THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular, you should obtain independent professional advice.

If you have sold or transferred all your shares in **Shanghai Jin Jiang International Hotels (Group) Company Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Shanghai Jin Jiang International Hotels (Group) Company Limited*
上海錦江國際酒店(集團)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

MAJOR TRANSACTION

ACQUISITION OF 100% SHARES IN GROUPE DU LOUVRE

Financial advisor to the Company

Deloitte.
德勤
Deloitte & Touche Corporate Finance Limited

* *The Company is registered as a non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under its Chinese name and the English name "Shanghai Jin Jiang International Hotels (Group) Company Limited".*

26 May 2015

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In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Assignors"	has the meaning as set out on page 16 of this circular
"Baccarat"	Baccarat, a société anonyme incorporated under the laws of France. Baccarat was an indirectly owned subsidiary of GDL, which is principally engaged in the manufacturing of crystal
"Baccarat Group"	Baccarat and its subsidiaries
"Board"	the board of directors of the Company
"business day"	a day on which banks are open for business in France, PRC and Hong Kong (i.e. excluding Saturdays, Sundays and public holidays in France, PRC and Hong Kong)
"Carve-Out"	(i) the carve-out of the Baccarat shares from the Target Group; and (ii) the disposal of certain investment holding companies and certain luxury hotel companies by the Target Group before Closing
"Closing"	the closing of the Transaction under the Share Purchase Agreement, which has been completed on 27 February 2015
"Closing Escrow Agreement"	the closing escrow agreement in relation to the Transaction dated 27 February 2015 entered into among the Vendor (as vendor), Luxembourg Sailing Investment (as purchaser) and Maître Nicolas Baum (as escrow agent)
"Company"	Shanghai Jin Jiang International Hotels (Group) Company Limited* (上海錦江國際酒店(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange
"Consideration"	the consideration for the Transaction (comprising the Price for the Share Purchase and the Price for the Receivable Assignment)
"Deposit"	has the meaning as set out on page 10 of this circular
"Deposit Escrow Agreement"	the deposit escrow agreement in relation to the Transaction dated 3 November 2014 entered into among the Vendor (as beneficiary), Jin Jiang International Investment (as offeror) and Maître Edouard Mourgue-Molines (as escrow agent)
"Directors"	the directors of the Company

"DTCFL"	Deloitte & Touche Corporate Finance Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial advisor to the Company in respect of the Transaction
"EBITDA"	earnings before interest, tax, depreciation and amortization
"EBITDA Adjustment"	has the meaning as set out on page 14 of this circular
"Enlarged Group"	the Group as enlarged by the acquisition of the Target Group upon Closing
"Expiration Date"	has the meaning as set out on page 8 of this circular
"Extended Expiration Date"	has the meaning as set out on page 8 of this circular
"First Indemnification Release Date"	has the meaning as set out on page 17 of this circular
"Full Service Hotels"	hotels which are based on comprehensive hotel functions and facilities, and provide all-rounded quality services for guests
"GDL"	Groupe du Louvre, a *société par actions simplifiée* incorporated under the laws of France. GDL owns the 100% shareholding interest in Star Eco
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Indemnification Escrow Amount"	has the meaning as set out on page 15 of this circular
"Indemnification Obligations"	has the meaning as set out on page 15 of this circular
"Jin Jiang Hotels Development"	上海錦江國際酒店發展股份有限公司 (Shanghai Jin Jiang International Hotels Development Company Limited), which is a joint stock company incorporated in the PRC with its A shares and B shares listed on the Shanghai Stock Exchange and a subsidiary of the Company

"Jin Jiang International"	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), which is the controlling Shareholder and owns a 75% shareholding interest in the issued share capital of the Company
"Jin Jiang International Investment"	上海錦江國際投資管理有限公司 (Shanghai Jin Jiang International Investment and Management Co., Ltd.), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Jin Jiang International
"JPY"	Japanese Yen, the lawful currency of Japan
"Latest Practicable Date"	20 May 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Letter of Grant of Right of Participation"	the letter of grant of right of participation dated 6 January 2015 issued by Jin Jiang International Investment to the Company and Jin Jiang Hotels Development
"LHG"	Louvre Hotels Group, a *société par actions simplifiée* incorporated under the laws of France
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
"Loan Agreements"	the credit agreement dated 28 July 2011 among GDL, Star Eco, LHG, mandated lead arrangers and initial lenders and security agent
"Luxembourg Sailing Investment"	Sailing Investment Co, S.ár.l, a company incorporated under the laws of Luxembourg on 22 January 2015 and indirectly wholly-owned by Jin Jiang Hotels Development
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
"percentage ratios"	has the meaning ascribed to such term under the Listing Rules
"PLN"	Polish Zloty, the lawful currency of Poland
"Poland"	the Republic of Poland
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Valuer"	Shanghai Dongzhou Asset Appraisal Co., Ltd.

"Price for the Receivable Assignment"	the price for the assignment of the Receivable from the Assignors to Luxembourg Sailing Investment pursuant to the Receivable Assignment Agreement
"Price for the Share Purchase"	the price for the acquisition of all the shares of GDL by Luxembourg Sailing Investment from the Vendor pursuant to the Share Purchase Agreement
"Put Option"	the put option granted by Jin Jiang International Investment in favour of the Vendor with respect to the Transaction under the Put Option Agreement
"Put Option Agreement"	the put option agreement regarding the Transaction dated 3 November 2014 entered into between the Vendor (as beneficiary) and Jin Jiang International Investment (as offeror), as amended by the amendment agreement No. 1 entered into between the Vendor and Luxembourg Sailing Investment dated 13 February 2015
"Receivable"	has the meaning as set out on page 12 of this circular
"Receivable Assignment Agreement"	the receivable assignment agreement in relation to the Transaction dated 27 February 2015 entered into among the Vendor, Star SDL Holdings S.àr.l. (together with the Vendor as assignors) and Luxembourg Sailing Investment (as assignee)
"RMB"	Renminbi, the lawful currency of the PRC
"Second Indemnification Release Date"	has the meaning as set out on page 17 of this circular
"Select Service Hotels"	hotels providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time
"Share Purchase Agreement"	the share purchase agreement in relation to the Transaction dated 16 February 2015 entered into between Luxembourg Sailing Investment and the Vendor
"Shareholders"	the shareholders of the Company
"Star Eco"	Star Eco SAS, a *société par actions simplifiée* incorporated under the laws of France

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Syndicated Loan"	has the meaning as set out on page 12 of this circular
"Target Group"	GDL, Star Eco and LHG together with its subsidiaries
"Transaction"	the acquisition of all the shares of GDL by Luxembourg Sailing Investment from the Vendor pursuant to the Share Purchase Agreement, and the assignment of the Receivable by the Vendor to Luxembourg Sailing Investment pursuant to the Receivable Assignment Agreement
"Transaction Documents"	The Share Purchase Agreement, Receivable Assignment Agreement and Closing Escrow Agreement
"Trigger Date"	has the meaning as set out on page 9 of this circular
"U.S."	the United States of America
"US$"	the United States dollars, the lawful currency of U.S.
"Valuation Report"	the valuation report on the Target Group prepared by the PRC Valuer dated 14 January 2015
"Vendor"	Star SDL Investment Co S.àr.l., a *société á responsabilité limitée* incorporated under the laws of Luxembourg
"Works Council"	has the meaning as set out on page 8 of this circular
"2014 EBITDA"	the EBITDA determined on the basis of the consolidated audited financial statements at the level of LHG for the 12-month period ended on 31 December 2014
"€" or "euros"	Euros, the lawful currency of the European Union

For illustration purposes only, the exchange rates of €1.0 to HK$8.57 and RMB1.0 to HK$1.25 are used in this circular. No representation is made that any amount in HK$, RMB or € is or could have been or could be converted at such rate or at any other rate or at all.

Shanghai Jin Jiang International Hotels (Group) Company Limited*

上海錦江國際酒店(集團)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

Executive Directors:
Mr. Yu Minliang
Ms. Chen Wenjun
Mr. Yang Weimin
Mr. Yang Yuanping
Mr. Shao Xiaoming
Mr. Han Min
Mr. Kang Ming

Independent non-executive Directors:
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Dr. Rui Mingjie
Mr. Yang Menghua
Mr. Sun Dajian
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26 May 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF 100% SHARES IN GROUPE DU LOUVRE

I. INTRODUCTION

Reference is made to the announcements of the Company dated 14 January 2015, 28 January 2015, 16 February 2015 and 1 March 2015 in relation to the Transaction.

The main purpose of this circular is to provide you with, among other things:

(a) details of the Transaction as set out in this circular;

(b) the financial information of the Group;

(c) the accountants' report of the Target Group;

(d) the management discussion and analysis of the Target Group;

(e) the unaudited pro forma financial information of the Enlarged Group; and

(f) the letters in relation to the profit forecast.

II. PARTICIPATION IN THE TRANSACTION

On 3 November 2014, Jin Jiang International Investment entered into the Put Option Agreement with the Vendor (its attachments consisting of the Share Purchase Agreement, the Closing Escrow Agreement and the Receivable Assignment Agreement, which were proposed to be entered into), and Jin Jiang International Investment entered into the Deposit Escrow Agreement with the Vendor and Maître Edouard Mourgue-Molines (as escrow agent). The main contents of the relevant agreements are set out below. The Vendor and Jin Jiang International Investment had agreed that Jin Jiang International Investment may designate its affiliate to be the acquirer in the Transaction. On 12 November 2014, Jin Jiang International requested the Company and Jin Jiang Hotels Development, a subsidiary of the Company, to assess and confirm whether they would participate in the Transaction as acquirers. On 6 January 2015, Jin Jiang International Investment issued a Letter of Grant of Right of Participation to the Company and Jin Jiang Hotels Development, agreeing to grant the Company and Jin Jiang Hotels Development (including their respective subsidiaries) the right of acquisition of 100% of the shares in GDL. Should the Company or Jin Jiang Hotels Development agree to acquire the above shares, after the exercise of the Put Option by the Vendor in accordance with the Put Option Agreement, it shall execute the Transaction Documents as the acquirer and shall pay an amount equal to the Deposit to Jin Jiang International Investment after such execution of the Transaction Documents.

On 14 January 2015, the Board and the board of directors of Jin Jiang Hotels Development both agreed to participate in the Transaction through Luxembourg Sailing Investment, a wholly owned subsidiary of Jin Jiang Hotels Development.

On 28 January 2015, the Company received the written shareholder's approval on the Transaction from Jin Jiang International, the controlling Shareholder, pursuant to Rule 14.44 of the Listing Rules.

On 30 January 2015, Jin Jiang Hotels Development obtained its shareholders' approval on the Transaction.

On 31 January 2015, Jin Jiang International Investment notified the Vendor of its decision to assign any and all of its rights and interests under the Put Option Agreement to Luxembourg Sailing Investment in accordance with the Put Option Agreement.

The Company and Jin Jiang International had been actively looking at the Target Group and other potential targets for the past 3 years. The Company has been actively participating in the entire process of the Transaction, including the discussion and negotiation of the preliminary agreements (i.e. Put Option Agreement and Deposit Escrow Agreement), as the intention of the Company and Jin Jiang International was always for the Transaction to be handled by the Group due to the business and market positioning of the Group. Due to timing constraints, restrictions arising from the competitive open bid process for the Transaction and the significant status accorded by the Vendor to Jin Jiang International as the parent of the Company, Jin Jiang International (through its wholly-owned subsidiary, Jin Jiang International Investment), in support of the Company, signed such preliminary agreements for and on behalf of the Group. The independent non-executive Directors (together with the other Directors) believe that the terms of the Transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

A. Put Option Agreement

On 3 November 2014, the Vendor (as beneficiary) and Jin Jiang International Investment (as offeror) entered into the Put Option Agreement. On 31 January 2015, Jin Jiang International Investment notified the Vendor of its decision to assign any and all of its rights and interests under the Put Option Agreement to Luxembourg Sailing Investment in accordance with the Put Option Agreement. On 13 February 2015, the Vendor and Luxembourg Sailing Investment entered into the amendment agreement No. 1 to the Put Option Agreement.

The key terms of the Put Option Agreement, are summarised as follows:

Put Option

Jin Jiang International Investment has granted the Vendor the Put Option with respect to the Transaction.

Exercise of the Put Option

The Put Option shall be exercisable by the Vendor during a period of five (5) business days as from the date of conclusion of the information/consultation procedure with the central works' council of LHG ("**Works Council**"). The period of exercise of the Put Option shall expire on 28 February 2015 ("**Expiration Date**"), and the Put Option shall automatically expire at 00:01 a.m. (Paris time) on the day immediately following the Expiration Date. Should such information/consultation procedure not be concluded by the Expiration Date, either party may extend the period of exercise of the Put Option by a period of two (2) months following the Expiration Date (i.e. ending on 30 April 2015 ("**Extended Expiration Date**")) by notice in writing to the other party on or before twelve noon (Paris Time) on the Expiration Date.

Should the Works Council render its opinion on the Transaction by the Expiration Date (or the Extended Expiration Date), such information/ consultation procedure shall end. In the event that the Works Council has not rendered its opinion on the Transaction at the time of its last meeting or latest by the Extended Expiration Date, provided that Luxembourg Sailing Investment has complied with all its obligations regarding such information/consultation procedure, the Works Council shall be regarded as having *de facto* rendered an unfavourable opinion, and such information/consultation procedure shall end.

Upon the satisfaction of the condition for the exercise of the Put Option, the Vendor may request Luxembourg Sailing Investment to execute the Transaction Documents. Should the condition for the exercise of the Put Option not be satisfied, or should the Vendor decide not to exercise the right to request Luxembourg Sailing Investment to perform the acquisition commitment, the Transaction shall terminate.

The Vendor shall exercise the Put Option by giving a letter to Luxembourg Sailing Investment. The Put Option, once exercised shall not be revoked.

The condition for the exercise of the Put Option had been satisfied and the Vendor exercised the Put Option before the Expiration Date.

Exclusivity

The Vendor has undertaken that, during the period commencing on the date of the Put Option Agreement and expiring on the date on which the Vendor shall have received from Jin Jiang International Investment a copy of the bank wire transfer instructions instructing the deposit to be credited to the bank account opened with the escrow agent ("**Trigger Date**"), the Vendor shall not enter into any agreement relating to the Transaction or a similar transaction with any third party other than Jin Jiang International Investment. Immediately on the Trigger Date, the Vendor shall terminate any and all discussions and negotiations with any third party other than Jin Jiang International Investment in relation to the Transaction or any similar transaction.

The Vendor has also given similar exclusivity undertakings that are applicable during the period commencing on the Trigger Date and expiring on the earlier of the date of execution of the Share Purchase Agreement and the Expiration Date (or Extended Expiration Date).

Liability for Breach

The Vendor shall compensate Luxembourg Sailing Investment if, by the Extended Expiration Date and provided that Luxembourg Sailing Investment has complied with all its obligations under the relevant terms, the condition for the exercise of the Put Option has been satisfied but the Vendor does not exercise the Put Option, or Closing has not successfully occurred as at the date of Closing due

to the Vendor's own doing. Luxembourg Sailing Investment shall compensate the Vendor if Luxembourg Sailing Investment violates its relevant obligations and Closing has not successfully occurred.

As Closing has successfully occurred at the date of Closing, Luxembourg Sailing Investment is not liable to compensate the Vendor pursuant to this clause.

Transfer

No party may assign any of its rights, interests, or obligations under the Put Option Agreement without the prior written approval of the other party, provided that Jin Jiang International Investment may assign any or all of its rights and interests thereunder to one or more of its affiliates.

Legally binding

The Put Option Agreement constitutes a firm and binding promise by Luxembourg Sailing Investment to enter into the Share Purchase Agreement and otherwise consummate the Transaction in accordance with the terms and conditions thereof if the Vendor exercises the Put Option.

B. Deposit Escrow Agreement

On 3 November 2014, the Vendor (as beneficiary), Jin Jiang International Investment (as offeror) and Maître Edouard Mourgue-Molines (as escrow agent) entered into the Deposit Escrow Agreement. The key terms of the Deposit Escrow Agreement are summarised as follows:

Deposit

Pursuant to the Deposit Escrow Agreement, Jin Jiang International Investment has agreed to place a deposit ("**Deposit**") in the amount of €100,000,000 (equivalent to approximately HK$857,000,000) in the escrow account in accordance with the terms and conditions therein.

Release of Deposit

The Deposit shall be released to Jin Jiang International Investment if: (1) by the Extended Expiration Date, the condition for the exercise of the Put Option has been satisfied but the Vendor has not exercised the Put Option; (2) by the Extended Expiration Date, the Vendor shall not have obtained the derogation from the French Autorité des Marchés Financiers associated with the carve-out of the shares of Baccarat from GDL described in the Carve-Out; or (3) Closing has not occurred due to the Vendor deciding not to exercise the Put Option despite the condition for the exercise of the Put Option having been satisfied, or the Vendor violating its relevant obligations in respect of Closing.

The Deposit shall be released to the Vendor if: (1) Closing has not occurred due to Jin Jiang International Investment violating its relevant obligations in respect of Closing; or (2) Closing successfully occurs, which amount shall be credited towards the Price for the Share Purchase.

Jin Jiang International Investment placed the Deposit in the escrow account. As the Deposit had been released to the Vendor at Closing, an amount equal to the principal of the Deposit was deducted from the Consideration paid by Luxembourg Sailing Investment to the Vendor at Closing.

As disclosed in the announcement of the Company dated 6 January 2015, should the shareholders of Jin Jiang Hotels Development approve the participation of the Transaction through Luxembourg Sailing Investment, and should the Vendor exercise the Put Option in accordance with the Put Option Agreement, Luxembourg Sailing Investment shall pay an amount that is equal to the principal of the Deposit to Jin Jiang International Investment after the execution of the Transaction Documents for the purpose of repaying the Deposit that has been placed in the escrow account by Jin Jiang International Investment on behalf of the acquirer (i.e. Luxembourg Sailing Investment). In March 2015, Luxembourg Sailing Investment paid an amount equal to the principal of the Deposit to Jin Jiang International Investment.

III. ENTERING INTO OF THE TRANSACTION DOCUMENTS

On 16 February 2015, Luxembourg Sailing Investment entered into the Share Purchase Agreement with the Vendor.

On 27 February 2015, Luxembourg Sailing Investment entered into the Receivable Assignment Agreement and the Closing Escrow Agreement with the Vendor and its affiliate.

The key terms of the Transaction Documents are summarised as follows:

A. Share Purchase Agreement

Date

16 February 2015

Parties

Purchaser: Luxembourg Sailing Investment

Vendor: Star SDL Investment Co S.àr.l.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owner of the Vendor are third parties independent of the Group and connected persons of the Group.

Assets to be acquired

100% of the shares in GDL. On the date of Closing, the Vendor (and its relevant affiliate) shall also assign to Luxembourg Sailing Investment the Receivable under the Receivable Assignment Agreement.

Price for the Share Purchase

Subject to the EBITDA Adjustment, the Price for the Share Purchase is equal to an amount of €1.3 billion (equivalent to approximately HK$11.1 billion) minus the amount of the estimated closing net financial indebtedness of the Target Group.

The estimated closing net financial indebtedness of the Target Group mainly comprises of the Receivable and the Syndicated Loan:

1. *Receivable*

The outstanding amount due from the Target Group in respect of certain financial indebtedness to the Vendor and its affiliate net of the cash advanced by the Target Group to the Vendor and such affiliate as at the date of Closing (the "**Receivable**").

2. *Syndicated Loan*

The aggregate amount of principal and accrued interest owed under the Loan Agreements by the Target Group to banks as at the date of Closing (the "**Syndicated Loan**").

On 27 February 2015 (i.e. the date of Closing), Luxembourg Sailing Investment paid €1,276,982,372.98 (equivalent to approximately HK$10,943,738,936.44), comprising of: €475,089,654.17 (equivalent to approximately HK$4,071,518,336.24) for payment of the estimated Price for the Share Purchase for 100% of the shares in GDL; €521,391,975.85 (equivalent to approximately HK$4,468,329,233.03) for payment of the net value of the Receivable due from the Target Group to the Vendor and Star SDL Holdings S.àr.l. (the sole shareholder of the Vendor) as estimated based on the financial information of the Target Group as at 27 February 2015 (being the date of Closing); and €280,500,742.96 (equivalent to approximately HK$2,403,891,367.17) for repayment of the Syndicated Loan owed by the Target Group as at 27 February 2015 (being the date of Closing).

The aggregate amount of the Price for the Share Purchase for 100% of the shares in GDL and the Price for the Receivable Assignment (i.e. the Consideration) which was paid by Luxembourg Sailing Investment is €996,481,630.02 (equivalent to approximately HK$8,539,847,569.27). The amount of the actual Consideration was determined on the basis of various factors, including the historical financial statements of the Target Group, the market comparables and multiples of other international participants in the hospitality industry of similar size, the current market situation and future prospects of the hospitality industry, the Valuation Report, business and commercial factors and commercial negotiations between the parties, and may be adjusted in accordance with the price adjustment mechanism set out in the Share Purchase Agreement. The Valuation Report was prepared because it is mandated by PRC laws and regulations, and it was for reference purposes only and was neither the primary factor nor the only factor for the Company in assessing the Consideration and the Transaction.

According to the Valuation Report prepared by the PRC Valuer, the appraised enterprise value of the Target Group was €1,484,410,000 (equivalent to approximately HK$12,721,393,700) and the appraised equity value of the Target Group was €636,469,000 (equivalent to approximately HK$5,454,539,330).

The Consideration was partly settled by the release of the Deposit and in cash by Luxembourg Sailing Investment by wire transfer to the bank account designated by the Vendor, and was funded by internal resources and bank borrowings of approximately €1.29 billion (equivalent to approximately HK$11.06 billion).

Price Adjustment Mechanism

The Price for the Share Purchase will be adjusted in accordance with the price adjustment mechanism as follows:

Closing Net Financial Indebtedness Adjustment

(i) if the amount of the closing net financial indebtedness is greater than the amount of the estimated closing net financial indebtedness, the Price for the Share Purchase shall be reduced by an amount equal to the adjustment; and

(ii) if the amount of the closing net financial indebtedness is lower than the amount of the estimated closing net financial indebtedness, the Price for the Share Purchase shall be increased by an amount equal to the adjustment.

The amount of the closing net financial indebtedness is to be determined on the basis of the audited consolidated financial statements of the Target Group as of the date of Closing. The amount of the estimated closing net

financial indebtedness was determined based on the financial information of the Target Group as at 27 February 2015 (being the date of Closing) and the Syndicated Loan owed by the Target Group as at 27 February 2015 as confirmed by the relevant lenders (being the date of Closing).

EBITDA Adjustment

In the event the 2014 EBITDA as finally determined is lower than an amount of €104,500,000 (equivalent to approximately HK$895,565,000), then the Price for the Share Purchase shall be reduced (the "**EBITDA Adjustment**") by an amount equal to the difference between the above amount and the 2014 EBITDA multiplied by a fixed multiple (i.e. 11.8). In the event the 2014 EBITDA as finally determined is equal to or higher than the above amount, the Price for the Share Purchase shall not be adjusted.

The 2014 EBITDA is to be determined on the basis of the audited consolidated financial statements at the level of LHG for the 12-month period ended on 31 December 2014. The amount of €104,500,000 (equivalent to approximately HK$895,565,000) was determined based on the negotiation between the parties, with reference to, among others, the audited consolidated financial statements of LHG for the 12 months ended on 30 June 2014.

Pursuant to the Share Purchase Agreement, the Vendor shall prepare and deliver to Luxembourg Sailing Investment the statement showing, among others, (i) the 2014 EBITDA, (ii) the actual closing net financial indebtedness, (iii) the closing net financial indebtedness adjustment (if any); and (iv) the EBITDA Adjustment (if any) within 90 business days from the date of Closing.

For the avoidance of doubt, the EBITDA of the Target Group for the financial year ended 31 December 2014 extracted from Appendix II to this circular may not be equivalent to the 2014 EBITDA. Since Carve-Out was not yet completed by the end of 31 December 2014, GDL had incurred relevant expenses and additional costs for its management team in 2014, such as, among others, employees' emoluments, gain or loss of disposal of its investments, and relevant professional fees. The Directors consider that the financial performance of the Target Group would align with LHG following the completion of the Carve-Out in February 2015.

As at the Latest Practicable Date, the Vendor is still preparing the above statement pursuant to the Share Purchase Agreement. As such, neither closing net financial indebtedness adjustment nor EBITDA Adjustment have been determined. To the best of the Directors' knowledge based on information available to the Directors as at the Latest Practicable Date, the Directors consider that neither the closing net financial indebtedness adjustment nor the EBITDA Adjustment (if any) would be significant, and the Company will make further announcement(s) in respect of such adjustments (if any) as and when appropriate in accordance with the requirements of the Listing Rules.

Basis of Consideration

The Share Purchase Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The Consideration was determined with reference to: (i) the Valuation Report using income approach; (ii) the financial statements, operations and business of the Target Group; (iii) commercial factors, such as the future business potential of the Target Group and the long-term strategic, business and restructuring plans of the Company; and (iv) the fairness and reasonableness of such Consideration.

Closing Condition

The Share Purchase Agreement and the consummation of the Transaction are not subject to any condition precedent.

Date of Closing

Closing shall take place on 27 February 2015, or on such other date which shall be prior to the long-stop date (i.e. 30 April 2015) as both parties may agree upon in writing prior to or on 27 February 2015. In the event that the Closing does not occur on the long-stop date at the latest, the Share Purchase Agreement shall automatically terminate on the date immediately following the long-stop date.

On Closing, Luxembourg Sailing Investment shall, on behalf of the Target Group, repay the outstanding amount of principal and accrued interest under the Syndicated Loan of the Target Group.

Carve-Out

Between the date of the Share Purchase Agreement and the date of Closing, the Vendor shall procure that the Carve-Out is completed.

Indemnification Escrow

In order to secure the Vendor's Indemnification Obligations under the Share Purchase Agreement, an amount equal to €60,000,000 (equivalent to approximately HK$514,200,000) (the "**Indemnification Escrow Amount**") shall be paid at Closing by Luxembourg Sailing Investment on behalf of the Vendor into the closing escrow account, to be held in accordance with the terms of the Closing Escrow Agreement. The Indemnification Escrow Amount shall be released from the indemnification escrow account in accordance with the terms and conditions of the Closing Escrow Agreement. The Vendor agreed to indemnify and hold harmless Luxembourg Sailing Investment, from and against all losses actually suffered by the Vendor or the Target Group as a result of the following (the "**Indemnification Obligations**"):

(i) any breach or inaccuracy of the representations and warranties made by the Vendor under the Share Purchase Agreement; and

(ii) any breach of any covenant, agreement or any other undertaking of the Vendor under the Share Purchase Agreement.

Luxembourg Sailing Investment is not liable for the Indemnification Obligations.

Luxembourg Sailing Investment on behalf of the Vendor had paid the Indemnification Escrow Amount to the closing escrow account. As a result, an amount equal to the Indemnification Escrow Amount was deducted from the Consideration.

B. Receivable Assignment Agreement

Date

27 February 2015

Parties

Assignors: the Vendor

Star SDL Holdings S.àr.l., the sole shareholder of the Vendor (collectively, the "**Assignors**")

Assignee: Luxembourg Sailing Investment

Assignment and Purchase of Receivable

The Assignors shall assign to Luxembourg Sailing Investment, and Luxembourg Sailing Investment shall purchase and assume from the Assignors, the Assignors' respective full title, rights, interests and benefits in and to the Receivable.

Consideration and Payment

The Price for the Receivable Assignment is payable by Luxembourg Sailing Investment to the Vendor, for itself and on behalf of Star SDL Holdings S.àr.l., which is expressly agreed by the latter, in accordance with the terms and conditions of the Share Purchase Agreement.

Closing

The consummation of the assignment of the Receivable under the Receivable Assignment Agreement shall be held simultaneously with Closing.

C. Closing Escrow Agreement

On 27 February 2015, Luxembourg Sailing Investment, the Vendor and Maître Nicolas Baum (as escrow agent) entered into the Closing Escrow Agreement, the content of which contains, among other things, the provision for the payment and release of the Indemnification Escrow Amount.

