

## GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, CDL INVESTMENTS NEW ZEALAND LIMITED

### Issuer & Securities

#### Issuer/ Manager

CITY DEVELOPMENTS LIMITED

#### Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

#### Stapled Security

No

### Announcement Details

#### Announcement Title

General Announcement

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Announcement by Subsidiary Company, CDL Investments New Zealand Limited

#### Announcement Reference

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#### Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

#### Designation

Company Secretary

#### Description (Please provide a detailed description of the event in the box below)

Please refer to the Announcement released by CDL Investments New Zealand Limited on 29 July 2020 relating to Half Year Results Ended 30 June 2020.

### Attachments

[CDI Interim Financial Statements.pdf](#)

Total size =410K MB

# CDL Investments New Zealand Limited and its Subsidiary

## Condensed Interim Statement of Comprehensive Income

For the half year ended 30 June 2020

In thousands of dollars	Note	Unaudited 6 Months to 30/06/20	Unaudited 6 Months to 30/06/19
Revenue		40,883	40,181
Cost of sales		(20,004)	(17,725)
<b>Gross profit</b>		<b>20,879</b>	<b>22,456</b>
Other income		72	110
Administrative expenses		(146)	(134)
Property expenses		(177)	(171)
Selling expenses		(1,180)	(1,099)
Other expenses		(866)	(709)
<b>Results from operating activities</b>		<b>18,582</b>	<b>20,453</b>
Finance income		504	524
Finance costs		(1)	(2)
<b>Net finance income</b>		<b>503</b>	<b>522</b>
<b>Profit before income tax</b>		<b>19,085</b>	<b>20,975</b>
Income tax expense		(5,344)	(5,873)
<b>Profit/(loss) for the period</b>		<b>13,741</b>	<b>15,102</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>13,741</b>	<b>15,102</b>
<b>Profit/(loss) Attributable to:</b>			
Equity holders of the Parent		13,741	15,102
<b>Total comprehensive income/(expense) for the period</b>		<b>13,741</b>	<b>15,102</b>
Earnings per share	3	4.91c	5.42c

The accompanying notes form part of, and should be read in conjunction with these financial statements.

## CDL Investments New Zealand Limited and its Subsidiary Condensed Interim Statement of Changes in Equity

For the half year ended 30 June 2020

In thousands of dollars	Note	Unaudited Share Capital	GROUP Unaudited Retained Earnings	Unaudited Total Equity
Balance at 1 January 2019		54,864	155,730	210,594
<b>Total comprehensive income/(expense) for the period</b>				
Profit/(loss) for the period		-	15,102	15,102
<b>Total comprehensive income/(expense) for the period</b>		-	15,102	15,102
Shares issued under dividend reinvestment plan	2	510	-	510
Dividend to shareholders	2	-	(9,734)	(9,734)
Supplementary dividend		-	(309)	(309)
Foreign investment tax credits		-	309	309
<b>Balance at 30 June 2019</b>		<b>55,374</b>	<b>161,098</b>	<b>216,472</b>
Balance at 1 January 2020		55,374	180,136	235,510
<b>Total comprehensive income/(expense) for the period</b>				
Profit/(loss) for the period		-	13,741	13,741
<b>Total comprehensive income/(expense) for the period</b>		-	13,741	13,741
Shares issued under dividend reinvestment plan	2	1,280	-	1,280
Dividend to shareholders	2	-	(9,758)	(9,758)
Supplementary dividend		-	(286)	(286)
Foreign investment tax credits		-	286	286
<b>Balance at 30 June 2020</b>		<b>56,654</b>	<b>184,119</b>	<b>240,773</b>

