-	-	-
Total	**367,529,091.17**	-	**367,529,091.17**	**362,466,510.94**	-	**362,466,510.94**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

11. Construction in progress - continued

(2) Movement of significant construction in progress:

Unit: RMB

Item	Budget	2013/12/31	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Deduction due to assets replacement	2014/12/31	Project in the proportion of budgetary	Rate of progress	Cumulative amount of interest capitalization	Including: amount of interest capitalization for this period	Ratio of interest capitalization for this period (%)	Source of Fund
Renovation of JJ Metropolo, Kaifu Hotel, Changsha	99,311,447.30	79,449,157.84	3,802,641.44	-	-	-	-	83,251,799.28	84	50	-	-	-	Self-financing & loan
Renovation of JJ Metropolo, Xincheng restaurant	96,640,000.00	3,045,531.48	37,027,711.70	-	-	-	-	40,073,243.18	41	45	-	-	-	Self-financing
Renovation of JJ Metropolo, Zhangheng Road, Shanghai	20,820,372.77	-	20,820,341.37	-	-	-	-	20,820,341.37	99	99	-	-	-	Self-financing
Renovation of JJ Metropolo, Economy development zone, Changchun	20,470,731.07	-	19,160,108.93	-	-	-	-	19,160,108.93	94	98	-	-	-	Self-financing
Renovation of Goldmet Inn, Jiefang Road, Linfen	19,000,761.84	16,716,110.29	2,284,589.69	-	-	-	-	19,000,699.98	99	99	-	-	-	Self-financing
Renovation of JJ Inn, Nanhai Guichen Subway Station, Foshan	18,720,122.51	-	18,380,495.01	-	-	-	-	18,380,495.01	98	98	-	-	-	Self-financing
Renovation of JJ Inn, Huanggang Port, Shenzheng	28,395,172.12	-	17,037,103.27	-	-	-	-	17,037,103.27	60	60	-	-	-	Self-financing
Renovation of JJ Inn, Tianjin airport	16,149,988.91	6,355,228.88	9,794,808.03	-	-	-	-	16,150,036.91	99	99	-	-	-	Self-financing
Renovation of JJ Inn, zhennan Road, Shanghai	15,176,483.34	13,118,659.71	2,069,771.87	-	-	-	-	15,188,431.58	99	99	-	-	-	Self-financing
Renovation of JJ Inn, Yibin Municipal, Sichuan	18,914,523.60	-	14,076,422.38	-	-	-	-	14,076,422.38	74	98	-	-	-	Self-financing
Renovation of JJ Inn, Zhongshan Park, Shenyang	15,870,293.67	-	13,713,926.14	-	-	-	-	13,713,926.14	86	85	-	-	-	Self-financing
Renovation of JJ Inn, Beijing Road, City of Lhasa	13,455,912.16	-	13,192,553.31	-	-	-	-	13,192,553.31	98	98	-	-	-	Self-financing
Renovation of JJ metropolo, Xinya Grand Hotel	114,961,730.00	4,138,300.00	8,462,991.68	-	-	-	-	12,601,291.68	11	0	-	-	-	Self-financing
Renovation of JJ Inn, Husong highway, Jiuting, Shanghai	17,100,368.00	-	11,970,235.10	-	-	-	-	11,970,235.10	70	70	-	-	-	Self-financing

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

(2) Movement of significant construction in progress – continued

Unit: RMB

Item	Budget	2013/12/31	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Deduction due to assets replacement	2014/12/31	Project in the proportion of budgetary	Rate of progress	Cumulative amount of interest capitalization	Including: amount of interest capitalization for this period	Ratio of interest capitalization for this period (%)	Source of Fund
Renovation of JJ Inn, Gushan Hotel, Xinchang County, Shaoxing	11,751,954.66	-	11,176,542.00	-	-	-	-	11,176,542.00	95	95	-	-	-	Self-financing
Renovation of JJ Inn, Jiangling Road, Binjiang are, Hangzhou	28,147,104.83	8,410,836.61	1,490,260.72	-	-	-	-	9,901,097.33	35	30	-	-	-	Self-financing
Renovation of JJ Inn, Jingpan Hotel	9,982,459.00	4,154,011.00	5,412,859.12	-	-	-	-	9,566,870.12	95	98	-	-	-	Self-financing
Renovation of JJ Metropolo, South Huating Hotel	46,002,906.00	-	7,096,038.67	(90,650.00)	-	-	-	7,005,388.67	15	10	-	-	-	Self-financing
Renovation of Goldmet Inn, Huaiyuan (double brand), Shenyang	20,263,514.64	23,475,851.71	198,338.98	(4,623,103.14)	-	(19,051,087.55)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Technology building overpass location,(double brand), Mianyang	20,561,829.03	20,062,172.95	499,644.67	(4,399,077.23)	-	(16,162,740.39)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Liaohe avenue,Yingkou	18,647,444.23	18,283,382.48	479,251.26	(3,528,800.22)	-	(15,233,833.52)	-	-	100	100	-	-	-	Self-financing
Renovation of Goldmet Inn, DongDa Gate Hotel, Shenyang	19,342,004.03	17,933,066.27	572,950.48	(3,689,248.78)	-	(14,816,767.97)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Metropolo, Minhang Restaurant	39,867,240.00	17,437,180.00	28,653,006.95	(46,090,186.95)	-	-	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, HarborLand Theme Park, Beilun, Ningbo	16,359,900.00	16,359,479.71	-	(3,353,583.82)	-	(12,296,427.03)	(709,468.86)	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Daqing street hotel, Xi'an	15,699,403.06	15,699,403.06	-	(3,404,248.30)	-	(12,047,255.04)	(247,899.72)	-	100	100	-	-	-	Self-financing

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

(2) Movement of significant construction in progress – continued

Unit: RMB

Item	Budget	2013/12/31	Addition	Transfer to fixed assets	Transfer to intangible assets	Transfer to long-term prepaid expenses	Deduction due to assets replacement	2014/12/31	Project in the proportion of budgetary	Rate of progress	Cumulative amount of interest capitalization	Including: amount of interest capitalization for this period	Ratio of interest capitalization for this period (%)	Source of Fund
Renovation of Goldmet Inn, Shuangliu International Airport hotel.	15,870,817.97	15,558,241.78	514,034.68	(2,997,225.60)	-	(13,075,050.86)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Government hotel, eastern area, Panzhihua	15,869,508.60	15,120,259.87	764,232.83	(3,908,987.40)	-	(11,975,505.30)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Kaiyuan Temple Hotel, Quanzhou	19,155,688.29	13,886,278.63	3,965,511.52	(3,601,733.22)	-	(14,250,056.93)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Yingwu Bridge, Taizhou	13,811,000.00	13,810,232.45	514,128.74	(2,503,655.53)	-	(11,820,705.66)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn Shanhaiguan,Qinhuangdao	13,095,550.08	12,457,876.82	-	(2,628,162.60)	-	(9,553,853.97)	(275,860.25)	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, East Harbor Road, Qinghuangdao	12,875,181.27	12,368,051.59	519,181.27	(3,112,241.28)	-	(9,774,991.58)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, South Huancheng Road, Jiangyin	13,610,768.00	5,294,684.96	8,299,267.38	(2,491,668.10)	-	(11,102,284.24)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Middle Shuguang Road, Changsha	9,961,772.19	3,773,875.63	5,731,283.26	(1,956,218.93)	-	(7,548,939.96)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Beizhan Road, Liuzhou	12,238,958.36	1,267,140.93	11,311,478.76	(2,378,158.00)	-	(10,200,461.69)	-	-	100	100	-	-	-	Self-financing
Renovation of JJ Inn, Zhongshan Road, Wuxi	14,917,624.77	-	14,818,603.87	(2,460,938.38)	-	(12,357,665.49)	-	-	100	100	-	-	-	Self-financing
Other Construction in progress		4,291,496.29	84,419,933.47	(36,745,702.32)	(4,944,365.16)	(31,758,857.35)	-	15,262,504.93						
Total		**362,466,510.94**	**378,230,248.55**	**(133,963,589.80)**	**(4,944,365.16)**	**(233,026,484.53)**	**(1,233,228.83)**	**367,529,091.17**						

(3) No provision for impairment of construction in progress.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

12. Intangible assets

Unit: RMB

Item	Right of Land use	Beneficial Right of Long-term leases	Others	Total
I. Original Book Value				
1.12/31/2013	258,518,949.02	47,247,974.97	34,587,089.89	340,354,013.88
2.Addition				
(1) Purchase	-	-	928,356.01	928,356.01
(2) Construction in progress	-	-	4,944,365.16	4,944,365.16
(3) Company consolidation (Details on note(VI)1(3)	-	-	2,436,465.53	2,436,465.53
3.Deduction	-	-	-	-
4.12/31/2014	258,518,949.02	47,247,974.97	42,896,276.59	348,663,200.58
II. Accumulated amortisation				
1.12/31/2013	58,777,070.35	11,943,395.56	19,330,905.00	90,051,370.91
2.Addition				
(1) Withdrawing	6,336,281.96	3,871,599.94	7,167,637.06	17,375,518.96
(2) Company consolidation (Details on note(VI)1(3)	-	-	1,741,218.87	1,741,218.87
3.Deduction	-	-	-	-
4.12/31/2014	65,113,352.31	15,814,995.50	28,239,760.93	109,168,108.74
III. Provision for impairment losses				
1.12/31/2013	-	-	-	-
2.Addition	-	-	-	-
3.Deduction	-	-	-	-
4.12/31/2014	-	-	-	-
V. Book Value				
1.12/31/2014	193,405,596.71	31,432,979.47	14,656,515.66	239,495,091.84
2.12/31/2013	199,741,878.67	35,304,579.41	15,256,184.89	250,302,642.97

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

13. Goodwill

(1) Original book value of good will

Unit: RMB

Name of the investee or entities causing deriving goodwill	2013/12/31	Addition	Deduction	2014/12/31
Shanxi Goldmet Inn Management Co., Ltd.	40,171,417.85	-	-	40,171,417.85
Smartel (Note II)	51,785,803.21	-	-	51,785,803.21
City Inn (Note I,II)	-	3,740,756.59	-	3,740,756.59
Total	91,957,221.06	3,740,756.59	-	95,697,977.65

Note: The addition is related to the positive difference between the cost of consolidation for City Inn which is not under common control of the group and the fair value of identified net assets which is received from City Inn. (Refer to Note (VI)1)

(2) Provision of Goodwill impairment

At the end of reporting period, goodwill is reviewed by the management. The fair value of the goodwill is determined in accordance with its estimated future cash flows which are discounted to their present value using a proper discount rate. The cash flow projection is based on an appropriate discount rate approved by management covering a period from year 2015 to 2019. The cash flows beyond 2019 are extrapolated using a growth rate of 0%. The management of the Group considered that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill to exceed the corresponding recoverable amount and no impairment provision was needed on the goodwill.

14. Long-term prepaid expenses

Unit: RMB

Item	2013/12/31	Addition	Amortization	Other deduction	2014/12/31
Leasehold improvement of fixed assets	1,195,319,745.48	213,295,545.67	(121,270,928.54)	(15,375,704.82)	1,271,968,657.79
Leasehold decoration of fixed assets	106,679,453.24	62,393,936.98	(40,298,570.48)	(176,174.57)	128,598,645.17
Other	17,290,484.37	2,884,091.29	(1,758,455.93)	(60,398.80)	18,355,720.93
Total	1,319,289,683.09	278,573,573.94	(163,327,954.95)	(15,612,278.19)	1,418,923,023.89

The increase in the original book value for the reporting period consists of an increase of RMB 233,026,484.53 transferred from construction in progress, an increase of RMB 44,313,963.56 for purchasing the subsidiary (Refer to note(VI) 1(3)), and an increase of RMB 9,627,487.30 for purchase and settlement.

Note: The reduction in the original carrying amount for the reporting period consists of a decrease of RMB 5,984,790.89for disposals and write off, and a decrease of RMB 9,627,487.30 for adjustment for clearing construction fee.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

15. Deferred tax assets and liabilities

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

Unit: RMB

Items	December 31, 2014		December 31, 2013	
	Deductible and Taxable temporary differences	Deferred tax assets or liabilities	Deductible and Taxable temporary differences	Deferred tax assets or liabilities
Employee benefits payable	72,409,897.00	18,048,958.84	97,874,193.46	24,468,548.37
Advances of membership card and deferred revenue on membership points	81,794,029.35	20,619,508.41	79,401,469.08	19,850,367.27
Operating lease fee	120,826,159.88	29,769,981.32	96,492,064.40	24,123,016.10
Government subsidy	25,746,666.67	6,436,666.67	19,500,000.00	4,875,000.00
Provision for impairment losses	9,860,325.55	2,465,107.39	9,949,473.68	2,487,368.42
Depreciation differences between tax base and accounting base	17,579,938.45	4,397,526.07	27,375,241.80	6,843,810.45
Deductible losses	59,017,971.21	14,733,564.01	20,539,071.67	5,134,767.92
Deferred income tax of interest capitalization	3,459,899.44	864,974.86	3,845,895.64	961,473.91
Others	14,535,779.93	3,643,958.32	13,917,088.72	3,479,272.18
Total	405,230,667.48	100,980,245.89	368,894,498.45	92,223,624.62

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

Unit: RMB

Items	December 31, 2014		December 31, 2014	
	Deductible and Taxable temporary differences	Deferred tax assets or liabilities	Deductible and Taxable temporary differences	Deferred tax assets or liabilities
Changes in fair value of available-for-sale financial assets recognized in other comprehensive income	2,183,093,159.04	545,773,289.77	752,292,816.93	188,073,204.24
Adjustment of fair value of non-current assets derived from business combination involving enterprises not under common control	471,783,487.92	117,945,871.97	483,832,003.24	120,958,000.81
Others	744,774.00	186,193.50	651,677.24	162,919.31
Total	2,655,621,420.96	663,905,355.24	1,236,776,497.41	309,194,124.36

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

Unit: RMB

	December 31, 2014		December 31, 2014	
	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or Deferred tax liabilities after offsetting	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or Deferred tax liabilities after offsetting
Deferred tax assets	9,288,367.11	91,691,878.78	7,406,306.89	84,817,317.73
Deferred tax liabilities	9,288,367.11	654,616,988.13	7,406,306.89	301,787,817.47

(4) Details of Unrecognised deferred tax assets:

Unit: RMB

Item	2014/12/31	2013/12/31
Deductible losses	163,562,187.40	102,866,398.70
Deductible temporary differences	40,091,128.45	33,876,455.88
Total	203,653,315.85	136,742,854.58

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

15. Deferred tax assets and liabilities - continued

(5) Deductible losses which are not recognised as deferred tax assets will expire as follows:

Unit: RMB

Item	2014/12/31	2013/12/31
2014	-	12,107,229.79
2015	7,381,923.07	6,923,101.86
2016	17,918,873.82	17,956,574.75
2017	36,571,239.11	30,258,183.94
2018	34,335,732.40	35,621,308.36
2019	67,354,419.00	-
Total	163,562,187.40	102,866,398.70

16. Other Non-Current Assets

Unit: RMB

Item	2014/12/31	2013/12/31
Rental for basements	52,573,521.77	53,964,890.76
Entrusted Loan (Note 1)	9,000,000.00	-
Advances for acquisition of few shareholder's equity (Note 2)	-	11,369,000.00
Total	61,573,521.77	65,333,890.76

Note 1: Hotel investment company issued an entrusted loan to Xinjing Hotels management . Refer to Note(X)5(4)

Note 2: On 4 June 2013, Catering Investment and Tianxiang China Co., Ltd. signed the equity transfer memo, on which Catering Investment would acquire 25% of the equity interest of New Asia Café de Coral through equity transfer. According to the agreement, Catering Investment prepaid RMB 11,369,000.00. On 26 December 2013, Catering Investment paid the full amount to Tianxiang China Co., Ltd. At the end of reporting period, the changes in the registration the transaction have been completed.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

17. Provision for impairment loss of assets

Unit:RMB

Item	2013/12/31	Addition	Deduction		2014/12/31
			Reversal	Write-off	
I. Provision for bad debt	4,511,697.59	439,822.19	(432,944.96)	(20,592.61)	4,497,982.21
II.Provision for impairment loss of inventories	144,411.55	-	(10,065.20)	-	134,346.35
III. Provision for impairment loss of available for sale financial assets	5,000,000.00	-	(5,000,000.00)	-	-
IV. Provision for impairment loss of held to maturity financial assets	-	-	-	-	-
V. Provision for impairment loss of long-term equity investments	-	-	-	-	-
VI. Provision for impairment loss of investment property	-	-	-	-	-
VII. Provision for impairment loss of fixed Assets	98,455.78	-	-	(15,424.64)	83,031.14
VIII. Provision for impairment loss of construction materials	-	-	-	-	-
IX. Provision for impairment loss of construction in progress	-	-	-	-	-
X. Provision for impairment loss of capitalized biological assets	-	-	-	-	-
Including: maturity capitalized biological assets	-	-	-	-	-
XI. Provision for impairment loss of oil and gas assets	-	-	-	-	-
XII. Provision for impairment loss of intangible assets	-	-	-	-	-
XIII. Provision for impairment loss of goodwill	-	-	-	-	-
XIV. Others	-	-	-	-	-
Total	9,754,564.92	439,822.19	(5,443,010.16)	(36,017.25)	4,715,359.70

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

18. Short-term borrowings

(1) Short-term borrowings by categories:

Unit: RMB

Item	2014/12/31	2013/12/31
Credit borrowings – bank	-	1,000,000,000.00
Credit borrowings – other financial institution (Note)	800,000,000.00	330,000,000.00
Total	800,000,000.00	1,330,000,000.00

Note 2: In reporting period, company gained a year current fund loan from Jin Jiang Finance. The total amount of the loan is RMB 600,000,000.00, and the annual interest rate is 3.92%. Among that, the borrow term of RMB 200,000,000.00 is from December 22nd 2014 to December 21st 2015. In addition, Smartel received 3-month short-term loan from financial institution. Total borrowing amount is RMB 200,000,000.00. The borrow term is from December 29th, 2014 to Match 28th, 2015, Interest rate is 3.97%.(Refer to Note (X)5(4).)

19. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	2014/12/31	2013/12/31
Payables for operation	221,641,266.52	179,653,692.54
Payables for constructions	290,124,888.94	283,052,484.50
Total	511,766,155.46	462,706,177.04

(2) At the end of reporting period, no significant amount aging over 1 year in the balance of accounts payable.

20. Advances from customers

(1) Details of advances from customers are as follows:

Unit: RMB

Item	2014/6/30	2013/12/31
Advances for membership card	78,416,178.74	82,564,910.51
Advances for room fee and dining	52,476,937.29	48,189,904.15
Advances for franchise fee	21,064,382.67	25,817,933.27
Total	151,957,498.70	156,572,747.93

(2) At the end of reporting period, no significant amount aging over 1 year is included in the balance of advance from customers.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

21. Employee benefits payable

(1) List of employee benefits payable

Unit:RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
1.Short-term wages or salaries payable	99,979,541.69	702,089,043.96	(730,783,929.75)	71,284,655.90
2.Annuity-Defined Contribution Plan	8,452,960.52	65,820,852.74	(73,143,098.58)	1,130,714.68
3.Dismissal compensation	12,771,899.12	8,346,577.41	(7,373,360.34)	13,745,116.19
Total	121,204,401.33	776,256,474.11	(811,300,388.67)	86,160,486.77

(2) List of Short-term employee benefits payable

Unit:RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
I. Wages or salaries, bonus, allowance, subsidies	91,963,084.11	580,644,522.28	(606,078,594.11)	66,529,012.28
II. Staff welfare	-	47,269,504.47	(47,269,504.47)	-
III. Social security	4,233,598.43	38,286,950.83	(40,475,712.73)	2,044,836.53
Included：Medical insurance	4,039,925.04	33,726,218.17	(35,793,890.34)	1,972,252.87
Work injury insurance	110,034.39	2,113,747.63	(2,197,017.04)	26,764.98
Maternity insurance	83,639.00	2,446,985.03	(2,484,805.35)	45,818.68
IV、Housing fund	1,750,557.04	23,921,949.42	(24,916,123.23)	756,383.23
V、Labor union and education fund	2,023,534.29	11,723,732.96	(11,893,611.21)	1,853,656.04
VI、Others	8,767.82	242,384.00	(150,384.00)	100,767.82
Total	99,979,541.69	702,089,043.96	(730,783,929.75)	71,284,655.90

(3) Defined Contribution Plan

Unit:RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
1、Annuity insurance	8,020,782.86	61,080,492.97	(68,092,911.10)	1,008,364.73
2、Unemployment insurance	432,177.66	4,740,359.77	(5,050,187.48)	122,349.95
Total	8,452,960.52	65,820,852.74	(73,143,098.58)	1,130,714.68

The Group follows policies to join in annuity insurance and unemployment insurance plans which are established by government. According these plans, the group follows certain percentages of monthly average salaries last year to deposit payments for these plans monthly.

The group have to deposit RMB 61,080,492.97 and RMB 4,740,359.77 to annuity plan and unemployment insurance plan respectively in this year. (In 2013, RMB 65,227,475.68 and RMB 4,652,772.20 respectively). In December 31, 2014, the group have RMB 1,008,364.72 and RMB122,349.95 (In December 31, 2013: RMB 8,020,782.85 and RMB 432,177.66) to deposit for overdue and unpaid annuity insurance and unemployment insurance, during the financial statement reporting period. The related payable fees have been paid after financial reporting period.

22. Tax payable

Unit: RMB

Item	2014/12/31	2013/12/31
Value-added tax	829,251.14	245,789.32
Business tax	12,796,603.51	12,373,536.17
Enterprise Income tax	134,063,418.28	78,913,386.37
Individual income tax	10,574,146.18	12,278,704.75
House property tax	7,239,067.66	5,933,834.69
Others	15,976,460.83	15,393,923.52
Total	181,478,947.60	125,139,174.82

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

23. Interest payable

Unit: RMB

Item	2014/12/31	2013/12/31
Interest payable for short-term borrowings	559,618.64	2,022,500.00
Total	559,618.64	2,022,500.00

24. Dividends payable

Unit: RMB

Name	2014/12/31	2013/12/31
A Share unrestricted shareholders	371,241.41	344,139.43
Total	371,241.41	344,139.43

25. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	2014/12/30	2013/12/31
Tax for significant assets replacement and affiliated transactions accrued	58,623,448.29	58,623,448.29
Accrued expenses	44,718,602.50	55,971,371.95
Accrual agency fee of equity acquisition	39,804,000.00	-
Deposits	13,220,813.14	8,128,057.55
Expected payable for the equity transfer of Smartel	9,796,303.25	21,662,276.63
Construction deposits	7,314,380.60	4,584,578.70
Payments on behalf of other	6,483,833.82	3,125,583.36
Others	25,669,771.30	23,008,983.08
Total	205,631,152.90	175,104,299.56

(2) Explanation of huge amount other payables aging over 1 year:

At the end of the reporting period, huge amount other payable aging over 1 year includes:

① The accrual amount of significant replacement and related transactions payment and involved taxation is RMB 58,623,448.29 that should be paid by the Company after the report and verification of the involved taxation.