The Indemnification Escrow Amount shall be released as follows:

(i) to the extent that Luxembourg Sailing Investment shall have notified the Vendor of any claim it has against the Vendor pursuant to the Indemnification Obligations, where the amount of such claim has been agreed by the Vendor and Luxembourg Sailing Investment, the respective amount shall be released to Luxembourg Sailing Investment as the beneficiary of the release, or in any other case, the escrow agent shall pay the aggregate amount of all sums required to be paid to Luxembourg Sailing Investment pursuant to a decision of the court;

(ii) on the date that is twelve (12) months after the date of the Closing Escrow Agreement (the "**First Indemnification Release Date**"), a portion of the Indemnification Escrow Amount equal to 50% of the difference between the Indemnification Escrow Amount remaining in the escrow account at the First Indemnification Release Date (for the avoidance of doubt, taking into account any release of funds prior to that date pursuant to (i) above) and the aggregate amount of the claims arising from the Indemnification Obligations under (i) above exceeding the deductible amount prior to the First Indemnification Release Date and not agreed nor determined and, if relevant, released pursuant to (i) above, shall be released to the Vendor. The parties acknowledge and agree that, in the event that the amount to be released pursuant to this (ii) is a negative number, no amount of funds shall be released to the Vendor; and

(iii) on the date that is eighteen (18) months after the date of the Closing Escrow Agreement (the "**Second Indemnification Release Date**"), a portion of the Indemnification Escrow Amount equal to the difference between the Indemnification Escrow Amount remaining in the escrow account at the Second Indemnification Release Date and the aggregate amount of the claims arising from the Indemnification Obligations under (i) above exceeding the deductible amount at any time prior to the Second Indemnification Release Date and not agreed or determined nor, if relevant, released pursuant to (i) above, shall be released to the Vendor. The parties acknowledge and agree that, in the event that the amount to be released pursuant to this (iii) is a negative number, no amount of funds shall be released to the Vendor.

To the extent that the liability for or the quantum of any claim or claims arising from the Indemnification Obligations and notified under (i) above shall not have been agreed or determined nor (if relevant) released pursuant to (i) above by the expiry of a

period of twenty (20) years from Closing, the claimed amount (together with any income thereon) shall continue to be held in the escrow account after the expiry of the above period pending agreement or determination.

IV. CLOSING OF THE TRANSACTION

On 27 February 2015, the Vendor delivered to Luxembourg Sailing Investment the supporting documents proving that 100% of the shares in GDL had been transferred. The unencumbered title to 100% of the shares in GDL was transferred to Luxembourg Sailing Investment. On such date, GDL became a non-wholly owned subsidiary of the Company, which was indirectly owned as to 50.32% by the Company through Jin Jiang Hotels Development. Pursuant to the Transaction Documents, there are no restrictions on subsequent selling of the shares in GDL.

As at 27 February 2015, all the matters relating to Closing were completed. Jin Jiang Hotels Development carried out various transitional arrangements. Such transitional arrangements include but not limited to the following:

(i) issuance of letters of Closing to each of the current and former employees of GDL;

(ii) issuance of notifications on the transferring of the Receivable to the relevant debtor companies;

(iii) declaration/filing with the French Central Bank (Banque de France) pursuant to French law;

(iv) registration of the Transaction with the French Tax Authorities and payment of all stamp, transfer or registration taxes payable in respect of the Transaction;

(v) the relevant filings regarding the change of legal representatives of French and Luxemburg companies with the competent commercial courts or registry of commerce (as the case may be); and

(vi) the change of banking authorities within the Target Group and acknowledgment of the receipt of instructions regarding change of bank authorisation from the relevant banks.

As at the date of this circular, the above arrangements have been completed.

Jin Jiang Hotels Development will also be implementing various integration measures in accordance with the "Material Asset Purchase Report of Shanghai Jin Jiang International Hotels Development Company Limited" and its revised draft as disclosed by Jin Jiang Hotels Development on 14 January 2015 and 16 January 2015, respectively.

Accordingly, Closing has been completed on 27 February 2015.

V. REASONS FOR AND BENEFIT OF THE TRANSACTION

The Group is principally engaged in Full Service Hotels operation and management, Select Service Hotel operation and franchising, restaurant operation and other hotel-related businesses.

The Board intends to expand its portfolio of Select Service Hotels in Jin Jiang Hotels Development through the Transaction as the Target Group is principally engaged in the operation of various chain budget hotel businesses and upscale hotel businesses. In addition, the Target Group has launched projects to dispose of its luxury hotel operations and crystal ware manufacturing operation under the Carve-Out prior to the negotiation of the Transaction between the parties. As such, it is the intention of the Vendor to dispose of only the chain budget hotel businesses and upscale hotel businesses to the Company which also aligns with the principal business of Jin Jiang Hotel Development.

The Board considers that the reasons for participation in the Transaction by the Group are as follows:

(i) Help the Group to seize the opportunities in the European tourism and hotel market

In recent years, the scale of Chinese outbound tourism has developed rapidly. According to the statistics in the Bluebook of China's Tourism Economy (中國旅遊經濟藍皮書), the PRC has become the world's largest outbound tourism consumer in 2013.

Europe is a favourite destination of outbound tourism for Chinese tourists and France is one of the most popular countries for Chinese tourists. By virtue of the increasing frequency of business activities and the expansion of Chinese outbound tourism market, the European hotel industry is expected to embrace a new growth.

The Board believes that Europe has the largest hotel market in the world, and that the Transaction will help the Group to quickly enter into the European market and seize the opportunities in the European tourism and hotel market.

(ii) Help the Group to realize its internationalization strategy, and improve its business scale and market share

Upon Closing, the asset size and business coverage of the Group will be substantially improved. By virtue of the Target Group's solid foundation and industry position in the European hotel industry, the Group can quickly expand its businesses in the international market and realize its internalization strategy. In addition, the Group can accumulate experience in overseas mergers and acquisitions and cross-border corporate management through the Transaction, which in turn can enhance the competitive strength of the Group in the international hotel industry and obtain a decisive advantage in its future development.

The Board believes that the Target Group enjoys a relatively high market position and extensive recognition in Europe and around the world. After Closing, the Group controls GDL which entitles the Group to the valued hotel assets and brands of GDL, improves the current business scale and market share of the Group, expands new business development space for the Company and establishes a sustainable business model for Jin Jiang Hotels Development.

(iii) Help the Group to consummate its brand series and enhance its brand image

Upon Closing, the Group owns the hotel business brands, including Première Classe, Campanile, Kyriad series (Kyriad and Kyriad prestige) and the Golden Tulip series (Tulip Inn, Golden Tulip and Royal Tulip), which are owned, managed and operated by the Target Group, which scope covers numerous budget hotels and a few middle and high-end hotels. As the Target Group has advantages in various market segments, the Transaction helps the Group to consummate its brand series. Through the Transaction, the Board believes that the Group and the Target Group will be able to share common resources in the hotel and tourism businesses and build a world-leading brand of chain hotels under pinned by the "pan-China/Europe" concept. The Board believes that the implementation of its brand strategy can expand the size and influence of the Group, promote its core competitive strength and enhance its corporate value.

(iv) Help the Group to achieve mutual complementarity and synergy

The Group is a leading operator of Full Service Hotels and Select Service Hotels and has rich domestic channels and resources and a strong resource integration capability in the PRC market. The Target Group is a strong operator of budget hotels and middle-range hotels in Europe with wide overseas channels and resources, has a mature management system, an experienced international management team and an advanced business model. As such, the Transaction will help the Group and the Target Group achieve mutual complementarity and synergy, and rapidly improve operating efficiency and competitive strength.

Through the Transaction, the Group is actively merging the complementary advantages with the Target Group on areas such as operation, management, finance, technology, marketing, brand and culture, achieve synergy, and realize sharing of common resources in the hotel industry. At the same time, the Group can obtain important resources, such as long-standing brands, talent and technology, from well-known foreign hotel management groups, to improve the international management standard of the Group.

The Directors (including the independent non-executive Directors) believe that the terms of the Transaction are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

VI. FINANCIAL EFFECTS TO THE GROUP ARISING FROM THE TRANSACTION

Revenue

Upon Closing, GDL became a non-wholly owned subsidiary of the Company and the financial results of GDL will be consolidated into the consolidated financial statements of the Group. Considering GDL and its subsidiaries have continued to operate its business, it is expected that the Company will be able to record additional revenue stream from the Target Group upon Closing.

Assets and Liabilities

Based on the consolidated financial statements of the Group for the year ended 31 December 2014, the audited net asset value of the Group as at 31 December 2014 was approximately RMB15,376.3 million (equivalent to approximately HK$19,220.4 million). Based on the unaudited pro forma financial information of the Enlarged Group as if the Transaction had been completed on 31 December 2014 as set out in Appendix IV to this circular, the total assets of the Enlarged Group would be increased by approximately RMB12,533.6 million (equivalent to approximately HK$15,667.0 million) to approximately RMB36,697.0 million (equivalent to approximately HK$45,871.3 million) and total liabilities of the Enlarged Group would be increased by approximately RMB12,384.2 million (equivalent to approximately HK$15,480.3 million) to approximately RMB21,171.4 million (equivalent to approximately HK$26,464.3 million). Accordingly, the unaudited net asset value of the Enlarged Group would be increased by approximately RMB149.4 million (equivalent to approximately HK$186.8 million) to approximately RMB15,525.7 million (equivalent to approximately HK$19,407.1 million).

Financial Leverage

Based on the annual report of the Group for the year ended 31 December 2014, the gearing ratio (defined as total debt over total assets of the Company) was approximately 14.8%. According to the unaudited pro forma financial information of the Enlarged Group as if the Transaction had been completed on 31 December 2014 as set out in Appendix IV to this circular, the total borrowings of the Enlarged Group would be approximately RMB13,603.8 million (equivalent to approximately HK$17,004.8 million) and the total assets of the Enlarged Group would be approximately RMB36,697.0 million (equivalent to approximately HK$45,871.3 million), respectively, with the gearing ratio of approximately 37.1%.

The Board considers that the Group would be able to expand its hotel portfolio, enhance its brand image, realise its internationalize strategy and achieve synergy through the Transaction as detailed in the section headed "V. Reasons for and benefit of the Transaction". In addition, after Closing, the Group will seize opportunities to optimise the portfolio of hotel properties of the Target Group in an ongoing effort to improve its liquidity and overall asset return. Therefore, having considered the

foregoing and in light of the increase in the gearing ratio after the Transaction, the Board considers the Transaction is fair and reasonable and in the interests of the Shareholders as a whole.

VII. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The uncertainties in global economic recovery, slowdown in domestic macro-economic growth, structural oversupply in the hotel industry and the rapid development of information technology relating to the mobile internet will continue to affect the development of the Group's principal business. Nevertheless, with the implementation of policies represented by the document entitled "Certain Opinions on Promoting the Reform and Development of the Tourism Industry" issued by the state council, as well as the stimulating effect of the opening of Shanghai Disneyland, broad prospects for future development still hold out for the PRC's hotel and tourism industry, which will embrace opportunities as well as challenges. With full confidence in its future development, the Group will actively address any challenges and seize any opportunities that might arise.

The Group will step up with the development of its core business and drive internationalisation. The synergies of the Group's international acquisitions will be brought into full play by ensuring the proper handover of the operations of the Target Group. The Group will seek to improve its management standards and core competitiveness, further advance its domestic as well as international deployment and strengthen its ability in multinational operations by learning from the expertise and experience of its foreign partners and leveraging the strategy of setting up international businesses while introducing foreign experiences to the domestic operations.

The Group will seize the opportunity presented by the reform of state-owned assets to enhance its development towards a market-oriented corporation. The Group will advance reforms of its mechanisms and regimes and investigate the innovation and transformation of business models compatible with the age of Internet economy, while optimising its market-based remuneration regime and incentive mechanism. The Group will leverage its strengths in specialisation to create a tourism service chain centering on the hotel business. The Group will continue to drive asset liquidity and property realignment to further increase its overall asset return and enterprise value. The building of functional centres and system platforms will be optimised with the aim of improving quality and enhancing efficiency. Measures in cost reduction and income enhancement will be strengthened and improved, as the Group's marketing network will be expanded through multiple channels, while personnel deployment and staff costs will also be optimised.

The Group will forge the name of Jin Jiang into a well-known world brand on the basis of global business deployment and multi-national operations. By strengthening the Group's core competitive strengths in branding, network, human resources and management systems, the Group will strive to develop into a leader in the hotel and tourism industry in the PRC with international competitiveness.

VIII. INFORMATION OF THE VENDOR AND THE TARGET GROUP

Information on the Vendor

The Vendor was the sole shareholder of GDL with no other principal business activities. The Vendor is an indirect subsidiary of the Starwood Capital Group, a leading international real estate investment fund incorporated in the U.S.

Information on the Target Group

The business and financial information of the Target Group as at the Latest Practicable Date is set out as follows:

Business

GDL, a *société par actions simplifiée* incorporated under the laws of France, which is 100% owned by the Vendor, is mainly engaged in investment holding. GDL owns the 100% shareholding interest in Star Eco and LHG is the direct subsidiary of Star Eco.

The Target Group is a world-leading hotel chain (based on the numbers of hotels owned), which is principally engaged in the operation of various chain budget hotel businesses through the brands of Première Classe, Campanile, Kyriad series (Kyriad and Kyriad prestige) and the operation of upscale hotel businesses through the brand of Golden Tulip series (Tulip Inn, Golden Tulip and Royal Tulip).

As of 30 June 2014, the Target Group (via LHG, its subsidiary) owned, managed and operated (via franchise arrangements) 1,115 hotels with 91,154 hotel rooms in 46 countries around the world, of which 970 hotels are in Europe, which accounted for approximately 87.00% of its total hotels, of which 820 hotels are in France, which accounted for approximately 84.54% of its hotels in Europe. In addition, the Target Group has hotel operations covering major European countries such as Italy, the United Kingdom, and the Netherlands. Meanwhile, the Target Group is also expanding its global market and has entered into the hotel markets of United States, the Middle East, Africa, Asia and other regions.

The aforesaid hotel brands owned by LHG cover budget hotels and upscale hotels, and can meet the demands of different customer groups as its brand positioning is clear. The chain hotel businesses of LHG are operated through three main business models: Direct operation, franchising and fiduciary management, which accounted for approximately 22.87%, 51.66% and 25.47% of its total operating hotels respectively.

The Target Group primarily reviews its businesses under two business lines, which are (i) owned and leased hotel operations, and (ii) franchised and managed operations.

Direct operation

Direct operation represents the operation of owned and leased budget hotels of LHG, which are mostly branded under the brands of Première Classe, Campanile, and to a lower extent under Kyriad and, Kyriad Prestige, Tulip Inn and Golden Tulip. All owned and leased hotels are located in Europe and range from budget to midscale segments depending on the rating.

LHG is involved in the direct operation through the management, operation, repair and maintenance, as well as the staff recruitment and training of its owned and leased hotels. Revenue from direct operation is mainly comprised of the hotel room revenue and food and beverage income. Hotel room revenue is mainly determined by the number of available income, occupancy rate and average room rate of the rooms of LHG's direct operated hotels. Food and beverage income in the Target Group's hotels is mostly comprised of breakfast, lunch and dinner sales in restaurant and bar revenue and to a lower extent catering for conferences, and room catering services for guests and other sales in restaurants and bars in the hotels.

Franchising

Apart from direct operation, LHG acts as the franchisor and grants other hotel operators the right to use LHG's business models and brands in return for franchise fees. Franchise fees are mainly comprised of entrance franchise fee and continuous franchise fee, advertising and marketing fee and distribution fee.

Entrance fee is a one-off payment paid by other hotel operators to LHG for the staff training, system management, advisory services and other initial supporting services provided by LHG at the start of franchising. The entrance fees of Première Classe, Campanile, Kyriad and, Kyriad Prestige, range between €1,000 to €1,500 per room. Due to different business models, Tulip Inn and Golden Tulip's franchise fees are not uniform and are subject to negotiation.

Continuous franchise fee is determined either through a predetermined rate per room or a certain percentage of revenue generated by other hotel operators and is paid to LHG for the usage of its brands, logos and intangible assets. In return for the receipt of the continuous franchise fee, LHG provides management and sales support to the franchisees.

LHG has a high dispersion of franchisees partnership and a strong presence of family franchisees structure with a long term strategy and exclusive contracts. Long term and loyal investors means that a high percentage of LHG's franchise contracts are renewed.

Fiduciary management

As a supplemental service of its franchising business, LHG enters into management contracts with some of its franchised hotels, which are mostly branded under the brands of Première Classe and Campanile to provide ongoing assistance on

training and recruitment of staff, business development, legal counsel, cost control and financial planning, as well as guidance on health and safety and technology compliances, in return for management fees.

Management fees are mainly comprised of base fee and incentive fee of certain percentages against the performance of the managed hotels and other fees in relation to information and technology and human resources.

Both franchise contract and management contract are on average sustainable for 10 years and can be renewed after expiry.

Financial information

According to the relevant financial statements of the Target Group, which has been prepared in accordance with International Financial Reporting Standards, the audited consolidated financials of the Target Group for the two financial years ended 31 December 2013 ("**FY2013**") and 31 December 2014 ("**FY2014**") were as follows:

	FY2013	**FY2014**
	(€'000)	*(€'000)*
Continuing operations		
Revenue	465,432	442,443
Profit before tax	36,692	18,982
Income tax expense	(45,010)	(9,953)
Profit (loss) for the year from continuing operations	(8,318)	9,029
Discontinued operations		
Profit for the year from discontinued operations	201,843	778
Profit for the year	193,525	9,807

	As of 31 December	
	2013	**2014**
	(€'000)	*(€'000)*
Total non-current assets	1,083,097	992,694
Total current assets	452,726	360,989
Total assets	1,535,823	1,353,683
Total non-current liabilities	307,813	218,622
Total current liabilities	745,630	646,450
Total liabilities	1,053,443	865,072
Net assets	482,380	488,611

IX. IMPLICATIONS UNDER THE LISTING RULES

Written Shareholder's Approval on the Transaction

Since the applicable percentage ratios of the Transaction exceed 25% but are each less than 100%. Therefore, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules. Jin Jiang International, which is the controlling Shareholder and directly owns 75% of the issued share capital (or 4,174,500,000 domestic shares) of the Company, does not have any material interest in the Transaction. No Shareholder (including Jin Jiang International) would be required to abstain from voting at the general meeting of the Company, if convened, to approve the Transaction.

On 28 January 2015, the Company received the written shareholder's approval on the Transaction from Jin Jiang International. Pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company is required to be convened to approve the Transaction.

Information relating to the Profit Forecast

As the Valuation Report was prepared on a discounted cash flow basis under the income approach, under Rule 14.61 of the Listing Rules, any valuation based on discounted cash flows is regarded as a profit forecast. The principal assumptions adopted in the Valuation Report on the Target Group prepared by the PRC Valuer are set out as follows:

(i) Basic assumptions:

(a) Assumption of open market: Open market represents a competitive market with adequately developed and complete market conditions as well as a willing buyer and a willing seller each having, on an equal status, the opportunities and time to obtain sufficient market information, whereby the transaction is conducted on a voluntary, rational (rather than forced) or unrestricted basis on either party of the buyer and the seller.

(b) Assumption of continuous utilisation: As the first step under the assumption, the assets to be assessed including assets being utilised and spare assets should be in use. Then such assets in use are supposed to be utilised continuously according to relevant data and information. In addition to defining the market conditions or environment for the assets to be assessed, the assumption of continuous utilisation places emphasis on the subsistence of assets.

(c) Assumption of going concern: The company to be assessed is assumed to legitimately continue as a going concern based on its existing assets and resource conditions in the foreseeable future, instead of suspension due to various reasons.

(ii) General assumptions:

(a) Unless specified otherwise, the valuation report does not take into account the impact on the assessed value from any abnormal factors including any existing or potential charge, guaranty or special transaction modes.

(b) There is no material change in the relevant prevailing laws and policies, industrial policies or macro-economic situation of the country where the assets to be assessed are located, or in the political, economic or social environment in the location where the valuation object is located, and there is no material adverse impact from other force majeure or unforeseeable factors.

(c) There is no material change in relevant policies including tax and tax rates applicable to the valuation object, and the credit policies, interest rates and exchange rates are basically stable.

(d) According to the valuation purpose, the type of value of the valuation is defined as market value. All price selection standards adopted in the valuation are the price standards and value system effective as at the valuation base date.

(iii) Assumptions under the income approach:

(a) All evidences provided by the company to be assessed, including business contracts, corporate business license, articles of association, executed agreements, audit reports and financial information, are true and valid.

(b) The existing and future management teams of the company to be assessed have exercised and will exercise due diligence, will not involve any material non-compliance events that impact the company's development and revenue generation, and will maintain the existing operation and management model to continue the business as a going concern.

(c) The contracts executed by the company in previous years and the current year are valid and effective and can be performed.

(d) The future forecast in the valuation is a reasonable forward-looking projection based on the existing market conditions, taking no consideration of any material changes or fluctuations in future market such as political turmoil, economic crisis or malignant inflation that are foreseeable at present.

A letter from Deloitte Touche Tohmatsu, the reporting accountant of the Target Group, confirming that it has reviewed the accounting policies and calculations for the profit forecast, is set out in Appendix V to this circular. A letter from DTCFL, the financial adviser of the Company, confirming that it is satisfied that the profit forecast has been made by the Directors after due and careful enquiry, is set out in Appendix V to this circular.

X. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened for the approval of the Transaction, the Board would recommend its Shareholders to vote in favour of the resolution to approve the Transaction at such general meeting.

XI. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

By Order of the Board of
Shanghai Jin Jiang International Hotels (Group) Company Limited
Kang Ming
Executive Director and Joint Company Secretary

(A) THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the years ended 31 December 2014, 2013 and 2012, together with the accompanying notes to the financial statements, can be found on pages 69 to 212 of the annual report of the Company for the year ended 31 December 2014, pages 73 to 224 of the annual report of the Company for the year ended 31 December 2013 and pages 69 to 196 of the annual report of the Company for the year ended 31 December 2012, respectively. Please see below the hyperlinks to the said annual reports:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0430/LTN20150430278.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0430/LTN20140430279.pdf

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0430/LTN20130430530.pdf

(B) INDEBTEDNESS STATEMENT

The Group (excluding the Target Group)

At the close of business on 31 March 2015, being the latest practicable date for the purpose of this indebtedness statement, the Group (excluding the Target Group) had total borrowings of RMB16,702.7 million as set forth below:

	Secured	**Unsecured**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	10,697,072	4,882,010	15,579,082
Related party borrowings	—	1,100,000	1,100,000
Finance lease payables	23,601	—	23,601
Total	10,720,673	5,982,010	16,702,683

Among the secured bank borrowings, an amount of RMB10,666.3 million was secured by restricted bank deposit with carrying amount of RMB5,030.7 million and the rest of RMB30.7 million was guaranteed by a non-controlling shareholder of a subsidiary of the Group.

Finance lease liabilities of RMB23.6 million was effectively secured as the rights to the leased assets with carrying amount of RMB21.2 million revert to the lessor in the event of default.

As at close of business on 31 March 2015, the Group (excluding the Target Group) provided guarantees of RMB803.2 million to the related parties of the Group in respect of these parties secured borrowings from certain banks.

Save as disclosed above and apart from intra-group liabilities, the Group (excluding the Target Group) did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees outstanding at the close of business on 31 March 2015.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group (excluding the Target Group) since 31 March 2015 and up to the Latest Practicable Date.

The Target Group

At the close of business on 31 March 2015, being the latest practicable date for the purpose of this indebtedness statement, the Target Group had total borrowings of €855.1 million which were not guaranteed as set forth below:

	Secured	**Unsecured**	**Total**
	€'000	*€'000*	*€'000*
Bank borrowings	13,613	—	13,613
Bank overdrafts	—	11,200	11,200
Borrowings from the Group	—	800,167	800,167
Finance lease payables	29,406	667	30,073
Total	43,019	812,034	855,053

The secured bank borrowings were secured by assets with carrying amount of €6.2 million.

Finance lease liabilities of €29.4 million were effectively secured as the rights to the leased assets with carrying amount of €20.9 million revert to the lessor in the event of default.

As at 31 March 2015, GDL, together with its former subsidiary Baccarat Group were accused in a legal action involving the alleged default in accordance with the terms of contracts. The directors of GDL believe, based on legal advice, it is not probable that an outflow of resources embodying economic benefits will be required to settle such obligation.

Save as disclosed above and apart from intra-group liabilities, the Target Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees outstanding at the close of business on 31 March 2015.

The Directors have confirmed that there has not been any material changes in the indebtedness and contingent liabilities of the Target Group since 31 March 2015 and up to the Latest Practicable Date.

(C) WORKING CAPITAL SUFFICIENCY

Taking into account the completion of Closing in February 2015 and the financial resources available to the Enlarged Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

(D) MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse changes in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited annual financial statements of the Group were made up.

德勤‧關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

The Directors
Shanghai Jin Jiang International Hotels (Group) Company Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Groupe du Louvre ("GDL") and its subsidiaries (hereinafter collectively referred to as "GDL Group") for each of the three years ended 31 December 2014 (the "Relevant Periods") for inclusion in the circular issued by Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") dated 26 May 2015 (the "Circular") in connection with the acquisition of the entire issued share capital of GDL by an indirect subsidiary of the Company (the "Acquisition") constituting a major transaction under the Rules Governing the listing of Securities on the Main Board of The Stock Exchange of Hong Kong limited(the "Stock Exchange") (the "Listing Rules").

GDL, which acts as an investment holding company, was incorporated in France as a joint-stock company on 27 July 2005. Since its incorporation, GDL has been the holding company of GDL Group. GDL Group is principally engaged in the operation of various chain budget hotel businesses through the brands of Première Classe, Campanile, Kyriad series and the operation of upscale hotel businesses through the brand of Golden Tulip series.