# CDL Investments New Zealand Limited and its Subsidiary

## Condensed Interim Statement of Financial Position

As at 30 June 2019

In thousands of dollars	Note	Unaudited as at 30/06/20	Audited as at 31/12/19	Unaudited as at 30/06/19
<b>SHAREHOLDERS' EQUITY</b>				
Issued capital		56,654	55,374	55,374
Retained earnings		184,119	180,136	161,098
<b>Total Equity</b>		<b>240,773</b>	<b>235,510</b>	<b>216,472</b>
<i>Represented by:</i>				
<b>NON CURRENT ASSETS</b>				
Plant, furniture and equipment		32	32	36
Development property		137,251	145,138	138,119
Investment in associate		2	2	2
<b>Total Non Current Assets</b>		<b>137,285</b>	<b>145,172</b>	<b>138,157</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		18,850	34,435	16,594
Short term deposits		48,500	19,620	21,120
Trade and other receivables		2,139	3,932	3,314
Development property		37,265	37,541	41,377
<b>Total Current Assets</b>		<b>106,754</b>	<b>95,528</b>	<b>82,405</b>
<b>Total Assets</b>		<b>244,039</b>	<b>240,700</b>	<b>220,562</b>
<b>NON CURRENT LIABILITIES</b>				
Deferred tax liabilities		63	63	71
Lease liability		6	10	17
<b>Total Non Current Liabilities</b>		<b>69</b>	<b>73</b>	<b>88</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		1,692	984	2,888
Employee entitlements		46	38	37
Income tax payable		1,448	4,081	1,064
Lease liability		11	14	13
<b>Total Current Liabilities</b>		<b>3,197</b>	<b>5,117</b>	<b>4,002</b>
<b>Total Liabilities</b>		<b>3,266</b>	<b>5,190</b>	<b>4,090</b>
<b>Net Assets</b>		<b>240,773</b>	<b>235,510</b>	<b>216,472</b>

The accompanying notes form part of, and should be read in conjunction with these financial statements.

## CDL Investments New Zealand Limited and its Subsidiary

### Condensed Interim Statement of Cash Flows

For the half year ended 30 June 2020

In thousands of dollars	Note	Unaudited 6 Months to	
		30/06/20	30/06/19
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from customers		42,895	38,731
Interest received		357	754
<b>Cash was applied to:</b>			
Payments to suppliers		(13,206)	(20,990)
Payments to employees		(282)	(272)
Purchase of development land		-	(7,624)
Income tax paid		(7,691)	(9,242)
<b>Net Cash Inflow from Operating Activities</b>		<b>22,073</b>	<b>1,357</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Short Term Deposit Maturities		19,620	38,620
<b>Cash was applied to:</b>			
Purchase of plant and equipment		(6)	(2)
Short term deposits		(48,500)	(21,120)
<b>Net Cash Inflow/(Outflow) From Investing Activities</b>		<b>(28,886)</b>	<b>17,498</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Reinvestment of Dividends into Shares Issued			
<b>Cash was applied to:</b>			
Dividend paid		(8,478)	(9,224)
Principal repayment of lease liability		(8)	(8)
Supplementary dividend paid		(286)	(309)
<b>Net Cash Outflow from Financing Activities</b>		<b>(8,772)</b>	<b>(9,541)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		(15,585)	9,314
Add Opening Cash and Cash Equivalents		34,435	7,280
<b>Closing Cash and Cash Equivalents</b>		<b>18,850</b>	<b>16,594</b>

## CDL Investments New Zealand Limited and its Subsidiary Condensed Interim Statement of Cash Flows - continued

For the half year ended 30 June 2020

In thousands of dollars	Note	Unaudited 6 Months to 30/06/20	30/06/19
<b>RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit after taxation		13,741	15,102
<b>Adjusted for non cash items:</b>			
Depreciation of plant & equipment		1	2
Depreciation of right-of-use assets		6	6
Income tax expense		5,344	5,873
<b>Adjustments for movements in working capital:</b>			
(Increase)/Decrease in receivables		1,793	(1,330)
(Increase)/Decrease in development properties		8,163	(9,772)
Increase in payables		716	718
<b>Cash generated from Operations</b>		<b>29,764</b>	<b>10,599</b>
Income tax paid		(7,691)	(9,242)
<b>Cash Inflows from Operating Activities</b>		<b>22,073</b>	<b>1,357</b>
The accompanying notes form part of, and should be read in conjunction with these financial statements.			

