

## CITY DEVELOPMENTS LIMITED

### Unaudited First Quarter Financial Statement And Dividend Announcement for the Period Ended 31/03/2004

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

	The Group Three months ended 31 March		Increase/ (Decrease)
	2004	2003	%
	S\$'000	S\$'000	
Revenue	594,347	510,852	16.3
Cost of sales	(319,741)	(274,682)	16.4
<b>Gross profit</b>	<b>274,606</b>	<b>236,170</b>	<b>16.3</b>
Other operating income	9,415	37,978	(75.2)
Administrative expenses	(101,029)	(91,917)	9.9
Other operating expenses	(92,764)	(93,020)	(0.3)
<b>Profit from operations <sup>(1)</sup></b>	<b>90,228</b>	<b>89,211</b>	<b>1.1</b>
Finance costs	(40,948)	(43,386)	(5.6)
<b>Profit before share of results of associated companies and jointly controlled entities</b>	<b>49,280</b>	<b>45,825</b>	<b>7.5</b>
Share of loss of associated companies	(19)	(20)	(5.0)
Share of profit of jointly controlled entities	3,495	13,990	(75.0)
<b>Profit from ordinary activities before taxation</b>	<b>52,756</b>	<b>59,795</b>	<b>(11.8)</b>
Taxation <sup>(2)</sup>	3,792	(11,826)	NM
<b>Profit from ordinary activities after taxation</b>	<b>56,548</b>	<b>47,969</b>	<b>17.9</b>
Minority interests	(16,542)	(9,823)	68.4
<b>Net profit</b>	<b>40,006</b>	<b>38,146</b>	<b>4.9</b>
<b>Earnings per share (basic and fully diluted)</b>	<b>4.84 cents</b>	<b>4.76 cents</b>	

NM : Not meaningful

**Note :**

(1) Profit from operations includes the following :

	<b>The Group</b>	
	<b>Three months</b>	
	<b>ended 31 March</b>	
	<b>2004</b>	<b>2003</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest income	4,494	10,439
Profit on sale of investments, property, plant and equipment (net) <sup>(3)</sup>	2,931	17,031
Investment income <sup>(4)</sup>	697	1,421
Depreciation	(41,498)	(41,602)
Amortisation	(1,516)	(1,466)
(Allowance for)/write-back of doubtful debts	(685)	283
Net exchange (loss)/gain	(108)	8,090

(2) Taxation for the period is derived at by applying the varying statutory tax rates on the taxable profit/(losses) and taxable temporary differences of the different countries in which the Group operates, and after adjusting for write-back of overprovision of taxation in prior years of \$17.6 million (2003 : \$4.3 million) for the Group which includes its share of those of its associated companies and jointly controlled entities.

The write-back relates mainly to the overprovision of deferred tax which arose partially from the change in corporate tax rate from 22% to 20% in Singapore.

(3) The profit achieved for Q1 2003 relates primarily to profit achieved on the disposal of non-core assets of subsidiaries comprising a staff hostel in London and an interest in a joint venture for a mixed development in China.

(4) Investment income includes dividend and profit/(loss) on sale of short-term investments.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<----- The Group ----->		<----- The Company ----->	
	As at 31.3.2004 S\$'000	As at 31.12.2003 S\$'000	As at 31.3.2004 S\$'000	As at 31.12.2003 S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	9,103,403	9,145,659	659,105	664,638
Investments in subsidiaries	-	-	2,204,934	2,204,934
Investments in associated companies	1,326	1,383	-	-
Investments in jointly controlled entities	238,754	246,029	68,495	68,495
Financial assets	25,389	25,432	15,546	15,546
Deferred financial charges	12,612	13,368	563	397
Intangible assets	159	298	-	-
Other non-current assets	109,033	111,010	60,515	60,714
<b>Current Assets</b>				
Development properties	2,132,331	2,237,893	1,750,138	1,861,622
Consumable stocks	12,464	13,159	1,053	1,159
Financial assets	46,870	30,158	-	-
Trade and other receivables <sup>(1)</sup>	949,560	663,264	932,835	687,134
Cash and cash equivalents	534,124	571,400	240,569	255,477
	<b>3,675,349</b>	<b>3,515,874</b>	<b>2,924,595</b>	<b>2,805,392</b>
Less:				
<b>Current Liabilities</b>				
Bank overdrafts	2,635	4,511	-	-
Trade and other payables	695,418	686,434	869,692	848,628
Bank loans	20,751	44,865	20,751	44,082
Current portion of long-term liabilities	323,354	367,906	95,000	125,000
Bonds and notes - repayable within 12 months	332,894	321,075	130,000	120,000
Employee benefits	16,343	11,861	1,182	1,112
Provision for taxation	93,484	76,308	22,513	15,081
Provisions	-	6,383	-	-
	<b>1,484,879</b>	<b>1,519,343</b>	<b>1,139,138</b>	<b>1,153,903</b>
<b>Net Current Assets</b>	<b>2,190,470</b>	<b>1,996,531</b>	<b>1,785,457</b>	<b>1,651,489</b>
Less:				
<b>Non-Current Liabilities</b>				
Interest-bearing loans and other liabilities	4,254,869	4,142,603	1,183,607	1,069,975
Employee benefits	13,468	16,125	-	-
Provisions	8,784	10,839	-	-
Deferred tax liabilities	685,851	698,120	19,121	24,177
	<b>4,962,972</b>	<b>4,867,687</b>	<b>1,202,728</b>	<b>1,094,152</b>
Less:				
<b>Minority Interests</b>	2,079,278	2,069,015	-	-
<b>NET ASSETS</b>	<b>4,638,896</b>	<b>4,603,008</b>	<b>3,591,887</b>	<b>3,572,061</b>
<b>CAPITAL AND RESERVES</b>				
Share capital	413,593	413,593	413,593	413,593
Reserves	4,225,303	4,189,415	3,178,294	3,158,468
	<b>4,638,896</b>	<b>4,603,008</b>	<b>3,591,887</b>	<b>3,572,061</b>