During the Relevant Periods and as at the date of this report, the particulars of GDL's principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Star Eco***	France	Euro ("EUR") 680,251,600	100*	100*	100*	100*	Investment holding
Louvre Hôtels Group***	France	EUR117,625,104	100**	100**	100**	100**	Asset management and hotel operation
AB Gestion***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Gestion Etoile Agen****	France	EUR7,700	95**	95**	95**	95**	Hotel operation
Hôtel Grill d'Aix les Bains****	France	EUR80,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Alençon****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Ambehovi***	France	EUR82,290	100**	100**	100**	100**	Hotel operation
Le Puyseau Developpement***	France	EUR7,622	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012 %	2013 %	2014 %	At the date of this report %	Principal activities
Le Grand Cercle *(note c)* ****	France	EUR144,000	100**	100**	100**	N/A	Hotel operation
Anluar***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Gestion Hôtel Arcueil****	France	EUR7,800	100**	100**	100**	100**	Hotel operation
Hôtel Grill Nice l'Arenas****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Gestion Hotel Argenteuil****	France	EUR7,800	90**	90**	90**	90**	Hotel operation
Asf Entreprises***	France	EUR87,540	100**	100**	100**	100**	Investment holding and hotel operation
Asprob***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Audilac***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
l'Aulne Developpement SRL***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Axios_Le Havre Montivilliers***	France	EUR7,500	100**	100**	100**	100**	Asset management
Hôtel Gril Bagnolet****	France	EUR1,280,000	100**	100**	100**	100**	Hotel operation
SARL Banneris Investissement****	France	EUR5,000	100**	100**	100**	100**	Investment holding
Gestion Hôtels Dijon, Barentin****	France	EUR7,750	87**	87**	87**	87**	Hotel operation
Hôtel Grill de la Basilique (Saint Denis)****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Tarbes Bastillac****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Invest Hôtels Bayonne Mont de Marsan***	France	EUR15,750	100**	100**	100**	100**	Hotel operation
Hôtel Grill Bordeaux Artigues****	France	EUR32,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Bordeaux Le Lac****	France	EUR48,000	100**	100**	100**	100**	Hotel operation
Gestion Hôtels Bordeaux Sud****	France	EUR8,874	78**	78**	78**	78**	Hotel operation
Hôtel Grill Aix La Beauvalle****	France	EUR624,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Belleville's Saône***	France	EUR72,000	100**	100**	100**	100**	Investment holding and hotel operation
EURL Bellevue****	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Hôtel Grill Besançon Chateaufarine****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
SARL Beuriot Gestion***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Grands Hôtels de Biarritz***	France	EUR1,500	100**	100**	100**	100**	Hotel operation
Hôtel Grill Blois****	France	EUR80,000	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012 %	2013 %	2014 %	At the date of this report %	Principal activities
Bleu Lyon Centre***	France	EUR150,000	100**	100**	100**	100**	Hotel operation
BM***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Bleu Melun "Le Grand Monarque" *(note c)* ****	France	EUR784,640	100**	100**	100**	N/A	Hotel operation
Bleu Metz "Le Royal" *(note c)*****	France	EUR30,000	100**	100**	100**	N/A	Hotel operation
Hôtel Grill Bobigny****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Boodvani***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hotel de Bourges****	France	EUR9,240	64**	64**	64**	64**	Hotel operation
Brest L'Armorique***	France	EUR16,000	100**	100**	100**	100**	Hotel operation
Brie Auvergne Invest Hotels****	France	EUR15,000	100**	100**	100**	100**	Asset management
Bleu Roissy****	France	EUR15,000	100**	100**	100**	100**	Hotel operation
Hôtel bureau de Chasse sur Rhône****	France	EUR1,524	63**	63**	63**	63**	Hotel operation
Hôtels Val de Bussy***	France	EUR100,000	100**	100**	100**	100**	Hotel operation
BV***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Byron Gestion***	France	EUR38,113	100**	100**	100**	100**	Management activities
Byron Fondamental****	France	EUR90,000	100**	100**	100**	100**	Investment holding
Byron Patrimoine****	France	EUR37,000	100**	100**	100**	100**	Advice to companies
CN2A***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Caen Herouville	France	EUR30,000	80**	80**	80**	80**	Hotel operation
Gestion Hotel Cahors Vitrolles	France	EUR38,200	56**	56**	56**	56**	Hotel operation
Callies BE Gestion***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Callies Gestion***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Cambourget***	France	EUR488,000	100**	100**	100**	100**	Hotel operation
Campachris***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Campus***	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Cergy, Osny****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Chanas***	France	EUR576,000	100**	100**	100**	100**	Hotel operation
Charcot Gestion***	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Gestion Hotel Saint Charles (Paris Tour Eiffel)****	France	EUR8,000	74**	74**	74**	74**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012	2013	2014	At the date of this report	Principal activities
			%	%	%	%	
Gestion Hôtels Charleville, Lens****	France	EUR7,800	87**	87**	87**	87**	Hotel operation
Hôtel Grill de Chasse sur Rhône****	France	EUR328,000	77**	77**	77**	77**	Hotel operation
Château London***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Chavabe***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Chelles****	France	EUR123,000	100**	100**	100**	100**	Hotel operation
SARL Chevrefeuille****	France	EUR7,622	100**	100**	100**	100**	Asset management and hotel operation
Hôtel Paris Flandres (La Villette)***	France	EUR381,500	100**	100**	100**	100**	Hotel operation
Cofinges***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Colmar Nord (aeroport)****	France	EUR39,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Compiegne****	France	EUR73,600	100**	100**	100**	100**	Hotel operation
CPL Investissements***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Côte Marcq-en-Baroeul *(note c)*****	France	EUR160,000	100**	100**	100**	N/A	Hotel operation
Côte Blois *(note c)*****	France	EUR10,000	100**	100**	100**	N/A	Hotel operation
Côte Bordeaux Le Lac *(note c)*****	France	EUR48,000	100**	100**	100**	N/A	Hotel operation
Côte Douai *(note c)*****	France	EUR160,000	100**	100**	100**	N/A	Hotel operation
Côte Fleury Merogis *(note c)****	France	EUR487,500	100**	100**	100**	N/A	Hotel operation
Côte Limoges *(note c)* ****	France	EUR150,000	100**	100**	100**	N/A	Hotel operation
Côte Reims *(note c)*****	France	EUR150,000	100**	100**	100**	N/A	Hotel operation
Côte Saran *(note c)*****	France	EUR508,800	100**	100**	100**	N/A	Hotel operation
Côte Soissons *(note c)****	France	EUR673,500	100**	100**	100**	N/A	Hotel operation
Côte Orléans La Source *(note c)*****	France	EUR476,800	100**	100**	100**	N/A	Hotel operation
Côte Saint Germain en Laye *(note c)*****	France	EUR385,600	100**	100**	100**	N/A	Hotel operation
Côte Saint Thibault *(note c)****	France	EUR15,000	100**	100**	100**	N/A	Hotel operation
Côte Torcy *(note c)*****	France	EUR272,000	100**	100**	100**	N/A	Hotel operation
EURL Cygne***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
CZX Patrimoine***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Lyon-Dardilly****	France	EUR83,200	100**	100**	100**	100**	Hotel operation
Saint Paul Les Dax****	France	EUR15,000	71**	71**	71**	71**	Hotel operation
Dax Gestion****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
SEP DCC****	France	Francs ("FRS") 4,925,000	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012 %	2013 %	2014 %	At the date of this report %	Principal activities
De Boissy***	France	EUR87,510	100**	100**	100**	100**	Hotel operation
Dejardins Investissements***	France	EUR7,622	100**	100**	100**	100**	Asset management
Delambre Invest****	France	EUR388,000	100**	100**	100**	100**	Investment holding
Diderot Investissements***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Dijon St Appolinaire****	France	No registered capital	100**	100**	100**	100**	Hotel operation
Dinan Péronne Invest Hotel****	France	EUR15,000	100**	100**	100**	100**	Investment holding
Doremi***	France	EUR40,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Dreux****	France	EUR1,600,00	100**	100**	100**	100**	Hotel operation
EURL Du Marquis***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Dv Gestion***	France	EUR87,510	100**	100**	100**	100**	Hotel operation
Dv Patrimoine***	France	EUR167,520	100**	100**	100**	100**	Hotel operation
Eat***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Eco Annemasse****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
Eco Boulogne****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
Eco Bourges****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Eco Brest****	France	EUR216,000	100**	100**	100**	100**	Hotel operation
Eco Chantilly****	France	EUR15,000	100**	100**	100**	100**	Hotel operation
Eco Dreux****	France	EUR16,000	100**	100**	100**	100**	Hotel operation
Eco Dunkerque****	France	EUR640,000	100**	100**	100**	100**	Hotel operation
Eco Montreuil****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Eco Goussainville *(note c)*****	France	EUR8,000	100**	100**	100**	N/A	Hotel operation
Eco Limoges****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
Eco Lille Lomme****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
Eco le Cannet (ex Marignane) *(note c)*****	France	EUR15,000	100**	100**	100**	N/A	Hotel operation
HB Montpellier Lattes***	France	EUR10,499	100**	100**	100**	100**	Hotel operation
Eco Niort La Creche****	France	EUR360,000	100**	100**	100**	100**	Hotel operation
Eco Le Pontet****	France	EUR408,000	100**	100**	100**	100**	Hotel operation
Côte Eco Roanne****	France	EUR1,084,800	100**	100**	100**	100**	Hotel operation
Côte Eco Roissy****	France	EUR800,000	100**	100**	100**	100**	Hotel operation
Eco Olivet La Source****	France	EUR408,000	100**	100**	100**	100**	Hotel operation
Eco Tarbes****	France	EUR232,000	100**	100**	100**	100**	Hotel operation
Eco Saint Thibault des Vignes****	France	EUR536,000	100**	100**	100**	100**	Hotel operation
Eco Torcy****	France	EUR8,000	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012	2013	2014	At the date of this report	Principal activities
			%	%	%	%	
Eco Valence****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Eco Villepinte****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Edca***	France	EUR9,000	100**	100**	100**	100**	Hotel operation
EURL Elisegui***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
El Patrimonial***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Envergure Participations***	France	EUR27,721,904	100**	100**	100**	100**	Assets management
Epicea***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hotels Epinal, Mont St Aignan****	France	EUR10,010	78**	78**	78**	78**	Hotel operation
Boissy Epone Invest Hotels***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
E.P. Part 10 (ex Prouvost Berry)***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
E.P. Part 11 (ex Amiel)***	France	EUR27,450	100**	100**	100**	100**	Hotel operation
E.P. Part 12 (ex Daussy)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
E.P. Part 6 (Ex Paul Firino Martell)***	France	EUR93,210	100**	100**	100**	100**	Hotel operation
E.P. Part 7 (Ex JP Weydert Conseils)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
E.P. Part 8 (Ex P. Longuet Conseils)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
E.P. Part 9 (ex Camezind) ****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Erdre Patrimoine****	France	EUR8,000	100**	100**	100**	100**	Assets management
Eurogestor***	France	EUR167,500	100**	100**	100**	100**	Hotel operation
Gestion Hôtels Evreux, St Brieuc****	France	EUR7,750	74**	74**	74**	74**	Hotel operation
FB****	France	FRS5,450,000	100**	100*	100**	100**	Hotel operation
Feide***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
F Gestion****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Finance Gestion***	France	EUR40,000	100**	100**	100**	100**	Management activities
Finmadi***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel du Chateau (Fontainebleau)****	France	EUR15,245	100**	100**	100**	100**	Hotel operation
Fontenelle Investissements***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Invest Hotels Fougères Eysines****	France	EUR16,200	65**	65**	65**	65**	Hotel operation
E.P. Part 2 (Ex SARL Fournier)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Futuroscope (Hotelière de Chasseneuil)****	France	EUR90,000	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Gestion 2 Hotels (Bordeaux, Dunkerque)****	France	EUR38,000	75**	75**	75**	75**	Hotel operation
Gestion 3 Hotels (Brive, Calais, Gonesse)****	France	EUR7,800	89**	89**	89**	89**	Hotel operation
Bleu Aix en Provence Galice****	France	EUR1,524,800	100**	100**	100**	100**	Hotel operation
Le Gamond (EURL)***	France	EUR8, 000	100**	100**	100**	100**	Investment holding
Ganan***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Gennevilliers Barbanniers****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Gennevilliers Port****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Gestion Hotels Grasse Cleon****	France	EUR10,080	86**	86**	86**	86**	Hotel operation
EURL Guyv***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gytiere****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Hagueneau Invest Hôtel***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
Gestion Hôtel du Havre****	France	EUR7,800	92**	92**	92**	92**	Hotel operation
HB Valenciennes Rouvignies****	France	EUR1,525	63**	63**	63**	63**	Hotel operation
HB SRL***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hellen Invest****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
E.P. Part 5 (Ex Herroux) ***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
E.P. Part 1 (Ex Herry)***	France	EUR7,700	100**	100**	100**	100**	Assets management
HIPC (EURL)***	France	EUR8,000	100**	100**	100**	100**	Investment holding
SNC Invest Hotels Nord 91****	France	EUR15,000	51**	51**	51**	51**	Hotel operation
Hotelière de Torcy (Marne La Vallée)****	France	EUR1,000,000	100**	100**	100**	100**	Hotel operation
HPCB (EURL)***	France	EUR8, 000	100**	100**	100**	100**	Investment holding
Hôtels réunis (Chantilly, Perpignan)****	France	EUR16,000	100**	100**	100**	100**	Hotel operation
Illo Invest***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Impulser***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Financière de l'Isly***	France	EUR48,000	100**	100**	100**	100**	Hotel operation
Jean***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Jemyc***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Jes***	France	EUR127,500	100**	100**	100**	100**	Hotel operation
Bleu Joinville****	France	EUR128,000	100**	100**	100**	100**	Hotel operation
Les Jonchères Conseils***	France	EUR7,622	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Josik 2****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
SA Accueil — Beauvais Sud***	France	EUR38,112	100**	100**	100**	100**	Hotel operation
Laninvest***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Larmont***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
La Salle***	France	EUR92,700	100**	100**	100**	100**	Hotel operation
HGHB St Laurent de Mure***	France	EUR2,060	100**	100**	100**	100**	Hotel operation
E.P. Part 3 (Ex L Chaaf) ****	France	EUR48,000	100**	100**	100**	100**	Hotel operation
Le Haut Fief***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Lelachat (Genève, Saint Denis Pouilly)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Le Pave***	France	EUR87,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill des Ulis****	France	EUR96,000	100**	100**	100**	100**	Hotel operation
Le Vallon SRL***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Liberte Investissements****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Livry Gargan***	France	EUR64,792	100**	100**	100**	100**	Hotel operation
Hôtel Grill Lille Lomme****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
Hôtelière Loon Plage (Dunkerque)***	France	EUR450,000	100**	100**	100**	100**	Hotel operation
Lulli Investissements***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Lutterbach***	France	EUR44,800	100**	100**	100**	100**	Hotel operation
Hôtel Continental Brasserie (Lyon Carnot)***	France	EUR600,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Lyon-Ecully****	France	EUR163,200	100**	100**	100**	100**	Hotel operation
MA***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtelière Brie et Bretagne_Jean Macron (Meaux, St-Malo, Vannes)***	France	EUR20,000	100**	100**	100**	100**	Hotel operation
Hôtelière de Magny (Disney)****	France	EUR10,000	100**	100**	100**	100**	Hotel operation
Maine Investissements****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtelière de Manosque****	France	EUR160,000	100**	100**	100**	100**	Hotel operation
Rouen Annecy Participations (ex Marc Deleplace)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Marco Invest***	France	EUR48,495	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Invest Hotels Marseille Bonneuil La Roche Bordeaux***	France	EUR16,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Marseille La Calixtine (Marseille St Antoine)****	France	EUR224,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Marseille Martigues***	France	EUR75,000	100**	100**	100**	100**	Hotel operation
Mauves Invest***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
MC Patrimoine****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hotel de Metz****	France	EUR7,800	80**	80**	80**	80**	Hotel operation
Hôtel Gril Aix Meyreuil****	France	EUR168,000	100**	100**	100**	100**	Hotel operation
Mollien Participation***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
Hôtel Grill Montpellier Le Millenaire****	France	EUR34,149	100**	100**	100**	100**	Hotel operation
Hôtel Grill Montpellier sud****	France	EUR34,149	72**	72**	72**	72**	Hotel operation
Mopy***	France	EUR34,200	100**	100**	100**	100**	Hotel operation
Morgane***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hôtel Moulins Avermes****	France	EUR9,180	57**	57**	57**	57**	Hotel operation
Gestion Hôtels Nancy Essey Maubeuge****	France	EUR7,800	89**	89**	89**	89**	Hotel operation
Gestion Hôtel Nanterre Paris 92****	France	EUR38,000	79**	79**	79**	79**	Hotel operation
Hôtel Grill Nantes Saint Herblain****	France	EUR80,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Nevers****	France	EUR1,600	100**	100**	100**	100**	Hotel operation
Nimarce***	France	EUR247,500	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Niort ***	France	EUR80,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Nogent sur Marne***	France	EUR100,000	100**	100**	100**	100**	Hotel operation
OPV Investissement (EURL)***	France	EUR8,000	100**	100**	100**	100**	Investment holding and hotel operation
Gestion Hôtel Porte de Pantin****	France	EUR39,520	100**	100**	100**	100**	Hotel operation
Paquerette (EURL)***	France	EUR8, 000	100**	100**	100**	100**	Hotel operation
Paris Nord Invest Hotel****	France	EUR1,542,311	100**	100**	100**	100**	Hotel operation
Parmentier SRL***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hôtel Périgueux****	France	EUR9,240	85**	85**	85**	85**	Hotel operation
Plavois***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Poitiers Sud***	France	EUR88,500	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Gestion Hôtels Pontarlier, Strasbourg, Saintes****	France	EUR41,220	67**	67**	67**	67**	Hotel operation
Campontoise***	France	EUR1,036,030	100**	100**	100**	100**	Hotel operation
Ponts de Cé****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
P'tite Dom****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hôtels Quimper, Nancy Nord****	France	EUR7,800	89**	89**	89**	89**	Hotel operation
Racine Investissements***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
R.A.P.***	France	EUR8, 000	100**	100**	100**	100**	Investment holding
Participations Europe (ex RBL)****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Invest Hôtels St Dizier Rennes****	France	EUR15,000	74**	74**	74**	74**	Hotel operation
Résidence Galice *(note c)* ****	France	EUR817,600	100**	100**	100**	N/A	Hotel operation
Restoprise *(note c)****	France	EUR8,000	100**	100**	100**	N/A	Hotel operation
Richard Prony***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Rifau (EURL)***	France	EUR8, 000	100**	100**	100**	100**	Holding activities
Rio****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
RL Finance****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Rocco Patrimoine***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gerestel Rodez Nancy Aurillac****	France	EUR7,800	66**	66**	66**	66**	Hotel operation
Roissy Invest Hôtels***	France	EUR608,715	100**	100**	100**	100**	Hotel operation
Gestion Hôtel Rouen Franqueville***	France	EUR15,000	100**	100**	100**	100**	Hotel operation
HGHB Salon de Provence****	France	EUR233,600	69**	69**	69**	69**	Hotel operation
Sancerre***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill Paris Ermont Sannois****	France	EUR48,000	100**	100**	100**	100**	Hotel operation
Saran Invest Hôtel***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
SCI Belleville/Près *(note c)*****	France	EUR902,400	100**	100**	100**	N/A	Hotel operation
SCI La Calade****	France	EUR3,000	100**	100**	100**	100**	Asset management
SCI Chasse****	France	EUR328,000	65**	65**	65**	65**	Hotel operation
SCI Cynalex***	France	EUR16,000	100**	100**	100**	100**	Asset management
SCI Marnotel****	France	EUR1,525	100**	100**	100**	100**	Hotel operation
SCI Thiers****	France	EUR3,200	100**	100**	100**	100**	Asset management
Gestion Hôtel de Boulogne****	France	EUR9,360	89**	89**	89**	89**	Hotel operation
Invest Hôtel Sept 91****	France	EUR19,422	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012 %	2013 %	2014 %	At the date of this report %	Principal activities
Hôtel Grill de Sevran *(note c)*****	France	EUR930,000	100**	100**	100**	N/A	Hotel operation
SGHI Porte d'Italie****	France	EUR7,500	100**	100**	100**	100**	Hotel operation
Gestion Hôtel Soissons****	France	EUR7,700	89**	89**	89**	89**	Hotel operation
Sojeca****	France	EUR88,160	100**	100**	100**	100**	Hotel operation
Sonégif***	France	EUR8,000	100**	100**	100**	100**	Hotel operation
St Cyr Millau Nimes****	France	EUR15,000	51**	51**	51**	51**	Hotel operation
Hôtel Bureau de Villars***	France	EUR10,656	100**	100**	100**	100**	Hotel operation
Hôtel Gril Saint Germain-en-Laye***	France	EUR48,000	100**	100**	100**	100**	Hotel operation
Saint Philbert Conseils****	France	EUR175,500	100**	100**	100**	100**	Hotel operation
Gestion Hôtel de St Quentin en Yvelines****	France	EUR7,800	86**	86**	86**	86**	Hotel operation
Hôtel Gril Strasbourg Geispolsheim****	France	EUR59,200	100**	100**	100**	100**	Hotel operation
Suitome****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtels du pont de Suresnes****	France	EUR320,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Tarbes Odos***	France	EUR75,000	100**	100**	100**	100**	Hotel operation
Tassin Invest Hôtels***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
Taurus***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Grill de Taverny***	France	EUR108,000	100**	100**	100**	100**	Hotel operation
Tim***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Tisou***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Hôtel Gril Torcy — Marne La Vallée****	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Gestion Hôtels Toulouse, Thionville, Châlons****	France	EUR38,200	85**	85**	85**	85**	Hotel operation
Hôtel Gril St Nazaire Trignac Sogrignac****	France	EUR48,000	100**	100**	100**	100**	Hotel operation
E.P. Part 4 (Ex Tuot)***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
Vercris (Grenoble Saint Egrève)****	France	EUR435,315	100**	100**	100**	100**	Hotel operation
Gestion Hôtel de Vichy****	France	EUR9,240	57**	57**	57**	57**	Hotel operation
Invest Hôtels Vierzon Valenciennes***	France	EUR15,000	100**	100**	100**	100**	Hotel operation
Hôtel Gril Lille-Villeneuve d'Ascq****	France	EUR94,400	100**	100**	100**	100**	Hotel operation
Hôtel Gril Villefranche-sur-Saone***	France	EUR326,400	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Hôtel Gril Villejuif****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Villenes sur Seine Invest Hôtel***	France	EUR7,500	100**	100**	100**	100**	Hotel operation
Hôtel Gril de Villepinte****	France	EUR8,000	100**	100**	100**	100**	Hotel operation
Gestion Hôtel Viry Chatillon****	France	EUR38,000	95**	95**	95**	95**	Hotel operation
Campanile Lille Wasquehal (Holotel) ***	France	EUR62,500	100**	100**	100**	100**	Hotel operation
XFTI***	France	EUR7,622	100**	100**	100**	100**	Hotel operation
AC LH Hotels Management GmbH *(note a)*****	Germany	EUR25,000	N/A	N/A	100**	100**	Hotel operation
Louvre Hotels Group GERMANY GmbH *(note a)*****	Germany	EUR25,000	N/A	100**	100**	100**	Investing activities and licensing activities
Hotelimmo Antwerpen (Anvers)****	Belgium	EUR62,500	100**	100**	100**	100**	Hotel operation
Campagent (Grand)****	Belgium	EUR606,250	100**	100**	100**	100**	Hotel operation and asset management
Campabel (Bruxelles Vilvoorde)****	Belgium	EUR62,500	100**	100**	100**	100**	Hotel operation and asset management
Louvre Hotels Bénélux****	Belgium	EUR60,000	100**	100**	100**	100**	Hotel operation
Golden Tulip Brasilia Hotelaria LTD****	Brazil	Brazil Reais ("BRL") 3,000,000	100**	100**	100**	100**	Investing activities and licensing activities
Golden Tulip Shangaï Hospitality Management****	China	US Dollar ("USD") 130,000	100**	100**	100**	100**	Hotel management
Hôtel Grill Alcala de Henares****	Spain	EUR2,209,010	100**	100**	100**	100**	Hotel operation and asset management
Hôtel Grill Alicante****	Spain	EUR1,080,000	100**	100**	100**	100**	Hotel operation and asset management
Hôtel Grill Barbera (Barcelone)****	Spain	EUR9,120,000	100**	100**	100**	100**	Hotel operation and asset management
Hôtel Grill Cornella****	Spain	EUR3,010	100**	100**	100**	100**	Hotel operation and asset management
Hôtel Grill Elche****	Spain	EUR1,174,980	100**	100**	100**	100**	Hotel operation and asset management
Louvre Hotels Espagna****	Spain	EUR15,215,520	100**	100**	100**	100**	Hotel operation and asset management
Hôtel Grill Malaga****	Spain	EUR526,010	100**	100**	100**	100**	Hotel operation and asset management
Hôtel Grill Murcia****	Spain	EUR1,986,350	100**	100**	100**	100**	Hotel operation and asset management
Golden Tulip Greater China Ltd (HK) *(note a)*****	Hong Kong	Hong Kong Dollar ("HKD") 10,000	N/A	N/A	100**	100**	Hotel operation
Louvre Hotels Italia****	Italy	EUR90,000	100**	100**	100**	100**	Investment holding

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012	2013	2014	At the date of this report	
			%	%	%	%	
Hôtel Grill Moncalieri****	Italy	EUR4,200,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Padova****	Italy	EUR10,000	100**	100**	100**	100**	Hotel operation
Hôtel Grill Turin Rivoli****	Italy	EUR4,200,000	100**	100**	100**	100**	Hotel operation
Golden Tulip Holdings SARL****	Luxembourg	EUR25,000	100**	100**	100**	100**	Investment holding
Golden Tulip Investments SARL****	Luxembourg	EUR25,000	100**	100**	100**	100**	Investment holding
Golden Tulip Licensing Lux SARL****	Luxembourg	EUR12,500	100**	100**	100**	100**	Investment holding
Magest — LHG MOROCCO****	Morocco	Morocco Dirhams ("MAD") 10 000	100**	100**	100**	100**	Hotel operation
Hotel Breda BV****	Netherlands	EUR20,000	100**	100**	100**	100**	Investment holding and hotel operation
Campanile Nederland BV****	Netherlands	EUR18,160	100**	100**	100**	100**	Investment holding
Hotel Veldhoven BV (Eindhoven)****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Delft BV****	Netherlands	EUR20,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Fuchsia BV (Zwolle) ****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Gaasperpark BV (Amsterdam)****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Dahlia BV (Gorinchem)****	Netherlands	EUR18,151	100**	100**	100**	100**	Hotel operation and Investment holding
Hotel Roma Goudse Poort BV (Gouda, Hertogenbosch, Vlaardingen)****	Netherlands	EUR4,424,358	100**	100**	100**	100**	Investment holding and hotel operation
Golden Tulip Investments BV****	Netherlands	EUR18,000	100**	100**	100**	100**	License and franchise management
Hotel Madelief BV (Amersfoort)****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Narcis BV (Rotterdam)****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Orchidee BV (Leeuwarden)****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Noorderpoort Venlo BV****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel Hortensia BV (Zevenaar)****	Netherlands	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Towarowa Warszawa (Varsovie) ****	Poland	Zloty ("PLN") 500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Szczecin****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Katowice****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012	2013	2014	At the date of this report	Principal activities
			%	%	%	%	
Louvre Hotel Group****	Poland	PLN109,727,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Prestige Warszawa (Varsovie) ****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Krakow (Cracovie)****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Lodz****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Lublin****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Poznan****	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Platynowa Warszawa**** (Varsovie)	Poland	PLN500,000	100**	100**	100**	100**	Investment holding and hotel operation
Setubal****	Poland	EUR18,151	100**	100**	100**	100**	Investment holding and hotel operation
Hotel GE Wroclaw****	Poland	PLN500,000	100**	100**	100**	100**	Hotel operation
Aston Lock H. Ltd (Birmingham)****	United Kingdom	Great Britain Pound ("GBP") 100	100**	100**	100**	100**	Hotel operation
Louvre Hotels Group UK Ltd****	United Kingdom	GBP2,040,000	100**	100**	100**	100**	Hotel operation
Hotels Roma UK Ltd (Coventry)****	United Kingdom	GBP280,000	100**	100**	100**	100**	Hotel operation
Finaco Ltd****	United Kingdom	GBP40,000	100**	100**	100**	100**	Hotel operation
Fivest****	United Kingdom	GBP100,000	100**	100**	100**	100**	Hotel operation
Horeco Ltd****	United Kingdom	GBP14,850,000	100**	100**	100**	100**	Investment holding
Camp-Hull Ltd****	United Kingdom	GBP1,000	100**	100**	100**	100**	Hotel operation
Milcardar Ltd (Cardiff, Dartford, Glasgow, Leicester, Milton Keynes)****	United Kingdom	GBP10,000	100**	100**	100**	100**	Hotel operation
Tyne & Wear Hotel Ltd****	France	EUR62,500	100**	100**	100**	100**	Hotel operation
Runbaro Ltd (Basildon, Bradford, Runcorn, Swindon)****	United Kingdom	GBP100	100**	100**	100**	100**	Hotel operation
Saliwawadon Ltd (Liverpool, Manchester, Wakefield, Washington, Doncaster, Northampton)****	United Kingdom	GBP15,000	100**	100**	100**	100**	Hotel operation
Wrexam Ltd****	United Kingdom	GBP10,000	100**	100**	100**	100**	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL				Principal activities
			2012 %	2013 %	2014 %	At the date of this report %	
Hôtel Grill Cendea *(note b)*****	Spain	EUR1,768,400	100**	100**	N/A	N/A	Hotel operation
Hôtel Grill Avignon Montfavet *(note b)* ****	France	EUR1,280,000	100**	100**	N/A	N/A	Hotel operation
Kyriad & Clora de Chelles *(note b)****	France	EUR8,000	100**	N/A	N/A	N/A	Hotel operation
Hôtel Grill de St Germain Les Corbeil *(note b)* ****	France	EUR160,000	100**	100**	N/A	N/A	Hotel operation
Eco 2 hôtels (Brive, Chambéry 1*) *(note b)* ****	France	EUR160,000	100**	100**	N/A	N/A	Hotel operation
Eco Châteauroux *(note b)* ****	France	EUR160,000	100**	100**	N/A	N/A	Hotel operation
Eco Pamiers *(note b)*****	France	EUR360,000	100**	100**	N/A	N/A	Hotel operation
Hotelière de Bourges *(note b)*****	France	EUR7,622	100**	100**	N/A	N/A	Hotel operation
Hôtel Gril Mâcon Chaintré *(note b)*****	France	EUR163,200	100**	100**	N/A	N/A	Hotel operation
Hôtel Grill Melun Dammarie-les-Lys *(note b)*****	France	EUR7,500	100**	100**	N/A	N/A	Hotel operation
Hôtelière de La Pailleterie (Montargis Amilly) *(note b)*****	France	EUR168,000	100**	100**	N/A	N/A	Hotel operation
Gestion Hôtels Mulhouse Morschwiller *(note b)* ****	France	EUR7,800	100**	100**	N/A	N/A	Hotel operation
Hôtel Grill Nimes *(note b)* ****	France	EUR7,800	100**	100**	N/A	N/A	Hotel operation
Hôtel Gril Strasbourg Lingolsheim (Parc des Tanneries) *(note b)* ****	France	EUR59,200	100**	100**	N/A	N/A	Hotel operation
Vire Invest Hôtel *(note b)* ****	France	EUR7,500	100**	100**	N/A	N/A	Hotel operation
Hôtel Gril Marseille Vitrolles-Griffon *(note b)*****	France	EUR8,000	100**	100**	N/A	N/A	Hotel operation
Baccarat société mère *(note d)*****	France	EUR20,768,000	67*	67*	67*	N/A	Manufacture of crystal ware
Hôtel Concorde de Berlin *(note e)*****	Germany	EUR25,000	100*	100*	N/A	N/A	Hotel operation
Intern.Concorde Madrid *(note c)*****	Spain	EUR1,264,010	100*	100*	100*	N/A	Hotel operation
Concorde Martinez *(note f)*****	France	EUR7,500	100*	N/A	N/A	N/A	Hotel operation
Société du Louvre — La Fayette *(note f)*****	France	EUR2,028,010	100*	N/A	N/A	N/A	Hotel operation
Société du Palais de la Méditérranée *(note f)* ****	France	EUR1,426,000	100*	N/A	N/A	N/A	Hotel operation

Name of subsidiaries	Place of incorporation/ registration/ operations	Paid up registered capital	Proportion of ownership interest/ Proportion of voting power held by GDL 2012	2013	2014	At the date of this report	Principal activities
			%	%	%	%	
Hôtel Concorde St Lazare *(note f)*****	France	EUR25,000	100*	N/A	N/A	N/A	Hotel operation
Intern.Concorde Londres *(note c)*****	United Kingdom	GBP240,000	100*	100*	100*	N/A	Hotel operation

* These subsidiaries are directly held GDL.