② The company has to pay RMB 9,796,303.25 which is the amount of equity transfer to Smartel. This amount of equity transfer is treated as deposit of transaction and will be paid after getting over of Smartel's flawed business.

③ At the end of reporting period, except for ②, The huge amount other payables of the Group is RMB 39,800,000 which includes accrual agency fee.

④ Except for (2) and (3), at the end of reporting period, other payables of the Group mainly include accrued expenses, payments on behalf of other parties and deposits, which are related to daily operation.

26. Non-current liabilities due within 1 year

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

Unit: RMB

Item	2014/12/31	2013/12/31
Long-term payables due within 1 year	598,076.58	469,829.13
Deferred gain due within 1 year	4,366,000.00	16,000.00
Total	4,964,076.58	485,829.13

(2) Please refer to Note (V) 28 for the details of long-term payables due within 1 year.

Please refer to Note (V) 29 for the details of deferred gain due within 1 year.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

27. Long-term Borrowings

Unit: RMB

Item	2014/12/31	2013/12/31
Credit borrowings	4,500,000.00	-
Total	4,500,000.00	-

Note: During the financial reporting period, the company received a 3-year long-term Loan in RMB from China Citic Bank, total borrowing amount is RMB 4,500,000.00, annual interest rate is 4.675%, the borrowing period is from December 30th ,2014 to December 29th ,2016

28. Long-term payables

(1) Details of long-term payables for financial lease are as follows:

Unit: RMB

Lessee	Lessor	Duration	Principal	Annual Rate (%)	Interest payables	Balance at 2014/6/30	Lending condition
Shanghai Jinjiang Dahua Hotel LLC	Norwegian energy technology letters (Shanghai) Co., Ltd.	15 years	8,250,000.00	5.94	626,097.95	2,102,679.87	Financial lease
Shanghai Minhang Hotel LLC	Norwegian energy technology letters (Shanghai) Co., Ltd.	10 years	4,830,000.00	7.83	2,992,759.81	4,225,878.61	Financial lease
Total			13,080,000.00		3,618,857.76	6,328,558.48	

(2) Details of long-term financial lease payables are as follows:

Unit: RMB

	2014/6/30	2013/12/31
	RMB	RMB
Within 1 year after balance sheet date	970,000.00	786,666.67
Between 1 to 2 years after balance sheet date	970,000.00	970,000.00
Between 2 to 3 years after balance sheet date	970,000.00	970,000.00
Over 3 years after balance sheet date	5,305,429.01	6,160,845.33
Total minimum lease payment	8,215,429.01	8,887,512.00
Less: Unrecognized financing costs	1,886,870.53	2,151,611.13
Financial lease payables	6,328,558.48	6,735,900.87
Including: due within 1 year	598,076.58	469,829.13
due after 1 year	5,730,481.90	6,266,071.74

There is no guarantee from third party for the Group's finance lease.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

29. Deferred income

Unit: RMB

Item	2014/12/31	2013/12/31
Government grants	25,746,666.67	19,662,666.67
Deferred revenue	5,793,474.91	983,530.95
Less: deferred income due within 1 year	4,366,000.00	16,000.00
deferred income due after 1 year	27,174,141.58	20,630,197.62

Projects of government grants:

Unit: RMB

Item	Opening balance	Addition	Transfer to non-operating income	Closing balance	Related to assets/ Related to income
Information platform funds (Note)	19,500,000.00	-	3,900,000.00	15,600,000.00	Related to assets
Metropole Hotel project funds	-	3,666,700.00	-	3,666,700.00	Related to assets
Smartel project funds	-	3,333,300.00	-	3,333,300.00	Related to assets
Jinjiang Metropole brand promotion funds	-	3,000,000.00	-	3,000,000.00	Related to income
Other	162,666.67	-	16,000.00	146,666.67	Related to assets
Total	19,662,666.67	10,000,000.00	3,916,000.00	25,746,666.67	

30. Share capital

Unit: RMB

	2013/12/31	Change for the period					2014/12/31
		Non-public issue of new shares(Note2)	Bonus issue	Capitalisation of surplus reserve	Others	Subtotal	
I. **Restricted tradable shares**							
1 State-owned shares	-	101,277,000.00	-	-	-	101,277,000.00	101,277,000.00
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	-	-	-	-	-	-	-
4. Other foreign shares	-	100,000,000.00	-	-	-	100,000,000.00	100,000,000.00
Total restricted tradable shares	-	201,277,000.00	-	-	-	201,277,000.00	201,277,000.00
II.Tradable shares							
1. Ordinary shares denominated in RMB	447,240,740.00	-	-	-	-	-	447,240,740.00
2. Foreign capital shares listed domestically	156,000,000.00	-	-	-	-	-	156,000,000.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	603,240,740.00	-	-	-	-	-	603,240,740.00
III. **Total shares**	603,240,740.00	201,277,000.00	-	-	-	201,277,000.00	804,517,740.00

Note1: On 23 January 2006, the share merger reform was carried out. The unlisted A share shareholders of the Company transferred to public A share shareholders with 1 to 3 years' restriction on transaction. As on 23 January 2009, all shares held by the shareholders formerly holding the unlisted shares were listed (refer to Note (I)).

Note2: According to Note (I), the Company issued 201,277,000 non-public A-shares to HongYi investment fund and Jinjiang Hotels Group. These non-public shares can't be transferred within 36 months from the end of the issue. The expected transfer date is December 6, 2017.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

31. Capital reserve

Unit: RMB

Item	2013/12/31	Addition(Note1)	Deduction(Note2)	2014/12/31
Share premium	1,495,981,265.87	2,826,978,883.00	(4,365,411.92)	4,318,594,736.95
Including: Capital injected by investors	605,917,945.00	2,826,978,883.00	-	3,432,896,828.00
Differences derived from business combination involving enterprises under common control	1,027,136,210.91	-	-	1,027,136,210.91
Premium derived from the acquisition of minority interest	(137,072,890.04)	-	(4,365,411.92)	(141,438,301.96)
Other capital reserve-Transfer from capital reserve under the previous accounting system	163,502,812.00	-	-	163,502,812.00
Total	1,659,484,077.87	2,826,978,883.00	(4,365,411.92)	4,482,097,548.95

Note1: For details, please refer to Note(I).

Note2: For details, please refer to Note(VII)1(1)Note6.

32. Other Comprehensive Income

Unit: RMB

Item	2013/12/31	Movement					2014/12/31
		Amount befor income tax	Deduction: previously recognized as other comprehensive income and transferred to gain and loss in the current period	Deduction: income tax	Amont Attributable to shareholders of the parent the after tax	Amount Attributable to shareholders of the minority after tax	
Other comprehensive income that will be reclassified into gain and loss							
Including: Fair value changes on available-for-sale financial assets	564,219,612.67	1,732,772,577.60	301,972,235.49	357,700,085.53	1,073,100,256.58	-	1,637,319,869.25
Change under equity method in other comprehensive income that will be reclassified into gain and loss	1,717,299.06	236,731.95	-	-	236,731.95	-	1,954,031.01
Total	565,936,911.73	1,733,009,309.55	301,972,235.49	357,700,085.53	1,073,336,988.53	-	1,639,273,900.26

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

33. Surplus reserve

Unit: RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
Statutory surplus reserve`	301,620,370.00	46,914,082.92	-	348,534,452.92
Discretionary surplus reserve	180,681,288.50	-	-	180,681,288.50
Total	482,301,658.50	46,914,082.92	-	529,215,741.42

Pursuant to the PRC Company Law and Article of association, the Company appropriates 10% of net profit for the year as statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's registered share capital, any further appropriation is optional. The statutory surplus reserve can be utilized to offset prior years' losses or capitalized into share capital upon approval. The discretionary surplus reserve fund can be utilized to offset prior years' losses or capitalized into share capital upon approval.

34. Undistributed profits

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Total amount of unappropriated profits at beginning of period	1,032,670,709.94	878,396,483.97
Add: Net profit for attributable to shareholders of the parent for the period	487,168,241.61	377,473,299.77
Less: Appropriation to statutory surplus reserve	46,914,082.92	-
Appropriation to discretionary surplus reserve	-	-
Dividends payable	229,231,481.20	223,199,073.80
Ordinary shares' dividends converted into share capital	-	-
Unappropriated profits at end of period	1,243,963,387.43	1,032,670,709.94

(1) Cash dividends approved by General Meeting of Shareholders:

On 24 June 2014, the General Meeting of Shareholders approved the scheme on dividends distribution of the Company, which proposes to distribute a dividend of RMB 0.38 per share to the shareholders, calculated based on the total share of 603,240,740 (with the par value of RMB 1 per share).

(2) Profits distribution after reporting date

On 26 March 2015, the General Meeting of Shareholders approved the resolution that suggested to distribute a dividend of RMB 0.4 per share to the shareholders, calculated based on the total share of 804,517,740(with the par value of RMB 1 per share). Total cash dividends amount to RMB 321,807,096.00. The suggestion remains to be approved.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

35. Minority interests

Details of minority interests are as follows:

Unit: RMB

Name of the minority shareholders	2014/12/31	2013/12/31
1. Minority shareholders of Jin Jiang Inn Co., Ltd.:		
Shanghai Yu Yuan Group Co., Ltd.	9,281,245.43	9,021,559.98
Suzhou New District Lion Asset Management Company	6,192,889.48	5,982,326.59
Shanghai Huamu Economic Development Corporation	4,696,992.61	4,730,639.49
Yangzhou Shuangqiao Agriculture Corporation	2,037,006.25	2,117,456.72
Shanghai Minhang District Commercial Construction Co., Ltd.	1,231,805.43	1,231,805.43
2. Minority of Hotels Investment		
Shenyang Nonstaples Group Co.,Ltd.	3,575,846.31	4,488,199.33
3. Minority of Shanghai Jin Jiang Tung Lok Catering Management Inc:		
Tung Lok (China) Holdings Limited	1,782,221.68	2,593,721.39
4. Shanghai Jin Ya Catering Management Co., Ltd.		
Tin Hang China Ltd.	-	7,003,588.08
Total	28,798,007.19	37,169,297.01

36. Operating income and operating costs

(1) Operating income and operating costs:

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	Income	Cost	Income	Cost
Main business	2,912,878,073.43	308,410,736.94	2,684,130,836.21	300,755,608.14
Other business	226,765.35	-	280,081.98	-
Total	2,913,104,838.78	308,410,736.94	2,684,410,918.19	300,755,608.14

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

36. Operating income and operating costs– continued

(2) Principal operating income and principal operating cost by industries:

Unit: RMB

Industry	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Limited service hotels operation and management	2,636,196,379.24	169,731,325.79	2,409,886,778.97	170,046,933.59
Food and restaurant	276,681,694.19	138,679,411.15	274,244,057.24	130,708,674.55
Total	2,912,878,073.43	308,410,736.94	2,684,130,836.21	300,755,608.14

(3) Operating income by area

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Shanghai	1,265,884,473.23	1,179,556,597.39
Other area outside Shanghai	1,647,220,365.55	1,504,854,320.80
Total	2,913,104,838.78	2,684,410,918.19

(4) Operating income and costs of economy hotels operation and management by sources:

Unit: RMB

Industry	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	operating income	operating costs	operating income	operating costs
Rooms	1,927,675,972.10	-	1,734,950,198.47	-
Food and restaurant	172,075,792.26	106,853,198.13	201,231,053.10	114,963,550.22
Commodity sales	34,665,390.55	25,485,016.04	34,690,865.53	30,493,389.39
Management:				
Initial fee	63,558,773.63	-	64,520,814.91	-
Management fee	172,638,993.80	-	146,536,949.66	-
Reservation channel fee (Note)	50,853,850.23	-	39,263,418.01	-
Others	50,466,962.55	-	41,812,932.82	-
Subtotal of Management	337,518,580.21	-	292,134,115.40	-
Others:				
Membership cards	84,781,487.59	-	79,624,920.19	-
Lease of properties	42,693,106.94	20,512,484.51	29,117,567.84	7,906,653.89
Others	36,786,049.59	16,880,627.11	38,138,058.44	16,683,340.09
Subtotal of Others	164,260,644.12	37,393,111.62	146,880,546.47	24,589,993.98
Total	2,636,196,379.24	169,731,325.79	2,409,886,778.97	170,046,933.59

Note: Reservation channel fee is based on the effective number of rooms sold and definite standard which are from the room reservation sent by central reservation system.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

36. Operating income and operating costs - continued

(5) Operating income and costs of Catering business

Unit: RMB

Name of customer	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	operating income	operating costs	operating income	operating costs
Chain restaurants	155,422,954.68	75,185,481.76	172,667,041.35	77,264,523.67
Groups meal	108,802,855.74	53,029,313.41	79,546,907.06	38,069,543.96
Food sales	9,220,388.58	8,980,218.91	18,544,577.52	12,053,473.37
Others	3,235,495.19	1,484,397.07	3,485,531.31	3,321,133.55
Total	276,681,694.19	138,679,411.15	274,244,057.24	130,708,674.55

(6) Details of the revenue from top 5 customers of the Group are as below:

Unit: RMB

Name of customer	Operating income	Ratio (%)
Shanghai Futures Exchange	8,525,112.61	0.29
Shanghai Stock Exchange	8,103,771.16	0.29
Shanghai Qijiao Business Service Co., Ltd.	7,102,248.40	0.28
Shanghai Linjiang Property Co.,Ltd.	7,016,871.60	0.24
Oriental Securites Company Limited	6,422,446.10	0.22
Total	37,170,449.87	1.32

37. Costs and expenses by nature

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Cost of goods sold	274,673,501.65	266,010,687.35
Employee benefits	772,535,215.00	741,094,522.09
Including: Wages or salaries	580,644,522.28	548,872,028.08
Social insurance	128,029,752.99	126,885,197.49
Welfare and Other expenditures	63,860,939.73	65,337,296.52
Utilities and material consumption	362,620,539.54	326,403,881.35
Depreciation and amortization	389,127,156.54	349,674,763.10
Rental of operating lease	391,907,376.46	352,300,744.64
Repair and maintenance fee	33,812,918.31	32,990,137.95
Property tax and other levies	27,000,132.17	19,369,590.50
Others	270,127,503.69	186,636,258.00
Total	2,521,804,343.36	2,274,480,584.98

38. Business taxes and levies

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Business tax	132,750,720.84	126,378,854.45
Urban maintenance and construction tax	9,902,417.03	9,089,474.05
Additional education fees	7,213,434.53	6,606,760.94
Others	37,372.65	84,267.58
Total	149,903,945.05	142,159,357.02

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

39. Financial expenses

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Interest expenses	66,455,785.39	39,205,895.68
Less: Interest expenses capitalized	-	-
Less: Interest income	11,726,172.10	7,842,640.68
Foreign exchange difference	367,030.71	(313,608.18)
Less: Capitalized Foreign exchange difference	-	-
Others	14,527,153.85	14,799,448.36
Total	69,623,797.85	45,849,095.18

40. Impairment loss in respect of assets

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
I.Impairment loss (Reversal) of bad debt	6,877.23	(1,213,856.21)
II.Impairment loss of inventories	(10,065.20)	144,411.55
III.Impairment loss of available for sale financial assets	-	-
IV.Impairment loss of long-term equity investments	-	-
V.Impairment loss of investment property	-	-
VI.Impairment loss of fixed assets	-	-
VII.Impairment loss of construction in progress	-	-
VIII.Impairment loss of intangible assets	-	-
IX.Impairment loss of goodwill	-	-
Total	(3,187.97)	(1,069,444.66)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

41. Investment income

(1) Details of investment income are as follows:

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Investment income from long-term equity investments under equity method of accounting	(9,888,632.71)	(8,860,885.49)
Investment income from available-for-sale financial assets	48,143,257.18	75,322,171.57
Gain on disposal of available-for-sale financial assets	423,943,436.69	175,389,221.21
Other	123,205.05	4,865,869.59
Total	462,321,266.21	246,716,376.88

(2) Investment income from long-term equity investments under euqity method of accounting

Unit: RMB

Investee	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Explanation on the changes
Shanghai Kentucky Fried Chicken Company Limited	(2,369,484.02)	(5,476,298.98)	Dut to the increase in operating income, losses declined
Shanghai New Asia Fulihua Catering Company Limited	4,465,284.72	3,861,646.16	Due to the increase in operating income, profit is better in this year than last year
Shanghai Xinlu Catering Development Co., Ltd.	221,103.21	217,560.93	Operating income of this period is largely in line with a year earlier
Shanghai Yoshinoya Company Limited	(6,990,039.35)	(7,133,946.23)	Dut to the increase in operating income, losses declined
Shanghai Jing An Bakery Co., Ltd.	6,221.48	(329,847.37)	Dut to the increase in operating income, losses are turned into gains
Shanghai Xinjin Hotel Management Co., Ltd.	(5,221,718.75)	-	Newly open this year
Total	(9,888,632.71)	(8,860,885.49)	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

41. Investment income - continued

(3) Investment income from available-for-sale financial assets

Unit: RMB

Investee	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Explanation on the changes
Hangzhou Kentucky Fried Chicken Co., Ltd.	15,280,799.23	32,136,184.70	Dividend declared declined
Suzhou Kentucky Fried Chicken Co., Ltd.	8,178,469.42	12,324,839.68	Dividend declared declined
Wuxi Kentucky Fried Chicken Co., Ltd.	2,442,209.71	5,951,247.33	Dividend declared declined
Shenyin and Wanguo Securities Co., Ltd.	1,108,856.60	1,108,856.60	Declare dividend this year
Chang Jiang United Development Co., Ltd.	20,500,000.00	23,126,000.00	Dividend declared declined
Other	632,922.22	675,043.26	-
Total	48,143,257.18	75,322,171.57	

(4) Gain on disposal of available-for-sale financial assets

Unit: RMB

Investee	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Changjiang Securities (Stock code: 000783)(Note1)	372,420,495.92	169,560,362.36
Guangdong Finance Trust (Note2)	51,522,940.77	-
Jinjiang investment (Stock code: 600650)	-	5,828,858.85
Total	423,943,436.69	175,389,221.21

Note1: In the reporting period, the Company sold 48,230,000 shares of Changjiang Securities.

Note2: For details, please refer to Note(V)8(3).

42. Non-operating income

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

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Recognized as current non-recurring profit and loss
Gains on disposal of non-current assets	537,119.97	145,388.54	537,119.97
Government grants	25,481,733.17	24,244,771.49	25,481,733.17
Relocation compensation	5,344,086.76	91,999.26	5,344,086.76
Compensation from third party	27,700.71	56,947.34	27,700.71
Others	4,088,040.87	4,652,577.25	4,088,040.87
Total	35,478,681.48	29,191,683.88	35,478,681.48

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

42. Non-operating income - continued

(2) Details of government grants are as follows:

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Related to assets/ Related to income
Industry support funds	19,400,023.83	16,684,644.89	Related to income
Information platform funds	3,900,000.00	-	Related to assets
Others government grants	2,165,709.34	1,720,926.60	Related to income
Amortization of Boiler Subsidy	16,000.00	16,000.00	Related to assets
Breakfast demonstration project of New Asia Café de Coral	-	5,823,200.00	Related to income
Total	25,481,733.17	24,244,771.49	

43. Non-operating expenses

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Recognized as current non-recurring profit and loss
Losses on disposal of non-current assets	3,031,805.01	1,203,571.22	3,031,805.01
Penalty Losses	197,787.53	400,344.94	197,787.53
Others	748,267.35	647,537.49	748,267.35
Total	3,977,859.89	2,251,453.65	3,977,859.89

44. Income taxes

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Current income tax calculated according to tax laws and relevant regulations	185,155,847.15	130,069,970.11
Additional tax paid in respect of the prior year	3,174,055.95	(46,841.51)
Deferred income tax expense	(12,908,409.68)	(15,525,514.64)
Total	175,421,493.42	114,497,613.96

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

Unit: RMB

	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Accounting profit	665,598,028.29	496,647,932.78
Income tax expenses calculated at 25%	166,399,507.07	124,161,983.20
Effect of expenses that are not deductible for tax purposes	(99,370.79)	(204,297,05)
Effect of tax-free income	3,174,055.95	(46,841.51)
Effect of unrecognised deductible losses and deductible temporary differences for tax purposes	(11,309,610.59)	(21,897,579.10)
Effect of using previously unrecognised deductible losses and deductible temporary differences for tax purposes	1,313,662.41	1,050,672.67
Effect of different tax rates of subsidiaries	(549,941.75)	(1,191,216.11)
Additional tax paid in respect of the prior year	16,493,191.12	12,624,891.86
Total	175,421,493.42	114,497,613.96

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

45. Minority interests

Details of minority interests are as follows:

Unit: RMB

Name of the minority shareholders	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
1. Minority shareholders of Jin Jiang Inn Co., Ltd.:		
Shanghai Huamu Economic Development Corporation	1,566,353.12	1,622,459.42
Suzhou New District Lion Asset Management Company	1,170,562.89	1,085,064.93
Shanghai Minhang District Commercial Construction Co., Ltd.	933,120.00	931,805.43
Shanghai Yu Yuan Group Co., Ltd.	819,685.45	671,253.95
Yangzhou Shuangqiao Agriculture Corporation	242,424.53	254,645.81
Shanghai Pudong Heqing Embroidery Clothing (Group) Co., Ltd.	-	118,312.81
2. Minority of Shanghai Jin Jiang Tung Lok Catering Management Inc:		
Tung Lok (China) Holdings Limited	(811,499.71)	5,277.37
3. Minority of Hotel Investment		
Shenyang Nonstaples Group Co.,Ltd.	(912,353.02)	(11,800.67)
Total	3,008,293.26	4,677,019.05

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

46. Notes to the cash flow statements

(1) Other cash receipts relating to operating activities:

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Government grants	21,565,733.17	24,244,771.49
Interest income	11,064,587.81	9,425,021.14
Others	4,115,741.58	9,274,643.43
Total	36,746,062.56	42,944,436.06

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Rental expenses	370,008,548.12	333,405,152.54
Payment of bank charges	179,141,165.46	179,014,498.91
Other payments in General and administrative expenses and selling and distribution expenses	14,527,153.85	14,799,448.36
Others	1,313,085.59	734,274.25
Total	564,989,953.02	527,953,374.06

(3) Net cash payment to acquisition and other business units

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Net cash payment to acquire City Inn	56,388,102.42	-
Net cash payment to acquire Smartel	11,865,973.38	653,767,718.97
Total	68,254,075.80	653,767,718.97

(4) Cash receipts from borrowings

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Entrusted borrowings from Jin Jiang Finance	2,030,000,000.00	530,000,000.00
Entrusted borrowings from bank	1,004,500,000.00	1,000,000,000.00
Entrusted borrowings from Jinjiang International	-	1,100,000,000.00
Total	3,034,500,000.00	2,630,000,000.00

