

**SHANGRI-LA ASIA LTD:
YOU HAD BEEN WARNED, LAST AUGUST !**

On August 25, 2014, this medium suggested, in no uncertain terms, that investors would be well advised to consider selling their shares in Shangri-La Asia Ltd ([]) (Code: 69, Main Board of The Stock Exchange of Hongkong Ltd) *‘while the going is still good’*.

If investors determined to disregard this **TARGET** () strong suggestion, well, it is, now, too late.

Last Thursday (October 23, 2014), Shangri-La Asia announced that it was desirous of raising between \$HK4.94 billion and \$HK5.20 billion in a Rights Issue in order, inter alia, to reduce its debt load to banks by utilising about \$HK3.90 billion of the cash-raising exercise *‘to repay the Group’s bank loans to save interest costs’*.

Interestingly, in **TARGET** Intelligence Report, Volume XVI, Number 160, published on August 25, 2014, in a lead story, headlined. ***‘TIMES ARE TOUGH FOR THE KUOK FAMILY’***, this medium raised the matter, in some depth, in respect of the massive debt load of the hotel-owning/management company and the potential struggle to meet debt service in the future.

At Pages three and four of this **TARGET** Intelligence Report, this medium stated:

‘In terms of the Return on Total Assets Employed, the 2013-Year could be considered something of a disaster area since the Return, at most, was 3.04 percent.

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‘However, if one subtracted, from the Net Profits Attributable to Shareholders, the revaluation rubbish, then, the Return on Total Assets Employed would have come in at zilch.

‘In the 2013-Year, Gearing Ratio hit an all-time high of 54.10 percent, just a smidgen higher than the 2012-Year’s Gearing Ratio.

‘Between the 2009-Year and the 2011-Year, the Gearing Ratio ranged between a low of 34.70 percent (2009) to a high of 40.60 percent (2011).

‘Interest rates are, still, relatively low, but if they should rise, materially, one may only ponder how this Company would be able to service its high debt load.

‘The business of Shangri-La Asia is organised into three segments: Hotel operations; hotel management; and, property rentals.

‘However, the most important business segment, in terms of revenues and profits, come from the Company’s hotel operations.

‘Thus, a fall-off in revenue/profits from this source must, invariably, be painful for Management.’

TARGET's analysis of Shangri-La Asia, last August, was based ... [CLICK TO ORDER FULL ARTICLE](#)

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