** These subsidiaries are indirectly held by GDL.

*** These subsidiaries have adopted 30 June as their financial year end date.

**** These subsidiaries have adopted 31 December as their financial year end date.

Notes:

(a) These subsidiaries were established during the Relevant Periods.

(b) These subsidiaries were disposed in December 2013 or January 2014 in respect of Project Renaissance (as defined in Note 38). Please refer to Note 38.

(c) These subsidiaries were disposed in February 2015 in respect of Project JJ (as defined in Note 15). Please refer to Note 15.

(d) These subsidiaries were disposed in February 2015 in respect of disposal of Baccarat Group (as defined in Note 15) to Star SDL. Please refer to Note 15.

(e) These subsidiaries were disposed in 2014 in respect of Project Berlin (as defined in Note 15). Please refer to Note 15.

(f) These subsidiaries were disposed in 2013 in respect of project Atlantic or Project Concorde (as defined in Note 15). Please refer to Note 15.

GDL has adopted 30 June as its financial year end date.

The statutory financial statements of GDL and its subsidiaries for the Relevant Periods or since their respective dates of incorporation/establishment, where this is a shorter period, were prepared in accordance with the relevant accounting principles and financial regulations in the relevant place of incorporation and were audited by certain certified public accountants. The statutory auditors of GDL for each of three years ended 30 June 2014 are Deloitte & Associés and Mazars.

For the purpose of this report, the directors of GDL have prepared consolidated financial statements of GDL Group for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "Underlying Financial Statements"). The Underlying Financial Statements have been audited by Deloitte & Associés in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

We have examined the Underlying Financial Statements and performed such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements on the basis set out in Note 2 below. No adjustments are deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of GDL who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 2 below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of GDL Group and GDL as at 31 December 2012, 2013 and 2014 and of the consolidated results and consolidated cash flows of GDL Group for the Relevant Periods.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2012	**2013**	**2014**
	NOTES	*EUR'000*	*EUR'000*	*EUR'000*
Continuing operations				
Revenue	8	469,193	465,432	442,443
Cost of sales and services	11	(338,178)	(324,816)	(292,865)
Gross profit		131,015	140,616	149,578
Other income	9	1,864	1,243	1,673
Other gains and losses	10	1,060	25,494	(8,730)
Selling and distribution expenses	11	(16,394)	(12,743)	(15,599)
Administrative expenses	11	(73,136)	(77,665)	(82,365)
Share of profit of associates		1,288	1,634	3,237
Finance costs	12	(52,311)	(41,887)	(28,812)
(Loss) profit before tax	13	(6,614)	36,692	18,982
Income tax expense	14	(22,316)	(45,010)	(9,953)
(Loss) profit for the year from continuing operations		(28,930)	(8,318)	9,029
Discontinued operations				
(Loss) profit for the year from discontinued operations	15	(10,440)	201,843	778
(Loss) profit for the year		(39,370)	193,525	9,807

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2012	2013	2014
	NOTE	*EUR'000*	*EUR'000*	*EUR'000*
Other comprehensive income, net of income tax				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligation		(7,708)	1,090	(2,586)
Other		238	660	147
Income tax relating to items that will not be reclassified subsequently to profit or loss		2,482	(257)	800
		(4,988)	1,493	(1,639)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		2,290	(595)	(628)
Fair value of financial instruments		(1,643)	4,165	(17)
Income tax relating to items that may be reclassified subsequently to profit or loss		566	(1,434)	5
		1,213	2,136	(640)
Other comprehensive (expense) income, net of income tax		(3,775)	3,629	(2,279)
Total comprehensive (expense) income for the year		(43,145)	197,154	7,528
(Loss) profit for the year attributable to:				
Owners of GDL		(40,462)	195,394	10,055
Non-controlling interests		1,092	(1,869)	(248)
		(39,370)	193,525	9,807
Total comprehensive (expense) income for the year attributable to:				
Owners of GDL		(44,123)	198,980	8,752
Non-controlling interests		978	(1,826)	(1,224)
		(43,145)	197,154	7,528
(Loss) earnings per share				
From continuing and discontinued operations				
— Basic and diluted (EUR)	19	(0.15)	0.75	0.04
From continuing operations				
— Basic and diluted (EUR)	19	(0.11)	(0.04)	0.03

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2012	**2013**	**2014**
	NOTES	*EUR'000*	*EUR'000*	*EUR'000*
Non-current assets				
Goodwill	20	468,136	437,756	417,330
Property, plant and equipment	21	478,488	443,987	390,899
Intangible assets	22	161,352	157,708	146,364
Interests in associates	24	11,867	11,951	11,358
Available-for-sale investments	25	3,079	2,739	1,841
Other non-current financial assets	26	4,905	7,167	5,357
Deferred tax assets	27	37,982	21,789	19,545
		1,165,809	1,083,097	992,694
Current assets				
Inventories	28	45,216	40,906	2,877
Trade and other receivables	29	157,223	164,163	116,252
Tax recoverable		9,768	8,486	4,333
Held-to-maturity investments		813	410	—
Other current financial assets	30	1,513	978	—
Bank balances and cash	31	103,161	169,014	57,316
		317,694	383,957	180,778
Assets classified as held for sale	16	712,930	68,769	180,211
		1,030,624	452,726	360,989
Current liabilities				
Trade and other payables	32	262,902	184,512	118,354
Borrowings	33	266,528	490,987	417,837
Tax liabilities		9,879	21,713	12,887
Other current financial liabilities	30	6,638	2,025	1,001
		545,947	699,237	550,079
Liabilities directly associated with assets classified as held for sale	16	543,945	46,393	96,371
		1,089,892	745,630	646,450
Net current liabilities		(59,268)	(292,904)	(285,461)
Total assets less current liabilities		1,106,541	790,193	707,233

		At 31 December		
		2012	2013	2014
	NOTES	*EUR'000*	*EUR'000*	*EUR'000*
Non-current liabilities				
Borrowings	33	562,784	218,525	133,707
Provisions	34	26,688	11,668	7,919
Employee benefits	35	29,824	28,376	21,774
Deferred tax liabilities	27	54,279	49,244	55,222
		673,575	307,813	218,622
Net assets		432,966	482,380	488,611
Capital and reserves				
Share capital	36	262,037	262,037	262,037
Reserves	37	131,015	182,707	191,459
Equity attributable to owners of GDL		393,052	444,744	453,496
Non-controlling interests		39,914	37,636	35,115
Total equity		432,966	482,380	488,611

COMPANY'S STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2012	2013	2014
	NOTES	*EUR'000*	*EUR'000*	*EUR'000*
Non-current assets				
Property, plant and equipment		60	45	32
Intangible assets		200	200	302
Interests in subsidiaries	23	1,216,312	857,003	859,417
		1,216,572	857,248	859,751
Current assets				
Trade and other receivables	29	279,600	399,936	431,470
Bank balances and cash	31	33,939	96,506	29,895
		313,539	496,442	461,365
Current liabilities				
Trade and other payables	32	138,452	138,306	100,095
Borrowings	33	185,470	121,116	112,924
		323,922	259,422	213,019
Net current (liabilities) assets		(10,383)	237,020	248,346
Total assets less current liabilities		1,206,189	1,094,268	1,108,097
Non-current liabilities				
Provisions		1,174	594	8,280
Employee benefits		8,967	9,650	9,900
		10,141	10,244	18,180
Net assets		1,196,048	1,084,024	1,089,917
Capital and reserves				
Share capital	36	262,037	262,037	262,037
Reserves	36	934,011	821,987	827,880
Total equity		1,196,048	1,084,024	1,089,917

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Shareholder's loan equity reserve	Translation reserve	Other reserves	Accumulated losses	Attributable to owners of GDL	Non-controlling interests	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
		(note a)	*(note b)*		*(note c)*				
At 1 January 2012	262,037	26,204	519,874	(17,242)	8,472	(370,609)	428,736	22,945	451,681
Loss for the year	—	—	—	—	—	(40,462)	(40,462)	1,092	(39,370)
Other comprehensive expense for the year	—	—	—	2,306	(5,707)	(260)	(3,661)	(114)	(3,775)
Dividends declared to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	(1,650)	(1,650)
Capital injection by non-controlling shareholders of subsidiaries	—	—	—	—	—	8,439	8,439	17,641	26,080
Capitalisation of interest on shareholder's loan	—	—	19,005	—	—	(19,005)	—	—	—
At 31 December 2012	262,037	26,204	538,879	(14,936)	2,765	(421,897)	393,052	39,914	432,966
Profit for the year	—	—	—	—	—	195,394	195,394	(1,869)	193,525
Other comprehensive income for the year	—	—	—	(616)	3,301	901	3,586	43	3,629
Dividends declared to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	(1,235)	(1,235)
Capital injection by non-controlling shareholders of subsidiaries	—	—	—	4,818	(5,259)	(342)	(783)	783	—
Capitalisation of interest on shareholder's loan	—	—	9,983	—	—	(9,983)	—	—	—
Repayment of shareholder's loan	—	—	(146,505)	—	—	—	(146,505)	—	(146,505)
At 31 December 2013	262,037	26,204	402,357	(10,734)	807	(235,927)	444,744	37,636	482,380
Profit for the year	—	—	—	—	—	10,055	10,055	(248)	9,807
Other comprehensive expense for the year	—	—	—	(82)	(1,374)	153	(1,303)	(976)	(2,279)
Dividends declared to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	(1,297)	(1,297)
Others	—	—	—	(31)	—	31	—	—	—
Capitalisation of interest on shareholder's loan	—	—	11,968	—	—	(11,968)	—	—	—
At 31 December 2014	262,037	26,204	414,325	(10,847)	(567)	(237,656)	453,496	35,115	488,611

Note a: In accordance with the relevant French laws, GDL and its subsidiaries in France of which were established/incorporated as a joint stock company or company with limited liability, are required to appropriate 5% of their profit after taxation in a legal reserve until the reserve equals 10% of their share capital.

Note b: Shareholder's loan granted by Star SDL is unsecured, carrying variable interest rate by reference to the maximum tax-deductible interest rate in France, and is repayable in September 2054. GDL has the right to extend the loan for an additional 15 years. Also, in any time during the loan period, GDL has the option to settle the loan with its own shares at the par value or cash. Therefore, the shareholders' loan has been classified as equity.

Note c: The amounts recorded in other reserve during relevant period mainly represent the follow:

- Actuarial gains and losses recognised in respect of defined benefit retirement benefit plans.
- The effective portion of changes in fair value of derivative that are designated and qualify as cash flow hedges.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
OPERATING ACTIVITIES			
Loss (profit) before tax from continuing operating	(6,614)	36,692	18,982
Adjustments for:			
Finance costs recognised in profit or loss	52,311	41,887	28,812
Interest income	(572)	(490)	(903)
Share of profits of associates	(1,288)	(1,634)	(3,237)
Loss (gain) arising on change in fair value of financial instruments	(676)	(153)	72
Dividend income	(405)	(216)	(274)
Amortisation of intangible assets	2,923	2,331	3,254
Depreciation of property, plant and equipment	35,961	37,472	35,072
Provisions	771	(862)	11,247
Gain on disposal of subsidiaries	—	(980)	—
Loss recognised on disposal of associate	—	—	1,051
Loss (gain) on disposal of property, plant and equipment	1,067	(565)	482
Impairment loss recognised in respect of property, plant and equipment	—	8,267	2,263
Impairment loss recognised in respect of assets held for sale	—	9,392	—
Impairment loss recognised in respect of goodwill	24	4,275	—
Allowance (reversed) provided for doubtful debts	(227)	1,387	485
Write down of inventories	—	1,152	2,841
Operating cash flows before working capital change	83,275	137,955	100,147
Decrease (increase) in inventories	105	(1,093)	(2,787)
Decrease (increase) in trade and other receivables	6,373	(11,793)	8,759
(Decrease) increase in trade and other payables	(8,599)	22,806	(30,579)
Cash generated from operations	81,154	147,875	75,540
Income taxes paid	(19,666)	(21,065)	(4,136)
Net cash provided by (used in) operating activities from discontinued operations held for sale (see Note 15)	41,821	(2,568)	(3,935)
NET CASH FROM OPERATING ACTIVITIES	103,309	124,242	67,469

	Year ended 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
INVESTING ACTIVITIES			
Dividends received from associates	1,374	1,604	3,742
Payments for acquisition of interest in associates	(518)	—	(50)
Proceeds on disposal of subsidiaries	—	310,034	4,323
Proceeds on disposal of property, plant and equipment	14	2,122	32,986
Purchases of property, plant and equipment	(26,573)	(25,690)	(31,286)
Purchase of intangible assets	(4,819)	(7,580)	(9,097)
Withdrawal of loans and other receivables	392	2,016	1,173
Payments of loans and other receivables	(2,250)	(4,044)	(803)
Dividend received	405	216	274
Interest received	205	258	194
Net cash provided by investing activities from discontinued operations held for sale (see Note 15)	15,874	(11,583)	(2,519)
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(15,896)	267,353	(1,063)
FINANCING ACTIVITIES			
Proceeds from borrowings	200,238	24,044	8,216
Repayment of borrowings *(note)*	(262,817)	(329,947)	(117,076)
Interest paid	(38,335)	(38,964)	(26,266)
Dividend paid	(1,156)	(1,273)	(1,289)
Net cash provided by financing activities from discontinued operations held for sale (see Note 15)	6,110	8,523	731
NET CASH USED IN FINANCING ACTIVITIES	(95,960)	(337,617)	(135,684)
Impact of changes in exchange rates	65	922	3,235
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,482)	54,900	(66,043)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	93,617	85,135	140,035
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash (net bank overdraft) (see Note 31)	85,135	140,035	73,992

Note: The amount for the year ended 31 December 2013 include the repayment of shareholder's loan, which is recorded in the reserve, of EUR146,505,000.

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

GDL, which acts as an investment holding company, was incorporated in France as a joint-stock company on 27 July 2005. Prior to the completion of the Acquisition on 27 February 2015, the parent and immediate holding company of GDL is Star SDL Investment Co S.ár.l. ("Star SDL"), a joint-stock company incorporated in Luxembourg, and the ultimate holding company of GDL is Starwood Capital Group, a real estate investment fund incorporated in the United States of America. Upon the completion of the Acquisition on 27 February 2015, the parent and immediate holding company of GDL is Sailing Investment Co, S.ár.l ("Luxembourg Sailing Investment"), a company incorporated in Luxembourg and indirectly owned by the Company, and the ultimate holding company of GDL is Jin Jiang International Holdings Company Limited ("Jin Jiang International"), a company incorporated in the People's Republic of China and owns 75% equity interest in the Company.

Since its incorporation, GDL has been the holding company of GDL Group. GDL Group is principally engaged in the operation of various chain budget hotel businesses through the brands of Première Classe, Campanile, Kyriad series and the operation of upscale hotel businesses through the brand of Golden Tulip series.

The addresses of the registered office of GDL is Village 5-50, place de l'Ellipse, La Défense cedex, France.

The Financial Information is presented in EUR which is also the functional currency of GDL and its principal subsidiaries.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

GDL Group's current liabilities exceed its current assets at the end of each reporting period. Taking into account the available facilities from banks and cash flows from operations, the directors of GDL believe that GDL Group will continue to operate as a going concern. In addition, one subsidiary of the Company has undertaken to provide the necessary financial support to enable GDL Group to continue operations, therefore, the Financial Information has been prepared on a going concern basis.

3. APPLICATION OF IFRSS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, GDL Group has consistently applied International Accounting Standards ("IASs"), IFRSs, amendments and interpretations issued by the IASB which are effective for the accounting period beginning on 1 January 2014 throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and amendments to IFRSs that are not yet effective. GDL Group has not early applied these new and amendments to IFRSs.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. Furthermore, IFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other

comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of GDL consider that the adoption of IFRS 9 in the future will affect the classification and measurement of the available-for-sale investments held by GDL Group and may affect GDL Group's financial assets including the impairment assessment but is unlikely to affect GDL Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on GDL Group's financial statements until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of GDL anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported and disclosures. However, it is not practicable to provide a reasonable estimate of the financial effect until GDL Group performs a detailed review.

Except as described above, the directors of GDL consider that the application of the other new IFRSs and amendments to IFRSs is unlikely to have a material impact on GDL Group's financial position and performance as well as disclosure.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the following accounting policies which conform to IFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (Cap.32).

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 another valuation technique. In estimating the fair value of an asset or a liability, GDL Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, 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 quoted prices (unadjusted) 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.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of GDL and entities controlled by GDL and its subsidiaries. Control is achieved when GDL:

- 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 to affect its returns.

GDL Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when GDL Group obtains control over the subsidiary and ceases when GDL Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during each period are included in the consolidated statements of profit or loss and other comprehensive income from the date GDL Group gains control until the date when GDL Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of GDL and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of GDL and to the non-controlling interests even if this result in the non-controlling interests has a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with GDL Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from GDL Group's equity therein.

Changes in GDL Group's ownership interests in existing subsidiaries

Changes in GDL Group's ownership interests in existing subsidiaries that do not result in GDL Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of GDL Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of GDL.

When GDL Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All the amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the GDL Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by GDL Group, liabilities incurred by GDL Group to the former owners of the acquiree and the equity interests issued by GDL Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of GDL Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of GDL Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

GDL Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which GDL Group has significant influence. 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.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of GDL Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise

GDL Group's share of the profit or loss and other comprehensive income of the associates. When GDL Group's share of losses of an associate exceeds GDL Group's interest in that associate (which includes any long-term interests that, in substance, form part of GDL Group's net investment in the associate), GDL Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that GDL Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over GDL Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of GDL Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to GDL Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

GDL Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When GDL Group retains an interest in the former associate and the retained interest is a financial asset, GDL Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part of interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, GDL Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, GDL Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When GDL Group reduces its ownership interest in an associate but GDL Group continues to use the equity method, GDL Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of GDL Group, profits and losses resulting from the transactions with the associate are recognised in the Financial Information only to the extent of interests in the associate that are not related to GDL Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- GDL Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- GDL Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to GDL Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from hotel accommodation, food and beverage sale, hotel management and franchise, and other ancillary service is recognised when the relevant services are rendered.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to GDL Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on sales are recognised by reference to the underlying arrangement.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to GDL Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to GDL Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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.

GDL Group as lessee

Assets held under finance leases are recognised as assets of GDL Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with GDL Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity's functional currency (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the GDL Group's foreign operations are translated into the presentation currency of the GDL Group (i.e. Euros) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the GDL Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of GDL are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the GDL Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the GDL Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee Benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

GDL Group presents the first two components of defined benefit costs in profit or loss in the line item "Selling and distribution expenses" and "Administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in GDL Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when GDL Group entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by GDL Group in respect of services provided by employees up to the reporting date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. GDL Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where GDL Group is able to control 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 sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the each of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which GDL Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with GDL Group's accounting policy. Such properties

are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill

At the end of each reporting period, GDL Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, GDL Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when GDL Group has a present obligation (legal or constructive) as a result of a past event, it is probable that GDL Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from

the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

GDL Group's financial assets are classified into the following specific categories: financial assets 'held to maturity', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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 estimated future cash receipts (including all fees 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.

Interest is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when GDL Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and other financial assets) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include GDL Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

GDL Group designates certain derivatives as hedging instruments for cash flow hedges and fair value hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, GDL Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in other reserves are transferred from other reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the GDL Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by GDL Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with IAS 37; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

GDL Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

GDL Group derecognises financial liabilities when, and only when, GDL Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying GDL Group's accounting policies, which are described in Note 4, the directors of GDL are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from the end of each reporting period.

Taxation

Deferred tax assets of EUR37,982,000, EUR21,789,000 and EUR19,545,000 have been recognised as at 31 December 2012, 2013 and 2014 respectively, after offsetting certain deferred tax liabilities as set out in Note 27. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of GDL determine the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the respective entities of GDL Group for coming years during which the deferred taxation assets are expected to be utilised. The directors of GDL reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future taxable profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a recognition or reversal takes place.

Property, plant and equipment

The management determines the estimated useful lives, residual values and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives and residual values of items of property, plant and equipment of similar nature and functions. The management will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of hotels. The management will also write-off or write-down the carrying value of the items which are technically obsolete or non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives. Periodic review could result in a change in depreciation period and therefore depreciation charge in the future periods.

In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. When the recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will

be made and recognised in the period in which such event takes place. The carrying amounts of property, plant and equipment as at 31 December 2012, 2013 and 2014 were EUR478,488,000, EUR443,987,000, and EUR390,899,000 respectively (see Note 21).

Intangible assets (other than goodwill)

The intangible assets with definite useful lives are amortised on a straight-line basis over estimated useful lives. The management assessed the estimated useful lives of intangible assets annually.

In addition, the management considers the potential impairment based on the recoverable amount. The intangible assets with finite useful lives are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable. Factors that would indicate potential impairment may include, but are not limited to, the significant change in technology, and operating or cash flow losses associated with the intangible assets.

Determining whether intangible assets is impaired requires an estimation of the recoverable amount of the cash-generating units ("CGUs") to which intangible assets has been allocated. The recoverable amount of CGUs at the end of each reporting period is based on the value in use calculation which requires the management of GDL Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. No impairment of intangible assets has been made during the Relevant Periods.

The carrying amount of intangible assets is EUR161,352,000, EUR157,708,000 and EUR146,364,000 as at 31 December 2012, 2013 and 2014 respectively (see Note 22).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amounts of goodwill as at 31 December 2012, 2013 and 2014 were EUR468,136,000, EUR437,756,000 and EUR417,330,000, respectively. Details of the impairment loss calculation are set out in Note 20.

Trade and other receivables

GDL Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. In determining whether there is objective evidence of allowance for bad and doubtful debts, GDL Group takes into consideration the collectability, aged analysis of trade and other receivables and estimation of future cash flows. The amount of the allowance for bad and doubtful debts is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, an allowance for bad and doubtful debts may arise.

The carrying amount of trade and other receivables is EUR157,223,000, EUR164,163,000 and EUR116,252,000, which is after allowance for bad and doubtful debts as at 31 December 2012, 2013 and 2014 respectively (see Note 29).

6. CAPITAL RISK MANAGEMENT

GDL Group manages its capital to ensure that entities in GDL Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. GDL Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of GDL Group consists of net debts, which includes the bank and other borrowings net of bank balances and cash, and equity attributable to the owners of GDL, comprising share capital and reserves.

The directors of GDL review the capital structure regularly. As part of this review, the directors of GDL consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of GDL, GDL Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	218,815	310,062	158,046
Held-to-maturity investments	813	410	—
Available-for-sale investments	3,079	2,739	1,841
Financial derivatives	1,513	978	—
	224,220	314,189	159,887
Financial liabilities			
Amortised cost	1,033,461	828,599	613,520
Financial derivatives	6,638	2,025	1,001
	1,040,099	830,624	614,521
GDL			
Financial assets			
Loans and receivables (including cash and cash equivalents)	310,728	491,891	456,659
Financial liabilities			
Amortised cost	323,922	259,422	213,019

Financial risk management objectives and policies

GDL Group's major financial instruments include available-for-sale investments, held-to-maturity investment, loan receivables, trade and other receivables, bank balances and cash, bank and other borrowings, trade and other payables and derivative instruments in designated hedge accounting relationships. Details of these financial instruments are set out in respective notes. The risks associated

with these financial instruments and the policies on how to mitigate these risks are set out below. The management of GDL Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

GDL Group's and GDL's activities expose primarily to the financial risks of changes in interest rates. GDL Group and GDL enter into interest rate swaps to manage its exposure to interest rate.

(1) Interest rate risk

GDL Group and GDL are exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank and other borrowings which carry at variable interest rates. GDL Group and GDL enter into interest rate swaps to hedge against its exposures to cash flow of those borrowings. The critical terms of these interest rate swaps are similar to those of hedged borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see Note 30).

GDL Group's and GDL's fair value interest rate risk relates primarily to fixed rate bank and other borrowings. It is GDL Group's and GDL's policy to keep borrowings at fixed rate of interest so as to minimise the cash flow interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at each year end of the Reporting Period. The analysis is prepared assuming the financial instruments outstanding at each year end of the Reporting Period were outstanding for the whole relevant year. A 20 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 20 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2012, 2013 and 2014 would decrease/increase by EUR1,039,000, EUR860,000 and EUR681,000, respectively. This is mainly attributable to GDL Group's exposure to interest rates on its variable-rate bank borrowings.

(2) Foreign currency risk

Baccarat Group is exposed to foreign exchange risk primarily on exports to the United States and Japan. Part of these transactions are denominated in U.S. dollar and Japanese yen ("JPY"). The Baccarat Group uses forward foreign currency contracts to hedge the majority of its estimated exposure to foreign exchange risk on forecasted sales denominated in foreign currencies for the following six months. Save the business of Baccarat Group, most transactions of other group entities are denominated in its respective functional currencies.

No sensitivity analysis has been presented as the directors of GDL consider that GDL Group's and GDL's exposure to foreign currency denominated monetary assets and monetary liabilities is minimal.

Credit risk

GDL Group's and GDL's maximum exposure to credit risk which will cause a financial loss to GDL Group and GDL due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

GDL Group has not grant any credit period to its customers. In order to minimise credit risk the management of GDL Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition. GDL Group reviews the recoverable amount of debt from travel agents and corporate customers at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of GDL consider that GDL Group's and GDL's credit risk are significantly reduced.

GDL Group and GDL do not have significant concentration of credit risk on trade receivables as trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

GDL Group and GDL have concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on liquid funds is limited because GDL Group's and GDL's bank balances are deposited with banks of high credit ratings.

GDL also has concentration of credit risk on its amounts due from subsidiaries. The balances of amounts due from subsidiaries amounted to EUR257,690,000, EUR364,965,000 and EUR392,585,000 as at 31 December 2012, 2013 and 2014, respectively (see Note 29). GDL reviews the recoverable amount of amount due from subsidiaries at the end of each reporting period to ensure that adequate impairment loss is made for irrecoverable amount.

Liquidity risk

The directors of GDL have built an appropriate liquidity risk management framework to meet GDL Group's short, medium and long-term funding and liquidity management requirements. GDL Group had net current liabilities of EUR59,268,000, EUR292,904,000 and EUR285,461,000 as at 31 December 2012, 2013 and 2014 respectively. GDL Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In addition, one subsidiary of the Company has agreed to provide financial assistance to enable GDL Group to meet in full its financial obligations in the foreseeable future.

The following table details GDL Group's and GDL's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which GDL Group can be required to pay. The table includes both interest and principal cash flows.

The amounts included below for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of each reporting period.

	Weighted effective average interest rate	On demand or less than 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
GDL Group							
At 31 December 2012							
Trade and other payables	—	220,516	—	—	—	220,516	220,516
Borrowings	4.71	308,429	373,656	256,687	4,900	943,672	829,312
		528,945	373,656	256,687	4,900	1,164,188	1,049,828
At 31 December 2013							
Trade and other payables	—	153,225	—	—	—	153,225	153,225
Borrowings	5.04	524,644	18,161	190,953	46,708	780,466	709,512
		677,869	18,161	190,953	46,708	933,691	862,737
At 31 December 2014							
Trade and other payables	—	92,686	—	—	—	92,686	92,686
Borrowings	4.33	443,485	114,270	6,176	26,261	590,192	551,544
		536,171	114,270	6,176	26,261	682,878	644,230

	Weighted effective average interest rate	On demand or less than 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
GDL							
At 31 December 2012							
Trade and other payables		138,452	—	—	—	138,452	138,452
Borrowings	4.00	185,470	—	—	—	185,470	185,470
		323,922	—	—	—	323,922	323,922
At 31 December 2013							
Trade and other payables		138,306	—	—	—	138,306	138,306
Borrowings	4.00	121,116	—	—	—	121,116	121,116
		259,422	—	—	—	259,422	259,422
At 31 December 2014							
Trade and other payables		100,095	—	—	—	100,095	100,095
Borrowings	4.00	112,924	—	—	—	112,924	112,924
		213,019	—	—	—	213,019	213,019

Borrowings with a repayment on demand clause are included in the 'on demand or less than 1 year' time band in the above maturity analysis.