(5) Cash repayments of borrowings

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Repayments of borrowings to bank	2,000,000,000.00	-
Repayments of borrowings to Jin Jiang Finance	1,560,000,000.00	200,000,000.00
Repayments of borrowings to Jinjiang International	-	1,100,000,000.00
Smartel's repayments of borrowings	-	675,000,000.00
Total	3,560,000,000.00	1,975,000,000.00

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

47. Supplementary information of cash flows

(1) Supplementary information of cash flows

Unit: RMB

Supplementary information	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
1.Reconciliation of net profit to cash flow from operating activities:		
Net profit	490,176,534.87	382,150,318.82
Add: Provision for asset impairment	(3,187.97)	(1,069,444.66)
Depreciation of fixed assets	208,423,682.63	173,220,367.98
Amortization of intangible assets	17,375,518.96	15,674,503.58
Amortization of long-term prepayments	163,327,954.95	160,779,891.54
Gains on disposal of fixed assets, intangible assets and other long-term assets (Less:gain)	2,494,685.04	1,058,182.68
Relocation compensation benefits	(5,344,086.76)	-
Financial expenses (Less:gain)	66,455,785.39	39,205,895.68
Gains arising from investments (Less:gain)	(462,321,266.21)	(246,716,376.88)
Decrease in deferred tax assets (Less:gain)	(8,756,621.27)	(12,755,603.23)
Increase in deferred tax liabilities (Less:decrease)	(4,151,788.41)	(2,769,911.41)
Decrease in Inventory (Less:gain)	4,494,340.62	5,260,357.70
Decrease (increase) in operating receivables	(22,783,723.76)	(561,851.80)
Increase (decrease) in operating payables	109,841,825.59	125,661,274.27
Net cash flow from operating activities	559,229,653.67	639,137,604.27
2.Significant investing and financing activities that do not involve cash receipts and payments		
Purchase fixed assets by debt	16,919,176.81	-
Purchase long-term investment by debt	9,796,303.25	21,662,276.63
3.Net changes in cash and cash equivalents:		
Cash at end of period	3,551,614,901.31	678,807,803.63
Less: Cash at beginning of period	678,807,803.63	751,746,245.14
Add: Cash equivalents at end of period	-	-
Less: Cash equivalents at beginning of period	-	-
Net increase(decrease) in cash and cash equivalents	2,872,807,097.68	(72,938,441.51)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

47. Supplementary information of cash flows - continued

(2) Net cash payment to acquire subsidiaries during the reporting period

Unit: RMB

	Amount
Cash and cash equivalents payment to this year's business combination	67,535,520.51
--City Inn	67,535,520.51
Deduction: cash and cash equivalents of subsidiaries on the acquisition date	11,147,418.09
-- City Inn	11,147,418.09
Add: Cash and cash equivalents payment to previous years' business combination	11,865,973.38
--Smartel	11,865,973.38
Net cash payment to acquire subsidiaries	68,254,075.80

(3) Cash and cash equivalents

Unit: RMB

Item	2014/12/31	2013/12/31
Cash	3,551,614,901.31	678,807,803.63
Including: Cash on hand	7,591,617.72	7,258,204.07
Bank deposits that can be readily	3,544,023,283.59	671,549,599.56
Other cash balance used for payment	-	-
Cash equivalents	-	-
Closing balance of cash and cash equivalents	3,551,614,901.31	678,807,803.63

48. Restricted ownership or right of use assets

Unit: RMB

Item	Book value at end of term	Reason of restriction
Fixed assets	201,266,034.41	Uncompleted certificate of title

49. Foreign currency monetary items

Unit: RMB

Item	Amount of original currency on 2014/12/31	Exchange rate	Amount of RMB on 2014/12/31
Bank and Cash			
Including: USD	137,390.66	6.1190	840,693.45
Total	137,390.66	6.1190	840,693.45

VI Changes in consolidation scope

1. Enterprises consolidation under non-common control

(1) Enterprises consolidation under non-common control in this year

In September 28th 2014, Jinjiang Inn signed a < Contract of transaction of property right > with Shenzhen Overseas Chinese Town international hotels management company ("OCT Hotels management"). Jinjing Inn acquired 100 % equity of Shenzhen overseas Chinese town City Inn LLC from OCT Hotels management. In October 31st, 2013, these related business transaction are completed. Jinjiang Inn has the actual control right of City Inn. Since October 31st, 2014, City Inn included in Financial statement of Jinjing Inn

Acquiree	Date of equity received	Cost of equity acquisition	Percentage of acquired euity（%）	Equity acquisition method	Date of acquisition	Evidence for the date of acquisition	Income of Acquiree from date of acquisition to the end of year	Net losses of Acquiree from date of acquisition to the end of year
Shenzhen overseas Chinese town City Inn	October 31st 2014	70,000,000.00	100	Cash	October 31st 2014	The date received control right on acquiree	8,303,402.37	(1,912,974.32)

(2)Cost of Consolidation and Goodwill

Unit:RMB

	City Inn
Cost of consolidation--Cash	67,535,520.51
Less: Net fair value of identified assets received from acquiree	63,794,763.92
Goodwill	3,740,756.59

(3) Identifiable assets and liabilities of acquiree on the date of acquisition

Unit:RMB

	City Inn	
	Fair value on acquisition date	Book value on acquisition date
Assets：		
Cash	11,147,418.09	11,147,418.09
Other current assets(except for cash)	9,208,207.12	9,203,457.23
Fixed Assets	4,330,588.13	3,436,600.68
Long-term prepaid	44,313,963.56	40,556,216.00
Other non-current assets(except for fixed assets, long-term prepaid)	695,246.66	695,246.66
Subtotal	69,695,423.56	65,038,938.66
Liabilities：		
Current lisbilities	4,737,725.88	4,737,725.89
Deferred income tace	1,162,933.76	-
Subtotal	5,900,659.64	4,737,725.89
Net assets	63,794,763.92	60,301,212.77

The results of above fair value of indentifiable assets and liabilities has been confirmed by Shenzhen DZX international Appraisal Limited through following basis of assets.

VI Changes in consolidation scope - continued

1. Enterprises consolidation under non-common control - continued

(4) Changes in consolidation scope on other reasons

i) Subsidiaries :new established and included into consolidation scope in this term

Unit:RMB

	Ending net assets	Net losses (current year)
Shanghai Jinzhang hotels management Limited	9,776,555.36	(223,444.64)
Shanghai Jin lu investment management Limited	986,090.85	(13,909.15)
Jiaxing Jinhua hotels management Limited	14,996,046.26	(3,953.74)

ii) Subsidiaries: cancellation and not included into consolidation scope in this term

Unit:RMB

	Net assets on cancellation date	Net price from begin of the year to cancellation date
Shanghai Jin chu catering management limited("Jinchu")(Note)	-	-

Note: Jinchu is a wholly-owned subsidaty to Jinjiang Inn, Jinchu shareholders decided to cease business through shareholder's meeting. On January 23rd, 2014, Jinchu has completed accout clearing and cancellation of industrial and commercial administration

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of Subsidiaries

(1) Composition of the Group

No.	Name of subsidiaries	Principal place of business	Registered address	Nature of business	Direct shares (%)	Indirect shares(%)	Methods of acquisition
1	Shanghai Jin Jiang International Catering Investment Co., Ltd. (Catering Investment)	China	No 285,West Tianmu Road, Shanghai	Service	100	-	Subsidiaries set up or invested by the Group
2	Shanghai Jin Jiang International Hotels Investment Co., Ltd. (Hotels Investment)	China	Room 104,No 1121, Pujian Road, Pu Dong New District, Shanghai	Service	100	-	Subsidiaries acquired through a business combination involving enterprises under common control
3	Jin Jiang Inn Co., Ltd.(Jin Jiang Inn)	China	Room 101~103,No 1121, Pujian Road, Pu Dong New District, Shanghai	Service	100	-	Subsidiaries acquired through a business combination involving enterprises under common control
4	Shanghai Jin Lu investment management Co., Ltd.(Jin Lu investment)(Note3)	China	N106, 168 mei sheng road, experimental free-trade zone, Shanghai	Service	100	-	Subsidiaries set up or invested by the Group
5	Smartel	China	20 Yong An Road, Building 3, Room1-3737, Men Tou Gou District, Beijing	Service	100	-	Subsidiaries acquired through a business combination involving enterprises not under common control
6	Shanghai Food and Beverage Serving Equipment Co., Ltd.(Food and Beverage Serving Equipment)	China	Floor7,No200,Middle Xizang Road, Shanghai	Trading	100	-	Subsidiaries set up or invested by the Group
7	Shanghai Jinjiang Metropolo Hotel Investment Management Co., Ltd. (Metropole Hotel)	China	Room 1108, Building 1,No 9628 Hunan Road, Huinan Town, Pu Dong New District, Shanghai	Service	100	-	Subsidiaries set up or invested by the Group
8	Shanghai Jinpan Hotel Co.,Ltd. (Jinpan Hotel)	China	No 711,Pangu Road, Baoshan District, Shanghai	Service	100	-	Subsidiaries set up or invested by the Group
9	Shanghai Jin Jiang Da Hua Hotel Co., Ltd.(Da Hua Hotel)	China	No 914~918, Yan'an Road, Changning District, Shanghai	Service	100	-	Subsidiaries acquired through a business combination involving enterprises under common control
10	Shanghai Minhang Hotel Co., Ltd.(Minhang Hotel)	China	No.202 Lanping Road, Shanghai	Service	98.25	1.75	Subsidiaries set up or invested by the Group
11	Shanghai Jinjiang International Food & Catering Management Co.,Ltd. (Jinjiang Food)	China	Room 417,No 285, Tianmu Road, Shanghai	Service	18	82	Subsidiaries set up or invested by the Group
12	Shanghai New Asia Food Co., Ltd. (Note 1)(New Asia Food)	China	No.1724, Hu Min Road, Shanghai	Manufacturing	5	95	Subsidiaries set up or invested by the Group
13	Shanghai New Asia Food Co., Ltd. (Note 2)(New Asia Food)	China	No 1724,Huming Road, Shanghai	Manufacturing	-	100	Subsidiaries set up or invested by the Group
14	Shanghai Jin Jiang Tung Lok Catering Management Inc(Note1)	China	Room 207,No 999 Jinqiao Road, Pu Dong New District, Shanghai	Service	-	51	Subsidiaries set up or invested by the Group
15	Shanghai Jinzhu Catering Management Co.,Ltd. (Note 1)	China	Floor2, Room 251, Building 1,No588,North Zhongshan Road, Zhabei District, Shanghai	Service	-	100	Subsidiaries set up or invested by the Group
16	Jinya Catering(Originally Shanghai new Asia Dajiale catering Co., LTD.) (Note 1,6)	China	No. 999, Jin Qiao Road, Room 203, Pu Dong New District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises not under common control

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of Subsidiaries – continued

(1) Composition of the Group – continued

No.	Name of subsidiaries	Principal place of business	Registered address	Nature of business	Direct shares (%)	Indirect shares(%)	Methods of acquisition
17	Shanghai Jinqi Hotels Management Co., Ltd. (Note 4)	China	No 2221, South Qilianshan Road, Jiading District, Shanghai	Service	-	100	Subsidiaries set up or invested by the Group
18	Shanghai Jinbei Investment Management Co., Ltd. (Note 4)	China	No 1068, Beiqing Road, Minhang District, Shanghai	Service	-	100	Subsidiaries set up or invested by the Group
19	Shanghai Jinzhen Investment Management Co., Ltd. (Note 4)	China	Building J,Room 202,No 1,Lane 1 Suide Road, PuTuo District, Shanghai	Service	-	100	Subsidiaries set up or invested by the Group
20	Shenyang Jinfu Hotel Investment Management Co., Ltd. (Note 4)	China	No 100, Dongshuncheng Street, Shenhe District, Shenyang	Service	-	55	Subsidiaries set up or invested by the Group
21	Xian Jinfu Hotels Management Co., Ltd. (Note 4)	China	No 94, Lianhu District, Daqing Road, Xian	Service	-	100	Subsidiaries set up or invested by the Group
22	Shanghai Jinzhang Hotel Investment Management Co.,Ltd. (Note 3,4)	China	Area A Ground Floor ,Floor 1 A ,2,3 and 4 ,No 800, Huatuo Road, Zhangjiang High-Tech Park ,Pudong New District, Shanghai	Service	-	100	Subsidiaries set up or invested by the Group
23	Jiaxing Jin Hu Hotel management Co., Ltd. (Note 3,4)	China	Floor 16, Xi Long Xiang Building, Qin Feng Road, Jiaxing	Service	-	100	Subsidiaries set up or invested by the Group
24	Xi'an Jin Jiang Inn Co., Ltd.(Note 4)	China	Room 801, No 110, Jiefang Road, Xi'an	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
25	Zhengzhou Jin Jiang Inn Co., Ltd.(Note 4)	China	No 152,East Shangcheng Road, Zhengzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
26	Tianjin Jin Jiang Inn Co., Ltd.(Note 4)	China	No.2~98,Hebei Road, Tanggu District, Tianjin	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
27	Tianjin Dongqu Jin Jiang Inn Co., Ltd.(Note 4)	China	Bairuili Comprehensive building, Thirteen jing Road, East District, Tianjin	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
28	Shenyang Songhuajie Jin Jiang Inn Co., Ltd.(Note 4)	China	135,South Wuma Road, Heping District, Shenyang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
29	Zhoushan Shenjiamen Jin Jiang Inn Co., Ltd. (Note 4)	China	No 2,West Donghai Road, Shenjiamen Street, Putuo District, Zhoushan	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
30	Tianjin JinJin Hotel Co., Ltd. (Note 4)	China	Business business, No 47,Xianyang Road, Nankai District, Tianjin	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
31	Shanghai Jinpu Investment and Management Co., Ltd. (Note4)	China	Building 3,No 116,Zhaogong Road, Qingpu District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
32	Nanjing HuJin Investment and Management Co., Ltd. (Note 4)	China	No 61,Shanxi Road, Gulou District, Nanjing	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of Subsidiaries – continued

(1) Composition of the Group – continued

No.	Name of subsidiaries	Principal place of business	Registered address	Nature of business	Direct shares (%)	Indirect shares(%)	Methods of acquisition
33	Kunshan Jinlv Investment and Management Co., Ltd. (Note 4)	China	No 1993,East Tongfeng Road, Kunshan Development District	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
34	Changzhou Jinlv Investment and Management Co., Ltd. (Note 4)	China	Building 2,No 586,Middle Jinlin Road, Tianning District, Changzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
35	Xi'an Jinlv Investment and Management Co., Ltd. (Note 4)	China	No 49,Shiyuan Road, Beilin District, Xi'an	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
36	Changchun Jin Jiang Inn Investment and Management Co., Ltd. (Note 4)	China	Room 201,No 2279,Dajing Road,Representative office of Anquan Street,Yangguan Distrit, Changchun	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
37	Changchun Jinlv Investment and Management Co., Ltd. (Note 4)	China	Room 201,No 2279,Dajing Road,Representative office of Anquan Street,Yangguan Distrit, Changchun	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
38	Zhenjiang Jingkou Jin Jiang Inn Co., Ltd. (Note 4)	China	Room 205,No 149,Hejia Lane, Zhenjiang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
39	Wuhan Jinlv Investment and Management Co., Ltd. (Note 4)	China	3R Block,Economic and Technological Development Zone, Wuhan	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
40	Jinhua Jinlv Investment, Consultation and Management Co., Ltd.(Note 4)	China	Room 205, No.329 Yongkang Street, Jinhua	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
41	Shenzhen Jinlv Investment and Management Co., Ltd. (Note 4)	China	No 2,Floor 6,Comprehensive building, Guiyuan Road, Luohu District, Shenzhen	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
42	Shenyang Wenhualu Jingkou Jin Jiang Inn Co., Ltd.(note 4)	China	No 135,South Wuma Road, Heping District, Shenyang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
43	Fuzhou Jinlv Investment and Management Co., Ltd. (Note 4)	China	No 110,Affiliated building, North Wuyi Road, Gulou District, Fuzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
44	Changzhou Jinning Hotels Investment and Management Co., Ltd. (Note 4)	China	No 6~102,Taolinyajing Gardon, Tianning District, Changzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
45	Ma'anshan Jinlv Investment and Management Co., Ltd. (Note 4)	China	No 23,Huashan Road, Huashan District, Ma'anshan	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
46	Hefei Jinlv Investment and Management Co., Ltd..(Note 4)	China	Floor 4~12,No123,Lujiang Road, Luyang District, Hefei	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
47	Huhehaote Jinlv Investment and Management Co., Ltd. (Note 4)	China	First Floor,Business Building,Lantian trading market, E'er'duosi Street, Saian District, Huhehaote	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
48	Kunming Hujin Hotel Co., Ltd. (Note 4)	China	First floor,No 95, North Guanshan Road, Kunming	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
49	Changzhou Jin Jiang Inn Investment and Management Co., Ltd. (Note 4)	China	No.180-1,Zhonghe west Road, District Zhonglou, Changzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
50	Xining Jinlv Inn Investment(Note 4)	China	No.37, Yinma Road, Chenzhong District, Xining	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of Subsidiaries – continued

(1) Composition of the Group – continued

No.	Name of subsidiaries	Principal place of business	Registered address	Nature of business	Direct shares (%)	Indirect shares(%)	Methods of acquisition
51	Qingdao Jin Jiang Inn Hotel Co., Ltd.(Note 4)	China	No.38,Hangzhou Road, Sifang District, Qingdao	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
52	Jin Guang Express(Note 4)	China	No. 459, Jian She South Road, Xiao Dian District, Tai Yuan	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
53	Shanghai Jinle Hotel Co., Ltd. (Note 5)	China	No 227,Hongmei Road, Minhang District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises not under common control
54	Ningbo Jinbo Hotel Co., Ltd. (Note 5)	China	No 2,Delong Road, Zhongxin District, Zhonggongmiao Town,	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
55	Suzhou New District Jinshi Hotels Co., Ltd. (Note 5)	China	Changjiang Road, High-tech District, Suzhou	Service	-	60	Subsidiaries acquired through a business combination involving enterprises under common control
56	Shanghai Jinhong Hotel Co., Ltd. (Note 5)	China	No 440,East Baoxing Road, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
57	Wuxi Jinxi Hotel Co., Ltd. (Note 5)	China	No 40,Gongyi Road, Wuxi	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
58	Beijin Jin Jiang Inn Hotels Investment and Management Co., Ltd. (Note 5)	China	Room 508,Yayuanbajiao Restaurant,West of Amusement Park, Shijinshan District, Beijing	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
59	Shanghai Jinhai Hotel Co., Ltd.(Note 5)	China	No19,South Qingshui, Minhang District, Shanghai	Service	-	70	Subsidiaries acquired through a business combination involving enterprises under common control
49	Changzhou Jin Jiang Inn Investment and Management Co., Ltd. (Note 4)	China	No.180-1,Zhonghe west Road, District Zhonglou, Changzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
50	Xining Jinlv Inn Investment(Note 4)	China	No.37, Yinma Road, Chenzhong District, Xining	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
51	Qingdao Jin Jiang Inn Hotel Co., Ltd.(Note 4)	China	No.38,Hangzhou Road, Sifang District, Qingdao	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
52	Jin Guang Express(Note 4)	China	No. 459, Jian She South Road, Xiao Dian District, Tai Yuan	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
53	Shanghai Jinle Hotel Co., Ltd. (Note 5)	China	No 227,Hongmei Road, Minhang District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises not under common control

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of Subsidiaries – continued

(1) Composition of the Group – continued

No.	Name of subsidiaries	Principal place of business	Registered address	Nature of business	Direct shares (%)	Indirect shares(%)	Methods of acquisition
54	Ningbo Jinbo Hotel Co., Ltd. (Note 5)	China	No 2,Delong Road, Zhongxin District, Zhonggongmiao Town,	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
55	Suzhou New District Jinshi Hotels Co., Ltd. (Note 5)	China	Changjiang Road, High-tech District, Suzhou	Service	-	60	Subsidiaries acquired through a business combination involving enterprises under common control
56	Shanghai Jinhong Hotel Co., Ltd. (Note 5)	China	No 440,East Baoxing Road, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
57	Wuxi Jinxi Hotel Co., Ltd. (Note 5)	China	No 40,Gongyi Road, Wuxi	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
58	Beijin Jin Jiang Inn Hotels Investment and Management Co., Ltd. (Note 5)	China	Room 508,Yayuanbajiao Restaurant,West of Amusement Park, Shijinshan District, Beijing	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
59	Shanghai Jinhai Hotel Co., Ltd.(Note 5)	China	No19,South Qingshui, Minhang District, Shanghai	Service	-	70	Subsidiaries acquired through a business combination involving enterprises under common control
60	Shanghai Jinhua Hotel Co., Ltd. (Note 5)	China	No 221,Pujian Road, Pu Dong New District, Shanghai	Service	-	80	Subsidiaries acquired through a business combination involving enterprises under common control
61	Yangzhou Jinyang Hotel Co., Ltd. (Note 5)	China	No 363,Siwangting,Yangzhou	Service	-	75	Subsidiaries acquired through a business combination involving enterprises under common control
62	Shanghai Dishuihu Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	Room 10~12,No 128,Guoyuan Road, Luchao Port, Nanhui District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
63	Dalian Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 410,Jiefang Road, Zhongshan District, Dalian	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
64	Huai'an Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 61,East Jiankang Road, Huai'an	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
65	Shanghai Jinya Hotel Co., Ltd. (Note 5)	China	No 440,Caobao Road, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
66	Hangzhou Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 196,Middle Zhongshan Road, Shangcheng District, Hangzhou	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
67	Chongqin Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 60,Xingsheng Road,Yangjiaping, Jiulongpo District, Chongqing	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
68	Chengdu Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 69,Wenwu Road, Qingyang District, Chengdu	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
69	Shanghai Jinning Hotel Co., Ltd. (Note 5)	China	No 4&5 building,No 546,Changning Road, Changning District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
70	Shanghai Jinmin Hotel Co., Ltd. (Note 5)	China	No 259,Wuzhong Road, Minhang District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
71	Nanchang Ruzilu Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 456,Chuanshan Road, West Lake District, Nanchang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
72	Nanchang South Nanjin Road Inn Hotel Co., Ltd. (Note 5)	China	No 388, Souht Nanjin Road, Nanchang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of Subsidiaries – continued

(1) Composition of the Group – continued

No.	Name of subsidiaries	Principal place of business	Registered address	Nature of business	Direct shares (%)	Indirect shares(%)	Methods of acquisition
73	Shenyang Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No 135,South Wuma Road, Heping District, Shenyang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
74	Jiaxing Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	Floor 3,Building 15, and trade Street, Commerce, Second phrase Chuanbo Lane, Jiaxing	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
75	Zhangjiagang Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	No1,Guotai Road, Economic Development District, Zhangjiagang	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
76	Nanning Jin Jiang Inn Hotel Co., Ltd. (Note 5)	China	Zhongding wanxiang East Building A,No141,Minzu Venue, Nanning	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
77	Shanghai Lin Qing Hotel Co., Ltd.(Note 5)	China	No 333,Linqing Road, Yapu District, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
78	Shanghai Jin Feng Hotel Co., Ltd. (Note 5)	China	No 5493,5499,Hangnan Road, Nanqiao Town,Fengxian District, Shanghai,	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
79	Tianjin Hu Jin Hotel Investment Co., Ltd.(Note 5)	China	Room 201,No 99 & 105,Guangrong Street, Hongqiao District, Tianjin	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
80	Lasa Jin Jiang Inn Hotel Co., Ltd.(Note 5)	China	No 15,South Deji Road, Lasa	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
81	Shanghai Yujin Hotels Management Co., Ltd.(Note 5)	China	Room 627,No 1425,Zhonghua Road, Huangpu District, Shanghai	Service	-	60	Subsidiaries acquired through a business combination involving enterprises under common control
82	Shanghai Jin Chu Catering Management Co., Ltd. (Note 5)	China	1028, Huai Hai Road, Room 202, Shanghai	Service	-	100	Subsidiaries acquired through a business combination involving enterprises under common control
83	City Inn(Note 3,5)	China	13, Guang Qiao Street, Floor 3, Nan Shan District, Shen Zhen	Service	-	100	Subsidiaries acquired through a business combination involving enterprises not under common control

Note 1: Subsidiaries of Catering Investment.

