

**SHANGRI-LA ASIA LTD:
TIMES ARE TOUGH FOR THE KUOK FAMILY**

One would be well advised, on scanning the Interim Results of Shangri-La Asia Ltd ([]) (Code: 69, Main Board of The Stock Exchange of Hongkong Ltd) to get shot of the scrip of this hotel-owning/management company while the going is still good.

Because the second half of the Current Financial Year is highly unlikely to be any better than the first half – and it could be much worse.

Senior Management of Shangri-La Asia as much as stated this, quite definitively.

The Net Profit Attributable to Shareholders in respect of the first half of the Current Financial Year, ended June 30, 2014, fell by 64.61percent, Year-On-Year, from the 2013-Year's figure of \$US215,266,000 to \$US76,184,000.

Earnings Per Share with regard to the first half of the 2014-Year came in at 2.44 US cents, compared with 6.896 US cents with regard to the first half of the 2013-Year.

Oddly, sales, during the first half of the Current Year, were almost unchanged, Year-On-Year, at \$US1,011,966,000 (2013: \$US1,006,587,000).

Net borrowings, as at June 30, 2014, were \$US4,104,051,000, compared with the December 31, 2013 figure of \$US3,717,986,000.

That represented an increase of \$US386,065,000, or about 10.38 percent, in a period of just six months.

Bank Loans, according to Current Liabilities, contained in the Condensed Consolidated Interim Statement of Financial Position, had risen by about 71.79 percent, during the six months to June 30, 2014, from about \$US405,329,000 to \$US696,309,000.

The Net Profit Margin in respect of the first half of 2014 was shaved down to 7.53 percent. That figure compared very poorly with the Net Profit Margin for the like period of 2013 when it stood at 21.39 percent.

In the 11 regions of the world where Shangri-La Asia operates its own hotels, the income from six regions were in the black, with the Company's hotels in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), being the top earners, bringing in Net Profits After Tax of about \$US36.30 million.

In contrast, the biggest hotel losers were in the PRC, proper, being separate and distinct from the HKSAR, where losses were recorded at about \$US15.50 million, during the six months to June 30, 2014.

Shangri-La Asia operates a total of 34 hotels in the PRC, proper.

At Page 20 of the Interim Report, it is stated with regard to the operations of the Company's hotels in the PRC, proper:

'As at 30 June 2014, the total number of Group-owned operating hotels in Mainland China was

34. The challenging business environment confronting the luxury hotel segment in Mainland China continues. The overall weighted average room yields ("RevPAR") for this segment registered a 4% decrease when compared to the same period last year. This was largely due to a decline in the weighted average room rate of 7%.'

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