Fair value measurements

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of GDL Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31 December			Fair value hierarchy	Valuation technique(s) and key input(s)
	2012	2013	2014		
Interest rate swaps (see Note 30)	Liabilities EUR6,638,000	Liabilities EUR2,025,000	Liabilities EUR1,001,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Foreign currency forwards (see Note 30)	Assets EUR1,513,000	Assets EUR978,000	Assets —	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and contract exchange rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and 2 throughout the Relevant Periods.

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

The directors of GDL consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of each reporting period.

8. REVENUE AND SEGMENT INFORMATION

Information about segment revenues and results from continuing operations:

GDL Group is organised into business units based on their types of activities. These business units are the basis of information that is prepared and reported to GDL Group's chief operating decision maker (i.e. the Chairman) for the purposes of resource allocation and assessment of performance.

As a result of the disposal of luxury hotels operations and crystal ware manufactories operation, (see Note 15) during the Relevant Periods, GDL Group's operating decision maker has focused, in respect of GDL Group's continuing operations, the operation of economic hotels, which are under the brands of

Première Classe, Campanile, Golden Tulip, Kyriad and Kyriad as a whole. Accordingly, GDL Group has only one reportable and operating segment in its continuing operations and no segment information is presented other than economic hotels disclosed below.

Geographical information

GDL Group's revenue from external customers by location are detailed below:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
France	377,614	377,105	347,331
Europe excluding France	84,478	81,222	87,949
Other	7,101	7,105	7,163
	469,193	465,432	442,443

Over 90% of GDL Group's non-current assets are located in France based on geographical location of the assets.

Revenue from major products and services

The following is an analysis of GDL Group's revenue from external customers:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Hotel accommodation	249,720	252,755	234,871
Catering and sale of products	108,019	104,565	97,446
Hotel management and franchise	111,454	108,112	110,126
	469,193	465,432	442,443

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of GDL Group's revenue during the Relevant Periods.

9. OTHER INCOME

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Continuing operations			
Interest income	572	490	903
Dividends from unlisted equity investments	405	216	274
Grants	258	223	176
Other	629	314	320
	1,864	1,243	1,673

10. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
Continuing operations			
Gain on disposal of subsidiaries (see Note 38)	—	980	—
Loss on disposal of an associate	—	—	(1,051)
(Loss) gain on disposal of property, plant and equipment	(1,067)	565	(482)
Impairment loss recognised in respect of property, plant and equipment	—	(17,659)	(2,263)
Allowance for doubtful debt	227	(1,387)	(485)
Write down of inventories	—	(1,152)	(2,841)
Impairment loss recognised in respect of goodwill	(24)	(4,275)	—
Net foreign exchange gain (loss)	682	(173)	(2,399)
Gain on effective settlement of legal claim against JJW Hotels & Resorts ("JJW") *(note)*	—	49,785	—
Others	1,242	(1,190)	791
	1,060	25,494	(8,730)

Note:

In 2009, JJW, an independent third party, had proposed to acquire certain luxury hotel companies of GDL Group. After a payment of EUR49,785,000 as a deposit, JJW was unable to raise financing for the acquisition. By decision of the Supreme Court in France on 12 March 2013, GDL Group have the right to keep the EUR49,785,000 received from JJW as the compensation of cancellation of the proposed acquisition, which has been recorded as other gains and losses of GDL Group.

11. EXPENSES BY NATURE

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Continuing operations			
Employee cost	159,727	150,266	137,164
Cost of inventories sold recognised as expense	41,828	38,010	34,074
Repairs and maintenance	41,920	40,774	38,166
Depreciation of property, plant and equipment	35,961	37,472	35,072
Rental fees	24,605	24,463	24,051
Professional fees	22,969	19,589	24,648
Advertising and publications	16,394	12,743	15,599
Taxes other than income taxes	14,525	14,672	14,165
External service fees	5,964	6,768	2,303
Trips, assignments and receptions	4,672	4,036	3,797
General subcontracting	3,502	3,691	3,980
Utility fee and consumables	3,194	3,098	2,519
Post and telecommunications costs	3,025	2,988	2,487
Amortisation of intangible assets	1,463	2,331	3,254
Banking charges	2,082	1,971	1,935
Insurance	1,480	1,484	1,487
Others	44,397	50,868	46,128
	427,708	415,224	390,829

12. FINANCE COSTS

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Continuing operations			
Interest on bank and other borrowings			
— wholly repayable within five years	40,269	30,704	21,941
— not wholly repayable within five years	12,718	11,336	6,799
	52,987	42,040	28,740
Fair value (gain) loss on interest rate swap in a designated fair value hedge accounting relationship	(676)	(153)	72
	52,311	41,887	28,812

13. PROFIT FOR THE YEAR

Profit before tax has been arrived at after charging (crediting):

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Continuing operations			
Personnel expense (including directors):			
— salaries and other benefits	114,611	109,137	99,452
— defined contribution plan	44,000	40,000	36,000
— defined benefit plan	1,116	1,129	1,712
	159,727	150,266	137,164
Auditor's remuneration	1,200	2,122	2,122
(Reversal) allowance for of doubtful debts	(227)	1,387	485
Write-down of inventories	—	1,152	2,841

14. INCOME TAX EXPENSE

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Continuing operations			
Current tax:			
— France	7,607	29,548	(5,643)
— Other jurisdictions	1,652	2,369	3,154
	9,259	31,917	(2,489)
Contribution for Value Added by business ("CVAE") *(note a)*	2,682	2,397	2,710
Deferred tax	10,375	10,696	9,732
	22,316	45,010	9,953

GDL and its subsidiaries in France are subject to French income tax at 34.43%. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction during the Relevant Periods.

The tax charge for each of three years ended 31 December 2012, 2013 and 2014 can be reconciled to the profit before tax per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Profit before tax	3,722	238,180	22,752
Income tax at tax rate of 34.43% in France	1,281	82,005	7,834
Tax effect of share of profit of associates	(444)	(562)	(1,115)
Tax effect of expenses not deductible for tax purpose	1,195	—	1,054
Tax effect of income not taxable for tax purpose	—	(75,998)	—
Tax effect of tax losses/deductible temporary differences not recognised	41,169	41,042	8,322
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,566)	(4,105)	(3,285)
CVAE provision for the year	5,923	3,644	3,630
Tax effect of CVAE	(2,039)	(1,255)	(1,250)
Over provision in respect of prior year	(2,427)	(116)	(2,245)
Income tax expense	43,092	44,655	12,945
Less:			
Income tax expense from discontinued operations (see Note 15)	20,776	(355)	2,992
Income tax expense from continuing operations	22,316	45,010	9,953

Note a: CVAE is assessed on the value added realised during the previous calendar year or the last 12-month financial year if this does not coincide with the calendar year.

15. DISCONTINUED OPERATIONS

Disposal of luxury hotels operation

Since 2011 GDL Group launched a series of projects to dispose of its luxury hotels operations, which is consistent with the GDL Group's long-term policy to focus its activities on the economic hotels operation. The details of such projects are set out as following:

GDL Group launched a project to dispose of the luxury hotel operation carried by Société du Louvre — La Fayette, Société du Palais de la Méditerranée and Concorde Martinez ("Project Atlantic") in 2011. The disposal in respect of Project Atlantic was completed in January 2013 when control of the luxury hotels operations carried by these entities passed to the acquirer (a third party).

GDL Group launched a project to dispose of the luxury hotels operations carried by Hotel Concorde St Lazare ("Project Concorde") in 2012. The disposal in respect of Project Concorde was completed in December 2013 when control of the luxury hotels operations carried by Hotel Concorde St Lazare passed to the acquirer (a third party).

GDL Group launched a project to dispose of the luxury hotels operations carried by Berlin hotel ("Project Berlin") in 2013. The disposal in respect of Project Berlin was completed in January 2014 when control of the luxury hotels operations carried by Berlin hotel passed to the acquirer (a third party).

Pursuant to the agreement entered into with Jin Jiang International, GDL Group has a legally binding obligation to dispose of the remaining luxury hotels operation, concerning certain hotels and the relevant investment holding companies to Star SDL ("Project JJ"). The disposal in respect of Project JJ was completed in February 2015 when control of the luxury hotels operations carried by these entities passed to the Star SDL. Upon the completion of such disposal, GDL ceased to engage in luxury hotels operation.

Disposal of crystal ware manufacturing operation

Pursuant to the agreement entered into with Jin Jiang International, GDL Group has a legally binding obligation to dispose the crystal ware manufacturing operation carried by Baccarat société mère and its subsidiaries (collectively "Baccarat Group") to Star SDL. The disposal in respect of Baccarat Group was completed in February 2015 when control of Baccarat Group passed to the Star SDL. Upon the completion of such disposal, GDL ceased to engage in crystal ware manufacturing operation.

Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations (luxury hotels and crystal ware manufacturing) included in the profit for the Relevant Periods are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued by the end of the Relevant Periods.

(Loss) profit for the year from discontinued operations

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Revenue	388,840	216,668	161,262
Cost of sales and services	(274,126)	(175,026)	(124,844)
Other income	12,124	241	197
Other gains and losses	(11,839)	(7,307)	(577)
Selling and distribution expenses	(13,287)	(7,532)	(7,420)
Administrative expenses	(67,430)	(43,430)	(28,539)
Share of profit of associates	68	—	—
Finance costs	(24,014)	(9,479)	(1,841)
Profit (loss) before tax	10,336	(25,865)	(1,762)
Income tax (expense) credit	(20,776)	355	(2,992)
	(10,440)	(25,510)	(4,754)
Gain on disposal of operation	—	227,353	5,532
(Loss) profit for the year from discontinued operations	(10,440)	201,843	778
Total comprehensive (expense) income for the year attributable to:			
Owners of GDL	(10,450)	204,955	3,167
Non-controlling interests	10	(3,112)	(2,389)
	(10,440)	201,843	778

Cash flow for the year from discontinued operations include the following:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
OPERATING ACTIVITIES			
Profit (loss) before tax	10,336	(25,865)	(1,762)
Adjustments for:			
Amortization, depreciation and provisions	17,208	12,818	(3,778)
Fair value adjustments on financial instruments	(871)	257	4
Losses on disposals of property, plant and equipment and intangible assets	13,161	643	5,775
Dividend income	(10,493)	—	—
Share of profit of associates	(68)	—	—
Interest income	(1,630)	(242)	(197)
Finance cost	24,014	9,479	1,841
Cash flow before working capital change	51,657	(2,910)	1,883
Income tax paid	(12,407)	3,249	(2,583)
Net effect of changes in working capital	2,571	(2,907)	(3,235)
Net cash from (used in) operating activities	41,821	(2,568)	(3,935)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	(23,763)	(16,601)	(4,019)
Proceeds from sale of property, plant and equipment and intangible assets	590	1	2,826
Purchase of financial assets	(97)	(16)	(23)
Proceeds from financial assets	19	—	—
Settlement of loans receivable	30,582	—	—
Dividends received	10,493	—	—
Others	(1,950)	5,033	(1,303)
Net cash from (used in) investing activities	15,874	(11,583)	(2,519)
FINANCING ACTIVITIES			
Dividends paid to non-controlling shareholders	(477)	—	—
Capital injection from non-controlling shareholders	26,122	—	—
Proceeds from new borrowing raised	8,932	24,899	6,924
Repayment of borrowings	(10,369)	(13,960)	(4,550)
Interest paid	(18,098)	(2,416)	(1,643)
Net cash from financing activities	6,110	8,523	731

16. ASSETS CLASSIFIED AS HELD FOR SALE

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Assets related to Project Atlantic and Project Concorde	712,930	—	—
Assets related to Project Berlin	—	20,556	—
Assets related to Project Renaissance *(Note 38)*	—	48,213	—
Assets related to Project JJ and Baccarat Group	—	—	180,211
	712,930	68,769	180,211
Liabilities directly associated with assets classified as held for sale	543,945	46,393	96,371

The major classes of assets and liabilities at the end of each reporting period are as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Goodwill	157,749	21,477	20,452
Other intangible assets	3,781	3,405	18,181
Property, plant and equipment	505,972	20,164	39,916
Non-current financial assets	3,732	—	2,669
Deferred tax assets	15,038	—	1,210
Inventories	1,954	142	37,490
Trade and other receivables	15,047	22,321	31,072
Short-term financial assets	15	—	1,118
Cash and bank balances	9,642	1,260	28,103
Assets classified as held for sale	712,930	68,769	180,211
Borrowings	355,075	—	34,484
Deferred tax liabilities	137,652	3,707	2,247
Trade and other payables	47,377	39,731	51,162
Tax liabilities	—	2,955	69
Other current liabilities	3,841	—	8,409
Liabilities associated with assets classified as held for sale	543,945	46,393	96,371
Net assets classified as held for sale	168,985	22,376	83,840

17. DIRECTORS', CHIEF EXECUTIVES AND EMPLOYEES' EMOLUMENTS

Directors' and chief executives emoluments

Details of the emoluments paid or payable to directors and chief executives are as follows:

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Performance related incentive payments	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
For the year ended 31 December 2012					
Directors					
Steven Goldman	—	—	—	—	—
Ellis Rinaldi	—	—	—	—	—
Jerome Silvey	—	—	—	—	—
Total	—	—	—	—	—

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Performance related incentive payments	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
For the year ended 31 December 2013					
Directors					
Steven Goldman	—	—	—	—	—
Ellis Rinaldi	—	—	—	—	—
Jerome Silvey	—	—	—	—	—
Total	—	—	—	—	—

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Performance related incentive payments	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
For the year ended 31 December 2014					
Directors					
Steven Goldman	—	—	—	—	—
Ellis Rinaldi	—	—	—	—	—
Jerome Silvey	—	—	—	—	—
Total	—	—	—	—	—

Note: These directors' emoluments were borne by Star SDL. Steven Goldman is also the Chief Executive Officer of GDL and his emolument for this role is also borne by Star SDL. In the opinion of the directors of GDL, there is no reasonable basis to allocate their remuneration related to services provided to the GDL Group during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by GDL Group to any director of GDL as an inducement to join or upon joining GDL Group. No director of GDL waived any emoluments during the Relevant Periods.

Employees' emoluments

The five individuals with the highest emoluments in GDL Group for the year ended 31 December 2014, 2013 and 2012 were as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Short-term employee benefits	642	804	723
Retirement benefit contributions	244	292	257
Performance related incentive payments	346	349	588
	1,232	1,445	1,568

Their emoluments are within the following bands:

	Year ended 31 December		
	2012	2013	2014
	Number of employees	*Number of employees*	*Number of employees*
Nil to HKD1,500,000	—	—	—
HKD1,500,001 to HKD2,000,000	3	—	1
HKD2,000,001 to HKD2,500,000	1	2	3
HKD2,500,001 to HKD3,000,000	—	2	—
HKD4,500,001 to HKD5,000,000	1	—	—
HKD5,000,001 to HKD5,500,000	—	1	—
HKD6,000,001 to HKD6,500,000	—	—	1
	5	5	5

18. DIVIDENDS

No dividend was proposed or paid to the shareholders of GDL during the Relevant Periods.

19. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings (loss) per share attributable to the owners of GDL for each of the three years ended 31 December 2012, 2013 and 2014 is based on the following data:

	Year ended 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
(Loss) earnings for the purpose of basic earnings (loss) per share	(40,462)	195,394	10,055
Number of ordinary shares for the purpose of basic earnings (loss) per share	262,037,000	262,037,000	262,037,000

From continuing operations

The calculation of the basic earnings (loss) per share from continuing operations attributable to the owners of GDL is based on the following data:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
(Loss) profit for the year attributable to owners of GDL	(40,462)	195,394	10,055
Less: (loss) profit for the year attributable to owners of GDL from discontinued operation	(10,450)	204,955	3,167
(Loss) earnings for the purpose of basic earnings (loss) per share	(30,012)	(9,561)	6,888
Number of ordinary shares for the purpose of basic earnings (loss) per share	262,037,000	262,037,000	262,037,000

From discontinued operations

Basic earnings (loss) per share for the discontinued operation is EUR(0.04), EUR0.79 and EUR0.01 for the year ended 31 December 2012, 2013 and 2014, based on the profit (loss) attributable to owners of GDL from the discontinued operations of EUR(10,450,000), EUR204,955,000 and EUR3,167,000 for the year ended 31 December 2012, 2013 and 2014, and the denominators details above for basic earnings per share.

No diluted earnings (loss) per share has been presented during the Relevant Periods as there were no potential ordinary shares in issue.

20. GOODWILL

	At 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Cost			
Balance at beginning of year	682,624	524,875	498,524
Derecognised on disposal of subsidiaries (see Note 38)	—	(939)	—
Foreign currency differences	—	(3,689)	26
Reclassified as held for sale (see Note 16)	(157,749)	(21,723)	(45,870)
Balance at end of year	524,875	498,524	452,680
Accumulated impairment loss			
Balance at beginning of year	56,715	56,739	60,768
Impairment losses recognised in the year	24	4,275	—
Reclassified as held for sale (see Note 16)	—	(246)	(25,418)
Balance at end of year	56,739	60,768	35,350
Carrying amounts			
Balance at end of year	468,136	437,756	417,330

Impairment testing on goodwill

The cost of goodwill (other than goodwill grouped under assets classified as held for sale) was allocated to groups of cash-generating units ("CGUs") for impairment testing purposes as follows:

	At 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Economic hotels	475,342	452,680	452,680

Impairment test at the end of year 2013 and 2012

As at 31 December 2013 and 2012, GDL Group tested the value of goodwill allocated to its CGUs applying valuation methods consistent with previous years. GDL Group ensured that the recoverable amount of CGU or groups of CGU by brand and country exceeded their carrying value. The recoverable amount was determined as the higher of the value in use and the fair value less costs to disposal.

The Group performs such test on the basis of an external valuation carried out by the independent firm MKG Consulting.

The recoverable amount was determined by the result obtained by the discounted cash flows method (value in use approach).

In the discounted cash flows method, cash flows are modelled over a 5-year projection and discounted to reflect their present value. The average discount rate is 9.73% in year 2013 compared to 10.18% for year 2012 and a perpetual growth rate of 1.5% unchanged year 2013 and year 2012.

When the carrying amount exceeded the recoverable amount, an impairment loss was recognised against goodwill. The loss was included in "other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

Impairment test at the end of year 2014

By exception and due to the Acquisition, no external valuation by independent consultant mentioned above was performed as at 31 December 2014. Consequently, the recoverable amount was determined by proposed consideration of the Acquisition.

21. PROPERTY, PLANT AND EQUIPMENT

GDL Group	Land *EUR'000*	Building *EUR'000*	Equipment and machinery *EUR'000*	Fixtures fittings and others *EUR'000*	Construction in progress *EUR'000*	Total *EUR'000*
Cost	126,362	722,560	222,625	48,713	13,390	1,133,650
Accumulated depreciation and impairment loss	(10,173)	(442,969)	(165,811)	(36,209)	—	(655,162)
Carrying amount at 31 December 2012	116,189	279,591	56,814	12,504	13,390	478,488
Cost	116,157	682,895	212,577	50,292	19,794	1,081,715
Accumulated depreciation and impairment loss	(13,513)	(425,540)	(163,249)	(35,426)	—	(637,728)
Carrying amount at 31 December 2013	102,644	257,355	49,328	14,866	19,794	443,987
Cost	115,993	692,502	125,759	23,160	9,685	967,099
Accumulated depreciation and impairment loss	(9,895)	(444,944)	(104,981)	(16,380)	—	(576,200)
Carrying amount at 31 December 2014	106,098	247,558	20,778	6,780	9,685	390,899

Changes in property, plant and equipment

	At 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Balance at 1 January	987,292	478,488	443,987
Depreciation provided for the year	(55,791)	(45,046)	(42,458)
Impairment losses recognised in profit or loss	—	(17,659)	(2,263)
Addition	49,673	53,221	30,534
Disposals	(2,279)	(1,547)	(1,265)
Disposals of subsidiaries	—	(1,144)	—
Reclassified as assets held for sale	(505,972)	(20,164)	(39,916)
Foreign currency differences	5,565	(2,162)	2,280
Balance at 31 December	478,488	443,987	390,899

The above items of property, plant and equipment, other than construction in progress and freehold land, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Building	30 to 50 years
Equipment and machinery	3 to 20 years
Fixtures, fittings and others	5 to 10 years

Land and buildings with a carrying amount of EUR275,871,000, EUR308,141,000 and EUR292,774,000 have been pledged to secure banking facilities granted to GDL Group as at 31 December 2012, 2013 and 2014, respectively.

The carrying value of land shown above comprises:

	At 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Land outside Hong Kong, freehold	116,189	102,644	106,098

Impairment losses recognised in the current year

At the end of each year, GDL Group carried out a review of the recoverable amount of property, plant and equipment. The reviews led to the recognition of impairment loss of EUR17,659,000 (including impairment loss of EUR9,392,000 for the relevant assets classified as held for sale) and EUR2,263,000 for the year ended 31 December 2013 and 2014, respectively in respect of certain buildings located in Italy, Spain and United Kingdom, which were recognised in profit or loss. The recoverable amount of the relevant assets was determined on the basis of their fair value less costs of disposal.

The impairment losses have been included in profit or loss in "other gains and losses" line item.

22. INTANGIBLE ASSETS

GDL Group	**Brands** *EUR'000*	**Others** *EUR'000*	**Total** *EUR'000*
Cost	147,251	47,059	194,310
Accumulated amortisation and impairment loss	(8,467)	(24,491)	(32,958)
Carrying amount at 31 December 2012	138,784	22,568	161,352
Cost	147,251	46,611	193,862
Accumulated amortisation and impairment loss	(8,467)	(27,687)	(36,154)
Carrying amount at 31 December 2013	138,784	18,924	157,708
Cost	124,384	45,145	169,529
Accumulated amortisation and impairment loss	—	(23,165)	(23,165)
Carrying amount at 31 December 2014	124,384	21,980	146,364

Changes in intangible assets

	At 31 December		
	2012 *EUR'000*	**2013** *EUR'000*	**2014** *EUR'000*
Balance at 1 January	160,401	161,352	157,708
Amortisation provided for the year	(2,919)	(4,677)	(5,457)
Impairment losses recognised in profit or loss	(1)	(74)	—
Addition	9,993	5,765	12,626
Disposals	(2,354)	(1,214)	(340)
Disposals of subsidiaries	—	(29)	—
Reclassified as assets held for sale	(3,781)	(3,405)	(18,181)
Foreign currency differences	13	(10)	8
Balance at 31 December	161,352	157,708	146,364

The above intangible assets other than brands have finite useful lives. Such intangible assets are amortised on a straight-line basis over three to five years.

Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by directors of GDL, which supports that the brand has no foreseeable limit to the period over which the branded products are expected to generate net cash flows for the GDL Group. As a result, the brand is considered by directors of GDL as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

23. INTEREST IN SUBSIDIARIES

	At 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
Unlisted investment in directly owned subsidiaries, at cost	1,216,312	857,003	859,417

24. INTEREST IN ASSOCIATES

Details of GDL Group's interests in associates are as follows:

	At 31 December		
	2012	2013	2014
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Interest in associates, unlisted	11,867	11,951	11,358

Details of GDL Group's major associates at the end of each reporting period are as follow:

Name of entity	Place of incorporation and operation	Proportion of ownership interest held by the GDL Group			Proportion of voting rights held by the GDL Group			Principle activities
		2012	2013	2014	2012	2013	2014	
SNC Chaville Bx Arles	France	27.80%	27.80%	27.80%	27.80%	27.80%	27.80%	Hotel operation
SNC Invest Hotels Dix 90	France	31.30%	31.30%	31.30%	31.30%	31.30%	31.30%	Hotel operation
SNC Lisieux	France	39.30%	39.30%	39.30%	39.30%	39.30%	39.30%	Hotel operation
Joinville le Pont	France	31.53%	31.53%	31.53%	31.53%	31.53%	31.53%	Hotel operation
SNC Angers Montpellier Villeneuve Rennes Invest Hotels	France	29.50%	29.50%	29.50%	29.50%	29.50%	29.50%	Hotel operation
Atlantic Morroco Hospitality	Morocco	30.00%	30.00%	N/A*	30.00%	30.00%	N/A*	Hotel operation

* *Atlantic Morroco Hospitality was disposed during the year ended 31 December 2014.*

The above table lists the associates of GDL Group which, in the opinion of the directors of GDL, principally affected the results or assets of GDL Group. To give details of other associates would, in the opinion of the directors of GDL, result in particulars of excessive length.

Aggregate information of associates that are not individually material

	At 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
GDL Group's share of profit and total comprehensive income for the year	1,288	1,634	3,237
Aggregate carrying amount of GDL Group's interests in these associates	11,867	11,951	11,358

25. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Unlisted equity investments, at cost	3,079	2,739	1,841

The available-for-sale investments are measured at cost less impairment at the end of each reporting periods because the range of reasonable fair value estimates is so significant that the directors of GDL are of the opinion that their fair values cannot be measured reliably.

26. OTHER NON-CURRENT FINANCIAL ASSETS

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Loans and receivables *(note)*	4,871	7,113	5,314
Other	34	54	43
	4,905	7,167	5,357

Note: The balances mainly represented long-term loans and receivables to certain third parties, which were unsecured, interest free, were repayable over twelve months at the end of each reporting period.

27. DEFERRED TAX

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Relevant Periods:

GDL Group

	Fair value adjustments on assets recognised upon business combination	Shareholder's loan equity	Tax losses	Finance lease	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 1 January 2012	(162,873)	(31,244)	110,864	(19,933)	(14,832)	(118,018)
Credit (charge) to profit or loss	1,887	(3,422)	(10,647)	(56)	(8,740)	(20,978)
Credit to other comprehensive income	—	566	—	—	2,482	3,048
Exchange differences	(12,576)	(792)	—	997	9,408	(2,963)
Reclassified as held for sale	107,488	(1,081)	—	7,320	8,887	122,614
At 31 December 2012	(66,074)	(35,973)	100,217	(11,672)	(2,795)	(16,297)
Credit (charge) to profit or loss	(2,451)	(3,000)	(15,027)	4,786	1,894	(13,798)
Charge to other comprehensive income	—	(1,434)	—	—	(257)	(1,691)
Exchange differences	(69)	1	—	436	(1,185)	(817)
Disposal of subsidiaries	(109)	858	—	219	473	1,441
Reclassified as held for sale	2,853	—	—	527	327	3,707
At 31 December 2013	(65,850)	(39,548)	85,190	(5,704)	(1,543)	(27,455)
Credit (charge) to profit or loss	588	(3,415)	(11,163)	684	3,563	(9,743)
Credit to other comprehensive income	—	5	—	—	799	804
Exchange differences	(28)	—	—	—	1,166	1,138
Disposal of subsidiaries	(1,330)	—	—	—	(128)	(1,458)
Reclassified as held for sale	5,903	(26)	—	(1)	(4,839)	1,037
At 31 December 2014	(60,717)	(42,984)	74,027	(5,021)	(982)	(35,677)

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
Deferred tax assets	37,982	21,789	19,545
Deferred tax liabilities	(54,279)	(49,244)	(55,222)
	(16,297)	(27,455)	(35,677)

28. INVENTORIES

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Raw materials and supplies	4,240	4,136	1,992
Finished products	28,982	27,265	—
Work-in-progress	10,110	7,647	170
Commodities	1,884	1,858	715
	45,216	40,906	2,877

29. TRADE AND OTHER RECEIVABLES

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Trade receivables *(note a)*	98,893	104,442	69,718
Less: allowance for doubtful debts	(9,359)	(10,746)	(11,231)
	89,534	93,696	58,487
Prepayments to suppliers	7,248	3,671	4,181
Prepaid expenses	10,445	8,343	3,185
Other taxes recoverable	28,748	18,213	13,469
Escrow account related to the sale of luxury hotels under the warranties	—	21,535	21,000
Loans receivables *(note b)*	13,116	12,099	12,532
Receivables from sale of assets	892	873	118
Other	7,240	5,733	3,280
	67,689	70,467	57,765
	157,223	164,163	116,252

	At 31 December		
	2012	2013	2014
GDL	*EUR'000*	*EUR'000*	*EUR'000*
Trade receivables	14,843	11,683	12,163
Less: allowance for doubtful debts	(363)	(3,217)	(460)
	14,480	8,466	11,703
Other taxes recoverable	2,811	4,551	4,706
Amounts due from subsidiaries	257,690	364,965	392,585
Escrow account related to the sale of luxury hotels under the warranties	—	21,535	21,000
Other	4,619	419	1,476
	265,120	391,470	419,767
	279,600	399,936	431,470

Notes:

(a) The balances were unsecured, interest free, and were repayable on demand.