Note 2: Subsidiariers of Shanghai New Asia Food Co., Ltd.

Note 3: New subsidiary this year. For details, please refer to Note (VI)1.

Note 4: Subsidiaries of Hotel Investment.

Note 5: Subsidiaries of Jin Jiang Inn.

Note 6: Catering Investment originally held 75% shares of Jinya Catering. On 16 June 2014, Catering Investment completed registration of equity transaction of 25% equity interest of Shanghai New Asia Café de Coral Co., Ltd. (New Asia Café de Coral) from Tin Hang China Ltd. Since then, New Asia Dajiele was renamed Jinya Catering, which also became wholly owned subsidiary of Catering Investment.

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

1. Equity of subsidiaries - continued

(2) Important but not wholly - owned subsidiaries

Unit:RMB

Name of subsidiaries	minority shareholding(%)	Current year gain and loss attributable to minority shareholders	Current year declaration of dividends to minority shareholders	Equity balance of minority shareholdersat the end of yearianmian
Shanghai Yu Jin Hotel Management Co., Ltd.	40	819,685.45	560,000.00	9,281,245.43
Suzhou New District Jin Lion Hotel Co., Ltd.	40	1,170,562.89	960,000.00	6,192,889.48

(3) Important financial information of important but not wholly-owned subsidiaries

Unit:RMB

Name of subsidiaries	2014/12/31						2013/12/31					
	Current assets	Non-current assets	Assets total	Current liabilities	Non-current liabilities	Liabilities total	Current assets	Non-current assets	Assets total	Current liabilities	Non-current liabilities	Liabilities total
Shanghai Yu Jin Hotel Management Co., Ltd.	15,289,152.18	11,395,525.34	26,684,677.52	3,497,678.97	-	3,497,678.97	13,380,517.25	13,544,612.56	26,925,129.81	4,387,344.89	-	4,387,344.89
Suzhou New District Jin Lion Hotel Co., Ltd.	5,400,455.29	11,545,104.35	16,945,559.64	1,463,335.96	-	1,463,335.96	4,352,812.05	12,247,991.00	16,600,803.05	1,644,986.62	-	1,644,986.62

Name of subsidiaries	2014/01/01-2014/12/31				2013/01/01-2013/12/31			
	Operating income	Net profit	Consolidated Income	Cash flows from operating activities	Operating income	Net profit	Consolidated Income	Cash flows from operating activities
Shanghai Yu Jin Hotel Management Co., Ltd.	17,924,257.60	2,049,213.63	2,049,213.63	14,299,939.35	16,657,715.24	1,678,134.88	1,678,134.88	13,648,853.35
Suzhou New District Jin Lion Hotel Co., Ltd.	10,115,382.43	2,926,407.25	2,926,407.25	6,695,642.59	10,341,828.40	2,712,662.32	2,712,662.32	7,247,843.72

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

2. Equity of Associates - continued

(1) Important associates

Name of associates	Principal place of business	Registered address	Business nature	Shareholding ratio(%)		Accounting method of associates
				Direct	Indirect	
Shanghai Kentucky Fried Chicken Company Limited	China	768 Shuang Liao Road, Yang Pu District, Shanghai	Produce fast food	42	-	Equity method
Shanghai New Asia Fulihua Catering Company Limited	China	808 Huai Hai Road, Shanghai	Catering, kitchen equipments, commodity etc.	41	-	Equity method
Yoshinoya	China	585 Heng Feng Road, Shanghai	Wholesale of fast food and related goods	-	42.815	Equity method

(2) Key financial information of important associates

	2014/01/01-2014/12/31 or 2014/12/31			2013/01/01-2013/12/31 or 2013/12/31		
	Shanghai Kentucky	Shanghai New Asia Fulihua	Yoshinoya	Shanghai Kentucky	Shanghai New Asia Fulihua	Yoshinoya
Current assets	171,696,234.51	64,808,901.74	12,946,869.27	196,162,445.44	65,390,838.23	25,084,573.71
Including: cash and cash equivalents	48,072,743.04	55,477,994.79	5,715,505.93	65,394,239.57	53,133,066.44	16,846,573.04
Non-current Assets	547,982,724.63	32,539,307.08	4,831,752.54	555,915,666.99	32,435,369.67	9,576,568.92
Total assets	719,678,959.14	97,348,208.82	17,778,621.81	752,078,112.43	97,826,207.90	34,661,142.63
Current Liabilities	431,833,659.36	34,445,692.51	6,980,007.09	459,388,855.16	39,584,489.96	7,536,382.05
Non-current Liabilities	64,791,785.62	579,737.5	-	64,018,681.40	387,272.50	-
Total Liabilities	496,625,444.98	35,025,430.01	6,980,007.09	523,407,536.56	39,971,762.46	7,536,382.05
Minority interests	-	-	-	-	-	-
Total shareholders' equity attributable to the parent company	223,053,514.16	62,322,778.81	10,798,614.72	228,670,575.87	57,854,445.44	27,124,760.58
Net asset value that is calculated according to shareholding ratio	93,682,475.95	25,552,339.31	4,623,426.89	96,041,641.87	23,720,322.63	11,613,466.24
Book value of associate investment	93,682,475.97	25,552,339.29	4,623,426.77	96,051,959.99	23,720,322.62	11,613,466.12
Operating income	2,671,642,469.31	206,861,673.18	63,557,891.18	2,551,154,021.58	169,290,458.43	70,005,662.10
Financial expenses	2,421,296.00	133,517.57	(195,245.17)	2,461,680.91	(56,422.97)	(145,015.80)
Income tax expenses	2,095,390.65	3,609,795.78	-	4,567,447.63	2,906,959.57	-
Net profit(loss)	(5,617,061.71)	10,890,938.37	(16,326,145.86)	(13,052,073.40)	9,103,732.66	(16,662,258.81)

VII BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENT- continued

2. Equity of Associates - continued

(2) Key financial information of important associates - continued

	2014/01/01-2014/12/31 or 2014/12/31			2013/01/01-2013/12/31 or 2013/12/31		
	Shanghai Kentucky	Shanghai New Asia Fulihua	Yoshinoya	Shanghai Kentucky	Shanghai New Asia Fulihua	Yoshinoya
Other comprehensive income(loss)	-	577,395.00	-	-	383,468.59	-
Total comprehensive income (loss)	(5,617,061.71)	11,468,333.37	(16,326,145.86)	(13,052,073.40)	9,487,201.25	(16,662,258.81)
		-	-			-
Dividends received from associates this year	-	2,870,000.00	-	47,448,678.82	2,870,000.00	-

(3) Collected financial information of unimportant joint operating enterprises

Unit:RMB

	2014/12/31 2014	2013/12/31 2013
Joint operating enterprises		
Total book value of investment	7,470,544.63	12,464,938.69
Following amount are measured in accordance with the processed portions of shares		
-- Total amount of net losses and comprehensive losses	(4,994,394.06)	(112,286.44)

VIII FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include account receivables, account payables, available-for-sale financial assets, borrowings and long-term payables etc. Details of these financial instruments are disclosed in Note (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

1.1 Market risk

Market risk is the risk of changes in the fair value or future cash flow will occur because of changes in market price, including currency risk, interest risk and other price risk.

1.1.1. Currency risk

Currency risk is the risk of changes in the fair value or future cash flow will occur because of changes in foreign exchange rates. The Group's other principal activities are denominated and settled in RMB. As at 31 December 2014, the foreign currency balance mainly is bank, cash, and other receivables. The Group's exposure to the currency risk is primarily associated with USD. Currency risk arising from the foreign currency balance of assets and liabilities has no significant impact on the Group’s performance.

1.1.2. Interest rate risk:

Interest rate risk is the risk of changes in the fair value or future cash flow will occur because of changes in interest rates. The Group's exposure to the interest rate risk is primarily associated with bank and cash, loan. As at 31 December 2014, loan of variable interest rate equivalently has been completely repaid. Interest rate risk has no significant impact on the Group’s performance.

VIII FINANCIAL INSTRUMENTS AND RISK MANAGEMENT- continued

1. Risk management objectives and policies- continued

1.1.3. Other price risk

Other price risk is the risk except for currency and interest rate risk. The Group's available-for-sale financial assets and held-for-trade financial assets are measured at fair value at each balance sheet date. Therefore, the Group is exposed to the risks of changes in the equity security prices. As at 31 Decemeber 2014, the Group's available-for-sale financial assets and held-for-trade financial assets is set out in note (V) 8. Other price risk of assets in fair value may affect the Group's performance. The Group pays special attention to interest rate risk arising from the change in stock value and future value. The Group adopts the sensitivity analysis techniques to analyse the effects of reasonably possible changes in stock value risk. Stock price risk has significant impact on the Group's performance.
The Group is exposed to the price risk arising from financial assets which are measured at fair value. As at 31 December 2014, all other variables keep constant, the reasonably 10% increment (decrement) in equity instrument price will result in an increment (decrement) amounting to RMB 177,023,462.80 in Group's equity.

1.2. Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- The carrying amount of the respective recognised financial assets as stated 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 would vary according to the future changes in fair value.

In order to minimize the credit risk, the Group has delegated a team responsible 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 Group has adopted a policy of only dealing with creditworthy counterparties. As at 31 December 2014.The Group has no other significant concentration of credit risk.

The current bank and cash has been saved in bank and financial company with high credit standard, so the credit risk is very low.

1.3. Liquidity risk

Liquidity risk is the risk that enterprise have met when they performed related obligation of financial liability. In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

VIII FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

2. Capital management

The group manage capital through the structure of optimum liabilities and shareholder's equity to make sure that the main part of the group could keep operating, and maximize the return on equity. The corporate strategies are same in 2013, and 2014

The Group's capital structure consists of net liabilities of the Group and shareholder's equity.

The Group is not limited by requirements from external mandatory capital management. The management of the Group will review the Group's capital structure at fixed period

IX Disclosure of Fair value

1. Ending fair value of assets and liabilities calculated by fair value method

Unit:RMB

	Ending Fair Value			
	Level 1 Fair value	Level 2 Fair value	Level 3 Fair value	Total
Sustained fair value				
Available-for-sale financial assets - equity instruments	2,195,314,975.19	-	164,997,862.08	2,360,312,837.27
Total of assets calculated by fair value continually	2,195,314,975.19	-	164,997,862.08	2,360,312,837.27

2. Evidences to confirm the market value of projects measured by first level sustained and unsustained fair value.

In this financial report, the fair value is determined by the closing price of issued stock in Shanghai stock exchange and Shenzhen stock exchange on December 31st , 2014

3. Projects measured by level three sustained fair value, applicable appraisal technique and information of important parameter.

Unit:RMB

	Fair value on 12/31/2014	Appraisal technique
Available-for-sale financial assets - equity instruments	164,997,862.08	Comparison with listed companies

At end of the year, the group has available-for-sale financial assets - equity instruments which are shares of Shenyin&Wanguo measured by level three sustained fair value.

IX Disclosure of Fair value - continued

3. Projects measured by level three sustained fair value, applicable appraisal technique and information of important parameter - continued

At Dec 31st, 2014, the group used valuation method to measure the fair value of Shenyin&Wanguo by using comparison with listed companies. The fair value of Shenyin&Wanguo is determined by considering the closing price of Hongyuan Security and the conversion ratio of Shenyin&Wanguo and Hongyuan Security.

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

The current assets and current liabilities are financial assets and financial liabilities which are not measured by fair value. Book value of current assets and current liabilities approximate fair value.

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Basic information of parent company

Name of company	Registered address	Principal operation	Registered capital	Equity interests (%)	Voting rights (%))
Jin Jiang Hotels Group	Room316-318,No.24 Yangxin East Road,Pudong District,Shanghai,PRC	Hotels Investment,hotel management and others	RMB 5,566 million	50.32	50.32
Additional information of parent company					
On 6 June 1995, Jin Jiang Hotels Group Stock Limited was restructured from Shanghai New Asia Group Co., Ltd in PRC, principal operation of that include hotels investment, food and others. On 15 Decemember 2006, Jin Jiang Hotels Group's share (Stock Code :02006) was approved to list in Hongkong Stock Exchange. Its parent company and ultimate holding company is Jin Jiang International.					

2. Basic information of subsidiary

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

3. Basic information of jointly controlled entities and associate

The Company has no jointly controlled entities. The general information and other related information of associate is set out in Note (VII) 2.

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS – continued

4. Other related parties

Name of the Company	Realtionship with the Group
Shanghai Jin Jiang Hotels (Group) Co., Ltd.New Jin Jiang Hotel	Branch of parent company
Shanghai Jin Jiang International Hotels (Group) Co., Ltd. New Asia Hotel	Branch of parent company
Shanghai Jin Jiang International Hotels (Group) Co., Ltd. Xincheng Hotel	Branch of parent company
Shanghai Jin Jiang Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang International Hotel Co., Ltd.	Fellow subsidiary
Cypress Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang Pacific Hotel Co., Ltd.	Fellow subsidiary
Shanghai Hongqiao Hotel Co., Ltd.	Fellow subsidiary
Shanghai Hotel Co., Ltd.	Fellow subsidiary
Jinshajiang Hotel Co., Ltd.	Fellow subsidiary
Shanghai Peace Hotel Co., Ltd.	Fellow subsidiary
Wuhan Jin Jiang Hotel Co., Ltd.	Fellow subsidiary
Marvel Hotel Shanghai	Fellow subsidiary
Sofitel Shanghai Hyland Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jianguo Hotel Co., Ltd.	Fellow subsidiary
Shanghai MAGNOTEL Hotel Co., Ltd.	Fellow subsidiary
Jin Jiang International Finance Co., Ltd.	Fellow subsidiary
Shanghai New Asia Plaza Great Wall Hotel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Fellow subsidiary
Jin Jiang International Hotel Management Co., Ltd.	Fellow subsidiary
Jin Jiang International Hotel Management College	Fellow subsidiary
Shanghai Hua Ting Guest House Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang Travel Co., Ltd.	Fellow subsidiary
Shanghai Jin Jiang International Travel Corporation	Fellow subsidiary
Shanghai JinJiang International Industrial Investment Co., Ltd. Xin Jin Jiang Hotel	Fellow subsidiary
Shanghai Jing An Bakery Co., Ltd.	Fellow subsidiary, associated company
Shanghai Jin Jiang Tomson Hotel Co., Ltd.	Jointly controlled entity of parent company
Les Roches Jin Jiang International Hotel Management College	Jointly controlled entity of parent company
Shanghai Yangtze Hotel Co., Ltd	Jointly controlled entity of parent company

(Together, Jin Jiang Hotels Group and all above entities named as "Jin Jiang Hotels Group and related entities")

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS – continued

4. Other related parties – continued

Name of the company	Relationship with the Group
Shanghai Longshen business service Co., Ltd	Subsidiary of ultimate holding company
Shanghai New Asia (Group) Trade Co., Ltd.	Subsidiary of ultimate holding company
Jiaozhou Resort Hotel of Shanghai Food Group	
Shanghai Jin Jiang Advertising Co.,Ltd	Subsidiary of ultimate holding company
Shanghai Jin Jiang Amusement Park	Subsidiary of ultimate holding company
Jinyuan Inn of Shanghai Foods Group	Subsidiary of ultimate holding company
Shanghai Food Co., Ltd Jinyuan Hotel.	Subsidiary of ultimate holding company
Shanghai Jin Jiang property management Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Genjie investment management Co., Ltd.	Subsidiary of ultimate holding company
Hong Kong Jin Jiang Travle Co., Ltd	Subsidiary of ultimate holding company
Shanghai East Jin Jiang Hotel Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Jin Jiang Printing Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Meat Company	Subsidiary of ultimate holding company
Shanghai Jin Jiang International Investment Management Co., LTD	Subsidiary of ultimate holding company
Shanghai Jin Jiang International E-Commerce Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Hua Ting Hotel and Towers Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Xinyuan Hotel	Subsidiary of ultimate holding company
Shanghai Hunan Egg Poducts Company	Subsidiary of ultimate holding company

(Together, Jin Jiang International and all above entities named as "Jin Jiang International and related entities")

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS – continued

5. Related party transactions

(1) Purchases or sales of goods, rendering or receiving of services
Puchasing goods/Receving labor service

Unit:RMB

Related party	Transaction type	2014	2013
1.Purchase goods			
Jin Jiang Hotels Group and related entities	Purchasing of hotel commodities and food	2,312,838.38	2,845,581.35
Jin Jiang International and related entities	Purchasing of hotel commodities and food	664,290.00	535,246.00
	Subtotal	**2,977,128.38**	**3,380,827.35**
2. Receiving labor services			
Jin Jiang Hotels Group and related entities	Travel Expense	-	1,259,049.00
	Subtotal	**-**	**1,259,049.00**
Jin Jiang International and related entities	Member ship rewards of service	2,999,230.56	3,282,153.04
	Subtotal	**2,999,230.56**	**3,282,153.04**
Jin Jiang International and related entities	Consulting service	-	238,560.00
	Subtotal	**-**	**238,560.00**
Jin Jiang Hotels Group and related entities	Food business management	140,849.07	230,416.17
	Subtotal	**140,849.07**	**230,416.17**

Sales of goods/Rendering labor service：

Unit:RMB

Related party	Transaction type	2014	2013
1. **Managment fee**			
Jin Jiang Hotels Group and related entities	Management fee of limited- service business hotels	628,899.46	686,898.63
Jin Jiang International and related entities	Management fee of limited- service business hotels	655,314.43	606,752.08
	Subtotal	**1,284,213.89**	**1,293,650.71**
Jin Jiang Hotels Group and related entities	Food business management	6,765.35	58,881.98
	Subtotal	**6,765.35**	**58,881.98**
2. **Market co-ordination fee**			
Jin Jiang Hotels Group and related entities	Revenue of market Co-ordination	194,495.30	219,774.15
Jin Jiang International and related entities	Revenue of market Co-ordination	167,379.34	162,237.97
	Subtotal	**361,874.64**	**382,012.12**
3. **Catering service**			
Jin Jiang Hotels Group and related entities	Moon cake OEM	1,626,132.70	2,140,805.82
Jin Jiang International and related entities	Moon cake OEM	212,478.63	528,404.89
	Subtotal	**1,838,611.33**	**2,669,210.71**
4. **Sales of goods and food**			
Jin Jiang Hotels Group and related entities	Goods for sales of limited- service business hotels	35,008.13	97,144.43
Jin Jiang International and related entities	Goods for sales of limited- service business hotels	11,314.74	56,087.36
	Subtotal	**46,322.87**	**153,231.79**
Jin Jiang Hotels Group and related entities	Food for sale	847,006.50	872,857.49
Jin Jiang International and related entities	Food for sale	146,651.46	366,913.90
	Subtotal	**993,657.96**	**1,239,771.39**

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Lease with related parties.

The Group as lessor：

Unit:RMB

Lessee	Asset for leasement	Rental income(This year)	Rental income(Last year)
Shanghai Jin Jiang advertising Co.,Ltd	Advertising location	850,004.40	850,004.40
Shanghai Jin Jiang International Les Roches Hotel Management College	Office	200,000.00	200,000.00
Subtotal		**1,050,004.40**	**1,050,004.40**

The Group as lessee：

Unit:RMB

Lessor	Asset for leasement	Rental income(This year)	Rental income(Last year)
Shanghai Genjie Investment Management Company Limited	Office and Operating region	10,800,000.00	10,800,000.00
Jinshajiang Hotel Co., Ltd. (Note)	Operating region	10,584,000.00	7,938,000.00
Hanghai Hua Ting Guest House (Note)	Operating region	8,568,000.00	6,426,000.00
MAGNOTEL Hotel(Note)	Operating region	8,904,000.00	6,678,000.00
Shanghai Jin Jiang Hotel Co., Ltd.	Restaurant and stall building	3,103,422.00	3,050,939.90
Jin Jiang International	Office and Operating region	2,765,832.00	2,765,832.00
Shanghai New Asia Plaza Great Wall Hotel Company Limited	Hengfeng store	1,562,174.01	1,565,960.21
Shanghai East Jin Jiang Hotel Co., Ltd.	Office region	775,992.00	711,326.00
Shanghai Jin Jiang Amusement Park	Operating region	579,261.90	579,261.90
Shanghai Jin Jiang property management Co., Ltd.	Sales locationof Haining store	673,303.20	665,334.73
Wuhan Jin Jiang Hotel Co., Ltd.	Restaurant	523,319.62	500,673.52
Subtotal		**48,839,304.73**	**41,681,328.26**

Note: Company signed the " entrusted operation contract" with Jin Jiang Hotels Group and Marvel Hotel Shanghai, the subsidiary of the Group, and "lease contract" with Huating Guest House, Jinshajiang Hotel and MAGNOTEL Hotel respectively (refer to Note (X) (5)3)).