**Explanatory Note to Balance Sheet:**

<sup>(1)</sup> The increase in receivables is mainly due to the recognition of the balance of sales consideration to be billed for a development project following its completion in March 2004.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 31.3.2004		As at 31.12.2003	
Secured	Unsecured	Secured	Unsecured
\$298,480,000	\$378,746,000	\$315,342,000	\$420,576,000

**Amount repayable after one year**

As at 31.3.2004		As at 31.12.2003	
Secured	Unsecured	Secured	Unsecured
\$2,636,210,000	\$1,598,674,000	\$2,632,492,000	\$1,488,780,000

**Details of any collateral**

The borrowings by subsidiaries are generally secured by :

- mortgages on their land and buildings, properties under development, development properties for sale and/or hotel properties and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds and any alienation of properties

The borrowings by the Company are unsecured.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2004</b>	<b>2003</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating Activities</b>		
Profit from ordinary activities before taxation	52,756	59,795
<b>Adjustments for:</b>		
Amortisation	1,516	1,466
Depreciation	41,498	41,602
Deferred financial charges written off	-	39
Property, plant and equipment written off	3	307
Profit on sale of property, plant and equipment	(2,591)	(10,937)
Share of loss of associated companies	19	20
Share of profit of jointly controlled entities	(3,495)	(13,990)
Interest income	(4,494)	(10,439)
Finance costs	40,948	43,386
Dividend income	(697)	(1,421)
Allowance for diminution in value of investments written back (net)	(121)	(437)
Allowance for foreseeable losses on development properties made (net)	-	73
Allowance for doubtful debts made/(written back) (net)	685	(283)
<b>Operating profit before working capital changes</b>	<b>126,027</b>	<b>109,181</b>
<b>Changes in working capital</b>		
Development properties	107,755	(34,990)
Stocks, trade and other receivables	(261,838)	(19,394)
Related corporations	(26,721)	(7,125)
Trade and other payables	1,986	21,259
Employee benefits	1,818	2,626
<b>Cash (used in)/generated from operations</b>	<b>(50,973)</b>	<b>71,557</b>
Income tax refund/(paid)	3,448	(3,353)
<b>Cash flows (used in)/generated from operating activities carried forward</b>	<b>(47,525)</b>	<b>68,204</b>

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2004</b>	<b>2003</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows (used in)/generated from operating activities brought forward</b>	(47,525)	68,204
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(9,135)	(31,679)
Proceeds from sale of property, plant and equipment	9,946	13,580
Increase in deferred financial charges	(743)	(803)
Decrease in investments in jointly controlled entities	297	-
Cash flow on acquisition of subsidiaries (net of cash)	-	(44,204)
Increase in financial assets	(16,752)	(3,041)
Interest received (including amounts capitalised as property, plant and equipment and development properties)	4,519	10,460
Dividends received		
- investments	697	1,421
- jointly controlled entities	4,938	-
<b>Cash flows used in investing activities</b>	(6,233)	(54,266)
<b>Financing Activities</b>		
Capital contribution from minority shareholders	2,993	-
Proceeds from term loans	91,686	193,624
Repayment of term loans	(21,185)	(138,011)
Repayment to finance lease creditors	(2,396)	(187)
Proceeds from issuance of bonds and notes	68,000	80,000
Repayment of bonds and notes	(50,000)	(55,000)
Decrease in other long-term liabilities	(1,413)	(197)
Proceeds from bank loans	-	37,360
Repayment of bank loans	(24,297)	(48,355)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(44,514)	(47,416)
<b>Cash flows generated from financing activities</b>	18,874	21,818
<b>Net (decrease)/increase in cash and cash equivalents carried forward</b>	(34,884)	35,756