(b) The balances represented short-term loans to certain third parties, which were unsecured, interest free, repayable on demand or within twelve months at the end of each reporting period.

Trade receivables mainly comprise of receivables from renting of hotel rooms and use of hotel facilities. GDL Group has not granted any credit period to its customers. GDL Group recognises allowance for doubtful debts based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The following is an aged analysis of trade receivables presented based on invoice date which approximate the respective revenue recognition date at the end of each reporting period.

	At 31 December		
	2012	2013	2014
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Less than 3 month	84,182	86,074	52,362
3 months–1 year	4,250	5,258	4,998
Over 1 year	1,102	2,364	1,127
	89,534	93,696	58,487

Before accepting any new travel agents and corporate customers, GDL Group assesses the potential travel agents' and corporate customers' credit quality and defines credit limits by travel agents and corporate customers.

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of each reporting period for which GDL Group has not recognised an allowance for doubtful debts considering the customers' credit quality and payment history. GDL Group does not hold any collateral over these balances.

Age of receivables that are past due but not impaired

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Less than 3 month	84,182	86,074	52,362
3 months–1 year	4,250	5,258	4,998
Over 1 year	1,102	2,364	1,127
	89,534	93,696	58,487

Movement in the allowance for doubtful debts

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Balance at beginning of year	9,586	9,359	10,746
Impairment losses (reversed) recognised during the year	(227)	1,387	485
Balance at end of year	9,359	10,746	11,231

In determining the recoverability of a trade receivable, GDL Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period.

30. OTHER CURRENT FINANCIAL ASSETS/LIABILITIES

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Current assets:			
Derivatives under hedge accounting:			
Fair value hedges — Foreign currency forward contracts	1,513	978	—
Current liabilities:			
Derivatives under hedge accounting:			
Cash flow hedges — Interest rate swaps	6,638	2,025	1,001

Fair value hedges

Foreign currency hedge

Baccarat uses currency forwards to hedge its foreign exchange risk. As at 31 December 2012, 2013 and 2014, the majority of these forward contracts mature in less than one year. Where necessary, currency forwards are renewed on maturity. During the Reporting Period, the hedge was 100% effective in hedging the fair value exposure to exchange rate.

Cash flow hedges

GDL Group uses interest rate swaps to minimise its exposure to cash flow changes of its variable rate borrowings by swapping variable rate borrowings from variable rates to fixed rates. The interest rate swaps and the corresponding borrowings have the same terms and the directors of GDL consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:

As at 31 December 2012:

Notional amount	Maturity	Swaps
EUR11,345,000	April 2014	From Euribor to 2.45%

As at 31 December 2013:

Notional amount	Maturity	Swaps
EUR29,192,000	April 2014 and June 2020	From Euribor to 1.40%, 1.41%, 1.44% and 2.45% per annum

As at 31 December 2014:

Notional amount	Maturity	Swaps
EUR17,800,000	June 2020	From Euribor to 1.40%, 1.41% and 1.44% per annum

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges amounted to EUR(1,643,000), EUR4,165,000 and EUR(17,000) was recognised in other comprehensive income and accumulated in other reserves for the year ended 31 December 2012, 2013 and 2014, respectively. The gain or loss relating to the ineffective portion amounted to EUR676,000, EUR153,000 and EUR(72,000) was recognised immediately in profit or loss for the year ended 31 December 2012, 2013 and 2014, respectively.

31. BANK BALANCES AND CASH

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Bank deposits with original maturity within three months or less	103,161	169,014	57,316

Cash and cash equivalents in consolidated statements of cash flows are as follow:

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Bank balances and cash	103,161	169,014	57,316
Cash and cash equivalents classified as assets held for sale	4,805	1,260	28,017
Bank overdraft (see Note 33)	(22,831)	(30,239)	(11,341)
Cash and cash equivalents	85,135	140,035	73,992

	At 31 December		
	2012	**2013**	**2014**
GDL	*EUR'000*	*EUR'000*	*EUR'000*
Bank deposits with original maturity within three months or less	33,939	96,506	29,895

32. TRADE AND OTHER PAYABLES

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables *(note a)*	95,833	75,290	41,011
Provision for legal claims *(note b)*	6,535	6,096	6,091
Advances from customers	7,255	8,478	6,224
Payables for purchases of property, plant and equipment	60,429	13,096	7,471
Social security liabilities *(note c)*	47,077	48,213	33,684
Other taxes payable	28,596	16,713	13,353
Interest payable	655	625	671
Other	16,522	16,001	9,849
	167,069	109,222	77,343
	262,902	184,512	118,354

	At 31 December		
	2012	2013	2014
GDL	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables	8,197	5,206	7,163
Amounts due to subsidiaries	72,332	128,286	89,163
Payables for purchases of property, plant and equipment	50,000	—	—
Social security liabilities	3,526	4,094	2,819
Other	4,397	720	950
	130,255	133,100	92,932
	138,452	138,306	100,095

Notes:

(a) The average credit period of trade payable is approximately 90 days. GDL Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The following is an analysis of trade payables by age presented based on the invoice date at the end of each reporting period:

	At 31 December		
	2012	2013	2014
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Less than 3 month	86,821	69,085	39,904
3 month–1 year	8,667	5,588	844
Over 1 year	345	617	263
	95,833	75,290	41,011

(b) GDL Group acquired a plot of land outside of France in 2003. The land had been pledged by the former landowner in favour of its mortgage loans. As the result of the default of the former landowner, GDL Group has recorded a provision amounting to PLN20,850,000 (equivalent to approximately EUR6 million) based on the estimated amounts that could be required to be paid.

(c) The employees of GDL Group are members of certain benefit plans operated by the government in the relevant place of incorporation of group entities. The group entities are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of GDL Group with respect to the retirement benefit plan is to make the specified contributions.

33. BORROWINGS

GDL Group	At 31 December 2012 EUR'000	2013 EUR'000	2014 EUR'000
Syndicated loan *(note a)* — secured	359,621	331,781	278,765
Finance leases obligations *(note b)* — secured	16,367	34,138	30,710
Other bank borrowings — unsecured	40,733	50,886	15,867
Medium term borrowings from Star SDL *(note c)* — unsecured	204,290	153,172	101,980
Advance from Star SDL *(note d)* — unsecured	185,470	109,296	112,881
Bank overdraft *(note e)* — unsecured	22,831	30,239	11,341
	829,312	709,512	551,544

GDL	At 31 December 2012 EUR'000	2013 EUR'000	2014 EUR'000
Advance from Star SDL *(note d)* — unsecured	185,470	109,296	112,881
Bank overdraft *(note e)* — unsecured	—	11,820	43
	185,470	121,116	112,924

All the borrowings are not guaranteed.

Notes:

(a) The syndicated loan is secured by property, plant and equipment of GDL Group (see Notes 21 and 39 for details) together with shares of certain group entities, carrying variable interest rate ranging from European Interbank Offered Rate ("Euribor") plus 2.50% per annum to Euribor plus 3.50% per annum, and is repayable in June 2014. In 2014, GDL Group has obtained an extension for the syndicated loan and the maturity is postponed to June 2015.

(b) GDL Group leased certain of its hotels under finance leases during the Relevant Periods. The average lease term is 12 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from Euribor plus 0.80% per annum to Euribor plus 1.50% per annum. GDL Group's obligations under finance leases are secured by the lessors' title to the leased assets.

(c) The medium term borrowings from Star SDL is unsecured, carrying variable interest rate by reference to the maximum tax-deductible interest rate in France, and is repayable in July 2017.

(d) The advance from Star SDL is unsecured, carrying variable interest rate, and is repayable on demand.

(e) According to the agreement signed with bank, GDL Group was allowed to draw bank overdraft amount up to the amount of bank balances placed in a particular account in the same bank. When the bank balances in that particular account exceed the bank overdraft, the net amount is carried interest at market rates. When the bank overdraft exceed the bank balances, the bank may allow a discretionary temporary overdraft to GDL Group and the bank will charge interest on such temporary overdraft at market rate. At 31 December 2012, 2013 and 2014, the bank balances exceed the bank overdraft and therefore the net bank balances carried the interest at Euro Overnight Index Average plus 1.2% per annum.

GDL Group's borrowings are denominated in the following currencies:

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*€'000*	*€'000*	*€'000*
Euro	783,952	669,479	519,694
USD	21,567	17,170	19,349
JPY	14,364	10,939	—
PLN	9,429	11,924	12,501
	829,312	709,512	551,544
Fixed-rate borrowings	37,265	53,592	32,656
Variable-rate borrowings	792,047	655,920	518,888
	829,312	709,512	551,544

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*€'000*	*€'000*	*€'000*
Carrying amount repayable *(note)*:			
Within one year or on demand	266,528	490,987	417,837
More than one year, but not exceeding two years	341,033	14,627	104,410
More than two year, but not exceeding five years	218,723	172,578	5,727
More than five years	3,028	31,320	23,570
	829,312	709,512	551,544

Note: The amounts due are based on the scheduled repayment dates set out in the borrowings agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on GDL Group and GDL's borrowings are as follows:

	At 31 December		
	2012	**2013**	**2014**
	%	*%*	*%*
Fixed rate bank borrowings	1.19–4.49	1.19–4.49	1.28–4.76
Variable rate bank borrowings	1.13–10.88	1.29–10.58	1.28–10.04

34. PROVISION

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Employee benefits *(note a)*	23,100	9,790	7,397
Others *(note b)*	3,588	1,878	522
	26,688	11,668	7,919

Notes:

(a) The provision for employee benefits represents annual leave, vested long service leave entitlements accrued and contractual termination indemnity for employees. With respect to the projects of disposal of its luxury hotels operations and Baccarat Group as disclosed in Note 15, GDL Group announced certain redundancy plans for employees who would voluntary or would be forced to leave GDL Group during the Relevant Periods and recognised relevant provisions based on the estimated compensation under such plans.

(b) The balances mainly represented the directors of GDL's best estimate of the future outflow of economic benefits that will be required for claims against GDL Group.

35. EMPLOYEE BENEFITS

Employee commitments comprise:

Defined contribution plan

Retirement benefits

With respect to defined contribution plans, GDL Group does not have any other obligations than the payment of premiums to various external organizations; the expense corresponding to these premiums paid is taken into account in earnings for the Relevant Periods.

The total expenses recognised in profit or loss of EUR44,000,000, EUR40,000,000 and EUR36,000,000 represent contributions payable to these plans in respect of continuing operations of GDL Group at rates specified in the rules of the plans for each of the three years ended 31 December 2014. As at 31 December 2012, 2013 and 2014, contributions of EUR47,077,000, EUR48,213,000 and EUR33,684,000 due in respect of the years ended 31 December 2012, 2013 and 2014 had not been paid over to the plans. The amounts were paid subsequent to the end of the Relevant Periods.

Defined benefit plan

Retirement benefits

The retirement termination payment plans pursuant to collective bargaining agreements and/or company-wide agreements provide for the payment of an amount on retirement based on length of service and salary.

Other Commitments

Long service awards, exclusively in France, provide for the payment of an amount after a length of service based on salary.

The aforementioned plans expose GDL Group to actuarial risks such as interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates.
Interest risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields A decrease in the bond interest rate will increase the plan liability; however this will be partially offset by an increase in the return on the plan's debt investment.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2012, 2013 and 2014 by actuarial firms. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	At 31 December		
	2012	**2013**	**2014**
Discount rates	2.75%	3.00%	2.00%
Long-term rate of inflation	2.00%	2.00%	1.75%
Increase in wages — Headquarters/Byron	3.00%	3.00%	3.00%
	4.00%	4.00%	4.00%
Increase in wages — Hotels	2.50%	2.50%	2.50%
Mobility and payroll taxes	different depending on the entity		
Mortality tables — Temporary risk (severance benefits, long-service awards), depending on gender	INSEE 2008 2010	INSEE 2009 2011	INSEE 2010 2012
Mortality tables — Life annuity risk (pension scheme), depending on gender	generation table TGH05-TGF05		
Rate of growth for other long service awards denominated in euros	inflation		
Retirement age and type	Voluntary departure by staff at the age when they obtain the number of quarters required to receive their social security pension without any reduction (including between 60 and 65 depending on the socio-professional category and year of birth). This age is determined in line with the assumption of a career beginning at 20 years old for non-executives, 22 for executives and 23 for key executives.		

The actuarial valuation showed that the market plan assets was EUR4,247,000, EUR3,876,000 and nil at 31 December 2012, 2013 and 2014, and that the actuarial value of these assets represented 12%, 12% and 0% of the benefits that had accrued to members respectively. The shortfall of EUR29,824,000, EUR28,376,000 and EUR21,774,000 at 31 December 2012, 2013 and 2014 is to be cleared over the estimated remaining service period.

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows.

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Current service cost	1,196	1,151	1,051
Past service cost, including gain on curtailment	—	(213)	(221)
Interest cost	1,179	958	1,769
Interest income	(104)	(71)	(83)
Components of defined benefit costs recognised in profit or loss	2,271	1,825	2,516
Remeasurement on the net defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions	8	163	627
Actuarial gains and losses arising from changes in financial assumptions	6,668	(553)	2,731
Actuarial gains and losses arising from experience adjustments	1,011	(686)	(770)
Return on plan assets	21	(14)	(2)
Components of defined benefit costs recognised in other comprehensive income	7,708	(1,090)	2,586
Total	9,979	735	5,102

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Present value of funded defined benefit obligation	34,071	32,252	21,774
Fair value of plan assets	(4,247)	(3,876)	—
Funded status	29,824	28,376	21,774
Net liability arising from defined benefit obligation	29,824	28,376	21,774

Movements in the present value of the defined benefit obligation for each year were as follows:

	Year ended 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
Opening defined benefit obligation	29,080	34,071	32,252
Current service cost	1,196	1,151	1,051
Past service cost, including gain on curtailment	—	(213)	(221)
Interest cost	1,179	958	1,769
Remeasurement (gains)/losses:			
Actuarial gains and losses arising from changes in demographic assumptions	8	163	627
Actuarial gains and losses arising from changes in financial assumptions	6,668	(553)	2,731
Actuarial gains and losses arising from experience adjustments	1,011	(686)	(770)
Benefits paid	(902)	(1,787)	(3,299)
Foreign currency differences	(328)	(852)	199
Reclassified as held for sale	(3,841)	—	(12,565)
Closing defined benefit obligation	34,071	32,252	21,774

Movements in the present value of the plan assets for the three years were as follows:

	Year ended 31 December		
	2012	2013	2014
	EUR'000	*EUR'000*	*EUR'000*
Opening fair value of plan assets	3,815	4,247	3,876
Interest income	104	71	83
Return on plan assets (excluding amounts included in net interest expense)	(21)	14	2
Contributions from the employer	849	651	449
Exchange differences on foreign plans	(289)	(826)	124
Benefits paid	(211)	(281)	(378)
Reclassified as held for sale	—	—	(4,156)
Closing fair value of plan assets	4,247	3,876	—

36. SHARE CAPITAL OF GDL

	EUR'000
Issued and fully paid share capital of EUR1.00 each:	
At 1 January 2012, 31 December 2012, 2013 and 2014	262,037

37. RESERVES OF GDL

	Statutory surplus reserve	Shareholder's loan	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	26,204	519,874	654,251	1,200,329
Loss and total comprehensive expense for the year	—	—	(285,323)	(285,323)
Capitalization of interest on shareholder's loan	—	19,005	—	19,005
At 31 December 2012	26,204	538,879	368,928	934,011
Profit and total comprehensive income for the year	—	—	24,498	24,498
Capitalization of interest on shareholder's loan	—	9,983	—	9,983
Repayment of shareholder's loan		(146,505)	—	(146,505)
At 31 December 2013	26,204	402,357	393,426	821,987
Loss and total comprehensive expense for the year	—	—	(6,075)	(6,075)
Capitalization of interest on shareholder's loan	—	11,968	—	11,968
At 31 December 2014	26,204	414,325	387,351	827,880

38. DISPOSAL OF SUBSIDIARIES

Project Renaissance (as defined below)

A memorandum of understanding was signed on 16 September 2013 in respect of a project in respect of the disposal of 16 subsidiaries and 20 hotels (deemed as disposal of assets) to certain third parties (the "Project Renaissance"). On 19 December 2013 and 31 January 2014, the disposal of 1 subsidiaries and 15 subsidiaries in respect of the Project Renaissance has been completed, respectively.

The net assets of these subsidiaries at the respective dates of disposal were as follows:

	2013	**2014**
	EUR'000	*EUR'000*
Goodwill	939	11,336
Property, plant and equipment	1,144	3,135
Intangible assets	29	8
Trade and other receivables	107	3,144
Trade and other payables	(267)	(10,924)
Bank and other borrowings	(1,562)	—
Deferred tax liabilities	(245)	(2,376)
	145	4,323
Gain on disposal of a subsidiary:		
Consideration received and receivable	1,125	4,323
Less: net assets disposed	145	4,323
	980	—
Net cash inflow arising on disposal:		
Consideration received in cash	1,125	4,323
Less: bank balances and cash disposed	—	—
	1,125	4,323

39. PLEDGED ASSETS

The following assets were pledged to secure certain banking facilities granted to GDL Group as set out in Note 33 at the end of each reporting period:

	At 31 December		
	2012	**2013**	**2014**
GDL Group	*EUR'000*	*EUR'000*	*EUR'000*
Property, plant and equipment	275,871	308,141	292,774

40. CONTINGENT LIABILITIES

In March 2013, GDL, together with Baccarat Group were accused in a legal action involving the alleged default in accordance with the terms of contracts. The directors of GDL believe, based on legal advice, it is not probable that an outflow of resources embodying economic benefits will be required to settle such obligation.

In January 2014, Baccarat Group was notified on the list of institutions conferring entitlement to the early retirement benefit for asbestos workers. Pursuant to the relevant regulations, employees who worked for the manufacturing activity between 1949 and 1995 may claim the early retirement benefit from the age of 50, subject to the length of their exposure to asbestos. In the opinion of the directors of the Company, the amount of the obligation in respect of such early retirement benefit cannot be measured with sufficient reliability.

41. OPERATING LEASE

	Year ended 31 December		
	2012	**2013**	**2014**
GDL Group as lessee	*EUR'000*	*EUR'000*	*EUR'000*
Minimum lease payments paid under operating leases:	1,667	1,667	2,000

GDL Group leases various hotels under non-cancellable operating lease agreements. The lease terms are with average period of 12 years, and the majority of lease agreements are with variable rental dependent on specified percentage of revenue generated from the leased hotels.

Save the minimum lease payments paid under operating leases as disclosed above, GDL Group recognised contingent rental expense of EUR22,938,000, EUR22,796,000 and EUR22,051,000 for the year ended 31 December 2012, 2013 and 2014, respectively.

At the end of the reporting period, GDL Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Within one year	1,667	2,000	2,000
In the second to the fifth year inclusive	—	3,667	1,667
	1,667	5,667	3,667

42. RELATED PARTY TRANSACTIONS

(a) During the Relevant Periods, GDL Group entered into the following transactions with related parties:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Management fee paid or payable by GDL Group:			
Starwood Capital Group	3,500	3,700	(2,000)
Interest paid or payable by GDL Group:			
Star SDL (recorded in finance costs)	26,652	18,981	11,901
Star SDL (recorded in reserves)	19,005	9,983	11,968
	45,657	28,964	23,869

(b) At the end of each reporting period, GDL Group has the balances with following related parties and the details are set out

	At 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Borrowings from Star SDL (including interest payable)	389,760	262,468	214,861
Shareholder's loan from Star SDL recorded in reserves (including interest payable)	538,879	402,357	414,325
	928,639	664,825	629,186

Borrowings form Star SDL is unsecured, carrying variable interest rate, and is repayable on demand or in July 2017, please refer to Note 33 for details.

Shareholder's loan from Star SDL is unsecured, carrying variable interest rate by reference to the maximum tax-deductible interest rate in France, and is repayable in September 2054. GDL has the right to extend the loan for an additional 15 years. Also, in any time during the loan period, GDL has the option to settle the loan with its own share at the par value or cash.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*
Short-term benefits and post-employment benefits	1,531	1,979	1,948

B. DIRECTORS' REMUNERATION

Under the arrangements presently in force, no remuneration will be paid to the directors of GDL for the year ending 31 December 2015.

C. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2015, STAR SDL delivered to Luxembourg Sailing Investment the supporting documents proving that 100% of the shares in GDL had been transferred. The unencumbered title to 100% of the shares in GDL was transferred to Luxembourg Sailing Investment. On such date, GDL became a non-wholly owned subsidiary of the Company, which was indirectly owned as to 50.32% by the Company. Meanwhile, the shareholder's loans recorded in reserves were fully repaid.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by GDL Group, GDL or any of its subsidiaries in respect of any period subsequent to 31 December 2014.

Yours faithfully,

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants
Hong Kong
26 May 2015

Set out below is the management discussion and analysis on the Target Group for the financial years ended 31 December 2012, 2013 and 2014 (the "**Reporting Period**").

BUSINESS REVIEW

During the Reporting Period, the Target Group has continued to overcome challenges and benefited from the revival of hospitality business in Europe. Based on the latest information from the World Bank, France has ranked top on the international tourists arrivals since the data becoming available in 1995 to 2013 with 84.7 million visitors in 2013 while the United Kingdom, one of the Target Group's major market in Europe was also among top 10 of all countries in 2013. According to the statistics in the Bluebook of China's Tourism Economy (中國旅遊經濟藍皮書), the PRC has become the world's largest outbound tourism consumer in 2013. The outbound tourism for Chinese tourists in Europe has reached around 3 million in 2010 which is expected to increase to around 4.5 million and 8.6 million in 2015 and 2020, respectively. The Target Group has also actively seized business improvement opportunities with effective management and execution of projects, including active revenue management, the improvement in product offerings through renovation of hotels and optimization of operational efficiency in hotels.

During the Reporting Period, the Target Group's continuing operations represented the economy hotels operations through the brands of Première Classe, Campanile, Kyriad, Kyriad Prestige, Tulip Inn, Golden Tulip and Royal Tulip. The Target Group's discontinued operations represented the luxury hotels operations and crystal ware manufacturing operations. Based on the Target Group's policy to focus on the economy hotel operations, the Target Group has launched a series of projects to dispose of its luxury hotels operations and the crystal ware manufacturing operations and has completed the disposal of both operations in February 2015 and ceased to engage in such businesses since then. The Target Group has progressively completed carve out and disposal of some of its operations and subsidiaries during 2012 to 2015. Those carve out and disposal arrangements have caused changes to the scope of business of the continuing operations of the Target Group during the Reporting Period from 2012 to 2014, which affected the relevant financial figures.

The continuing operations of the Target Group has achieved revenue of approximately €469.2 million, €465.4 million and €442.4 million for each of the financial years ended 31 December 2012, 2013 and 2014, respectively. The gross profit of the continuing operations of the Target Group amounted to approximately €131.0 million, €140.6 million and €149.6 million for each of the financial years ended 31 December 2012, 2013 and 2014, respectively. During the Reporting Period, the three years effective interest rates of the Target Group's borrowings from banks and the Vendor were 6.31%, 5.90% and 5.22%, respectively, resulting in finance costs of approximately €52.3 million, €41.9 million and €28.8 million for each of the financial years ended 31 December 2012, 2013 and 2014, respectively.

The (loss)/profit for the year from continuing operations of the Target Group amounted to loss for the year of approximately €28.9 million and €8.3 million for the financial years ended 31 December 2012 and 2013, respectively, and profit for the year of

approximately €9.0 million for the financial year ended 31 December 2014. The (loss)/ profit for the year from discontinued operations of the Target Group amounted to loss for the year of approximately €10.4 million for the financial years ended 31 December 2012, and profit for the year of approximately €201.8 million and €0.8 million for the financial years ended 31 December 2013 and 2014, respectively.

The Target Group incurred loss for the year from of approximately €39.4 million for the financial year ended 31 December 2012, while achieved profit for the year of approximately €193.5 million and €9.8 million for the financial years ended 31 December 2013 and 2014, respectively.

As at 31 December 2014, the Target Group owned and leased a total of 253 hotels, and an additional 890 hotels are under franchisee or management agreement in 46 countries around the worlds. Apart from France, the Target Group has hotel operations covering major European countries such as the United Kingdom, the Netherlands, Poland and Spain. Meanwhile, the Target Group is also expanding its global market and has entered into the hotel markets of the Middle East & North Africa, South & South-East Asia and South America.

The average daily rate (ADR), occupancy rate (OR) and revenue per available room (RevPAR) of the Target Group's owned and leased hotels during the Reporting Period were as follows:

	Year ended 31 December 2012			Year ended 31 December 2013			Year ended 31 December 2014		
	OR	ADR	REVPAR	OR	ADR	REVPAR	OR	ADR	REVPAR
	%	€	€	%	€	€	%	€	€
Campanile	62.6	58.2	36.4	64.5	56.9	36.7	66.7	56.1	37.4
Première Classe	68.4	38.5	26.3	69.9	37.9	26.5	69.0	38.1	26.3
Kyriad	64.1	64.4	41.3	65.9	63.5	41.8	67.8	60.4	41.0
Golden Tulip	60.6	58.1	35.2	62.4	56.1	35.0	62.7	55.4	34.7
Total	64.0	53.6	34.3	65.8	52.5	34.5	67.2	52.1	35.0

Geographical segments

The Target Group's revenue from external customers by location are detailed as below:

	Year ended 31 December 2012		Year ended 31 December 2013		Year ended 31 December 2014	
	€'000	*% of revenue*	*€'000*	*% of revenue*	*€'000*	*% of revenue*
France	377,614	80.5	377,105	81.0	347,331	78.5
Europe excluding France	84,478	18.0	81,222	17.5	87,949	19.9
Other	7,101	1.5	7,105	1.5	7,163	1.6
Total	469,193	100.0	465,432	100.0	442,443	100.0

Revenue from France is performed mainly in the Paris region as well as in other cities in France, given the Target Group had more than 800 owned, managed and franchised hotels in France at end of December 2014. Revenue from Europe (excluding France) is mainly contributed from Poland, the United Kingdom, Belgium and Netherlands, whereas the revenue from other region is mainly contributed from Brazil. According to the data from Eurostat, the statistical office of the European Union, the real GDP growth rate of France has attained 0.3%, 0.3% and 0.4% in year 2012, 2013 and 2014, respectively. The real GDP growth rate of other major market of the Target Group, such as Poland has achieved 1.8%, 1.7% and 3.4%, while the United Kingdom has achieved 0.7%, 1.7% and 2.8%, during the same period.

The revenue of the continuing operations of the Target Group is mainly contributed from France during the Reporting Period, representing approximately 80.5%, 81.0% and 78.5% for the each of the financial years ended 31 December 2012, 2013 and 2014, respectively. The decrease of the revenue contribution from France was mainly attributable to (i) the sale of 39 owned and leased hotels in France between December 2013 and September 2014; and (ii) the increase in contribution of revenue from other European countries as a result of their revival of hospitality business, particularly the United Kingdom. The increase of the value-added tax (VAT) rate in France for restaurants and hotels on food and accommodation sales from 7% to 10% in 2014 also resulted in slight reduction of the net revenue received from France.

Revenue contribution from Europe (excluding France) has showed sign of improvement during the Reporting Period, representing approximately 18.0%, 17.5% and 19.9% for the each of the financial years ended 31 December 2012, 2013 and 2014, respectively. The increase of the revenue contribution from Europe (excluding France) was mainly attributable to the revival of hospitality business in other European countries, in particular (i) the United Kingdom in both 2013 and 2014 with impact on the improvement of the revenues of owned and leased hotel and (ii) the market turnaround of Poland, Spain and Netherlands in 2014.