(3) Details on Entrusted and Lease operation of related parties

At March 29, 2013, the Company and Jin Jiang Hotels Group signed an entrusted operation contract, the company entrusted with the operation part of the Jin Jiang Hotel Group, a subsidiary of Jin Jiang Hotels Group Metropole Hotel Jin Jiang Hotels Group branches and New Asia Hotel Branch (hereinafter referred to as "entrusted operation hotels"). The duration of entrusted operation period is 15 years, from 1 April 2013 to 31 March 2028, and the company enjoys a renewal option after the expiry of the period of the commission, but not less than 5 years of renewal. The Company within the period of 15 years entrusted with the operation, and pays a fixed amount annually to the Jin Jiang Hotel Group fiduciary business expenses and the remaining gain or loss on operating assets entrusted to enjoy all the benefit of the Company or commitments.In addition, the original debts above entrusted operation of two branches in April 1, 2013 form the Jin Jiang Hotel Group still continue to bear. Entrusted operation hotel of the Company leased in March 31, 2013 in the register of qualified practitioners, Jin Jiang Hotels Group pays labor remuneration and social insurance premiums and other costs related to personnel. Meanwhile, to the need of business, the company entrusted operation hotel owned by the Company transferee to the carrying value of 31 March 2013 as the basis for valuation of inventories.

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS – continued

5. Related party transactions – continued

(3) Details on Entrusted and Lease operation of related parties - continued

On the same day, the Company signed a lease contract with Shanghai Hua Ting Guest House Co., Ltd., Jinshajiang Hotel Co., Ltd. and Shanghai MAGNOTEL Hotel Co., Ltd. The Company rented all properties of the three hotel mentioned above (hereinafter collectively referred to as "leased hotels"). Lease period is 15 years from 1 April 2013 to 31 March 2028, and the company enjoys a renewal option after the expiry of the lease period, but not less than 5 years of renewal. During the 15 years of the lease term, The Company has to pay a fixed amount of leasing fee to the leased hotels.。 Meanwhile, for operating expense, The Group have to pay compensation, social securities and related expense for those related employees are listed in above three hotels since March 31st, 2013 In addition, the three leased hotels mentioned above will bear their own existing debts from 1, April 2013. The company rented leased hotel in

The entrusted operation hotels and leased hotels mentioned above Since ending of April 1, 2013, operating results and cash flows for the period have been included in the consolidated income statement and consolidated cash flow statement and statement of cash flows of the Company for the year and the Group for the year. The above entrusted hotels and leased hotels operating assets since April 1, 2013, liabilities have been included in the company's balance sheet and the Group's consolidated balance sheet.

On the same day, the Company signed a lease contract with Marvel Hotel Shanghai. The duration of entrusted operation period is 14 years, from 1 January 2014 to 31 December 2027, and the company enjoyed a renewal option after the expiry of the period of the commission, but not less than 6 months of renewal and it should negotiate with Marvel Hotel Shanghai and Shanghai YMCA if renewal. The Company within the period of 14 years entrusted with the operation, and paid an amount annually to the Marvel Hotel Shanghai fiduciary business expenses. At the same time, the company borrowed qualified staff registered in Marvel Hotel Shanghai, 31 December 2013, and paid expenses for labor remuneration, social insurance premium and so on. In addition, the company bought out the inventory of the hotel whose book value for the accounting basis is totally RMB 2447.23 in 31 December 2013. And the rights and debts before 31 December 2013 belonging to Marvel Hotel Shanghai was assumed by the hotel as well. In the reporting period, the company set up Shanghai Jin Jiang International Hotel Development Co.,Ltd YMCA branch entrusted to operate business in the aftermath of the Marvel Hotel Shanghai in accounting, The operating results and cash flow of Marvel Hotel Shanghai since 1 January 2014 to 30 June 2014 have been incorporated in to the current income statement , statement of cash flow, group's merger current income and consolidated cash flow statements. Assets and liabilities generated from operations from 1 January 2014 of Marvel Hotel Shanghai have been incorporated into both the company's and the group's statements of assets and liabilities.

During the reporting period, the company being entrusted operation or lessee party, related expenses associated fiduciary operations and leasing fees are as follows:

Unit:RMB

Entrusting Party / Leaser	2014	2013
Related entrusted operating expense/Rent expense		
Jin Jiang Hotels Group	30,144,000.00	22,608,000.00
Marvel Hotel Shanghai	9,525,600.00	-
Jinshajiang Hotel Co., Ltd.	10,584,000.00	7,938,000.00
Shanghai Hua Ting Guest House Co., Ltd.	8,568,000.00	6,426,000.00
Shanghai MAGNOTEL Hotel Co., Ltd.	8,904,000.00	6,678,000.00
Total	**67,725,600.00**	**43,650,000.00**

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS – continued

5. Related party transactions – continued

(3) Details on Entrusted and Lease operation of related parties - continued

Unit:RMB

Project	2014	2013
Fee of payment and social security of hired staff	42,543,110.43	53,478,234.67

(4) Facts of Loans from other and Loans to other

Unit: RMB

Related parties	Amount	Beginning date	Expire date	Note
Loan				
Jin Jiang Finance	150,000,000.00	6/9/2014	6/11/2014	Credit Loan
Jin Jiang Finance	200,000,000.00	6/9/2014	6/11/2014	Credit Loan
Jin Jiang Finance	520,000,000.00	6/10/2014	6/11/2014	Credit Loan
Jin Jiang Finance	230,000,000.00	6/17/2014	6/18/2014	Credit Loan
Jin Jiang Finance	130,000,000.00	26/17/2014	10/31/2014	Credit Loan
Jin Jiang Finance	400,000,000.00	12/26/2014	12/15/2015	Credit Loan
Jin Jiang Finance	200,000,000.00	12/22/2014	12/21/2015	Credit Loan
Jin Jiang Finance	100,000,000.00	12/23/2014	6/11/2014	Credit Loan
Jin Jiang Finance	230,000,000.00	7/2/2013	6/11/2014	Credit Loan
Jin Jiang Finance	200,000,000.00	12/29/2014	3/28/2015	Credit Loan
Subtotal	**2,360,000,000.00**			
Loan to Others				
Xinjing Hotel Management	9,000,000.00	9/2/2014	9/2/2017	Consigned Loan

Interest expense between the Group and the related parties were as follows:

UNIT: RMB

Item	2014	2013
Interest expenses	15,561,550.00	36,147,500.00

The Group has cash deposits in Jinjiang Finance.The balance and transactions are as follows:

Unit: RMB

Jinjiang Finance	2014/12/31	2013/12/31
Balance	793,421,246.16	399,127,027.79

Unit: RMB

Jinjiang Finance	2014	2013
Accumulative amount of deposits	7,758,492,308.03	8,026,465,527.79
Interest income	7,147,905.57	6,456,226.20

Unit: RMB

Jinjiang Finance	2014	2013
Accumulative amount of deposits withdrawn from Jinjiang Finance	7,364,198,089.66	8,127,770,711.22

(5) During the reporting period, there was no transfer with related parties or debt restructuring occurred.

X RELATED PARTY RELATIONSHIPS AND TRANSACTIONS – continued

5. Related party transactions – continued

(6) Salaries and compensation for key management personnel

Unit:RMB

	2014	2013
Salaries and compensation for key management personnel(Note)	4,955,000.00	5,394,000.00

Note: key management personnel: People who has right and responsibility to plan, direct, and control these activities of company.Including general manager, CFO, and associate manager in charge of different department, and those people who can take action on related work. The compensation paid to key management personnel including cash, tangible goofs and other type of salaries, subsidy, bonus, privilege and so on.

(7) No other transaction with related parties during this period.

6. Account receivables and payables with related parties

(1) Accounts receivable

Unit:RMB

Item	Related parties	2014/12/31		2013/12/31	
		Ending balance	Provision for bad debt	Ending balance	Provision for bad debt
Accounts receivable	Jin Jiang Hotels Group and related entities	233,823.40	-	1,249,495.74	-
Accounts receivable	Jin Jiang International and related entities	125,981.40	-	137,763.69	-
Subtotal		**359,804.80**	-	**1,387,259.43**	-
Other account receivable	Jin Jiang International and related entities	1,360,567.84	-	-	-
Other account receivable	Jin Jiang Hotels Group and related entities	1,144,426.46	-	643,295.77	-
Subtotal		**2,504,994.30**	-	**643,295.77**	-
Prepaid	Jin Jiang Hotels Group and related entities	679,553.00	-	852,336.00	-
Prepaid	Jin Jiang International and related entities	141,642.79	-	60,904.69	-
Subtotal		**821,195.79**	-	**913,240.69**	-
Interest recivable	Jin Jiang Hotels Group and related entities	718,664.16	-	310,877.60	-
Total		718,664.16	-	**310,877.60**	-

(2) Accounts payable

UNIT:RMB

Item	Related parties	2014/12/31	2013/12/31
Accounts payable	Jin Jiang International and related entities	7,581,700.00	8,779,600.00
Accounts payable	Jin Jiang Hotels Group and related entities	1,045,607.29	26,804.47
Subtotal		**8,627,307.29**	**8,806,404.47**
Other account payable	Jin Jiang International and related entities	1,884,005.29	1,200,691.46
Other account payable	Jin Jiang Hotels Group and related entities	742,859.01	5,932,403.83
Subtotal		**2,626,864.30**	**7,133,095.29**
Prepaid	Jin Jiang International and related entities	283,332.60	283,332.60
Subtotal	Jin Jiang Hotels Group and related entities	**283,332.60**	**283,332.60**
Interest receivable	Jin Jiang International and related entities	558,450.00	482,500.00
Subtotal		**558,450.00**	**482,500.00**

XI COMMITMENTS

1. Significant commitments

(1) Capital commitments

Unit: RMB

	2014/12/31	2013/12/31
Capital commitments that have been entered into agreements but have not been recognised in the financial statements		
- commitments for the acquisition of property, plant and equipment	61,642,547.99	38,999,989.77
commitments for external investment	9,520,669,779.99	-
Total	9,582,312,327.98	38,999,989.77

(2) Operating lease commitments

To balance sheet day, facts of external signed and non-cancelable operating lease

Unit: RMB

	2014/12/31	2013/12/31
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet day	393,150,322.45	394,824,250.55
2nd year subsequent to the balance sheet day	397,111,626.96	405,801,062.19
3rd year subsequent to the balance sheet day	391,632,477.28	396,739,319.40
Subsequent periods	3,344,388,547.87	3,660,267,720.05
Total	4,526,282,974.56	4,857,632,352.19

2. Fulfillment of prior commitments

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

3. Contingent Events

At the end of reporting period, the Group has no significant contingencies that need to be disclosed.

XII Significant Subsequent Events After Balance Sheet Date

1、 Details on profit distribution after balance sheet date refer to (V)34(2)

2. On January 30th, 2015, The board of directors approved the business plan of 100% equity acquisition on Groupe du Louvre. On February 16th ,2015, Luxembourg sea investment co., LTD ("Luxembourg sea investment "Subsidiary of The group and established after balance sheet date) signed <Equity purchase agreement> about 100% Groupe du Louvre equity acquisition with Star SDL Investment Co S.à r.l. (" Star SDL").. On February 27th, Luxembourg sea investment paid Euro 475,089,654.17 of estimated 100% equity acquisition amount to Groupe du Louvre, and paid Euro 521,391,975.85 for account payables which is on Groupe du Louvre and subsidiaries accounts to Star SDL and Star SDL Holdings S.à r.l, paid Euro 280,500,742.96 to clean bank loan and contact payable related to Groupe du Louvre and subsidiaries. The final acquisition price will be determined in accordance with < Equity purchase agreement> to adjust. At the same day, Star SDL gave documents of 100% equity transfer to Luxembourg sea investment, and related equity transactions are completed. Groupe du Louvre become a subsidiary of the Group.

XIII SEGMENT INFORMATION

According to internal organization and management structure and internal reporting system, the Group identifies four operation segments on base of business type. The management of Group assigns resources and assesses achievement according to periodical assessment on operation segments. On the basis of the operation segments, the group identified three reporting segments, which include limited service hotel operation and management, food and catering business and other business. The reporting segments are identified based on the business nature of the Group. The products and services achieved by the reporting segments are mainly hotel services, catering services and other business.

Segment accounting policies are the accounting policies adopted for preparing the consolidated financial statements or the financial statements of the enterprise.

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

XIII SEGMENT INFORMATION - continued

1. Segment information

Segment information for the period from 1 January 2014 to 31 December 2014 is set below:

UNIT: RMB

	Limited service hotels Operation and management business	Food and restaurant business	Others	Inter-segment eliminations	Total
Operating income					
Revenue arising from external transactions	2,636,196,379.24	276,681,694.19	226,765.35	-	2,913,104,838.78
Revenue arising from inter-segment transactions	1,045,800.00	4,733,819.27	1,228,618.46	(7,008,237.73)	-
Total operating income	2,637,242,179.24	281,415,513.46	1,455,383.81	(7,008,237.73)	2,913,104,838.78
Operating cost					
Cost arising from external transactions	169,731,325.79	138,679,411.15	-	-	308,410,736.94
Cost arising from inter-segment transactions	-	3,052,115.95	1,200,000.00	(4,252,115.95)	-
Total Operating cost	169,731,325.79	141,731,527.10	1,200,000.00	(4,252,115.95)	308,410,736.94
Less: Business taxes and levies	134,685,200.45	15,149,785.42	68,959.18	-	149,903,945.05
Selling and distribution expenses	1,441,948,075.07	96,692,049.61	-	(1,974,411.62)	1,536,665,713.06
Administrative expenses	552,036,610.72	65,164,288.07	60,536,897.59	(1,009,903.02)	676,727,893.36
Financial expenses	31,534,810.88	9,104.14	61,019,797.17	(22,939,914.34)	69,623,797.85
Impairment loss in respect of assets	6,877.23	(10,065.20)	-	-	(3,187.97)
Add: Profits arising from changes in fair values	-	-	-	-	-
Investment income	(3,032,248.81)	21,394,070.52	466,899,358.84	(22,939,914.34)	462,321,266.21
Operating profit	304,267,030.29	(15,927,105.16)	345,529,088.71	228,192.86	634,097,206.70
Non-operating income	29,210,638.80	4,602,775.75	1,665,266.93	-	35,478,681.48
Non-operating expenses	1,998,718.75	1,970,829.60	8,311.54	-	3,977,859.89
Total profit	331,478,950.34	(13,295,159.01)	347,186,044.10	228,192.86	665,598,028.29
Income tax expenses	96,171,769.46	1,781,848.08	77,467,875.88	-	175,421,493.42
Net profit	235,307,180.88	(15,077,007.09)	269,718,168.22	228,192.86	490,176,534.87
Profit or loss attributable to minority interests	3,819,792.97	(811,499.71)	-	-	3,008,293.26
Net profit attributable to the parent company	231,487,387.91	(14,265,507.38)	269,718,168.22	228,192.86	487,168,241.61

XIII SEGMENT INFORMATION - continued

1. Segment information - continued

Segment information for the period from 1 January 2014 to 31 December 2014 is set below: - continued

UNIT: RMB

	Limited service hotels Operation and management business	Food and restaurant business	Others	Inter-segment eliminations	Total
Total assets	5,918,026,266.38	106,428,884.81	6,637,833,341.92	(1,299,781,378.19)	11,362,507,114.92
Including: Long-term equity investment	5,914,247,985.13	99,717,156.40	6,516,994,564.92	(1,299,781,378.19)	11,231,178,328.26
Other segment assets	3,778,281.25	6,711,728.41	120,838,777.00		131,328,786.66
Total liabilities	2,370,903,229.94	71,309,480.16	1,422,260,200.24	(1,229,562,120.67)	2,634,910,789.67
Supplemental information:					
Depreciation	201,838,385.67	5,944,236.69	641,060.27	-	208,423,682.63
Amortisation	176,250,970.73	3,869,036.29	583,466.89	-	180,703,473.91
Interest income	4,996,649.99	403,207.18	6,326,314.93	-	11,726,172.10
Interest expenses	22,736,996.74	-	66,658,702.99	(22,939,914.34)	66,455,785.39
Impairment losses recognized in the current period	6,877.23	(10,065.20)	-	-	(3,187.97)
Investment income from long-term equity investments under equity method of accounting	(5,221,718.75)	(4,888,017.17)	221,103.21	-	(9,888,632.71)
Amount of long-term equity investments under equity method of accounting	3,778,281.25	6,711,728.41	120,838,777.00	-	131,328,786.66
None-current assets except for long-term equity investment	4,960,642,603.35	37,802,371.86	2,599,223,639.72	(300,571,828.13)	7,297,095,883.83
Capital expenditure	407,746,539.56	3,871,758.15	48,585.00	-	409,825,323.41
Including: Expenditure arising from construction in progress	377,331,543.95	898,704.60	-	-	411,666,882.71
Expenditure arising from acquisition of fixed assets	25,667,587.62	2,973,053.55	48,585.00	-	28,689,226.17
Expenditure arising from acquisition of intangible assets	928,356.01	-	-	-	928,356.01
Expenditure arising from acquisition of long-term prepaid expenses	1,233,125.85	-	-	-	1,233,125.85

XIII SEGMENT INFORMATION - continued

1. Segment information - continued

Segment information for the period from 1 January 2013 to 31 December 2013 is set below: - continued

UNIT: RMB

	Limited service hotels Operation and management business	Food and restaurant business	Others	Inter-segment eliminations	Total
Operating income					
Revenue arising from external transactions	2,409,886,778.97	274,244,057.24	280,081.98	-	2,684,410,918.19
Revenue arising from inter-segment transactions	1,045,800.00	3,188,710.06	1,318,182.06	(5,552,692.12)	-
Total operating income	2,410,932,578.97	277,432,767.30	1,598,264.04	(5,552,692.12)	2,684,410,918.19
Operating cost					
Cost arising from external transactions	170,046,933.59	130,708,674.55	-	-	300,755,608.14
Cost arising from inter-segment transactions	-	3,188,710.06	1,200,000.00	(4,388,710.06)	-
Total Operating cost	170,046,933.59	133,897,384.61	1,200,000.00	(4,388,710.06)	300,755,608.14
Less: Business taxes and levies	127,505,462.56	14,563,703.15	90,191.31	-	142,159,357.02
Selling and distribution expenses	1,295,139,723.89	99,703,970.15	-	(2,063,975.22)	1,392,779,718.82
Administrative expenses	503,312,977.31	53,460,983.17	23,271,304.38	899,993.16	580,945,258.02
Financial expenses	23,039,111.86	(455,547.59)	36,529,265.22	(13,263,734.31)	45,849,095.18
Impairment loss in respect of assets	(168,652.26)	133,490.94	(1,045,203.95)	10,920.61	(1,069,444.66)
Add: Profits arising from changes in fair values	-	-	-	-	-
Investment income	7,113,248.65	41,685,841.02	211,181,021.52	(13,263,734.31)	246,716,376.88
Operating profit	299,170,270.67	17,814,623.89	152,733,728.60	(10,920.61)	469,707,702.55
Non-operating income	25,359,176.42	9,755,148.35	481,999.53	(6,404,640.42)	29,191,683.88
Non-operating expenses	1,650,027.19	585,883.66	15,542.80	-	2,251,453.65
Total profit	322,879,419.90	26,983,888.58	153,200,185.33	(6,415,561.03)	496,647,932.78
Income tax expenses	87,704,255.85	1,469,674.81	25,323,683.30	-	114,497,613.96
Net profit	235,175,164.05	25,514,213.77	127,876,502.03	(6,415,561.03)	382,150,318.82
Profit or loss attributable to minority interests	4,671,741.68	5,277.37	-	-	4,677,019.05
Net profit attributable to the parent company	230,503,422.37	25,508,936.40	127,876,502.03	(6,415,561.03)	377,473,299.77

XIII SEGMENT INFORMATION - continued

1. Segment information - continued

Segment information for the period from 1 January 2013 to 31 December 2013 is set below: - continued

UNIT: RMB

	Limited service hotels Operation and management business	Food and restaurant business	Others	Inter-segment eliminations	Total
Total assets	5,622,703,666.67	146,309,730.84	2,911,779,703.42	(1,597,726,349.81)	7,083,066,751.12
Including: Long-term equity investment	5,613,252,316.67	132,614,184.56	2,748,357,075.56	(1,597,726,349.81)	6,896,497,226.98
Other segment assets	9,451,350.00	13,695,546.28	163,422,627.86	-	186,569,524.14
Total liabilities	2,458,182,209.66	61,235,931.72	1,718,823,321.90	(1,535,978,107.21)	2,702,263,356.07
Supplemental information:					
Depreciation	166,291,379.21	6,276,427.80	652,560.97	-	173,220,367.98
Amortisation	171,979,498.49	3,747,002.43	727,894.20	-	176,454,395.12
Interest income	4,084,008.90	827,204.49	2,931,427.29	-	7,842,640.68
Interest expenses	13,018,629.99	-	39,451,000.00	(13,263,734.31)	39,205,895.68
Impairment losses recognized in the current period	(168,652.26)	133,490.94	(1,045,203.95)	10,920.61	(1,069,444.66)
Investment income from long-term equity investments under equity method of accounting	-	(9,078,446.42)	217,560.93	-	(8,860,885.49)
Amount of long-term equity investments under equity method of accounting	9,000,000.00	13,695,546.28	121,155,141.14	-	143,850,687.42
None-current assets except for long-term equity investment	4,884,012,051.09	56,944,046.68	1,450,724,865.49	(372,065,316.67)	6,019,615,646.59
Capital expenditure	395,824,380.59	7,224,380.43	86,960.00	-	403,135,721.02
Including: Expenditure arising from construction in progress	357,272,868.03	6,223,537.00	-	-	363,496,405.03
Expenditure arising from acquisition of fixed assets	32,366,982.03	969,395.30	86,960.00	-	33,423,337.33
Expenditure arising from acquisition of intangible assets	3,888,413.54	-	-	-	3,888,413.54
Expenditure arising from acquisition of long-term prepaid expenses	2,296,116.99	31,448.13	-	-	2,327,565.12

2. During the reporting period, no revenue arising from other countries and no non-current assets of the Group located in other countries.

3. Principal business of the Group includes hotel operation and management, food and restaurant service etc. The business of the Group is fully diversifies and the Group doesn’t rely on any specific customers.