# **CDL Investments New Zealand Limited and its Subsidiary**

## Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2020 (unaudited)

### **1. Significant Accounting Policies**

#### **Reporting Entity**

CDL Investments New Zealand Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is a FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The condensed interim financial statements of the Company as at and for the half year ended 30 June 2020 comprises the Company and its subsidiary (together referred to as the "Group").

The principal activity of the Group is the development and sale of residential land properties.

#### **(a) Statement of compliance**

The condensed interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies applied by the Group in these condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2019.

The condensed interim financial statements were authorised for issuance on 29 July 2020.

### **2. Capital & Reserves**

#### **Share Capital**

Under the Company's Dividend Reinvestment Plan, an additional 1,629,555 shares were issued on 15 May 2020 (2019: 687,093) at a strike price of \$0.7854 (2019: \$0.7422).

At 30 June 2020, the authorised share capital consisted of 280,435,135 fully paid ordinary shares (2019: 278,805,580).

#### **Dividends**

The following dividends were declared and paid during the period ending 30 June:

*In thousands of dollars*

3.5 cents per qualifying ordinary share (2019: 3.5 cents)

	<b>2020</b>	<b>2019</b>
	9,758	9,734
	<b>9,758</b>	<b>9,734</b>

### **3. Earnings Per Share**

The calculation of basic and diluted earnings per share at 30 June 2020 of 4.91 cents (2019: 5.42 cents) was based on the profit attributable to ordinary shareholders of \$13,741,000 (2019: \$15,102,000); and weighted average number of shares of 279,891,950 (2019: 278,576,549) on issue in the period.

### **4. Segment Reporting**

#### **Operating segments**

The single operating segment of the Group consists of property operations, comprising the development and sale of residential land sections.

The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

#### **Geographical segments**

Segment revenue is based on the geographical location of the segment assets. All segment revenues are derived in New Zealand.

Segment assets are based on the geographical location of the development property. All segment assets are located in New Zealand. The Group has no major customer representing greater than 10% of the Group's total revenues.

## **CDL Investments New Zealand Limited and its Subsidiary**

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2020 (unaudited)

### **5. Material Events Subsequent to the end of the Interim Period**

There were no material events subsequent to the end of the six month period ended 30 June 2020 (2019: Nil) that would require disclosure.

### **6. Changes in Contingent Liabilities and Contingent Assets since last Annual Balance Sheet Date**

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2020 (2019: Nil). There were no contingent liabilities or contingent assets as at 30 June 2020 (2019: Nil).

### **7. Related Party Transactions**

CDL Investments New Zealand Limited is a subsidiary of Millennium & Copthorne Hotels New Zealand Limited by virtue of Millennium & Copthorne Hotels New Zealand Limited owning 65.87% (2019: 66.26%) of the Company and having three out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (2019: 70.79%) owned by CDL Hotels Holdings New Zealand Limited (computed on voting shares), which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc in the United Kingdom. The ultimate holding company is Hong Leong Investment Holdings Pte Ltd in Singapore.

During the six month period ending 30 June 2020 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$161,000 (2019: \$159,000) for expenses incurred by the parent on behalf of the Group.

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>% Holding by CDL Investments New Zealand Limited</b>	<b>Balance Date</b>
CDL Land New Zealand Limited	Property Investment and Development	100.00	31 December

<b>Associate</b>	<b>Principal Activity</b>	<b>% Holding by CDL Land New Zealand Limited</b>	<b>Balance Date</b>
Prestons Road Limited	Service Provider	33.33	31 March

### **8. Commitments**

As at 30 June 2020, the Group had entered into contractual commitments for development expenditure and purchases of land. Contractual agreements for the purchase of land are subject to a satisfactory outcome of the Group's due diligence process, board approval, and OIO approval. Development expenditure represents amounts contracted and forecast to be incurred in the remainder of 2020 in accordance with the Group's development programme.

*In thousands of dollars*

Development expenditure

Land purchases

	<b>2020</b>	<b>2019</b>
Development expenditure	19,160	21,252
Land purchases	1,272	33,717
	<b>20,432</b>	<b>54,969</b>



## **DIRECTORS' REVIEW**

### **Financial Performance:**

CDL Investments New Zealand Limited ("CDI") can report that the Company has made an unaudited operating profit after tax of \$13.74 million for the six month period ending 30 June 2020 (2019: \$15.10 million). Operating profit before tax was \$19.09 million (2019: \$20.98 million).