FINANCIAL REVIEW FROM CONTINUING OPERATIONS

Revenue

The Target Group's financial information during the Reporting Period are set out as follows:

	Year ended 31 December 2012		**Year ended 31 December 2013**		**Year ended 31 December 2014**	
	€'000	*% of revenue*	*€'000*	*% of revenue*	*€'000*	*% of revenue*
Accommodation revenue	249,720	53.2	252,755	54.3	234,871	53.1
Catering and sale of products	108,019	23.0	104,565	22.5	97,446	22.0
Hotel management and franchise	111,454	23.8	108,112	23.2	110,126	24.9
Total	469,193	100.0	465,432	100.0	442,443	100.0

The Target Group primarily reviews its businesses under two business lines, which are (i) owned and leased hotel operations, and (ii) franchised and managed operations. Revenue from owned and leased hotel operations are primarily generated from hotel accommodation, and catering and sale of products, while revenue from franchised and managed operations are recognized as hotel management and franchise fee.

Hotel accommodation

Revenue from hotel accommodation mainly comprised of hotel room revenue from owned and leased hotel operations.

Revenue from hotel accommodation for the financial year ended 31 December 2014 was approximately €234.9 million, representing approximately 53.1% of the total revenue of the Target Group for the financial year ended 31 December 2014 and a decrease of approximately 7.1% as compared to the same period in 2013. The decrease was mainly attributable to (i) the sale of 39 owned and leased hotels between December 2013 and September 2014; (ii) the increase of the VAT rate in France for restaurants and hotels on food and accommodation sales from 7% to 10% in 2014, coupled with the continuous economic sluggishness in the French hospitality industry; and (iii) was partially compensated by the solid market momentum of some key European countries among which the United Kingdom, the Netherlands and Spain.

Revenue from hotel accommodation for the financial year ended 31 December 2013 was approximately €252.8 million, representing approximately 54.3% of the total revenue of the Target Group for the financial year ended 31 December 2013 and an increase of approximately 1.2% as compared to the same period in 2012. The increase was mainly attributable to room rate adjustment as a result of inflation.

Catering and sale of products

Revenue from catering and sale of products mainly comprised of food revenue (breakfast and restaurant) from the owned and leased hotel operations, beverage sales, takeaway food and beverage sales mostly in Première Classe hotels, public room rentals, garage/parking sales, cleaning sales, internet and telephone sales and other miscellaneous services.

Revenue from catering and sale of products for the financial year ended 31 December 2014 was approximately €97.4 million, representing approximately 22.0% of the total revenue of the Target Group for the financial year ended 31 December 2014 and a decrease of approximately 6.8% as compared to the same period in 2013. In addition, revenue from catering and sale of products for the financial year ended 31 December 2013 was approximately €104.6 million, representing approximately 22.5% of the total revenue of the Target Group for the financial year ended 31 December 2013 and an decrease of approximately 3.2% as compared to the same period in 2012.

The decrease in revenue from catering and sales of products during the Reporting Period was mostly attributable to (i) the sale of 39 owned and leased hotels between December 2013 and September 2014; (ii) the on-going difficult economic conditions in the

hospitality market in key European countries, except the United Kingdom; and (iii) the increase of the VAT rate in France for restaurants and hotels on food and accommodation sales from 7% to 10% in 2014. The Target Group has also enhanced its efforts on local promotion to improve the awareness of the food and beverage offer in the Target Group, which helped to reverse the trend on the revenue from catering and sales of products..

Hotel management and franchise

Revenue from hotel management and franchise mainly comprised of franchise fees, management fees and distribution fees derived from the franchised and managed operations.

Revenue from hotel management and franchise for the financial year ended 31 December 2014 was approximately €110.1 million, representing approximately 24.9% of the total revenue of the Target Group for the financial year ended 31 December 2014 and an increase of approximately 1.9% as compared to the same period in 2013. Revenue from hotel management and franchise for the financial year ended 31 December 2013 was approximately €108.1 million, representing approximately 23.2% of the total revenue of the Target Group for the financial year ended 31 December 2013 and a decrease of approximately 3.0% as compared to the same period in 2012. The Target Group had a stable number of franchised and managed hotels during the Reporting Period. The decrease of the revenue from hotel management and franchise for the financial year ended 31 December 2013 was mainly attributable to the disposal of GDL related hospitality luxury assets resulting in a reduction of the management fees billed to luxury hotels at GDL level.

Cost of sales and services

Cost of sales and services mainly comprised of personnel expenses such as salaries and wages (including bonus and social charges), profit sharing and employee benefits incurred for the owned and leased hotels; the purchase of food and beverage and hotel amenities; repairs and maintenance; amortisation and depreciation expenses; rental costs in relation to the hotels operation of the Target Group; and taxes on wages, business and property tax including La Cotisation Foncière des Entreprises (CFE) based on the rental value of property falling within the scope of business tax. Taxes are mainly associated to the owned and leased hotels of the Target Group. The taxes on real estates were charged mainly based on the perceived rental value of the properties according to the local regions in which each hotel is located.

Cost of sales and services for the financial year ended 31 December 2014 was approximately €292.9 million, representing a decrease of approximately 9.8% from the same period in 2013. Cost of sales and services for the financial year ended 31 December 2013 was approximately €324.8 million, representing a decrease of approximately 4.0% from the same period in 2012.

The decrease was mainly attributable to the decrease in operating staff costs as a result of the cost improvement program launched by the Target Group in reaction to the pressure on revenue from the sluggish market conditions in France. The project named 4P was implemented at the Campanile and Première Classe owned and leased hotel and started in

around 2012. It was aimed at improving the operating organisational efficiency and optimising the operations of the hotels. The personnel expenses, amortisation and depreciation expenses as well as purchase of food and beverage and hotel amenities were also impacted by the sale of 39 owned and leased hotels between December 2013 and September 2014. Despite the Target Group has gradually reduced its reliance on external contractors for laundry services, the total number of employees of the Target Group reduced from 3,225 as at 31 December 2012 to 3,025 and 2,690 in 31 December 2013 and 2014, respectively as a result of improved operating efficiency.

In addition, the reduction of cost of sales and services was also attributable to the reduction of variable costs such as distribution, subcontracted cleaning, laundry as a result of reduced revenue and to the implementation of a cost improvement program, called Cost Per Occupied Room (CPOR), on key external expenses.

Other income

Other income mainly comprised of interest income on bank deposit and other loans and receivable, government grants and dividends from unlisted equity investments.

Other income for the financial year ended 31 December 2014 was approximately €1.7 million, representing an increase of approximately 34.6% from the same period in 2013. The increase was mainly attributable to the increase of interest income on other loans and receivables.

Other income for the financial year ended 31 December 2013 was approximately €1.2 million, representing a decrease of approximately 33.3% from the same period in 2012. The decrease was mainly attributable to the reduction in dividends from unlisted equity investment and interest income on bank deposit.

Other gains and losses

Other gains and losses mainly comprised of gain on settlement of claims, impairment losses on property, plant and equipment and goodwill, write down of inventories, gain or loss on disposal of subsidiaries and an associate, as well as net foreign exchange gain or loss.

Other gains and losses for the financial year ended 31 December 2014 represented a net loss of approximately €8.7 million which mainly resulted from net foreign exchange loss, write down of inventories and impairment losses on property, plant and equipment.

Other gains and losses for the financial year ended 31 December 2013 represented a net gain of approximately €25.5 million which mainly resulted from a gain on effective settlement of legal claim in respects of a default deposit of approximately €49.8 million. The gain was partially offset by the impairment losses on hotels in Netherlands and Spain and costs on disposal of luxury division of the Target Group. In 2009, an investor would like to acquire the luxury division of the Target Group and paid a deposit of €49.8 million.

However, the investor was unable to raise financing for the acquisition and the Supreme Court in France confirmed on 12 March 2013 that the Target Group could keep the deposit received.

Other gains and losses for the financial year ended 31 December 2012 represented a net gain of approximately €1.1 million which mainly resulted from net foreign exchange gain and others, and partially offsetted by the loss on disposal of property, plant and equipment.

Selling and distribution expenses

Selling and distribution expenses mainly comprised of advertising, publications and public relation expenses in relation to the Target Group.

Selling and distribution expenses for the financial year ended 31 December 2014 was approximately €15.6 million, representing an increase of approximately 22.4% from the same period in 2013. Selling and distribution expenses for the financial year ended 31 December 2013 was approximately €12.7 million, representing a decrease of approximately 22.3% from the same period in 2012. The decrease of selling and distribution expenses in 2013 and subsequent increase in 2014 was mainly attributable to the reduction in the advertising, publications and public relations in 2013 as a result of non-renewal of a major advertising campaign for Campanile launched in 2012. The advertising, publications and public relation expenses were returned to normal level in 2014.

Administrative expenses

Administrative expenses mainly comprised of staff costs from headquarter, intermediary payments and fees (including consulting, auditing and legal fees), termination and restructuring costs in relation to the Target Group and other general and administrative expenses.

Administrative expenses for the financial year ended 31 December 2014 was approximately €82.4 million, representing an increase of approximately 6.1% from the same period in 2013. The increase in administrative expenses in 2014 was mainly due to the increase in intermediary payment and fees (including commissions to online travel agencies (OTA), consulting, audit and legal fees) as a result of increased usage of the overseas travel agencies for hotel booking. The increase in the administrative expenses was partially offset by the reduction in the staff cost and external staff as part of the project 4P and CPOR respectively, reorganisation of the international and European headquarters implemented at end of 2013 and in the course of 2014 to streamline the process, as well as the reduction in online reservations fees from the modification of billing system in 2014.

Administrative expenses for the financial year ended 31 December 2013 was approximately €77.7 million, representing an increase of approximately 6.2% from the same period in 2012. The increase was mainly attributable to the year on year pay rise and adjustment in staff costs from headquarter and adjustment in other general and administrative expenses. The increase was partially offset by the reduction in intermediary payment and fee and the termination and restructuring costs in relation to the Target Group.

Share of profit of associates

Share of profit of associates comprised of the shares of results of the Target Group's investment in associates which remain stable at approximately €1.3 million, €1.6 million and €3.2 million for the each of the financial years ended 31 December 2012, 2013 and 2014, respectively.

Finance costs

Finance costs mainly comprised of borrowings costs from syndicated loans and loans from the Vendor.

Based on the finance costs divided by the total borrowings as at 31 December 2012, 2013 and 2014, the Target Group's borrowings have an effective interest rate of 6.31%, 5.90% and 5.22%, respectively. The reduction in the effective interest rate during the Reporting Period was mainly due to the reduction of borrowings of approximately €389.8 million, €262.5 million and €214.9 million from the Vendor in 2012, 2013 and 2014, respectively.

Finance costs for the financial year ended 31 December 2014 was approximately €28.8 million, representing a decrease of approximately 31.2% from the same period in 2013. Finance costs for the financial year ended 31 December 2013 was approximately €41.9 million, representing a decrease of approximately 19.9% from the same period in 2012. The decrease in the finance costs was mainly attributable to reduction of the borrowings of the Target Group during the period. The total borrowings of the Target Group has decreased from approximately €709.5 million as at 31 December 2013 to €551.5 million as at 31 December 2014, representing a decrease of approximately 17.7%. The total borrowings of the Target Group has decreased from approximately €829.3 million as at 31 December 2012 to €709.5 million as at 31 December 2013, representing a decrease of approximately 19.2%.

Income tax expenses

Income tax expenses for the financial year ended 31 December 2014 was approximately €10.0 million, representing a decrease of approximately 77.9% from the same period in 2013. Income tax expenses for the financial year ended 31 December 2013 was approximately €45.0 million, representing an increase of approximately 101.7% from the same period in 2012. The variation in income tax expenses during the Reporting Period was mainly attributable to the increase in current income tax chargeable in France as a results of increase in taxable profits in certain subsidiaries of the Target Group. On the other hand, the Target Group had loss making subsidiaries which did not recognised deferred tax assets for their respective tax losses as the Target Group considers that it is not probable that there will be sufficient taxable profits against which to utilise the benefits of the tax losses and they are expected to reverse in the foreseeable future.

Total loss for the year from continuing operations

As a result of the factors described above, (loss)/profit for the year from continuing operations of the Target Group amounted to loss for the year of approximately €28.9 million and €8.3 million for the financial years ended 31 December 2012 and 2013, respectively, and profit for the year of approximately €9.0 million for the financial year ended 31 December 2014.

Total (loss)/profit for the year

In addition to the factors described above, the Target Group has recognized gains from completion of disposal of luxury hotel operations carried by Société du Louvre — La Fayette, Société du Palais de la Méditerranée, Concorde Martinez and Concorde Opéra hotel in 2013 of approximately €220.0 million.

Accordingly, the loss for the year for the financial year ended 31 December 2012 was approximately €39.4 million, the total profit for the year for the financial year ended 31 December 2013 and 2014 were approximately €193.5 million and €9.8 million, respectively.

GROUP DEBTS AND FINANCIAL CONDITIONS

Borrowings

As at 31 December 2012, 2013 and 2014, the Target Group's borrowings included the followings:

	At 31 December		
	2012	**2013**	**2014**
	€'000	*€'000*	*€'000*
Syndicated loan — secured	359,621	331,781	278,765
Finance lease obligation — secured	16,367	34,138	30,710
Other bank borrowings — unsecured	40,733	50,886	15,867
Medium term borrowings from the Vendor — unsecured	204,290	153,172	101,980
Advances from the Vendor — unsecured	185,470	109,296	112,881
Bank overdraft — unsecured	22,831	30,239	11,341
	829,312	709,512	551,544

The maturities of the Target Group's borrowings are as follows:

	At 31 December		
	2012	**2013**	**2014**
	€'000	*€'000*	*€'000*
Within 1 year	266,528	490,987	417,837
Between 1 and 2 years	341,033	14,627	104,410
Between 2 and 5 years	218,723	172,578	5,727
Over 5 years	3,028	31,320	23,570
	829,312	709,512	551,544

The carrying amounts of the Target Group's borrowings are denominated in the following currencies:

	At 31 December		
	2012	**2013**	**2014**
	€'000	*€'000*	*€'000*
EUR	783,952	669,479	519,694
USD	21,567	17,170	19,349
JPY	14,364	10,939	—
PLN	9,429	11,924	12,501
	829,312	709,512	551,544

The breakdown of the Target Group's borrowings by rate structure at respective balance sheet dates were as follows:

	At 31 December		
	2012	**2013**	**2014**
	€'000	*€'000*	*€'000*
Fixed rate	37,265	53,592	32,656
Variable rate	792,047	655,920	518,888
	829,312	709,512	551,544

The range of effective interest rates of the Target Group's borrowings at respective balance sheet dates were as follows:

	At 31 December		
	2012	**2013**	**2014**
	%	%	%
Fixed rate	1.19–4.49	1.19–4.49	1.28–4.76
Variable rate	1.13–10.88	1.29–10.58	1.28–10.04

Funding and Treasury Policies

Bank balances and cash as at 31 December 2012, 2013 and 2014 amounted to approximately €103.2 million, €169.0 million and €57.3 million, respectively. Bank balances and cash of the Target Group were generally sufficient for its operations.

The funding for the operations of the Target Group were mainly supported by cash flow from its operations and borrowings. The Target Group will review its budget and available cash for materials acquisitions and investments and seek for debt financing to support its funding in the coming years.

Foreign Currency Risk and Interest Rate Risk Management and Hedging Policies

Foreign currency risk

Baccarat Group is exposed to foreign exchange risk primarily on exports to the United States and Japan. Part of these transactions are denominated in U.S. dollar and Japanese Yen. Baccarat Group uses forward foreign currency contracts to hedge the majority of its estimated exposure to foreign exchange risk on forecasted sales denominated in foreign currencies for the following six months. Save the business of Baccarat Group, most transactions of other group entities are denominated in its respective functional currencies.

No sensitivity analysis has been presented as the directors of GDL consider that the Target Group's and GDL's exposure to foreign currency denominated monetary assets and monetary liabilities is minimal.

Foreign currency hedge

Baccarat uses currency forwards to hedge its foreign exchange risk. As at 31 December 2012, 2013 and 2014, the majority of these forward contracts mature in less than one year. Where necessary, currency forwards are renewed on maturity. During the Reporting Period, the hedge was 100% effective in hedging the fair value exposure to exchange rate.

Interest rate risk

The Target Group and GDL are exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank and other borrowings which carry at variable interest rates. The Target Group and GDL enter into interest rate swaps to hedge against its exposures to cash flow of those borrowings.

The Target Group's and GDL's fair value interest rate risk relates primarily to fixed rate bank and other borrowings. It is The Target Group's and GDL's policy to keep borrowings at fixed rate of interest so as to minimise the cash flow interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at each year end of the Reporting Period. The analysis is prepared assuming the financial instruments outstanding at each year end of the Reporting Period were outstanding for the whole relevant year. A 20 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 20 basis points higher/lower and all other variables were held constant, the Target Group's post-tax profit for the year ended 31 December 2012, 2013 and 2014 would decrease/increase by €1,039,000, €860,000 and €681,000, respectively. This is mainly attributable to the Target Group's exposure to interest rates on its variable-rate bank borrowings.

Cash flow hedges

The Target Group uses interest rate swaps to minimise its exposure to cash flow changes of its variable rate borrowings by swapping variable rate borrowings from variable rates to fixed rates. The interest rate swaps and the corresponding borrowings have the same terms and the directors of GDL consider that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:

As at 31 December 2012

Notional amount	**Maturity**	**Swaps**
€11,345,000	April 2014	From Euribor to 2.45%.

As at 31 December 2013

Notional amount	**Maturity**	**Swaps**
€29,192,000	April 2014 and June 2020	From Euribor to 1.40%, 1.41%, 1.44% and 2.45% per annum

As at 31 December 2014

Notional amount	**Maturity**	**Swaps**
€17,800,000	June 2020	From Euribor to 1.40%, 1.41% and 1.44% per annum

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges amounted to €(1,643,000), €4,165,000 and €(17,000) was recognised in other comprehensive income and accumulated in reserves for the year ended 31 December 2012, 2013 and 2014, respectively. The gain or loss relating to the ineffective portion amounted to €676,000, €153,000 and €(72,000) was recognised immediately in profit or loss for the year ended 31 December 2012, 2013 and 2014, respectively.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees as at 31 December 2012, 2013 and 2014 are 3,225, 3,025 and 2,690, respectively.

The Target Group offers its staff various supplementary pension plans, end-of-career benefits and other long-term benefits, in line with the regulations and practices in force in the countries in which it does business. The employee benefits comprise of pensions and other long service awards. The Target Group currently did not adopted any share option scheme.

The pension retirement benefit system is covered under national wage bargaining agreements and/or company-wide agreements, under which, when employees retire, a benefit is paid commensurate with their seniority and salary. In addition, the Target Group also adopted long service awards (médailles du travail) and seniority bonuses which are exclusively in France.

The Target Group offers appropriate professional trainings to staffs at their relevant seniority in order to perform their duties and responsibilities. LHG used a dedicated company called CAMPUS which do the training for all the hospitality staff.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Target has no significant investment and material acquisitions during the Reporting Period.

Disposal of luxury hotels operations

The Target Group has launched a series of projects to dispose of its luxury hotels operations, which is consistent with the Target Group's long-term policy to focus its activities on the economy hotels operation. The details of such projects are as follows:

The Target Group launched a project to dispose of the luxury hotel operation carried by Société du Louvre — La Fayette, Société du Palais de la Méditerranée and Concorde Martinez in 2011 which was completed in January 2013.

The Target Group launched a project to dispose of the luxury hotels operations carried by Concorde Opéra hotel in 2012 which was completed in December 2013.

The Target Group launched a project to dispose of the luxury hotels operations carried by Berlin hotel in 2013 which was completed in January 2014.

Pursuant to the agreement entered into with Jin Jiang International, the Target Group had a legally binding obligation to dispose of the remaining luxury hotels operation, concerning five hotels and the relevant investment holding companies to the Vendor which was completed in February 2015. Upon the completion of such disposal, the Target Group ceased to engage in luxury hotels operation.

Disposal of crystal ware manufacturing operation

Pursuant to the agreement entered into with Jin Jiang International, the Target Group had a legally binding obligation to dispose of the crystal ware manufacturing operation carried by Baccarat and its subsidiaries to the Vendor which was completed in February 2015. Upon the completion of such disposal, the Target Group ceased to engage in crystal ware manufacturing operation.

Disposal of subsidiaries

In addition, a memorandum of understanding was signed on 16 September 2013 in respect of a project in respect of the sale of 20 subsidiaries and 20 hotels to certain third parties. On 19 December 2013 and 31 January 2014, the disposal of 2 subsidiaries and 18 subsidiaries in respect of the project has been completed, respectively.

GEARING RATIO

The gearing ratio of the Target Group as at 31 December 2012, 2013 and 2014 are as follows.

	At 31 December		
	2012	**2013**	**2014**
	€'000	*€'000*	*€'000*
Total borrowings	829,312	709,512	551,544
Total assets	2,198,433	1,535,823	1,353,683
Gearing ratios	37.8%	46.2%	40.7%

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Contingent liabilities

In March 2013, GDL, together with Baccarat Group were accused in a legal action involving the alleged default in accordance with the terms of contracts. The directors of GDL believe, based on legal advice, it is not probable that an outflow of resources embodying economic benefits will be required to settle such obligation. Following the completion of disposal of Baccarat in February 2015, the Target Group is no longer responsible for the above obligation of Baccarat in respect of such legal action. The Directors consider that the above obligation of GDL in respect of such legal action is not significant.

In January 2014, Baccarat Group was notified on the list of institutions conferring entitlement to the early retirement benefit for asbestos workers. Pursuant to the relevant regulations, employees who worked for the manufacturing activity between 1949 and 1995 may claim the early retirement benefit from the age of 50, subject to the length of their exposure to asbestos. In the opinion of the directors of the Company, the amount of the obligation in respect of such early retirement benefit cannot be measured with sufficient reliability. Following the completion of disposal of Baccarat in February 2015, the Target Group is no longer responsible for the above obligation of Baccarat in respect of such early retirement benefit.

Pledged assets

The following assets were pledged to secure certain bank and other borrowings, and banking facilities granted to GDL Group at the end of each reporting period:

	At 31 December		
	2012	**2013**	**2014**
	€'000	*€'000*	*€'000*
Property, plant and equipment	275,871	308,141	292,774

CORPORATE STRATEGIES AND OUTLOOK FOR FUTURE DEVELOPMENT

Amid the gradual economic recovery in the European region, the Target Group will continue its sound development in Europe market and rest of the world through expansion in the franchisee and managed hotels and will seize opportunities to optimise its portfolio of hotel properties in an ongoing effort to improve its liquidity and overall asset return. The Target Group will sufficiently leverage its brand reputation to develop new markets and will continue to identify means to improve its operating efficiency, lower costs and broaden revenue sources in the future.

Looking forward, upon Closing, the Target Group intends to continue with its existing business strategies and aim to conduct review on its business operations and financial position for the purpose of improving its business plans and operating strategies. Since the Group is a leading hotel operator and tourism service provider that has rich domestic channels and resources, together with a strong resource integration capability in the PRC market, while the Target Group is a strong operator of budget hotels and middle-range hotels in Europe with extensive overseas channels and resources, has a mature management system, an experienced international management team and an advanced business model. Upon Closing, the Target Group is able to accelerate its development in the PRC market and the Transaction will help the Group and the Target Group to achieve mutual complementarity and synergy, and steadily improve operating efficiency and competitive strength.

The Target Group and the Group are expected to be engaged in resource-sharing in the hotel and tourism businesses and to build a world-leading brand of chain hotels underpinned by the "pan-China/Europe" concept. Should suitable investments or business opportunities arise, the Target Group will pursue any opportunities to improve its shareholders' return.

羅兵咸永道

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

To the directors of
Shanghai Jin Jiang International Hotels (Group) Company Limited,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and its subsidiaries (collectively the "Group"), and Groupe du Louvre and its subsidiaries (the "Target Group") (collectively the "Enlarged Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2014, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-4 to IV-13 in Appendix IV of the Company's circular dated 26 May 2015, in connection with the acquisition of Groupe du Louvre (the "Transaction") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-4.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2014 as if the Transaction had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated financial statements for the year ended 31 December 2014, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction on 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 26 May 2015

The following is an illustrative Unaudited Pro Forma Financial Information which includes the statement of assets and liabilities of Shanghai Jin Jiang International Hotels (Group) Company Limited and its subsidiaries (the "Group"), and Groupe du Louvre and its subsidiaries (the "Target Group") (the Group and the Target Group are collectively referred to as the "Enlarged Group"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of 100% equity interest in the Target Group ("the Acquisition"), as if the Acquisition had taken place on 31 December 2014.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 31 December 2014, where appropriate, or at any future dates.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 31 December 2014.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014

		Pro forma adjustments			
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2014	Audited consolidated statement of assets and liabilities of the Target Group as at 31 December 2014	Other pro forma adjustments		Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
	Note 1	*Note 2*		*Note 3*	
ASSETS					
Non-current assets					
Goodwill	131,154	3,111,446	1,778,066	(c)	5,020,666
Property, plant and equipment	6,932,094	2,914,387	848,134	(c)	10,694,615
Investment properties	221,845	—	—		221,845
Land use rights	1,961,915	—	—		1,961,915
Intangible assets	298,263	1,091,231	1,267,743	(c)	2,657,237
Investments in joint ventures	1,394,187	—	—		1,394,187
Investments in associates	552,936	84,681	—		637,617
Available-for-sale financial assets	3,643,840	13,726	—		3,657,566
Deferred income tax assets	262,521	145,720	—		408,241
Trade receivables, prepayments and other receivables	103,863	39,940	—		143,803
Restricted bank deposit	—	—	4,000,000	(d)	4,000,000
	15,502,618	7,401,131	7,893,943		30,797,692
Current assets					
Financial assets at fair value through profit or loss	94,629	—	—		94,629
Available-for-sale financial assets	121,467	—	—		121,467
Inventories	168,129	21,450	—		189,579
Trade receivables, prepayments and other receivables	1,197,631	866,729	(206,375)	(b)	1,857,985
Income tax recoverable	—	32,305	—		32,305
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months	1,140,997	—	1,000,000	(d)	2,140,997
Cash and cash equivalents	5,876,801	427,325	(4,902,946)	(b)(d)	1,401,180
	8,599,654	1,347,809	(4,109,321)		5,838,142
Non-current assets held for sale	61,214	1,343,581	(1,343,581)	(a)	61,214
	8,660,868	2,691,390	(5,452,902)		5,899,356
Total assets	24,163,486	10,092,521	2,441,041		36,697,048

		Pro forma adjustments			
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2014	Audited consolidated statement of assets and liabilities of the Target Group as at 31 December 2014	Other pro forma adjustments		Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*
	Note 1	*Note 2*		*Note 3*	
LIABILITIES					
Non-current liabilities					
Borrowings	1,861,869	996,866	8,853,168	(b)(d)	11,711,903
Deferred income tax liabilities	937,910	411,713	728,496	(c)	2,078,119
Trade and other payables	608,167	162,338	—		770,505
Provision	—	59,041	—		59,041
	3,407,946	1,629,958	9,581,664		14,619,568
Current liabilities					
Trade and other payables	3,358,221	882,400	15,480	(e)	4,256,101
Income tax payable	237,619	96,080	—		333,699
Borrowings	1,720,759	3,115,226	(2,944,088)	(b)	1,891,897
Other financial liabilities	—	7,463	—		7,463
	5,316,599	4,101,169	(2,928,608)		6,489,160
Liabilities directly associated with non-current assets held for sale	62,643	718,504	(718,504)	(a)	62,643
	5,379,242	4,819,673	(3,647,112)		6,551,803
Total liabilities	8,787,188	6,449,631	5,934,552		21,171,371
Net assets	15,376,298	3,642,890	(3,493,511)		15,525,677

NOTES TO UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014

1. The balances are extracted from the audited consolidated financial statements of the Group as at 31 December 2014 as incorporated by reference in Appendix I to this circular. For the purpose of the presentation of the unaudited pro forma financial information in connection of the Acquisition, the goodwill as at 31 December 2014 is separated presented out of the intangible assets.

2. The balances are RMB equivalent to the consolidated balance sheets of the Target Group as at 31 December 2014 extracted from the accountant's report as set out in Appendix II to this circular. The exchange rate of EUR1 = RMB7.4556, which was mid-price published by the People's Bank of China as at 31 December 2014, has been used in the preparation of unaudited pro forma statement of assets and liabilities of the Enlarged Group.