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Currency funds

Unit: RMB

Item	2014/12/31			2013/12/31		
	Foreign Currency	Exchange rate	RMB	Foreign Currency	Exchange rate	RMB
Cash:						
RMB			542,612.58			482,082.92
Cash deposit:						
RMB			2,202,199,047.94			31,065,158.50
USD	119,427.84	6.1190	730,778.95	85,123.82	6.0969	518,991.42
Deposit in other financial institution (note):						
RMB			639,424,575.80			136,132,710.52
Total			2,842,897,015.27			168,198,943.36

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

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Account receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Item	2014/12/31					2013/12/31				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant accounts receivable and bad debt provision recognized individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable and bad debt provision recognized by credit risk	4,695,215.68	82.54	34,326.94	0.73	4,660,888.74	1,413,279.70	22.31	11,350.43	0.80	1,401,929.27
Individually insignificant accounts receivable but bad debt provision recognized individually	993,493.97	17.46	-	-	993,493.97	4,922,342.06	77.69	-	-	4,922,342.06
Total	5,688,709.65	100.00	34,326.94	0.60	5,654,382.71	6,335,621.76	100.00	11,350.43	0.18	6,324,271.33

Bad debt provision of the Group's accounts receivable that recognized by aging analysis:

Unit: RMB

Aging	2014/12/31		
	Amount	Bad debt provision	Ratio (%)
Within 3 months	3,979,757.44	-	-
3-6 months	589,369.68	2,946.85	0.50
6-12 months	126,088.56	31,380.09	25.00
Total	4,695,215.68	34,326.94	

(2) Movement of bad debt provision is as follows:

Unit: RMB

Item	2013/12/31	Addition	Reversal	Write-off	2014/12/31
Bad debt provision	11,350.43	33,809.65	(10,833.14)	-	34,326.94

(3) Top five entities with the largest balances of accounts receivable:

Comapny name	Relationship with the Company	Amount	Ratio of total accounts receivable(%)	Bad debt provision
HUBS1	Third party	1,147,433.71	20.17	2,127.44
Tongji university institute of vocational and technical education	Third party	369,384.60	6.49	-
Shanghai Wan Hong Travel Agency Co., Ltd.	Third party	211,267.06	3.71	5,620.61
Shanghai Cang Long International Travel Agency Co., Ltd.	Third party	150,066.00	2.64	-
Shanghai ShenPu Advertisement Decoration Co., Ltd.	Third party	125,000.00	2.20	250.00
Total		2,003,151.37	35.21	7,998.05

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Dividends receivable

Unit: RMB

Item	2013/12/31	Addition	Deduction	2014/12/31	Reason for outstanding	Devaluation
Aging within 1 year						
(1) Jin Jiang Inn	-	200,000,000.00	(200,000,000.00)	-	N/A	No
(2) Chang Jiang Security Co., Ltd.	-	20,500,000.00	(20,500,000.00)	-	N/A	No
(3) Hangzhou Kentucky Fried Chicken Co., Ltd.	-	15,280,799.23	(15,280,799.23)	-	N/A	No
(4) Suzhou Kentucky Fried Chicken Co., Ltd.	3,081,209.92	8,178,469.42	(11,259,679.34)	-	N/A	No
(5) Wuxi Kentucky Fried Chicken Co., Ltd.	2,175,623.73	2,442,209.71	(2,575,623.74)	2,042,209.70	Not paid by investee	No
(6) Shanghai New Asia Fulihua Catering Co., Ltd.	-	2,870,000.00	(2,870,000.00)		N/A	No
(7) Shenyin & Wanguo Securities Co., Ltd	-	1,108,856.60	(1,108,856.60)	-	N/A	No
(8) Others	-	632,922.22	(632,922.22)		N/A	No
Total	5,256,833.65	251,013,257.18	(254,227,881.13)	2,042,209.70	--	--

As at the end of reporting period, there is no outstanding balance of dividends receivable aging more than 1 year.

4. Other receivables

(1) Disclosure of other receivables by category:

UNIT: RMB

Item	2014/12/31					2013/12/31				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)		Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant other receivable and bad debt provision recognized individually	482,897,318.14	97.56	-	-	482,897,318.14	712,140,328.68	98.35	-	-	712,140,328.68
Other receivable and bad debt provision recognized by credit risk	-	-	-	-	-	-	-	-	-	-
Individually insignificant other receivable but bad debt provision recognized individually	12,080,842.94	2.44	606,265.93	5.02	11,474,577.01	11,974,615.21	1.65	606,265.93	5.06	11,368,349.28
Total	494,978,161.08	100.00	606,265.93	0.12	494,371,895.15	724,114,943.89	100.00	606,265.93	0.08	723,508,677.96

(2) During the reporting period, the bad debt movement of other receivable is as follows:

During the reporting period, the bad debt amount of other receivable remains the same.

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Other receivables - continued

(3) Category of other receivable

Unit: RMB

Item	2014/12/31	2013/12/31
Advance money for related parties	491,329,901.15	721,049,767.91
Deposit	1,109,847.12	777,112.00
Business fund	252,900.00	450,150.00
Other	1,679,246.88	1,231,648.05
Total	494,371,895.15	723,508,677.96

(4) As the end of reporting period, the balances of other receivables due from top five debtors are as follows:

UNIT: RMB

Name	Nature	Relationship with the Group	Amount	Aging	Ratio (%)	Bad debt provision
Smartel	Advance money for related parties	Subsidiary	420,000,000.00	1-2 years	84.85	-
Da Hua Hotel	Advance money for related parties	Subsidiary	41,769,785.25	1-3 years	8.44	-
Minhang Hotel	Advance money for related parties	Subsidiary	21,127,532.89	Within 1 year	4.27	-
Jin Jiang Metropolo	Advance money for related parties	Subsidiary	3,706,825.10	Within 1 year	0.75	-
Food and Beverage Serving Equipment	Advance money for related parties	Subsidiary	3,029,934.20	1-3 years	0.61	-
Total			489,634,077.44		98.92	

5. Inventories

UNIT: RMB

Item	2014/12/31			2013/12/31		
	Cost	Provision	Carrying value	Cost	Provision	Carrying value
Raw material	1,346,239.96	-	1,346,239.96	2,050,465.00	-	2,050,465.00
Goods in stock	451,647.93	-	451,647.93	286,165.03	-	286,165.03
Materials for overside processing	88,414.55	-	88,414.55	48,444.95	-	48,444.95
Total	1,886,302.44	-	1,886,302.44	2,385,074.98	-	2,385,074.98

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

6. Non-current assets due within one year

Unit: RMB

Item	2014/12/31	2013/12/31
Entrusted loans (Note)	100,000,000.00	-
Total	100,000,000.00	-

Note: The balance of other current assets represents the entrusted loans which were entrusted to Jinjiang Finance by the Company for its subsidiary Jin Jiang Inn. Refer to Note (XIV) 31(5).

7. Current assets

Unit: RMB

Item	2014/12/31	2013/12/31
Entrusted loans (Note)	360,000,000.00	430,000,000.00
Deferred expenses	63,248.89	122,702.61
Total	360,063,248.89	430,122,702.61

Note: The balance of other current assets represents the entrusted loans which were entrusted to Jinjiang Finance by the Company for its subsidiary Smartel. Refer to Note (XIV) 31(5).

8. Long-term receivables

Unit: RMB

	2014/12/31	2013/12/31
Operating funds from related parties（Note）	10,328,000.00	10,328,000.00
Total	10,328,000.00	10,328,000.00

Note: The balance of long-term receivables is operating receivable from Shanghai New Asia Food Co., Ltd.

9. Long-term equity investments

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

Unit: RMB

Item	2014/12/31	2013/12/31
Investments in subsidiaries	3,333,107,303.87	3,032,107,303.87
Investments in associates	120,838,777.00	121,155,141.14
Total	3,453,946,080.87	3,153,262,445.01
Less: Provision for impairment loss of long-term equity investments	2,051,300.00	2,051,300.00
Net value of long-term equity investments	3,451,894,780.87	3,151,211,145.01

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

Unit: RMB

Investee	2013/12/31	Addition	Transfer out	2014/12/31
Subsidiary				
Food and Beverage Serving Equipment	2,051,300.00	-	-	2,051,300.00
Total	2,051,300.00	-	-	2,051,300.00

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

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

Unit: RMB

Investee	Accounting method	Initial investment costs	2013/12/31	Addition	Impairment loss provided for the period	2014/12/31	Equity interest (%)	Voting right (%)	Remark on inconsistent between equity interest and voting right	Provision for impairment loss
Subsidiary										
Hotels Investment(Note1)	Cost method	1,733,088,660.71	1,733,088,660.71	300,000,000.00	-	2,033,088,660.71	100	100	Not applicable	-
Smartel	Cost method	686,345,057.89	686,345,057.89	-	-	686,345,057.89	100	100	Not applicable	-
Jin Jiang Inn	Cost method	377,261,176.09	377,261,176.09	-	-	377,261,176.09	100	100	Not applicable	-
Catering Investment	Cost method	149,804,836.13	149,804,836.13	-	-	149,804,836.13	100	100	Not applicable	-
Jin Jiang Metropolo	Cost method	50,000,000.00	50,000,000.00	-	-	50,000,000.00	100	100	Not applicable	-
Da Hua Hotel	Cost method	18,692,739.64	18,692,739.64	-	-	18,692,739.64	100	100	Not applicable	-
Minhang Hotel(Note2)	Cost method	5,505,600.00	5,505,600.00	-	-	5,505,600.00	98.25	100	Not applicable	-
Jin Pan Hotel	Cost method	5,000,000.00	5,000,000.00	-	-	5,000,000.00	100	100	Not applicable	-
Jinjiang Food	Cost method	3,269,783.41	3,269,783.41	-	-	3,269,783.41	18	100	Not applicable	-
Food and Beverage Serving Equipment	Cost method	2,051,300.00	2,051,300.00	-	-	2,051,300.00	100	100	Not applicable	2,051,300.00
New Asia Food(Note2)	Cost method	1,088,150.00	1,088,150.00	-	-	1,088,150.00	5	100	Not applicable	-
Jin Lu Investment(Note3)	Cost method	1,000,000.00	-	1,000,000.00	-	1,000,000.00	100	100	Not applicable	-
Total			3,032,107,303.87	301,000,000.00	-	3,333,107,303.87				2,051,300.00

Note1: During current financial report period, the Company invested RMB 300,000,000.00 to Hotels Investment.

Note2: The Company and Catering Investment hold shares proportion of Minhang Hotel at 98.25% and 1.75% respectively. The Company and Catering Investment hold shares proportion at 5% and 95% respectively.

Note3: Jin Lu Investment is a newly-added subsidiary this year. For details, please refer to Note(VI)

XII NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

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

Unit: RMB

Investee	Initial investments	2013/12/31	Change for the year								2014/12/31	Impairment loss provided for the year
			Addition investment	Deduction investment	Net profit /(losses) using equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared	Provision for impairment loss	Other		
Associates												
Shanghai Kentucky Fried Chicken Co., Ltd.	97,977,250.00	96,051,959.99	-	-	(2,369,484.02)	-	-	-	-	-	93,682,475.97	-
Shanghai Xinlu Catering Development Co., Ltd.	2,719,227.00	1,382,858.53	-	-	221,103.21	-	-	-	-	-	1,603,961.74	-
Shanghai New Asia Fulihua Catering Co., Ltd.	14,350,000.00	23,720,322.62	-	-	4,465,284.72	236,731.95	-	(2,870,000.00)	-	-	25,552,339.29	-
Total		121,155,141.14	-	-	2,316,903.91	236,731.95	-	(2,870,000.00)	-	-	120,838,777.00	-

During the reporting period, the Company is not exposed to limitation on the transfer of funds from the investee. At end of period, the Group doesn't have unrecognized investment loss.

XII NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

10. Fixed Assets

Fixed assets

Unit: RMB

Item	Buildings	Equipment	Motor vehicles	Decoration	Total
I.Original book value					
1.12/31/2013	46,559,322.86	42,751,022.57	1,806,532.61	15,022,333.24	106,139,211.28
2.Addition					
(1)Purchase	-	424,390.72	-	-	424,390.72
(2)construction in process	128,677.07	809,990.31	-	604,347.85	1,543,015.23
3. Disposal or scrapping	-	(412,350.40)	-	-	(412,350.40)
4. 12/31/2014	46,687,999.93	43,573,053.20	1,806,532.61	15,626,681.09	107,694,266.83
II.Accumulated depreciation					
1.12/31/2013	14,069,549.67	27,708,173.20	1,578,860.01	7,563,481.70	50,920,064.58
2.Addition	1,486,415.91	3,258,449.20	26,445.02	1,732,234.83	6,503,544.96
3.Disposal or scrapping	-	(198,475.40)	-	-	(198,475.40)
4. 12/31/2014	15,555,965.58	30,768,147.00	1,605,305.03	9,295,716.53	57,225,134.14
III.Provision for impairment loss					
1. 12/31/2013	-	-	-	-	-
2.Addition	-	-	-	-	-
3.Deduction	-	-	-	-	-
4. 12/31/2014	-	-	-	-	-
IV.Book Value					
1. 12/31/2014	31,132,034.35	12,804,906.20	201,227.58	6,330,964.56	50,469,132.69
2. 12/31/2013	32,489,773.19	15,042,849.37	227,672.60	7,458,851.54	55,219,146.70

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

11. Construction in progress

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

Unit: RMB

Item	2014/12/31			2013/12/31		
	Original value	Provision for impairment loss	Net booking value	Original value	Provision for impairment loss	Net booking value
Renovation of JJ Metropolo, Xincheng Restaurant	40,440,300.00	-	40,440,300.00	3,045,531.48	-	3,045,531.48
Renovation of JJ Metropolo, Xinya Grand Hotel	12,970,765.08	-	12,970,765.08	4,138,300.00	-	4,138,300.00
Renovation of JJ Metropolo, South Huating Hotel	7,132,378.87	-	7,132,378.87	-	-	-
Other Renovation	319,766.79	-	319,766.79	-	-	-
Total	60,863,210.74	-	60,863,210.74	7,183,831.48	-	7,183,831.48

(2) Movement of significant construction in progress:

Unit: RMB

Item	Budget	2013/12/31	Addition	Transfer to fixed assets	Transfer to long-term prepaid expenses	2014/12/31	Project in the proportion of budgetary	Rate of progress	Cumulative amount of interest capitalization	Including: amount of interest capitalization for this period	Ratio of interest capitalization for this period (%)	Budget
Renovation of JJ Metropolo Restaurant	96,640,000.00	3,045,531.48	37,394,768.52	-	-	40,440,300.00	41	45	-	-	-	Self-financing
Renovation of JJ Metropolo, Xinya Grand Hotel	114,961,730.00	4,138,300.00	8,832,465.08	-	-	12,970,765.08	11	0	-	-	-	Self-financing
Renovation of JJ Metropolo, South Huating Hotel	46,002,906.00	-	7,223,028.87	(90,650.00)	-	7,132,378.87	15	10	-	-	-	Self-financing
Other renovation		-	1,903,643.08	(1,452,365.23)	(131,511.06)	319,766.79	-	-	-	-	-	
Total		7,183,831.48	55,353,905.55	(1,543,015.23)	(131,511.06)	60,863,210.74	-	-	-	-	-	

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

12. Intangible assets

Unit: RMB

Item	Right of Land use	Others	Total
I. Cost			
1.12/31/2013	91,847,425.45	1,935,387.83	93,782,813.28
2.Addition of Purchase	-	37,600.00	37,600.00
3.Deduction	-	-	-
4.12/31/2014	91,847,425.45	1,972,987.83	93,820,413.28
II. Accumulated amortisation			
1.12/31/2013	30,105,011.56	1,559,098.31	31,664,109.87
2.Additon of Withdrawing	2,342,405.73	246,376.74	2,588,782.47
3.Deduction	-	-	-
4.12/31/2014	32,447,417.29	1,805,475.05	34,252,892.34
III. Provision for impairment losses			
1.12/31/2013	-	-	-
2.Addition	-	-	-
3.Deduction	-	-	-
4.12/31/2014	-	-	-
Book Value			
1.12/31/2013	59,400,008.16	167,512.78	59,567,520.94
2.12/31/2014	61,742,413.89	376,289.52	62,118,703.41

13. Long-term prepaid expenses

Unit: RMB

Item	2013/12/31	Addition	Amortization	Other deduction	2014/12/31
Leasehold decoration of fixed assets	2,566,976.42	191,909.86	(1,031,683.07)	-	1,727,203.21
Leasehold improvement of fixed assets	7,227,028.12	-	(906,555.66)	(49,574.64)	6,270,897.82
Other	100,460.70	-	(34,014.60)	(60,398.80)	6,047.30
Total	9,894,465.24	191,909.86	(1,972,253.33)	(109,973.44)	8,004,148.33

The increase in the original book value for the reporting period consists of an increase of RMB 131,511.06 transferred from construction in progress, and an increase of RMB 60,398.80 for purchase and settlement.

14. Other Non-Current Assets

Unit: RMB

Item	2014/12/31	2013/12/31
Entrusted loan (Note)	200,000,000.00	300,000,000.00
Total	200,000,000.00	300,000,000.00

Note The company entrusted financial company to issue a loan for JJ Inn. See Note(XIV)31(5).

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

15. Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities are presented in the amount after offsetting.

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

Unit: RMB

Items	2014/12/31		2013/12/31	
	Deductible and Taxable temporary differences	Deferred tax assets or liabilities	Deductible and Taxable temporary differences	Deferred tax assets or liabilities
Employee benefits payable	23,254,669.65	5,813,667.41	22,312,471.60	5,578,117.90
Provision for impairment losses	5,640,592.87	1,410,148.21	5,617,616.36	1,404,404.09
Government subsidy	3,666,700.00	916,675.00	-	-
Advances of membership card and deferred revenue on membership points	2,628,135.26	657,033.81	1,695,139.60	423,784.90
Operating lease fee	1,963,370.71	490,842.68	-	-
Total	37,153,468.49	9,288,367.11	29,625,227.56	7,406,306.89

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

Unit: RMB

Items	2014/12/31		2013/12/31	
	Deductible and Taxable temporary differences	Deferred tax assets or liabilities	Deductible and Taxable temporary differences	Deferred tax assets or liabilities
Changes in fair value of available-for-sale financial assets recognized in other comprehensive income	2,183,093,159.04	545,773,289.77	752,292,816.93	188,073,204.24
Total	2,183,093,159.04	545,773,289.77	752,292,816.93	188,073,204.24

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

Unit: RMB

	2014/12/31		2013/12/31	
	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or Deferred tax liabilities after offsetting	Offsetting between deferred tax assets and deferred tax liabilities	Deferred tax assets or Deferred tax liabilities after offsetting
Deferred tax assets	9,288,367.11	-	7,406,306.89	-
Deferred tax liabilities	9,288,367.11	536,484,922.66	7,406,306.89	180,666,897.35

16. Short-term borrowings

Unit: RMB

Item	2014/12/31	2013/12/31
Credit borrowings - Other financial institution (Note1)	600,000,000.00	330,000,000.00
Credit borrowings - Entrusted borrowings (Note2)	47,000,000.00	63,000,000.00
Credit borrowings - Bank	-	1,000,000,000.00
Total	647,000,000.00	1,393,000,000.00

Note1: Refer to Note (V) 18 Note1.

Note2: As at the end of reporting period, the balances are borrowings from Jin Jiang Metropolo, Catering Investment and New Asia Café de Coral which are entrusted to Jinjiang Finance by the Company. The weighted average interest rate of the short-term borrowings for the reporting period is 4.50%. Refer to Note (XIV) 31(5) for the detail duration.

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

17. Provision for impairment loss of assets

Unit: RMB

Item	2013/12/31	Addition	Deduction		2014/12/31
			Reversal	Write-off	
I. Provision for bad debt	617,616.36	22,976.51	-	-	640,592.87
II.Provision for impairment loss of inventories	-	-	-	-	-
III. Provision for impairment loss of available for sale financial assets	5,000,000.00	-	(5,000,000.00)	-	-
IV. Provision for impairment loss of held to maturity financial assets	-			-	-
V. Provision for impairment loss of long-term equity investments	2,051,300.00	-	-	-	2,051,300.00
VI. Provision for impairment loss of investment property	-	-	-	-	-
VII. Provision for impairment loss of fixed Assets	-	-	-	-	-
VIII. Provision for impairment loss of construction materials	-	-	-	-	-
IX. Provision for impairment loss of construction in progress	-	-	-	-	-
X. Provision for impairment loss of bearer biological assets	-	-	-	-	-
Including: provision for impairment loss of mature bearer biological assets	-	-	-	-	-
XI. Provision for impairment loss of oil and gas assets	-	-	-	-	-
XII. Provision for impairment loss of intangible assets	-	-	-	-	-
XIII. Provision for impairment loss of goodwill	-	-	-	-	-
XIV. Others	-	-	-	-	-
Total	7,668,916.36	22,976.51	(5,000,000.00)	-	2,691,892.87

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

18. Employee benefits payable

(1) List of employee benefits payable

Unit: RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
1、Short-term wages or salaries payable	9,096,910.02	73,008,835.03	(72,649,588.65)	9,456,156.40
2、Annuity-Defined Contribution Plan	443,662.46	10,462,508.16	(10,852,773.56)	53,397.06
3、Dismissal compensation	12,771,899.12	4,592,747.92	(3,619,530.85)	13,745,116.19
Total	22,312,471.60	88,064,091.11	(87,121,893.06)	23,254,669.65

(2) List of Short-term employee benefits payable

Unit:RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
I. Wages or salaries, bonus, allowance, subsidies	8,431,445.34	58,036,626.32	(57,670,053.04)	8,798,018.62
II. Staff welfare	-	4,539,477.41	(4,539,477.41)	-
III. Social security	77,700.29	5,175,311.76	(5,236,267.96)	16,744.09
Included：Medical insurance	69,795.28	4,586,248.15	(4,639,941.35)	16,102.08
Work injury insurance	2,886.87	213,118.61	(215,600.91)	404.57
Maternity insurance	5,018.14	375,945.00	(380,725.70)	237.44
IV、Housing fund	2,076.00	3,910,324.40	(3,912,052.40)	348.00
V、Labor union and education fund	585,688.39	1,116,631.14	(1,153,273.84)	549,045.69
VI、Others	-	230,464.00	(138,464.00)	92,000.00
Total	9,096,910.02	73,008,835.03	(72,649,588.65)	9,456,156.40

(3) Defined Contribution Plan

Unit:RMB

Item	2013/12/31	Addition	Deduction	2014/12/31
1、Annuity insurance	431,676.48	9,901,999.46	(10,285,094.76)	48,581.18
2、Unemployment insurance	11,985.98	560,508.70	(567,678.80)	4,815.88
Total	443,662.46	10,462,508.16	(10,852,773.56)	53,397.06

The company follows policies to join in annuity insurance and unemployment insurance plans which are established by government. According to these plans, the company follows 1.5% , 21% of monthly average salaries last year to deposit payments for these plans monthly.

The group have to deposit RMB 9,901,999.46 and RMB 560,508.70 to annuity plan and unemployment insurance plan respectively in this year (In 2013, RMB 11,695,413.84 and RMB 695,231.62 respectively). In December 31, 2014, the group have RMB 48,581.18 and RMB 4,815.88 (In December 31, 2013: RMB 8,020,782.85 and RMB 432,177.66) to deposit for overdue and unpaid annuity insurance and unemployment insurance, during the financial statement reporting period. The related payable fees have been paid after financial reporting period.

