

**THE HONGKONG AND SHANGHAI HOTELS LTD:
THIS COMPANY IS VERY RICH ...
BUT WITH HOPELESS MANAGEMENT !**

The Net Profit Attributable to Shareholders in respect of the 2012 Financial Year of The Hongkong and Shanghai Hotels Ltd () (Code: 45, Main Board, The Stock Exchange of Hongkong Ltd) was the lowest of the past four Years and, if one disregards the 2008-Year when the Company reported a Loss Attributable to Shareholders of about \$HK27 million, last Year's results were the lowest since the 2004-Year.

This is all spelled out in the Annual Report of the Company for the Year, ended December 31, 2012. It was released on Tuesday, April 2, 2013.

On a Turnover of about \$HK5,178 million (2011: \$HK5,009 million), the Company reported a Net Profit Attributable to Shareholders of about \$HK1,555 million (2011: \$HK2,259 million).

That is a fall in the key statistic of any company, a statistic that indicates its annual growth (or the lack of growth), of about 31.16 percent, Year-On-Year, regardless of implicit suggestions from Management to the contrary.

The 2012-Year's Operating Profit came in at \$HK817 million, down about 2.04 percent, compared with the previous Year's Operating Profit, despite the 3.37-percent increase (about \$HK169 million) in the Turnover, Year-On-Year.

Earnings Per Share with regard to the 2012-Year was about \$HK1.04, compared with Earnings Per Share of \$HK1.52 in respect of the 2011-Year.

Trading in the shares of The Hongkong and Shanghai Hotels Ltd has never been very spirited, at any time, and, at today's price of about \$HK12.68, it may be considered more than a little over-priced, all things considered, notwithstanding the Net Asset Value Per Share.

The total amount of the dividends for the 2012-Year is to be 14 cents per share (10 cents for the Final Dividend and four cents, already paid, as the Interim Dividend).

At Page 59 of the Annual Report, one reads:

'... the Company seeks to provide its shareholders with investment return through the payment of dividends. Over the past five years, the Company's dividend payout rates have been approximately 40% of underlying earnings.'

'As the operating results remain flat, the Board has recommended a final dividend ... of 10 HK cents per share. Together with the 2012 interim dividend of 4 HK cents per share ... the total dividend in respect of the 2012 financial year will be 14 HK cents per share.'

What absolute rubbish!

At 14 cents per share, being the total dividend for the 2012-Year, the yield is about 1.10 percent, based on

the approximate share price, today.

The total amount that the Company will have to pay out to its shareholders in the form of dividends is not more than \$HK210 million (\$HK60 million in respect of the Interim Dividend – already paid – and \$HK150 million in respect of the Final Dividend).

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