

## CDL Hotels Continues Double Digit Growth

Media release

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The country's largest hotel operator, CDL Hotels New Zealand Limited, has once again reported double digit earnings growth.

For the six months ending 30 June 2004, CDL posted a 16.1% lift in operating profit after tax to \$13,425,000.

The Managing Director of CDL Hotels, Mr Tsang Jat Meng, said this was a very encouraging result, driven by robust underlying performances from the hotels operation and the listed subsidiary CDL Investments New Zealand Limited.

"Of particular note was the very strong second quarter performance of our hotels – it is certainly the best that we have ever achieved. This was underpinned by a significant increase in support from New Zealand corporate, domestic leisure conference and web markets.

"As a company we have placed a great deal of emphasis and time in developing our sales and marketing strategies for our traditional shoulder and off-peak periods. Our efforts here are certainly bearing fruit."

The company also achieved good profit conversion. Total operating revenue of \$85 million was in line with the corresponding period in the previous year.

CDL's hotels business is the company's largest asset, comprising 45% of operating earnings. CDL Investments, a 60.12% subsidiary, contributed 38%. It reported a 28% jump in earnings to \$4,734,000 due to an increase in property sales from high-value high-margin sites.

Kingsgate International Corporation accounted for 17% of earnings during the period under review. In May 2004, CDL entered into an agreement with an unrelated third party to form KIN Holdings Limited, which successfully made a takeover for the shares in Kingsgate. CDL had formerly held 50.74% of the Kingsgate shares. Under this new structure it holds 61.3%.

Mr Tsang said that the outlook for the group remained bright. "The sale of Kingsgate's Kings Cross assets has yet to be brought to book. This will, subject to completion in this current year, make a meaningful contribution to our year-end earnings," he said.

“The second half is traditionally a strong period for our hotels business and we have no reason to expect it to be any different this year. We are also actively seeking partners to further enhance our leading market position and distribution capabilities.

“While the property market is showing signs of slowing down, we are still confident of a satisfactory performance from CDL Investments.

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