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

19. Tax payable

Unit: RMB

Item	2014/12/31	2013/12/31
Value added tax	(276,882.26)	(226,387.76)
Business tax	999,666.83	1,579,687.47
Enterprise Income tax	77,216,193.58	27,875,845.46
Individual income tax	218,405.85	262,872.42
House property tax	72,731.92	72,731.92
Others	13,440,676.83	13,058,126.42
Total	91,670,792.75	42,622,875.93

20. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	2014/12/31	2013/12/31
Tax for significant assets replacement and affiliated transactions accrued	58,623,448.29	58,623,448.29
Accrual agency fee of equity acquisition	39,804,000.00	-
Accrued expenses	11,345,584.42	5,702,918.78
Expected payable for the equity transfer of Smartel	9,796,303.25	21,662,276.63
Payments on behalf of other	5,036,971.60	7,156,419.99
Operating turnover	2,333,501.93	2,819,416.62
Others	6,997,382.08	7,694,815.58
Total	133,937,191.57	103,659,295.89

(2) Explanation of huge amount other payables aging over 1 year:

At the end of the reporting period, huge amount other payable aging over 1 year includes: the accrual amount of significant replacement and related transactions payment and involved taxation is RMB 58,623,448.29 that should be paid by the Company after the report and verification of the involved taxation.

(3) At the end of reporting period, except for (2), The huge amount other payables of the Group is RMB 39,800,000 which includes accrual agency fee.

(4) Except for (2) and (3), at the end of reporting period, other payables of the Group mainly include accrued expenses, payments on behalf of other parties and deposits, which are related to daily operation.

21. Deferred income

Unit: RMB

Item	2014/12/31	2013/12/31
Government grants	3,666,700.00	-
Deferred revenue	217,095.01	-
Total	3,883,795.01	-

Projects of government grants:

Unit: RMB

Item	Opening balance	Addition	Transfer to non-operating income	Closing balance	Related to assets/ Related to income
Metropole Hotel project funds	-	3,666,700.00	-	3,666,700.00	Related to assets
Total	-	3,666,700.00	-	3,666,700.00	

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

22. Capital reserve

Unit: RMB

Item	2013/12/31	Addition(Note)	Deduction	2014/12/31
Share premium	1,905,547,100.23	2,826,978,883.00	-	4,732,525,983.23
Including: Capital injected by investors	605,917,945.21	2,826,978,883.00	-	3,432,896,828.21
Differences derived from business combination involving enterprises under common control	1,299,629,155.02	-	-	1,299,629,155.02
Other capital reserve-Transfer from capital reserve under the previous accounting system	138,656,064.50	-	-	138,656,064.50
Total	2,044,203,164.73	2,826,978,883.00	-	4,871,182,047.73

Note: For details, please refer to Note(I).

23. Other Comprehensive Income

Unit: RMB

Item	2013/12/31	Movement					2014/12/31
		Amount befor income tax	Deduction: previously recognized as other comprehensive income and transferred to gain and loss in the current period	Deduction: income tax	Amont Attributable to shareholders of the parent the after tax	Amount Attributable to shareholders of the minority after tax	
Other comprehensive income that will be reclassified into gain and loss							
Including: Fair value changes on available-for-sale financial assets	564,219,612.67	1,732,772,577.60	301,972,235.49	357,700,085.53	1,073,100,256.58	-	1,637,319,869.25
Change under equity method in other comprehensive income that will be reclassified into gain and loss	1,717,299.06	236,731.95	-	-	236,731.95	-	1,954,031.01
Total	565,936,911.73	1,733,009,309.55	301,972,235.49	357,700,085.53	1,073,336,988.53	-	1,639,273,900.26

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

24. Operating income and operating costs

(1) Operating income and operating costs:

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	Income	Cost	Income	Cost
Main business	205,531,682.46	24,674,314.75	196,329,182.08	29,523,246.22
Other business	1,235,383.81	1,200,000.00	1,377,064.04	1,200,000.00
Total	206,767,066.27	25,874,314.75	197,706,246.12	30,723,246.22

(2) Principal operating income and principal operating costs by industry:

UNIT: RMB

Industry	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	Operating income	Operating cost	Operating income	Operating cost
Limited service hotel operation				
Including: Room	159,795,503.70	-	133,350,004.69	-
Food and restaurant	23,720,211.90	13,430,440.77	42,844,827.91	20,441,964.69
Commodity supplies	11,075,817.10	10,421,064.56	9,900,815.17	8,998,785.80
Lease business	6,755,339.27	487,733.15	6,724,688.77	-
Others	4,184,810.49	335,076.27	3,508,845.54	82,495.73
Total	205,531,682.46	24,674,314.75	196,329,182.08	29,523,246.22

(3) Details of the revenue from top 5 customers of the Company are as below:

UNIT: RMB

Name of customer	Operating income	Ratio (%)
East China Normal University	3,761,297.70	1.82
China Construction Bank Putuo branch	1,151,073.77	0.56
Jinhua Chamber of International Commerce	309,367.80	0.15
Bank of Communications Co., Ltd.	211,610.00	0.10
Shanghai Yu Xiang Trading Co., Ltd.	132,857.21	0.06
Total	5,566,206.48	2.69

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

25. Operating cost and expense by nature

UNIT: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Cost of goods sold	23,851,505.33	29,440,750.49
Employee benefits payable	84,342,832.00	96,232,001.94
Including: Wages or salaries, bonus, allowance, subsidies	58,036,626.32	63,690,492.67
Social insurance	15,637,819.92	18,633,498.26
Housing fund	3,910,324.40	4,633,921.34
Welfare	4,539,477.41	6,595,089.49
Other expenditure	2,218,583.95	2,679,000.18
Utilities and material consumption	28,707,197.33	26,554,786.81
Depreciation and amortization	11,064,580.76	10,536,376.65
Rental of operating lease	35,687,196.85	27,388,662.81
Repair and maintenance expense	3,259,442.82	3,010,750.05
Property tax and other levies	2,659,094.32	1,105,598.93
Agency expense	43,038,393.00	6,226,657.00
Advertising expense	4,209,588.27	4,351,376.37
Others	54,371,718.20	32,658,327.49
Total of operating cost, selling expense and general & administrative expense	291,191,548.88	237,505,288.54

26. Financial expenses

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Interest expenses	66,556,633.03	39,341,373.15
Less: Interest expenses capitalized	-	-
Less: Interest income	6,476,569.83	3,239,922.09
Foreign exchange difference	366,316.19	(310,383.34)
Less：Foreign exchange difference capitalized	-	-
Others	1,595,412.93	1,555,790.03
Total	62,041,792.32	37,346,857.75

27. Investment income

(1) Details of investment income are as follow:

UNIT: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Investment income (losses) from long-term equity investments under equity method of accounting	2,316,903.91	(1,397,091.89)
Investment income from long-term equity investments under cost method of accounting	200,000,000.00	152,726,260.70
Investment income from available-for-sale financial assets	48,143,257.18	75,177,900.85
Gain on disposal of available-for-sale financial assets	423,943,436.69	169,560,362.36
Others	20,493,040.12	16,754,491.38
Total	694,896,637.90	412,821,923.40

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

27. Investment income - continued

(2) Investment income from long-term equity investments under equity method of accounting

UNIT: RMB

Investee	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Explanation on the changes
Shanghai Kentucky Fried Chicken Co., Ltd.	(2,369,484.02)	(5,476,298.98)	Dut to the increase in operating income, losses declined
Shanghai New Asia Fulihua Catering Co., Ltd.	4,465,284.72	3,861,646.16	Due to the increase in operating income, profit is better in this year than last year
Shanghai Xinlu Catering Development Co., Ltd.	221,103.21	217,560.93	Operating income of this period is largely in line with a year earlier
Total	2,316,903.91	(1,397,091.89)	

(3) Investment income from long-term equity investments under cost method of accounting

UNIT: RMB

Investee	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Explanation on the changes
Jin Jiang Inn	200,000,000.00	150,000,000.00	Declaration of dividends distribution increased
Minhang Hotels	-	2,726,260.70	No declaration of dividends distribution this year
Total	200,000,000.00	152,726,260.70	

(4) Investment income from available-for-sale financial assets refers to Note(V) 41(3).

(5) Gain on disposal of available-for-sale financial assets refers to Note(V) 41(4).

28. Non-operating income

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

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Government grants	4,105,047.01	1,476,000.03
Accounts payable that is no need to pay	457,483.14	-
Others	143,224.64	181,147.54
Total	4,705,754.79	1,657,147.57

(2) Details of government grants are as follows:

Unit: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31	Related to assets/ Related to income
Industry support funds	4,105,047.01	1,476,000.03	Related to income
Total	4,105,047.01	1,476,000.03	

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

29. Notes to Cash Flow Statements

(1) Details of other cash payments related to investing activities :

UNIT: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Repayment of loan of Smartel	-	675,000,000.00
Total	-	675,000,000.00

(2) Cash receipts from borrowings

UNIT: RMB

Item	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
Borrowings from Jin Jiang Finance	1,830,000,000.00	530,000,000.00
Borrowings from bank	1,000,000,000.00	1,000,000,000.00
Entrusted borrowings from other related parties	55,000,000.00	1,163,000,000.00
Total	2,885,000,000.00	2,693,000,000.00

30. Supplementary information of cash flows

(1) Supplementary information of cash flows

UNIT: RMB

Supplementary information	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
1.Reconciliation of net profit to cash flow from operating activities:		
Net profit	**469,140,829.23**	**302,231,527.32**
Add: Provision for asset impairment	22,976.51	(1,080,058.91)
Depreciation of fixed assets	6,503,544.96	5,160,474.44
Amortization of intangible assets	2,588,782.47	2,668,385.77
Amortization of long-term prepayments	1,972,253.33	2,707,516.44
Gains on disposal of fixed assets, intangible assets and other long-term assets (Less:gain)	8,536.50	64,879.31
Financial expenses (Less:gain)	66,556,633.03	39,341,373.15
Gains arising from investments (Less:gain)	(694,896,637.90)	(412,821,923.40)
Decrease in deferred tax assets (Less:gain)	(1,882,060.22)	(291,817.51)
Decrease in Inventory (Less:gain)	498,772.54	(1,633,205.87)
Decrease (increase) in operating receivables	(24,545,949.51)	(30,818,533.51)
Increase (decrease) in operating payables	95,137,076.79	34,865,084.70
Net cash flow from operating activities	**(78,895,242.27)**	**(59,606,298.07)**
2.Significant investing and financing activities that do not involve cash receipts and payments		
Purchase fixed assets by debt	22,911,981.75	-
Purchase long-term investment by debt	9,796,303.25	21,662,276.63
3.Net changes in cash and cash equivalents:		
Cash at end of period	**2,842,897,015.27**	**168,198,943.36**
Less: Cash at beginning of period	**168,198,943.36**	**237,931,536.21**
Add: Cash equivalents at end of period	-	-
Less: Cash equivalents at beginning of period	-	-
Net increase(decrease) in cash and cash equivalents	**2,674,698,071.91**	**(69,732,592.85)**

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

30. Supplementary information of cash flows – continued

(2) Cash and cash equivalents

UNIT: RMB

Items	2014/12/31	2013/12/31
Cash	2,842,897,015.27	168,198,943.36
Including: Cash on hand	542,612.58	482,082.92
Bank deposits that can be readily withdrawn on	2,842,354,402.69	167,716,860.44
Other cash balance used for payment readily	-	-
Cash equivalents	-	-
Closing balance of cash and cash equivalents	2,842,897,015.27	168,198,943.36

31. Related party relationships and transactions

(1) Basic information of subsidiaries and associates of the Company refers to Note (VII). Information of other related parties refers to Note(X).

(2) Purchase and sales of goods, rendering and receiving of service

Purchase goods/receiving service

(3) UNIT: RMB

Related party	Transaction nature	2014/1/1-2014/12/31	2013/1/1-2013/12/31
Shanghai Jin Jiang International Hotel Commodities Co., Ltd.	Purchase of hotel commodities	1,405,520.43	2,310,087.87
Jin Jiang Inn	Purchase of food	224,135.62	1,045,859.93
Jin Jiang Food	Purchase of food	-	171,392.62
New Asia Food	Purchase of food	-	6,666.67
Subtotal		**1,629,656.05**	**3,534,007.09**

Sales of goods/rendering service

(4) UNIT: RMB

Related party	Transaction nature	2014/1/1-2014/12/31	2013/1/1-2013/12/31
Shanghai New Asia Food Co.,Ltd.	Sales of mangement	28,618.46	118,182.06
Shanghai Jing An Bakery Co., Ltd.	Sales of mangement	6,765.35	58,881.98
Subtotal		**35,383.81**	**177,064.04**

(3) Leasing arrangements

The Company as lessor:

UNIT: RMB

Lessee	Asset for leasehold	Rental income this year	Rental income last year
Shanghai Jinya Catering.	Logistics Center, Gonghexin branch and Dafang branch	1,795,800.00	1,795,800.00
Shanghai Jin Jiang Advertising Co., Ltd.	Advertising board	850,002.20	850,004.40
Subtotal		**2,645,802.20**	**2,645,804.40**

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS – continued

31. Related party relationships and transactions- continued

The Company as lessee:

UNIT: RMB

Lesser	Asset for leasehold	Rental income this year	Rental income last year
Jinshajiang Hotel Co., Ltd. (Note)	Operating Building	10,584,000.00	7,938,000.00
Shanghai MAGNOTEL Hotel Co., Ltd. (Note)	Operating Building	8,568,000.00	6,426,000.00
Shanghai Hua Ting Guest House Co., Ltd. (Note)	Operating Building	8,904,000.00	6,678,000.00
Jin Jiang International	Office&Operating Building	2,765,832.00	2,765,832.00
Shanghai East Jin Jiang Hotel Co., Ltd.	Office	775,992.00	711,326.00
Shanghai Jin Jiang Property Management Co., Ltd.	Office	125,676.00	114,252.00
Sub-total		**31,723,500.00**	**24,633,410.00**

Note: The Company signed "lease contract" with Huating Guest House, Jinshajiang Hotel and MAGNOTEL Hotel respectively (refer to NoteX (5)3.

(4) Entrusted Operation and Lease of related parties
The Company signed the " entrusted operation contract" with Jin Jiang Hotels Group and its subsidiary- Marvel Hotel Shanghai. For details, please refer to NoteX (5)3.

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

31. Related party relationships and transactions- continued

(5) Financing

Transaction for the period from 1 January 2014 to 31 December 2014 and balance as of at 31 December 2014

UNIT: RMB

Related parties	Amount	Beginning date	Expiry date	2014/12/31
Loan				
Jin Jiang Finance	150,000,000.00	2014/06/09	2014/06/11	Credit Loan
Jin Jiang Finance	200,000,000.00	2014/06/09	2014/06/10	Credit Loan
Jin Jiang Finance	520,000,000.00	2014/06/10	2014/06/11	Credit Loan
Jin Jiang Finance	230,000,000.00	2014/06/17	2014/06/18	Credit Loan
Jin Jiang Finance	130,000,000.00	2014/06/17	2014/10/31	Credit Loan
Jin Jiang Finance	400,000,000.00	2014/12/26	2015/12/25	Credit Loan
Jin Jiang Finance	200,000,000.00	2014/12/22	2015/12/21	Credit Loan
Jin Jiang Finance	100,000,000.00	2013/12/23	2014/06/22	Credit Loan
Jin Jiang Finance	230,000,000.00	2013/07/01	2014/06/11	Credit Loan
Jin Jiang Metropolo	47,000,000.00	2013/06/24	2014/06/23	Credit Loan
Jin Jiang Metropolo	47,000,000.00	2014/06/19	2015/06/18	Credit Loan
Catering Investment	11,000,000.00	2013/06/24	2014/06/23	Credit Loan
Catering Investment	8,000,000.00	2014/06/20	2014/09/30	Credit Loan
Jinya Catering	2,000,000.00	2013/06/24	2014/03/10	Credit Loan
Jinya Catering	3,000,000.00	2013/06/24	2014/06/10	Credit Loan
Subtotal	**2,278,000,000.00**			
Lent				
Jin Jiang Inn	70,000,000.00	2013/07/18	2014/07/18	Entrusted Loan
Jin Jiang Inn	100,000,000.00	2013/07/17	2016/07/17	Entrusted Loan
Jin Jiang Inn	100,000,000.00	2013/07/18	2016/07/18	Entrusted Loan
Jin Jiang Inn	100,000,000.00	2013/07/17	2015/07/17	Entrusted Loan
Smartel	360,000,000.00	2014/06/17	2015/06/17	Entrusted Loan
Smartel	60,000,000.00	2013/01/16	2014/01/16	Entrusted Loan
Smartel	300,000,000.00	2013/01/19	2014/01/19	Entrusted Loan
Subtotal	**1,090,000,000.00**			

Interest expense between the Company and the related parties were as follows:

UNIT: RMB

Item	2014/1/1-2014/12/31	2013/1/1-2013/12/31
Interest expenses	15,482,216.00	36,147,500.00

The Group had cash deposits in Jinjiang Finance. The balance and transactions were as follows:

UNIT: RMB

Jinjiang Finance	2014/12/31	2013/12/31
Closing balance	639,424,575.80	136,132,710.52

UNIT: RMB

Jinjiang Finance	2014/1/1-2014/12/31	2013/1/1-2013/12/31
Accumulative amount of deposits	2,752,543,205.90	2,635,232,588.46
Interest income	3,062,492.69	2,831,761.35

(6) There was no assets transfer and debt restructure with related parties for this reporting period.

(7) No other transactions between the Group and related parties during the reporting period.

XIV NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

31. Related party relationships and transactions- continued

(8) Accounts receivable and payable with related parties

i) Accounts receivable

UNIT: RMB

Item	Related parties	2014/12/31		2013/12/31	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivable	Smartel	420,000,000.00	-	675,000,000.00	-
Other receivable	Da Hua Hotel	41,769,785.25	-	37,140,328.68	-
Other receivable	Minhang Hotel	21,127,532.89	-	4,970,000.00	-
Other receivable	Jin Jiang Metropolo	3,706,825.10	-	-	-
Other receivable	Food and Beverage Serving Equipment	3,029,934.20	-	3,029,934.20	-
Other receivable	Jin Jiang Inn	1,139,478.72	-	909,505.03	-
Other receivable	Jin Pan Hotel	356,344.99	-	-	-
Other receivable	Jinya Catering	200,000.00	-	-	-
Sub total		**491,329,901.15**	-	**721,049,767.91**	-
Interest receivable	Smartel	554,400.00	-	504,000.00	-
Interest receivable	Jinjiang Finance	506,943.33	-	255,750.00	-
Interest receivable	Jin Jiang Inn	110,000.00	-	124,361.11	-
Sub total		**1,171,343.33**	-	**884,111.11**	-
Other current assets	Smartel	360,000,000.00	-	360,000,000.00	-
Other current assets	Jin Jiang Inn	-	-	70,000,000.00	-
Sub total		**360,000,000.00**	-	**430,000,000.00**	-
Other non-current assets	Jin Jiang Inn	200,000,000.00	-	300,000,000.00	-
Sub total		**200,000,000.00**	-	**300,000,000.00**	-
Other non-current assets due within one year	Jin Jiang Inn	100,000,000.00	-	-	-
Sub total		**100,000,000.00**	-	-	-
Long-term receivable	Xin Ya Food	10,328,000.00	-	10,328,000.00	-
Sub total		**10,328,000.00**	-	**10,328,000.00**	-

ii) Accounts payable

UNIT: RMB

Item	Related parties	2014/12/31	2013/12/31
Accounts payable	Jin Jiang International and related entities	2,179,200.00	1,089,600.00
Accounts payable	Jin Jiang Hotels Group and related entities	50,089.62	-
Sub total		**2,229,289.62**	**1,089,600.00**
Other payable	Jin Jiang Hotels Group and related entities	-	4,394,714.25
Other payable	Jin Jiang Inn	2,004,994.22	2,490,908.91
Other payable	Hotels Investment	328,507.71	328,507.71
Other payable	Jinya Catering	15,000.00	52,050.90
Sub total		**2,348,501.93**	**7,266,181.77**
Advances from customers	Jin Jiang International and related entities	283,332.60	283,332.60
Sub total		**283,332.60**	**283,332.60**
Interest payable	Jinjiang Finance	479,116.00	482,500.00
Sub total		**479,116.00**	**482,500.00**

SHANGHAI JINJIANG INTERNATIONAL HOTELS DEVELOPMENT CO., LTD.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014
SUPPLEMENTARY INFORMATION

1. EXTRODINARY GAIN AND LOSSES

UNIT: RMB

Item	2014/1/1 – 2014/12/31	2013/1/1 – 2013/12/31
Profit or loss on disposals of non-current assets	(2,494,685.04)	3,656,417.08
Tax refunds or reductions with ultra vires approval or without official [illegible]	-	-
Government grants recognised in profit and loss for the current year (except government grants that is highly business related and determined based on a fixed scale according to the national unified standard)	25,481,733.17	24,244,771.49
Interest income recognised in profit and loss for the current year from non-financial companies	-	-
The excess of attributable fair value of identifiable assets and liabilities over the consideration paid for subsidiaries recognised on business	-	-
Profit or loss on exchange of non-monetary assets	-	-
Profit or loss on entrusted investments	-	-
Impairment losses provided for each asset due to force majeure	-	-
Profit or loss on debt restructuring	-	-
Business restructuring expenses, e.g., expenditure for layoff of employees, [illegible]	-	-
Profit or loss relating to the unfair portion in transactions with unfair transaction price	-	-
Net profit or loss of subsidiaries recognised as a result of business combination of enterprises under common control from the beginning of the period up to the business combination date	-	-
Profit or loss arising from provisions other than those related to principal business activities of the Company	-	-
Investment income from changes in fair value of held-for-trading financial assets and liabilities and disposals of financial assets, liabilities and available-for-sale financial assets except effective hedging transactions related to the Group's normal business	423,943,436.69	175,389,221.21
Reversal of specific bad debt provision	-	1,045,203.95
Profit and loss acquired from loan committed to other entities	-	-
Profit and loss due to change in fair value of investment properties measured subsequently with the fair value model	-	-
Impact of one-off adjustment to profit or loss of current period based on the requirements of laws and statutes of tax and accounting on the profit of loss of current period	-	-
Income of trustee fee acquired from committed operation	-	-
Other non-operating net income	8,513,773.46	3,753,641.42
Other non-recurring profit or loss	-	-
Tax effect of non-recurring profit or loss	(109,877,753.31)	(49,101,464.43)
Net profit attributable to minority interest (after tax)	(87,402.50)	(163,873.25)
Total	345,479,102.47	158,823,917.47

Preparation basis of extraordinary gains and losses

According to “Explanatory notice No. 1 of information disclosure for public offering securities - Extraordinary gain and losses [2008]” issued by China Securities Regulatory Commission, extraordinary gain and losses is arising from the transactions or events that is not directly related to daily operations, or the transactions or events associated with normal operations but may affect the investors’ proper judgments on the performance and profitability of the Company for because special and incidental nature.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The calculation of return on net assets and EPS by Shanghai Jin Jiang International Hotels Development Co., Ltd. is in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2011)* issued by China Securities Regulatory Commission.

UNIT: RMB

Profit for the reporting period	Weighted average rate of return on net assets (%)	Weighted average on net assets (RMB Yuan)	EPS	
			Basic	Diluted(Note)
Calculated based on net profit attributable to ordinary equity holders	10.41	4,678,222,450.45	0.7857	Not applicable
Calculated based on net profit attributable to ordinary equity holders after extraordinary gain and losses	3.03	4,678,222,450.45	0.2285	Not applicable

Note：The company had no diluted potential ordinary shares.

