

*SHANGRI-LA ASIA LTD:
ARE YOU A SHAREHOLDER OF THIS COMPANY ?*

Is This Company Performing Satisfactorily ?

A perfunctory glance at the Profit and Loss Account of Shangri-La Asia Ltd ([I]) (Code: 69, Main Board, The Stock Exchange of Hongkong Ltd) might well cause one to be tempted to think that the financial situation with regard to the First Half of the 2017 Financial Year had vastly improved the fortunes of this Company, compared with the like period in 2016.

But look again!

And look carefully!

This hotel-owning-and-operating Company reported, on Wednesday, August 23, 2017, that the Net Profit Attributable to Shareholders in respect of the six months, ended June 30, 2017, was \$US61.70 million (2016: Net Loss Attributable to Shareholders of \$US3,743,000).

Note Three to the Accounts of this very large, international company indicates that things are not always as they may appear to be at the first, tender touch.

Note Three states, among other things, that, during the First Half of the Current Financial Year, the Company booked a Non-Operating Gain of \$US14.90 million (2016: Non-Operating Loss of US\$76.60 million).

In addition, this Note states that Fair-Value Gains on Investment Properties added another \$US8.50 million (2016: \$US38 million) to the Company's coffers.

Note Five to the Accounts, found at Page 15 of the 2017 Interim Results, explains briefly the matter of the 'Gain on Disposal of Interests in a Subsidiary and an Associate'.

These gains managed to fatten the Company's coffers by the amount of \$US14.90 million.

Note 5(a) states, among other things:

'Disposal of interest in a subsidiary

'On 16 June 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest of 100% in an investment holding company which owns the Golden Flower Hotel, Xian in Mainland China for a cash consideration of RMB56,000,000 (equivalent to US\$8,266,000) subject to adjustment in accordance with the change in working capital of the investment holding company.

'The sale and purchase transaction was completed in February 2017 after obtaining the necessary approvals from the local government authorities and the changes of registration of the investment holding company as required by local laws. The final adjusted cash consideration of RMB53,015,000 (equivalent to US\$7,826,000) was received on 4 July 2017 and the financial effects of the disposal transaction are as

follows:

'Assets and liabilities disposed of:

<i>Gross assets</i>	<i>17,190</i>
<i>Gross liabilities</i>	<i>(12,963)</i>
<i>Net assets disposed of</i>	<i>4,227</i>
<i>Final adjusted cash consideration received on 4 July 2017</i>	<i>7,826</i>
<i>Less: Net assets disposed of</i>	<i>(4,227)</i>
<i>Add: Cumulative exchange differences in respect of the net assets of the subsidiary released from exchange fluctuation reserve to profit or loss</i>	<i>1,053</i>
<i>Gain on disposal recognised for the six months ended 30 June 2017</i>	<i>4,652</i>

Note 5(b) ... [CLICK TO ORDER FULL ARTICLE](#)

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