3. The other pro forma adjustments reflect the following:

	Reference to notes below					
	a	b	c	d	e	Total
Goodwill	—	—	1,778,066	—	—	1,778,066
Property, plant and equipment	—	—	848,134	—	—	848,134
Intangible assets	—	—	1,267,743	—	—	1,267,743
Restricted bank deposit — non current	—	—	—	4,000,000	—	4,000,000
Trade receivables, prepayments and other receivables	—	(206,375)	—	—	—	(206,375)
Restricted cash and bank deposits with maturities ranging from 3 months to 12 months	—	—	—	1,000,000	—	1,000,000
Cash and cash equivalents	—	(9,520,670)	—	4,617,724	—	(4,902,946)
Non-current assets held for sale	(1,343,581)	—	—	—	—	(1,343,581)
Borrowings — non current	—	(764,556)	—	9,617,724	—	8,853,168
Deferred income tax liabilities	—	—	728,496	—	—	728,496
Trade and other payables	—	—	—	—	15,480	15,480
Borrowings — current	—	(2,944,088)	—	—	—	(2,944,088)
Liabilities directly associated with non-current assets held for sale	(718,504)	—	—	—	—	(718,504)

a. The adjustment represents the assets and liabilities held by the Target Group for sale as of 31 December 2014 in connection of the Carve-Out, which were subsequently sold to the Vendor in February 2015 at their carrying amounts. The Carve-Out was a pre-condition of the Acquisition and was completed before the closing of the Acquisition.

b. On 16 February 2015, Luxembourg Sailing Investment, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendor relating to the acquisition of 100% of the equity interest in the Target Group. On 27 February 2015, Luxembourg Sailing Investment entered into the Receivable Assignment Agreement and the Closing Escrow Agreement with the Vendor and its affiliate.

   On 27 February 2015, Luxembourg Sailing Investment paid EUR1,276,982,000 (equivalent to approximately RMB9,520,670,000), comprising of: EUR475,090,000 (equivalent to approximately RMB3,542,079,000) for payment of the estimated price for the Share Purchase for 100% of the equity interest in the Target Group; EUR521,391,000 (equivalent to approximately RMB3,887,290,000) for payment of the net value of the payables owned by the Target Group to the Vendor and Star SDL Holdings S.àr.l. (the sole shareholder of the Vendor); and EUR280,501,000 (equivalent to approximately RMB2,091,301,000) for repayment of the Syndicated Loan owed by the Target Group.

   Pursuant to the Share Purchase Agreement, the consideration will be adjusted in accordance with the price adjustment mechanism of Closing Net Financial Indebtedness Adjustment and EBITDA Adjustment as disclosed under the heading "Price Adjustment Mechanism" in this circular. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors do not take into account the price adjustment mechanism which may impact the final consideration of the Acquisition.

The net value of the payables owned by the Target Group to the Vendor and Star SDL Holdings S.àr.l. in connection with the Receivable Assignment Agreement included an equity instrument of EUR415,983,000 (equivalent to approximately RMB3,101,399,000) in the Target Group's accountant's report. Had the Acquisitions been completed as at 31 December 2014, the corresponding consideration for the equity instrument would be treated as equity consideration instead of debt consideration. For the purpose of presenting the Unaudited Pro Forma Financial Information, the equity consideration and debt consideration are EUR891,073,000 (equivalent to approximately RMB6,643,478,000) and EUR385,909,000 (equivalent to approximately RMB2,877,192,000) respectively, with details set out below:

	Amount		Equity consideration	Debt consideration		
				Trade receivables, prepayments and other receivables	Borrowings — non current	Borrowings — current
	EUR'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Estimated price for share purchase	475,090	3,542,079	3,542,079	—	—	—
Assignment of net amount due to the Vendor and its affiliate (*2)	521,391	3,887,290	3,101,399	(831,452)	764,556	852,787
Repayment of Syndicated loan owed by the Target Group (*2)	280,501	2,091,301	—	—	—	2,091,301
	1,276,982	9,520,670	6,643,478	(831,452)	764,556	2,944,088
Less: settlement of consideration for assets and liabilities held for sale (*1&2)	—	—	(625,077)	625,077	—	—
	1,276,982	9,520,670	6,018,401	(206,375)	764,556	2,944,088

*1 The assets and liabilities held by the Target Group for sale as of 31 December 2014 were subsequently sold to the Vendor in February 2015 at their carrying amounts in the books of the Target Group as described in Note a above. These assets and liabilities were not subject to the Valuation mentioned in note c below.

*2 When the Group made the payments for these amounts owed by the Target Group in February, the Group recorded such amounts as receivables due from the Target Group, and the Target Group recorded such amounts as borrowings due to the Group. Such intercompany balances are eliminated within the Enlarged Group, with details set out below:

	Adjustment by the Group	**Adjustment made by the Target Group**	**Elimination with the Enlarged Group**	**Pro forma adjustment**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivable due from the Target Group	3,502,269	—	(3,502,269)	—
Trade receivables, prepayments and other receivables	—	(206,375)	—	(206,375)
Cash and cash equivalents	(9,520,670)	—	—	(9,520,670)
Borrowings — non-current	—	(764,556)	—	(764,556)
Borrowings — current	—	(2,944,088)	—	(2,944,088)
Payables due to the Group	—	3,502,269	(3,502,269)	—

c. The adjustment reflects the financial effects of the Acquisition with the adoption of acquisition method in accordance with HKFRS 3.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the identifiable assets and liabilities owned by the Target Group with reference to the valuation prepared by an independent valuer (the "Valuation").

The fair values of the identifiable assets and liabilities of the Target Group, their corresponding carrying amounts in the books of the Target Group and goodwill recognized are as follows:

	Fair value	Carrying amount
	RMB'000	*RMB'000*
Non-current assets		
Goodwill	—	3,111,446
Property, plant and equipment	3,762,521	2,914,387
Intangible assets	2,358,974	1,091,231
Investments in associates	84,681	84,681
Available-for-sale financial assets	13,726	13,726
Deferred income tax assets	145,720	145,720
Trade receivables, prepayments and other receivables	39,940	39,940
Current assets		
Inventories	21,450	21,450
Trade receivables, prepayments and other receivables	866,729	866,729
Income tax recoverable	32,305	32,305
Cash and cash equivalents	427,325	427,325
Non-current assets held for sale*	—	1,343,581
Non-current liabilities		
Borrowings	(996,866)	(996,866)
Deferred income tax liabilities	(1,140,209)	(411,713)
Trade and other payables	(162,338)	(162,338)
Provision	(59,041)	(59,041)
Current liabilities		
Trade and other payables	(882,400)	(882,400)
Income tax payable	(96,080)	(96,080)
Borrowings	(3,115,226)	(3,115,226)
Other financial liabilities	(7,463)	(7,463)
Liabilities directly associated with non-current assets held for sale*	—	(718,504)
Net assets	1,293,748	3,642,890
Less: Non-controlling interests	(164,859)	(111,262)
Identifiable net assets acquired	1,128,889	3,531,628
Equity consideration settled in cash		6,018,401
Less: Fair value of identifiable net assets acquired		(1,128,889)
Goodwill		4,889,512

* The assets and liabilities held by the Target Group for sale as of 31 December 2014 were subsequently sold to the Vendor in February 2015 at their carrying amounts in the books of the Target Group as described in Note a above. These assets and liabilities were not subject to the Valuation.

The details of the fair value adjustments are as follow:

	Property, plant and equipment	**Intangible assets**	**Deferred income tax liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Fair value	3,762,521	2,358,974	1,140,209
Less: carrying amount	(2,914,387)	(1,091,231)	(411,713)
Fair value adjustment	848,134	1,267,743	728,496

With reference to the Valuation, the fair value of property, plant and equipment is RMB3,762,521,000 which represents the fair value of the land, buildings and equipment. The fair value is determined by the present value of the profits attributable to these assets through the adoption of discounted cash flow method.

With reference to the Valuation, the fair value of the intangible assets is RMB2,358,974,000 which represents the fair value of the trademark, which has an indefinite useful life and is not subject to amortization. The fair value is determined by the present value of the profits attributable to the trademark through the adoption of royalty saving method.

The adjustment on deferred income tax liabilities of approximately RMB728,496,000 are determined based on the difference between the fair values of property, plant and equipment and intangible assets of approximately RMB3,762,521,000 and RMB2,358,974,000 respectively and their carrying amounts of approximately RMB2,914,387,000 and RMB1,091,231,000 respectively, by applying the Target Group's income tax rate of 34.43%.

The goodwill of approximately RMB4,889,512,000 represents the excess of the equity consideration of RMB6,018,401,000 over the fair value of the net identifiable assets amounting to approximately RMB1,128,889,000. The details of goodwill adjustments are as follow:

	RMB'000
Goodwill recorded in the Acquisition	4,889,512
Less: goodwill derecognised in connection with the previous acquisitions made by the Target Group	(3,111,446)
	1,778,066

The directors confirm that consistent accounting policies and assumptions have been applied for the purpose of assessing impairment of goodwill and other intangible assets under HKAS 36 "Impairment of Assets" ("HKAS 36"), and the directors are not aware of any indications that an impairment of the Enlarged Group's goodwill and other intangible assets is required after considering the nature, prospects, financial condition and business risks of the Enlarged Group.

The directors confirm that they will apply consistent accounting policies, principal assumptions and valuation method to assess impairment of goodwill and other intangible assets in subsequent reporting periods in accordance with the requirements under HKAS 36.

Since the fair values of the net identifiable assets of the Target Group as at the completion date may be substantially different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information, the final amount of the goodwill may be different from the amount presented above.

d. The adjustment represents the financing arrangement used to settle the consideration of the Acquisition. The amount of EUR1,290,000,000 (equivalent to approximately RMB9,617,724,000) was borrowed from banks, among which EUR387,000,000 (30%) and EUR903,000,000 (70%) will be matured in the end of next two years and three years, respectively. These borrowings from banks are partially secured by bank deposits of RMB5,000,000,000, among which RMB500,000,000 (10%), RMB500,000,000 (10%), RMB500,000,000 (10%) and RMB3,500,000,000 (70%) will be matured in the end of next six months, one year, two years and three years, respectively.

e. The adjustment represents the estimated professional fees and other transaction costs of approximately RMB15,480,000 directly attributable to the Acquisition, in addition to those professional fees and other transaction costs incurred and recorded in the year ended 31 December 2014.

f. The translation of EUR into RMB in this Unaudited Pro Forma Financial Information was made at a rate of EUR1 to RMB7.4556.

g. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group or the Target Group entered into subsequent to 31 December 2014.

h. The actual amounts of the adjustment were determined on the completion dates of the Transactions, which may be different from the amounts presented in this Unaudited Pro Forma Financial Information and such differences may be material.

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ACCOUNTANTS' REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN GROUPE DU LOUVRE

TO THE DIRECTORS OF SHANGHAI JIN JIANG INTERNATIONAL HOTELS (GROUP) COMPANY LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Orient Appraisal Co., Ltd. dated 14 January 2015, of a 100% equity interest in Groupe du Louvre as at 30 June 2014 (the "Valuation") is based. Groupe du Louvre is a company incorporated in France whose principal activities are hotel operation and management. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be included in a circular dated 26 May 2015 issued by Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") in connection with the acquisition of 100% equity interest in Groupe du Louvre (the "Circular").

Directors' responsibility for the discounted future estimated cash flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the section headed "IX. Implications under the listing rules — Information relating to the Profit Forecast" of the Circular (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(3) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the

discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of Groupe du Louvre.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 May 2015

26 May 2015

The Board of Directors
Shanghai Jin Jiang International Hotels (Group) Company Limited
Room 316–318
No. 24 Yang Xin Dong Road
Shanghai, P.R. China

Dear Sirs,

Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and its subsidiaries (collectively, the "Group")
Cash flow forecast in connection with the valuation of Groupe du Louvre

We refer to the valuation report (the "**Valuation Report**") prepared by Shanghai Dongzhou Asset Appraisal Co., Ltd. (the "**PRC Valuer**") in relation to the valuation on Groupe du Louvre ("**GDL**") and its subsidiaries dated 14 January 2015, with regard to the acquisition of 100% equity interest in GDL. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in the circular of the Company dated 26 May 2015 (the "**Circular**").

The Valuation Report, which has been prepared on a discounted cash flow basis under the income approach, is regarded as a profit forecast (the "**Forecast**") under Rule 14.61 of the Listing Rules. This letter is issued for the purpose of reporting solely to you in compliance with the requirement under Rule 14.62(3) of the Listing Rules and for no other purpose. We are not reporting on the arithmetical calculations of the Forecast or the Valuation, nor the adoption of accounting policies thereof. Our work does not constitute any valuation of GDL. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We, as financial advisers to the Company in relation to the Transaction, have discussed with the Directors, the management of GDL, Deloitte Touche Tohmatsu (being the reporting accountant of GDL) and the PRC Valuer for the information and documents which formed part of the bases and assumptions upon which the Forecast has been prepared, for which you as the Directors are solely responsible. We have also considered the letter from Deloitte Touche Tohmatsu dated 26 May 2015 addressed to yourselves as set out in the Appendix V to the Circular regarding the calculations of the discounted cash flows in accordance with the bases and assumptions determined by the Directors upon which the Forecast has been made. We have noted that no accounting policies of the Company has been adopted in the preparation of the Forecast which relates only to discounted future estimated cash flows. The Forecast is based on a number of bases and assumptions. As the

relevant assumptions are related to future events which may or may not occur, the actual financial performance of the businesses of GDL may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the PRC Valuer, for which the PRC Valuer and the Company are responsible, we are satisfied that the Forecast, for which you as the Directors are solely responsible, have been made by you after due and careful enquiry.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Limited
Connie Ho
Executive Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS

As at the Latest Practicable Date, none of the Directors, chief executives or supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the Directors).

As at the Latest Practicable Date, Mr. Yu Minliang (executive Director) is the chairman of Jin Jiang International and Ms. Chen Wenjun (executive Director) is a senior vice president of Jin Jiang International. Jin Jiang International is a company having, as at the Latest Practicable Date, an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests in Shares or Underlying Shares or Debentures of Associated Corporations

As at the Latest Practicable Date, two Directors, namely Mr. Yu Minliang and Mr. Yang Weimin, held the following number of shares in Jin Jiang Hotels Development:

Name	Number of shares in Jin Jiang Hotels Development held	Nature of interests	Capacity	Percentage in total share capital of Jin Jiang Hotels Development
Yu Minliang	14,305	Long position	Beneficial owner	0.0024%
Yang Weimin	497,339	Long position	Beneficial owner	0.0824%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives or supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, chief executives

or supervisors of the Company is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which are otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the Directors).

3. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company has entered into any service contract with any member of the Enlarged Group which is not expiring or terminable by such member of the Enlarged Group within one year without any payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested in any business (apart from the business of the Enlarged Group) which competes or is likely to compete either directly or indirectly with the business of the Enlarged Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

5. INTERESTS IN THE ENLARGED GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE ENLARGED GROUP

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any direct or indirect interest in any assets which have been, since 31 December 2014 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Enlarged Group.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular:

(i) an equity transfer agreement dated 14 June 2013 entered into among Jin Jiang Hotels Development, Tianjin Huasheng Tourism Equity Investment Partners (LLP) and China Wallink Holding Group Co., Ltd. regarding the acquisition of 100% equity interest in Smart Hotels Management Co., Ltd. by Jin Jiang Hotels Development at a cash consideration of RMB710,000,000 in aggregate;

(ii) a stand-by letter of credit issuing agreement dated 25 September 2013 entered into between the Company and Industrial and Commercial Bank of China Limited Shanghai Branch ("ICBC Shanghai") regarding the issuance of the stand-by letter of credit to be issued by ICBC Shanghai to Industrial and Commercial Bank of China Limited New York Branch ("ICBC New York") and a stand-by letter of credit issuing agreement dated 25 September 2013 entered into between the Company and ICBC Shanghai regarding the issuance of the stand-by letter of credit to be issued by ICBC Shanghai to ICBC New York;

(iii) an equity transfer agreement dated 1 November 2013 entered into between the Company and Jin Jiang International Investment regarding the transfer of 45% equity interest in Shanghai Hua Ting Hotel and Towers Company Limited to Jin Jiang International Investment at a cash consideration of RMB901,302,638.46 and a guarantee agreement dated 1 November 2013 entered into among the Company, Jin Jiang International Investment and Jin Jiang International regarding the guarantee provided by Jin Jiang International in respect of Jin Jiang International Investment's payment obligation;

(iv) a shares sale agreement dated 19 December 2013 entered into between LHG (as seller) and H2M (as purchaser) regarding the transfer of 13,499 shares (par value of €15,275) in CLORA, partnership (société en nom collectif) having a share capital of €206,219, with a registered office located in Chelles, 77500, rue du Chateau Gaillard, registered under the number 420 832 339, RCS Meaux to H2M at a cash consideration of €1,166,562.96;

(v) a receivable assignments agreement dated 19 December 2013 entered into between LHG and H2M regarding the assignments of a receivable held by LHG against its subsidiary, CLORA to H2M at a cash consideration of €1,561,682.22; this assignment relates to the assignments of shares entered into as of the same date between LHG and H2M pursuant to which H2M has purchased from LHG all the shares of CLORA (please refer to paragraph (iv) above);

(vi) an equity transfer agreement dated 28 January 2014 entered into among Shanghai Galaxy Hotel Co., Ltd. ("Galaxy Hotel"), Shanghai Jin Jiang Hotel Co., Ltd. ("Jin Jiang Hotel") and Shanghai Sheng Yu Assets Management Co., Ltd. ("Sheng Yu Company") regarding the transfer of 100% equity interest in

Shanghai Jin Yun Assets Management Co., Ltd. to Sheng Yu Company at a cash consideration of RMB1,262,467,806.00 and a guarantee agreement dated 28 January 2014 entered into among Galaxy Hotel, Jin Jiang Hotel, Sheng Yu Company and Yang Guang Co., Ltd. ("Yang Guang Company") regarding the guarantee provided by Yang Guang Company in respect of the payment obligation of Sheng Yu Company;

(vii) a real estate sale agreement dated 30 January 2014 entered into between LHG (as seller) and Généfim (as purchaser) regarding the transfer to Généfim of a real property consisting in land, constructions and equipment located 9 rue Albert Walter, ZAC rue Saint Denis Basilique, Ilot 7 (cadastral reference: "Section AL n° 334 lieudit "9 rue Albert Walter") at a cash consideration of €3,900,000;

(viii) a real estate sale agreement dated 31 January 2014 entered into between LHG (as seller) and Genefim (as purchaser) regarding the transfer of a real estate to Genefim located in Avignon (Vaucluse) 84140 60 Rue du Bon Vent, Zone de la Cristole, Route de Marseille, Monfavet (cadastral reference: "Section AL n° 304 and Section 312, lieudit "60 rue du Bon Vent) consisting of a hotel building operated as a 3 Star Hotel under the CAMPANILE brand with 41 rooms including a housing building with a reception room, toilet bloc, washroom, a restaurant/breakfast room, kitchen, seminary room, 44 parking lots, garden and a terrace at a cash consideration of €1,033,579;

(ix) a real estate sale agreement dated 31 January 2014 entered into between SNC Invest Hotels Fougeres Eysines (as seller) and Genefim (as purchaser) regarding the transfer of a real estate to Genefim located in Fougeres (Ille-et-Vilaine) 35300 28 Route d'Ernée (cadastral reference: Section AL n° 282, lieudit "28 Route d'Ernée") consisting of a hotel building operated as a 3 Star Hotel under the CAMPANILE brand, with 48 rooms, 2 "housing" (logements) including a hosting building with a reception room, toilet bloc, washroom, a restaurant/breakfast room, kitchen, seminary room, TV room, 47 parking lots, a garden and a terrace at a cash consideration of €1,074,988;

(x) a real estate sale agreement dated 31 January 2014 entered into between LHG (as seller) and Genefim (as purchaser) regarding the transfer of a real estate to Genefim consisting in a land in Vitrolles (Bouches du Rhône, 13127, 708 Route de la Seds, Le Griffon (cadastral references: Section AN, n°05, lieudit le Griffon and Section AN, n°06, lieudit le Griffon), a building for hotel use operated under the CAMPANILE brand as a 3 Star Hotel and a restaurant, located 708 Route de la Seds, Le Griffon, with a main building with a restaurant, meeting room, TV room, etc, 2 housing buildings with 1 floor and 40 rooms, 36 parking lots, a garden and a terrace at a cash consideration of €1,425,308;

(xi) a real estate sale agreement dated 31 January 2014 entered into between Gestion Hotels Pontarlier Strasbourg Saintes (as seller) and Genefim (as purchaser) regarding the transfer of a real estate to Genefim located in Pontalier (Doubs) 25300 4 Rue Donnet-Zedel, ZAC des Grands Planchants (cadastral reference: BK

n° 197, lieudit "4 rue Donnet-Zedel") consisting of a hotel building operated as a 3 Star Hotel under the CAMPANILE brand, with 46 rooms, 2 "housings" (logements), including a housing building reception room, a restaurant/ breakfast room, kitchen, seminary room, TV room, 70 parking lots, a garden and a terrace at a cash consideration of €1,021,088;

(xii) a real estate sale agreement dated 31 January 2014 entered into between Gestion Hotels De Vichy (as seller) and Genefim (as purchaser) regarding the transfer of a real estate to Genefim located in Bellerive-sur-Allier (Allier) 03700 74 Avenue de Vichy (cadastral references: Section AE n° 0046 lieudit "Pré des Rauches," Section AE n° 0285 lieudit "Pré des Rauches," Section AE n° 0288 lieudit "74 Avenue de Vichy," Section AE n° 0292 lieudit "11 Impasse de la rue Golf") consisting of a hotel building operated as a 3 Star Hotel under the CAMPANILE brand, with 46 rooms, 2 "housings" (logements), including a hosting building with a reception room, a washroom, a restaurant/breakfast room, kitchen, seminary room, TV room, technical area, 50 parking lots, a garden and a terrace at a cash consideration of €1,015,603;

(xiii) a real estate sale agreement dated 31 January 2014 entered into between Invest Hotels Sept 91 (as seller) and Genefim (as purchaser) regarding the transfer of a real estate to Genefim located in Sauvigny-le-Bois (Yonne) 89200 La Cerce RN6 (cadastral references: Section ZP n° 115, Section ZP n° 84, lieudit "La Cerce RN6") consisting of a hotel building operated under the brand "Première classe" with 71 rooms including a reception, breakfast room, technical area, 3 washing rooms, 75 parking lots, a garden and a terrace at a cash consideration of €1,630,371;

(xiv) a receivable assignment agreement dated 31 January 2014 entered into between RAP (as seller) and Gyrfalcon Capital Sàrl (as purchaser) (in the presence of LHG) regarding the assignment of a receivable to Gyrfalcon Capital Sàrl at a cash consideration of €1,127,246;

The assigned receivable was held by RAP against Hotel Gril Bureau de Moirans as a result of operations via its shareholder current account of the seller in Hotel Gril Bureau de Moirans and, as the case may be the termination of a cash pooling agreement entered into between the seller and Hotel Gril Bureau de Moirans.

This assignment of receivable is related to (i) a share sale agreement entered into on the same date between LHG as seller and BAHO as purchaser, BAHO and its subsidiary JUGAVAD having acquired on the same date 100% of the shares of Hotel Gril Bureau de Moirans and (ii) a protocol entered into on 16 September 2013 between RAP and Gyrfalcon Capital Sàrl pursuant to which RAP committed to sell to BAHO, simultaneously with the sale to BAHO of the shares of Hotel Gril Bureau de Moirans, the assigned receivable mentioned above — RAP having replaced BAHO with respect to the above obligations.

(xv) a share purchase agreement dated 31 January 2014 entered into between Envergure Participations and RAP (as sellers) and BAHO, and JUGAVAD (as purchasers) regarding the transfer of 100% of shares of Gestion Hotels Mulhouse

Morschwiller (a company located in Morschwiller Le Bas (68790 — 1 rue de la source, registered with the Mulhouse trade and companies registry under the number 350 281 929) to JUGAVAD (100 shares, i.e. 0.5%) and BAHO (19,900 shares, i.e. 99.5%) at a cash consideration of €2,161,200;

(xvi) a real estate sale agreement dated 31 January 2014 entered into between LHG (as seller) and Genefim (as purchaser) regarding the transfer of real estate to Genefim located in Brive-la-Gaillarde (Corrèze) 19100 Avenue du Général Pouyade (cadastral references: Section EW n° 332, lieudit "Rue Armand Sourie") consisting of a hotel building operated under the brand "Première classe" with 59 rooms and one "housing" (logement) including a hosting building/breakfast room, a breakfast preparation area, restrooms, technical area, washing rooms, 60 parking lots, a garden and a terrace at a cash consideration of €1,231,070;

(xvii) a share purchase agreement dated 20 February 2015 entered into between GDL (as seller), Star Investment I Sàrl (as purchaser) and Star SDL Investment Co Sàrl (for the purpose of limited provisions of the contract, i.e. "payment" and "representations and warranties") regarding the transfer of 66.62% of the shares composing the share capital of Baccarat SA (a French SA having its registered office located rue des Cristalleries, 54120 Baccarat, France and registered with the commercial registry of Nancy under the number 760 800 060) to Star Investment I Sàrl at a cash consideration of €77,477,820;

(xviii) a receivable assignment agreement dated 20 February 2015 entered into between GDL (as seller), Star Investment I Sàrl (as purchaser) and Star SDL Investment Co Sàrl (for the purpose of limited provisions of the contract, i.e. "purchase price" and "representations and warranties") regarding the transfer of the current shareholder account of GDL in Baccarat to SDL Investment I S.à.r.l at a consideration of €5,137,344.56;

(xix) an equity transfer agreement dated 9 May 2014 entered into between the Company and Shanghai Sheng Pu Investment Management Co., Ltd. ("Sheng Pu Investment") regarding the transfer of 90% equity interest in Galaxy Hotel to Sheng Pu Investment at a cash consideration of RMB759,020,404.34 and the letter of guarantee dated 9 May 2014 entered into among the Company, Sheng Pu Investment and Yang Guang Company regarding the guarantee provided by Yang Guang Company in respect of the payment obligations of Sheng Pu Investment;

(xx) an asset transaction contract dated 27 May 2014 entered into between the Company and Jin Jiang International Northern Company Limited ("Jin Jiang International Northern Company") regarding the transfer of 57% interest in Shanghai New Garden Hotel to Jin Jiang International Northern Company for a cash consideration of RMB14,674,477.24;

(xxi) the Put Option Agreement and the amendment agreement No. 1 to the Put Option Agreement entered into between the Vendor and Luxembourg Sailing Investment dated 13 February 2015;

(xxii) the Share Purchase Agreement;

(xxiii) the Receivable Assignment Agreement; and

(xxiv) the Closing Escrow Agreement.

8. MISCELLANEOUS

(a) One of the joint company secretaries of the Company is Mr. Kang Ming. Mr. Kang is a senior accountant. He graduated from the Shanghai University of Finance and Economic with a master's degree in economics. He was previously the board secretary of Jin Jiang Hotels Development. According to a confirmation letter received from the Stock Exchange on 14 December 2009, Mr. Kang had complied with the requirements for company secretaries set out in the Listing Rules. The other joint company secretary of the Company is Ms. Mok Ming Wai. Ms. Mok is a director of KCS Hong Kong Limited and has over 15 years of experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(b) The legal address of the Company in the PRC is Room 316-318, No. 24 Yang Xin Dong Road, Shanghai, the PRC and the principal place of business of the Company in the PRC is 26/F., Union Building, No. 100 Yan'an East Road, Shanghai, the PRC. The Hong Kong H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. QUALIFICATIONS OF EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualifications
PricewaterhouseCoopers	certified public accountants
Deloitte Touche Tohmatsu	certified public accountants
DTCFL	a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

PricewaterhouseCoopers, Deloitte Touche Tohmatsu and DTCFL have given and have not withdrawn their respective written consent to the issue of this circular with the inclusion of their respective letter and reference to their respective name in the form and context in which they respectively appear.

10. INTERESTS OF EXPERTS

As at the Latest Practicable Date, each of PricewaterhouseCoopers, Deloitte Touche Tohmatsu and DTCFL:

(a) was not interested in any shareholding in any member of the Group nor did they have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shareholding in any member of the Enlarged Group; and

(b) did not have any direct or indirect interest in any assets which have been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong for a period of 14 days (excluding Saturdays, Sundays and public holidays) from the date of this circular:

(i) articles of association of the Company;

(ii) the material contracts as referred to in the paragraph headed "Material Contracts" in this Appendix;

(iii) the accountants' report of the Target Group, the text of which is set out in Appendix II to this circular;

(iv) the report on unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(v) the letter from DTCFL, the financial adviser of the Company, relating to the profit forecast, the text of which is set out in Appendix V to this circular;

(vi) the letter from Deloitte Touche Tohmatsu, the reporting accountant of the Target Group, relating to the profit forecast, the text of which is set out in Appendix V to this circular;

(vii) the annual reports of the Company for the two financial years ended 31 December 2013 and 2014 respectively;

(viii) the written consents as referred to in the paragraph headed "Consents of Experts" in this Appendix; and

(ix) this circular.