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SHANGRI-LA ASIA LIMITED
香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)
website: www.ir.shangri-la.com
(Stock code: 00069)

PROFIT WARNING

This announcement is made by Shangri-La Asia Limited (“**Company**”, and together with its subsidiaries, “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance.

The board of directors (“**Board**”) of the Company would like to inform the shareholders of the Company and potential investors that, based on the financial information currently available to the Company and the preliminary assessment of the unaudited management financial statements, the Board anticipates that the Group will record a material decline in profit, and potentially even a loss, attributable to equity holders of the Company in the consolidated financial results for the six months ended 30 June 2016 (“**Interim Results**”) as compared with the corresponding period last year. **This is attributable to the effect of non-operating items, mainly an anticipated material decrease in fair value gains on investment properties (including properties being constructed for future use as investment properties of which the fair value becomes reliably determinable at 30 June 2016) and an increase in provision for impairment losses for hotel properties when compared with the corresponding period last year.**

The Group’s investment properties are stated at fair value based on valuations carried out by independent professional valuers (“**Valuers**”). The Group assesses the carrying value of a group-owned operating hotel when there is any indication that the asset may be impaired. These include continuing adverse changes in the local market conditions in which the hotel operates or will operate, when the hotel continues to operate at a loss position and its financial performance is worse than expected. Valuations are carried out by Valuers for those hotels for which the internal assessment results need independent confirmation. Valuations for investment properties and certain operating hotels are currently being carried out by Valuers and valuation reports as at 30 June 2016 from these Valuers are not available to the Company at this stage. However, based on the Group’s internal assessment and the discussions with these Valuers, the Group anticipates that the fair value gains on investment properties will be materially decreased and that material provision for impairment losses for hotel properties will be required as compared with the corresponding period last year. The Group’s anticipated profit after tax and after share of non-controlling interests but before non-operating items for the six months ended 30 June 2016 will not be materially changed when compared with the corresponding period last year based on the unaudited financial information for the five months ended 31 May 2016. **The Group, however, expects to record a material decline in the profit, and potentially even a loss, attributable to equity holders of the Company after recording a reduction in fair value gains in investment properties and making a material provision for impairment losses for hotel properties.** By way of reference, the Group recorded profit after tax and after share of non-controlling interests but before non-operating items of US\$40.1 million for the six months ended 30 June 2015. The profit attributable to equity holders of the Company for the six months ended 30 June 2015 was US\$98.4 million.

The Board emphasizes that the Interim Results are still under compilation and such results are subject to review, adjustment and finalization by the Company's statutory auditor, the Company's audit committee and the Board. The Interim Results are expected to be approved by the Board and released on or about 25 August 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

On behalf of the board of
Shangri-La Asia Limited
Madhu Rama Chandra RAO
Executive Director

Hong Kong, 7 July 2016

As at the date hereof, the directors of the Company are:

Executive directors

Mr KUOK Khoon Chen (Chairman & CEO)
Ms KUOK Hui Kwong (Deputy Chairman)
Mr LIU Kung Wei Christopher (MD & COO)
Mr LUI Man Shing
Mr Madhu Rama Chandra RAO

Independent non-executive directors

Mr Alexander Reid HAMILTON
Mr Timothy David DATTELS
Professor LI Kwok Cheung Arthur
Dr LEE Kai-Fu

Non-executive directors

Mr HO Kian Guan
Mr HO Kian Hock (alternate to Mr HO Kian Guan)