The result is particularly creditable given the fact that New Zealand as a whole was in a lockdown for six weeks from 26 March through to 14 May. Despite the restrictions on physical movement, online sales and promotional activity was able to continue which demonstrated that in the first six months of this year, interest in CDI's subdivisions and sections has not waned.

Property sales and other income for the period was \$40.96 million which exceeded last year's figure of \$40.29 million. Net Asset Backing (at cost) for the period under review was 85.9 cents per share (2019: 77.6 cents per share).

### **Portfolio update:**

All 91 sections in the Dominion Road, Papakura subdivision have been sold after the initial launch in December 2019.

While COVID-19 has meant delays with its commercial developments at Stonebrook (Rolleston) and Prestons Park (Christchurch), we are still targeting completion and occupancy by the end of this year for the Stonebrook Local Centre development and Q2 2021 for the Prestons Park Urban Village development..

### **Commentary and Outlook:**

While we are happy with our sales performance to date, the second half of this year may be weaker than the first.

The fact that the sales we have settled to date have mainly come from our Kewa Road and Prestons Park developments in Auckland and Christchurch, respectively, is encouraging and vindicates our strategy to progress developments which are more likely to sell quickly. New stages are therefore being developed to meet demand and we believe that these will also sell well during this year. The same approach is being adopted across our other developments where we will only develop and complete as many sections as we believe to meet the demand.

CDI did not seek government assistance such as the Wage Subsidy and we are in the fortunate position in that we have not had to make any redundancies or reduce our employees' hours. We are very aware that several of the businesses we are dealing with have had to take steps to deal with the crisis and we are looking to support them where practicable.

Our target is to deliver another positive result and a dividend to shareholders once again but the economic effects of COVID-19 are expected to be significant and long-lasting. While the New Zealand property market has passed its peak, we remain quietly confident about our prospective sales for the rest of the year.

The Board and Management are monitoring the sales and development programmes very carefully and will not hesitate to make decisions where necessary to ensure that CDI is able to perform to its maximum potential during extremely challenging times while remaining mindful of CDI's long term investment strategy.



**Colin Sim**  
**Chairman**  
**29 July 2020**

29 July 2020



## **CDL INVESTMENTS SHOWS CREDITABLE FIRST HALF SALES PERFORMANCE IN SPITE OF COVID-19**

NZX-listed property development and investment company CDL Investments New Zealand Limited (NZX:CDI) today released its (unaudited) results for the six months to 30 June 2020 and reported an operating profit after tax of \$13.74 million (2019: \$15.10 million) on revenue of \$40.96 million which exceeded last year's figure of \$40.29 million.

"It's testament to the quality and location of our product", said CDI's Managing Director Mr. BK Chiu. "Despite six weeks of lockdown, we were still able to make and record sales and we are pleased with our first-half performance", he said.

CDI said that the majority of its sales in the period came from its Auckland subdivision at Kewa Road (North Shore) and Prestons Park (Marshlands/ Burwood) in Christchurch. This was a vindication of its strategy to focus on the areas where there was sales demand and develop as much as required to meet the market.

"It sounds simple but given the softening market last year and the extreme events caused by COVID-19, predicting demand and which areas will perform well has not been an easy matter", said Mr. Chiu. "Having a well-spread portfolio also helps", he said.

The company was nevertheless cautious about the second half of 2020 and was not giving any revenue guidance saying that consumer confidence would greatly influence the number of sales it was targeting for the year as well as 2021.

"The full economic effects of COVID-19 are yet to be felt and while we are optimistic about how we will perform this year, the same cannot be said for everyone else and we need to be sensitive to this", Mr. Chiu said.

"We want to give shareholders confidence that we are targeting a positive result and a dividend but what both of those will look like remains to be seen and very much subject to market forces outside of our control. What we can control and manage, we will do so carefully while remaining mindful of CDI's long term investment strategy", he said.

**ENDS**

Issued by CDL Investments New Zealand Limited

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