3. SUPPLEMENTARY INFORMATION OF CHANGES IN ACCOUNTING POLICIES

According to “the Accounting Standard for Business Enterprises No. 2 – Long-term Investment” and other eight adjustments of accounting standards issued by the the Ministry of Finance, the Company changed related accounting policies and restated comparative financial statements of January.1, 2013 and December 31, 2013, which are listed as follows:

3. SUPPLEMENTARY INFORMATION OF CHANGES IN ACCOUNTING POLICIES - continued

Item	2013/01/01 (Restated)	2013/12/31 (Restated)	2014/12/31	Item	2013/01/01 (Restated)	2013/12/31 (Restated)	2014/12/31
Current Assets:				**Current Liabilities:**			
Cash and bank balances	751,746,245.14	678,807,803.63	3,551,614,901.31	Short-term loan	-	1,330,000,000.00	800,000,000.00
Financial assets at fair value through profit or loss	-	-	-	Financial-liabilities at fair value through profit or loss	-	-	-
Notes receivable	-	-	-	Notes payable	-	-	-
Accounts receivable	50,282,126.38	69,224,584.94	88,420,644.15	Accounts payable	400,533,427.22	462,706,177.04	511,766,155.46
Advances to suppliers Prepayments	47,529,871.40	38,509,417.60	36,563,815.81	Advances from customers	156,577,071.73	156,572,747.93	151,957,498.70
Interest receivable	2,193,260.34	610,879.88	1,272,464.17	Employee benefits payable	120,182,458.89	121,204,401.33	86,160,486.77
Dividends receivable	-	5,256,833.65	2,042,209.70	Taxes payable	79,918,214.20	125,139,174.82	181,478,947.60
Other receivables	51,051,177.42	47,797,514.34	62,368,314.79	Interest payable	-	2,022,500.00	559,618.64
Inventories	30,318,949.55	32,931,711.92	28,981,298.59	Dividends payable	305,520.26	344,139.43	371,241.41
Non-current assets due within one year	-	-	-	Other payables	149,308,627.99	175,104,299.56	205,631,152.90
Other current assets	1,636,178.51	3,742,834.43	2,711,183.83	Non-current liabilities due within one year	448,496.32	485,829.13	4,964,076.58
Total current assets	**934,757,808.74**	**876,881,580.39**	**3,773,974,832.35**	Other current liabilities	-	-	-
				Total current liabilities	**907,273,816.61**	**2,373,579,269.24**	**1,942,889,178.06**
Non-current Assets:				**Non-current Liabilities:**			
Available-for-sale financial assets	1,189,640,457.66	1,049,208,796.40	2,793,111,236.82	Long-term borrowings	-	-	4,500,000.00
Held-to-maturity investments	-	-	-	Bonds payable	-	-	-
Long-term receivables	-	-	-	Long-term payables	6,689,506.92	6,266,071.74	5,730,481.90
Long-term equity investments	195,879,103.27	143,850,687.42	131,328,786.66	Special payables	-	-	-
Investment properties	-	-	-	Foreseeable liabilities	-	-	-
Fixed assets	1,145,685,724.82	2,838,958,420.36	2,793,111,236.82	Deferred Income	2,920,400.84	20,630,197.62	27,174,141.58
Construction in progress	344,042,695.44	362,466,510.94	367,529,091.17	Deferred tax liabilities	210,037,306.99	301,787,817.47	654,616,988.13
				Other non-current liabilities	-	-	-
Materials for construction of fixed assets	-	-	-	**Total non-current liabilities**	**219,647,214.75**	**328,684,086.83**	**692,021,611.61**
Fixed and held for disposal	-	-	-	**TOTAL LIABILITIES**	**1,126,921,031.36**	**2,702,263,356.07**	**2,634,910,789.67**
Intangible assets	258,022,731.77	250,302,642.97	239,495,091.84	**SHAREHOLDERS' EQUITY:**			
Development expenditure	-	-	-	Share capital	603,240,740.00	603,240,740.00	804,517,740.00
Goodwill	40,171,417.85	91,957,221.06	95,697,977.65	Capital reserve	1,659,484,077.87	1,659,484,077.87	4,482,097,548.95
Long-term prepaid expenses	1,235,118,999.61	1,319,289,683.09	1,418,923,023.89	Less: Treasury shares	-	-	-
Deferred tax assets	68,853,991.59	84,817,317.73	91,691,878.78	Other comprehensive Income	622,988,963.56	565,936,911.73	1,639,273,900.26
Other non-current assets	-	65,333,890.76	61,573,521.77	Surplus reserve	482,301,658.50	482,301,658.50	529,215,741.42
Total non-current assets	**4,477,415,122.01**	**6,206,185,170.73**	**7,588,532,282.57**	Undistributed surplus	878,396,483.97	1,032,670,709.94	1,243,693,387.43
				Translation of Foreign currency	-	-	-
				Total shareholders' equity attributable to the parent company	4,246,411,923.90	4,343,634,098.04	8,698,798,318.06
				Minority interests	38,839,975.49	37,169,297.01	28,798,007.19
				TOTAL SHAREHOLDERS' EQUITY	**4,285,251,899.39**	**4,380,803,395.05**	**8,727,596,325.25**
TOTAL ASSETS	**5,412,172,930.75**	**7,083,066,751.12**	**11,362,507,114.92**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**5,412,172,930.75**	**7,083,066,751.12**	**11,362,507,114.92**

4. COMBINED FINANCIAL STATEMENTS AND OPERATING DATA OF LIMITED SERVICE HOTEL SEGMENT

Attached are the financial statements of limited service hotel segment, including combined balance sheets (at 31 December 2014 and 2013), combined income statements and combined cash flow statements (both period ended 31 December 2014 and 2013), and relevant operating data for reference. The inter-segment balances and transactions are not eliminated in these combined financial statements. The combined financial statements and operating data are just for users' reference.

Combined balance sheet of limited service hotel segment

Unit: RMB

Item	2014/12/31	2013/12/31	Item	2014/12/31	2013/12/31
Current Assets:			**Current Libilities:**		
Currency funds	717,373,079.65	504,897,441.14	Short-term borrowings	560,000,000.00	430,000,000.00
Held-for-trading financial assets		-	Held-for-trading financial liabilities		-
Notes receivable		-	Notes payable		-
Accounts receivable	75,954,674.62	60,222,035.98	Accounts payable	475,784,847.07	440,252,553.54
Advances to suppliers	33,948,139.61	35,697,838.01	Advances from customers	146,214,514.12	150,559,705.01
Interest receivable	84,433.32	279,409.18	Employee benefits payable	64,582,656.27	98,683,535.44
Dividends receivable		-	Taxes payable	86,983,426.65	81,381,312.43
Other receivables	55,350,315.43	45,968,776.16	Interest payable	744,902.64	639,666.66
Inventories	22,277,749.02	26,431,930.68	Dividends payable		-
Non-current assets due within one year		-	Other payables	576,092,117.66	808,162,419.09
Other current assets	49,711,183.83	55,742,834.43	Non-current liabilities due within one year	104,964,076.58	485,829.13
Total current assets	**954,699,575.48**	**729,240,265.58**	Other current liabilities	-	-
			Total current liabilities	**2,015,366,540.99**	**2,010,165,021.30**
Non-current Assets:			**Non-current Liabilities:**		
Available-for-sale financial assets	451,350.00	-	Long-term borrowings	204,500,000.00	300,000,000.00
Held-to-maturity investments		-	Bonds payable		-
Long-term receivables		-	Long-term payables	5,730,481.90	6,266,070.62
Long-term equity investments	3,778,281.25	9,000,000.00	Special payables		-
Investment properties		-	Foreseeable liabilities		-
Fixed assets	2,756,147,710.65	2,797,225,448.89	Deferred tax liabilities	118,132,065.47	121,120,920.12
Construction in progress	367,465,490.58	362,466,510.94	Other non-current liabilities	27,174,141.58	20,630,197.62
Construction materials		-	**Total non-current liabilities**	**355,536,688.95**	**448,017,188.36**
Fixed and held for disposal		-	**TOTAL LIABILITIES**	**2,370,903,229.94**	**2,458,182,209.66**
Bearer biological assets		-	**SHAREHOLDERS' EQUITY:**		
Oil and gas assets		-	Share capital	2,100,103,922.55	1,799,103,922.55
Intangible assets	227,452,036.11	237,320,632.44	Capital reserve	744,285,703.53	744,285,703.53
Development expenditure		-	Less: Treasury shares		-
Goodwill	43,912,174.45	40,171,417.85	Surplus reserve	108,029,117.86	98,253,845.20
Long-term prepaid expenses	1,410,688,300.31	1,307,979,399.48	Unappropriated profits	432,025,412.54	381,782,878.34
Deferred tax assets	91,857,825.78	84,883,750.73	Appropriations from parent company	135,663,094.46	113,523,119.88
Other non-current assets	61,573,521.77	53,964,890.76	Total shareholders' equity attributable to limited service hotel segment	3,520,107,250.94	3,136,949,469.50
Total non-current assets	**4,963,326,690.90**	**4,893,463,401.09**	Minority interests	27,015,785.50	27,571,987.51
			TOTAL SHAREHOLDERS' EQUITY	**3,547,123,036.44**	**3,164,521,457.01**
TOTAL ASSETS	**5,918,026,266.38**	**5,622,703,666.67**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**5,918,026,266.38**	**5,622,703,666.67**

4. COMBINED FINANCIAL STATEMENTS AND OPERATING DATA OF LIMITED SERVICE HOTEL SEGMENT - continued

Combined income statement of limited service hotel segment

Unit: RMB

Items	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2014/12/31
1. Revenues:	**2,637,242,179.24**	**2,410,932,578.97**
Leased-and-operated hotels	2,299,723,599.03	2,118,798,463.57
Franchised-and-managed hotels	337,518,580.21	292,134,115.40
Total revenues	2,637,242,179.24	2,410,932,578.97
Less: Business taxes and levies	134,685,200.45	127,505,462.56
Net revenues	**2,502,556,978.79**	**2,283,427,116.41**
Operating costs and expenses:		
Leased-and-operated hotels:	-	-
Rents	399,436,852.50	305,434,553.90
Energy costs	179,452,688.92	196,848,214.51
Employee benefits expense	489,265,699.55	404,240,939.76
Depreciation	195,626,397.42	166,291,379.21
Amortisation	170,493,233.49	171,979,498.49
Food, beverage and consumables used	116,122,241.48	125,616,070.92
Others	327,851,955.72	316,700,626.81
Subtotal:	1,878,249,069.08	1,687,111,283.60
Selling and marketing expenses	86,305,797.02	44,552,110.16
General and administrative expenses	36,425,756.96	29,815,409.07
Labor Costs of Franchising and managing Hotels	158,213,311.85	203,226,586.01
Pre-opening expenses	18,323,418.03	17,898,736.72
Total operating costs and expenses	**2,177,517,352.94**	**1,982,604,125.56**
2. Income (loss) from operations	**325,039,625.85**	**300,822,990.85**
Interest income	4,996,649.99	4,084,008.90
Interest expense	22,736,996.74	13,018,629.99
Other non-operating income	26,178,389.99	32,472,425.07
Other non-operating expense	1,998,718.75	1,481,374.93
3. Profit before tax	**331,478,950.34**	**322,879,419.90**
Less: Income tax expense	96,171,769.46	87,704,255.85
Net Income	**235,307,180.88**	**235,175,164.05**
Less: minority interest	3,819,792.97	4,671,741.68
Net income (loss) attributable to economy hotel segment	231,487,387.91	230,503,422.37

4. COMBINED FINANCIAL STATEMENTS AND OPERATING DATA OF LIMITED SERVICE HOTEL SEGMENT - continued

Combined cash flow statement of limited service hotel segment

Unit: RMB

Items	Period from 2014/1/1 to 2014/12/31	Period from 2013/1/1 to 2013/12/31
I. Cash flow from operating activities:		
Cash receipts from the sale of goods and the rendering of services	2,619,185,761.47	2,432,621,517.76
Receipts of tax refund	-	-
Other cash receipts relating to operating activities	70,629,611.55	37,138,957.03
Sub-total of cash inflows	**2,689,815,373.02**	**2,469,760,474.79**
Cash payments for goods purchased and services received	645,064,612.53	561,340,508.02
Cash payments to and on behalf of employees	682,625,893.38	594,341,796.65
Payments of taxes	277,991,460.93	230,055,055.55
Other cash payments relating to operating activities	407,142,885.78	439,682,791.91
Sub-total of cash outflows	**2,012,824,852.62**	**1,825,420,152.13**
Net cash flow from operating activities	**676,990,520.40**	**644,340,322.66**
II. Cash flow from investing activities:		
Cash receipts from returns on investments	52,000,000.00	17,974,334.85
Cash receipts from investment income	2,302,732.99	1,490,808.58
Net cash receipts from disposal of property, plant and Equipment	12,266,902.80	839,547.72
Net cash receipts to acquisition and disposals of subsidiaries and other business units	-	5,620,000.00
Other cash receipts relating to investing activities	-	1,300,000.00
Sub-total of cash inflows	**66,569,635.79**	**27,224,691.15**
Net cash payments to acquisition and disposals of subsidiaries and other business units	56,388,102.42	-
Cash payments for construct fixed assets, intangible assets and other long-term assets	361,160,137.62	800,593,226.94
Other cash payments relating to investing activities	56,000,000.00	52,000,000.00
Sub-total of cash outflows	**473,548,240.04**	**852,593,226.94**
Net cash flow from investing activities	**(406,978,604.25)**	**(825,368,535.79)**
III. Cash flow from financing activities:		
Cash receipts from capital contributions	301,000,000.00	59,500,000.00
Including: Cash receipts from capital contributions by minority shareholders of subsidiaries		4,500,000.00
Cash receipts from borrowings	564,500,000.00	1,030,000,000.00
Other cash receipts relating to financing activities	23,674,054.35	115,310,087.89
Sub-total of cash inflows	**889,174,054.35**	**1,204,810,087.89**
Cash repayments of borrowings	430,000,000.00	770,000,000.00
Cash payments for interest expenses and distribution of dividends or profits	226,805,988.34	200,814,384.98
Including: Cash payments to minority shareholders for distribution of dividends or profits	4,375,994.98	5,981,560.00
Other cash payments relating to financing activities	289,904,343.65	34,691,932.31
Sub-total of cash outflows	**946,710,331.99**	**1,005,506,317.29**
Net cash flows from financing activities	**(57,536,277.64)**	**199,303,770.60**
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
V. Net increase in cash and cash equivalents	**212,475,638.51**	**18,275,557.47**
Add: Opening balance of cash and cash equivalents	504,897,441.14	475,706,821.38
Added cash due to changes in merge scope		10,915,062.29
VI. Closing balance of cash and cash equivalents	**717,373,079.65**	**504,897,441.14**

4. COMBINED FINANCIAL STATEMENTS AND OPERATING DATA OF LIMITED SERVICE HOTEL SEGMENT - continued

EBITDA of limited service hotel segment

UNIT: RMB

Items	Period ended 2014/12/31	Period ended 2013/12/31
Net income of limited service hotel segment	31,487,387.91	230,503,422.37
Interest income	(4,996,649.99)	(4,084,008.90)
Interest expense	22,736,996.74	13,018,629.99
Income tax	96,171,769.46	87,704,255.85
Depreciation	201,838,385.67	166,291,379.21
Amortization	176,250,970.73	171,979,498.49
EBITDA	**723,488,860.52**	**665,413,177.01**
EBITDA / Revenue (%)	**27.43**	**27.60**
Exchange gain or loss	-	-
Pre-opening expenses	18,323,418.03	17,898,736.72
Adjusted EBITDA	**741,812,278.55**	**683,311,913.73**
Adjusted EBITDA / Revenue (%)	**28.13**	**28.34**

Operating costs and expenses of limited service hotel segment

UNIT: RMB

Items	Period from 2014/1/1 to 2014/12/31		Period from 2013/1/1 to 2013/12/31	
	Amount	Amt/Revenue (%)	Amount	Amt/Revenue (%)
Revenues	2,637,242,179.24	100.00	2,410,932,578.97	100.00
Hotel operating costs	1,878,249,069.08	71.22	1,687,111,283.60	69.98
Selling and marketing expenses	86,305,797.02	3.27	44,552,110.16	1.85
General and administrative expenses	36,425,756.96	1.38	29,815,409.07	1.24
Labor costs of franchised and managed Hotel	158,213,311.85	6.00	203,226,586.01	8.43
Pre-opening expenses	18,323,418.03	0.70	17,898,736.72	0.74
Operating costs and expenses:	**2,177,517,352.94**	**82.57**	**1,982,604,125.56**	**82.24**

4. COMBINED FINANCIAL STATEMENTS AND OPERATING DATA OF ECONOMY HOTEL SEGMENT - continued

Hotel operating data of economy hotel segment (Recent five years)

	2010	2011	2012	2013	2014
Total hotels in operation:					
Leased-and-operated hotels	144	171	192	239	267
Franchised-and-managed hotels	273	383	498	589	701
In total	**417**	**554**	**690**	**828**	**968**
Total hotel rooms in operation:					
Leased-and-operated hotels	21,779	24,773	26,748	33,553	36,833
Franchised-and-managed hotels	32,475	44,142	57,112	67,013	79,177
In total	**54,254**	**68,915**	**83,860**	**100,566**	**116,010**
Total hotels including pre-opening:					
Leased-and-operated hotels	198	206	229	276	297
Franchised-and-managed hotels	398	537	671	784	918
In total	**596**	**743**	**900**	**1,060**	**1,215**
Total rooms including pre-opening:					
Leased-and-operated hotels	27,781	28,502	31,261	38,301	41,073
Franchised-and-managed hotels	45,569	60,456	74,980	86,716	101,493
In total	**73,350**	**88,958**	**106,241**	**125,017**	**142,566**

	2010	2011	2012	2013	2014
Occupancy rate (as a percentage)					
Leased-and-operated hotels	86.42	88.12	86.06	83.01	78.97
Franchised-and-managed hotels	86.18	85.86	83.60	83.26	81.40
Total hotels in operation	**86.28**	**86.71**	**84.43**	**83.18**	**80.61**
Average daily room rate (in RMB)					
Leased-and-operated hotels	188.28	182.41	185.63	186.75	192.56
Franchised-and-managed hotels	187.17	175.38	178.38	176.36	177.74
Total hotels in operation	**187.62**	**178.09**	**180.87**	**179.79**	**182.42**
RevPAR (in RMB/room)					
Leased-and-operated hotels	162.72	160.71	159.75	155.02	152.06
Franchised-and-managed hotels	161.30	150.58	149.13	146.84	144.68
Total hotels in operation	**161.88**	**154.42**	**152.71**	**149.55**	**147.05**

4. COMBINED FINANCIAL STATEMENTS AND OPERATING DATA OF ECONOMY HOTEL SEGMENT - continued

Hotel operating data of economy hotel segment (4th Quarter)

	2014/12/31	2014/09/30	2013/12/31
Total hotels in operation:			
Leased-and-operated hotels	267	254	239
Franchised-and-managed hotels	701	686	589
In total	**968**	**940**	**828**
Total hotel rooms in operation:			
Leased-and-operated hotels	36,833	35,037	33,553
Franchised-and-managed hotels	79,177	77,327	67,013
In total	**116,010**	**112,364**	**100,566**
Total hotels including pre-opening:			
Leased-and-operated hotels	297	284	276
Franchised-and-managed hotels	918	890	784
In total	**1,215**	**1,174**	**1,060**
Total rooms including pre-opening:			
Leased-and-operated hotels	41,073	39,249	38,301
Franchised-and-managed hotels	101,493	98,358	86,716
In total	**142,566**	**137,607**	**125,017**
Cities in China	**295**	**287**	**261**
Cities overseas	**1**	**1**	

	4th Quarter in 2014	3rd Quarter in 2014	4th Quarter in 2013
Occupancy rate (as a percentage)			
Leased-and-operated hotels	76.86	84.20	81.10
Franchised-and-managed hotels	79.24	86.29	82.64
Total hotels in operation	**78.48**	**85.62**	**82.12**
Average daily room rate (in RMB)			
Leased-and-operated hotels	192.64	196.26	190.06
Franchised-and-managed hotels	176.51	185.11	174.17
Total hotels in operation	**181.54**	**188.62**	**179.47**
RevPAR (in RMB/room)			
Leased-and-operated hotels	148.06	165.24	154.14
Franchised-and-managed hotels	139.87	159.74	143.93
Total hotels in operation	**142.47**	**161.50**	**147.38**

5. Key financial information of branch companies

Name of companies	Total assets at the end of year	Total liabilities at the end of year	Total operating income of the year	Net profit(loss) of the year
Shanghai Jin Jiang International Hotels Development Co., Ltd. Nanjing Hotel	10,626,488.31	10,626,488.31	19,293,960.55	44,813.59
Shanghai Jin Jiang International Hotels Development Co., Ltd. Nanjing Dongya Hotel	73,664,567.86	73,664,567.86	35,898,428.27	10,350,717.57
Shanghai Jin Jiang International Hotels Development Co., Ltd. Changjiang Hotel	7,581,739.51	7,581,739.51	14,701,130.53	5,347,648.43
Shanghai Jin Jiang International Hotels Development Co., Ltd. Dafang Hotel	22,482,759.96	22,482,759.96	17,202,110.69	7,039,764.77
Shanghai Jin Jiang International Hotels Development Co., Ltd. New Asia Pearl Hotel	6,024,002.51	6,024,002.51	13,072,992.44	5,307,074.69
Shanghai Jin Jiang International Hotels Development Co., Ltd. Dongfeng Hotel	12,280,348.72	12,280,348.72	12,520,625.94	3,308,061.55
Shanghai Jin Jiang International Hotels Development Co., Ltd. New Asia Hotel	16,296,147.62	16,296,147.62	8,664,036.99	(21,470,000.88)
Shanghai Jin Jiang International Hotels Development Co., Ltd. Metropole Hotel	42,145,251.80	42,145,251.80	5,528,658.67	(10,129,848.54)
Shanghai Jin Jiang International Hotels Development Co., Ltd. Nan Huating Hotel	7,725,743.32	7,725,743.32	2,056,957.84	(11,226,846.66)
Shanghai Jin Jiang International Hotels Development Co., Ltd. MAGNOTEL	9,895,185.33	9,895,185.33	35,867,517.62	6,772,711.51
Shanghai Jin Jiang International Hotels Development Co., Ltd. Jinshajiang Hotel	2,003,729.77	2,003,729.77	18,422,515.57	(10,781,299.22)
Shanghai Jin Jiang International Hotels Development Co., Ltd. Marvel Hotel	5,262,539.66	5,262,539.66	22,302,747.35	(2,636,212.62)