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2004</b>	<b>2003</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Net (decrease)/increase in cash and cash equivalents brought forward</b>	(34,884)	35,756
Exchange differences arising on translation of foreign subsidiaries' cash and cash equivalents	(516)	2,396
Cash and cash equivalents at the beginning of the period (net of bank overdraft)	566,889	609,807
<b>Cash and cash equivalents at the end of the period (net of bank overdraft)</b>	<u>531,489</u>	<u>647,959</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>The Group</b>	<b>Share Capital S\$'000</b>	<b>Share Premium S\$'000</b>	<b>Capital Reserve S\$'000</b>	<b>Asset Revaluation Reserve S\$'000</b>	<b>Exchange Fluctuation Reserve S\$'000</b>	<b>Retained Profits S\$'000</b>	<b>Total S\$'000</b>
At 1 January 2004	413,593	1,055,419	148,143	461,426	165,455	2,358,972	4,603,008
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	(187)	(3,684)	-	(3,871)
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	(247)	-	(247)
Profit for the period	-	-	-	-	-	40,006	40,006
At 31 March 2004	<u>413,593</u>	<u>1,055,419</u>	<u>148,143</u>	<u>461,239</u>	<u>161,524</u>	<u>2,398,978</u>	<u>4,638,896</u>
At 1 January 2003	400,511	945,032	148,143	-	114,935	2,253,550	3,862,171
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	19,750	-	19,750
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	3,197	-	3,197
Surplus on revaluation of hotel properties	-	-	-	522,518	-	-	522,518
Profit for the period	-	-	-	-	-	38,146	38,146
At 31 March 2003	<u>400,511</u>	<u>945,032</u>	<u>148,143</u>	<u>522,518</u>	<u>137,882</u>	<u>2,291,696</u>	<u>4,445,782</u>

<b>The Company</b>	<b>Share Capital S\$'000</b>	<b>Share Premium S\$'000</b>	<b>Capital Reserve S\$'000</b>	<b>Asset Revaluation Reserve S\$'000</b>	<b>Exchange Fluctuation Reserve S\$'000</b>	<b>Retained Profits S\$'000</b>	<b>Total S\$'000</b>
At 1 January 2004	413,593	1,042,297	63,743	855	(823)	2,052,396	3,572,061
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	(82)	-	(82)
Profit for the period	-	-	-	-	-	19,908	19,908
At 31 March 2004	<u>413,593</u>	<u>1,042,297</u>	<u>63,743</u>	<u>855</u>	<u>(905)</u>	<u>2,072,304</u>	<u>3,591,887</u>
At 1 January 2003	400,511	931,910	63,743	-	(679)	2,074,069	3,469,554
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	157	-	157
Surplus on revaluation of a hotel property	-	-	-	855	-	-	855
Profit for the period	-	-	-	-	-	5,051	5,051
At 31 March 2003	<u>400,511</u>	<u>931,910</u>	<u>63,743</u>	<u>855</u>	<u>(522)</u>	<u>2,079,120</u>	<u>3,475,617</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the company's issued share capital during the period.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2003.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There was no change in the accounting policies and methods of computation.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Basic earnings per ordinary share of 4.84 cents (2003: 4.76 cents) is based on net profit for the period of \$40,006,000 (2003: \$38,146,000) and 827,185,643 (2003: 801,021,724) ordinary shares in issue.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	The Group		The Company	
	31.3.2004 S\$	31.12.2003 S\$	31.3.2004 S\$	31.12.2003 S\$
Net asset value per ordinary share on issued share capital of 827,185,643 ordinary shares at the end of financial period/year	5.61	5.56	4.34	4.32

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Turnover of the Group increased by 16.3% to \$594.3 million (2003: \$510.9 million) and after-tax profit was \$40 million (2003: \$38.1 million). The Group continued to be the only listed property company in Singapore which adopted a conservative accounting policy of depreciating its investment properties.

**Property**

Though the economy has made credible gains in Q1, the general optimism has yet to permeate down to the property sector. Hence URA Q1 statistics for residential property registered relatively low transaction volumes and a 0.4% decline in price, bringing it to a 5-year low.

Interest in our residential properties remained steady, and the Group continued to sell units from its current stock, such as Savannah CondoPark and Monterey Park Condominium, amongst others. It also continued to realise profits from pre-sold residential projects such as Changi Rise Condominium, The Esparis Executive Condominium ("EC") and Nuovo EC as well as from Savannah CondoPark. The completion of Goldenhill Park Condominium at the end of March would generate strong cashflow for the Group especially since some of the units were sold on the deferred payment scheme under which substantial payments would be received from the purchasers upon completion.

The office market appears to have bottomed out and some MNCs have expanded their space requirements. For our Fuji Xerox Towers, formerly IBM Towers, we managed to secure two major anchor tenants who have taken substantial space in the building. The more active market could also be due to Singapore's competitive occupation costs relative to that of other important regional centres. A recent CBRE Global Markets Rents Report shows that total occupation cost in Singapore has fallen to 61st position globally compared to 7th position in 1996, with Hong Kong now in 31st position.

## **Hotel**

The improving trend in trading for the second half of 2003 has continued into Q1 2004. Underlying pre-tax profit of Millennium & Copthorne Hotels plc, excluding profit on disposal of fixed assets, was £5.1 million (2003: loss of £1.4 million). After accounting for profit on disposal of fixed assets of £0.5 million (2003: £6.1 million), profit before tax was £5.6 million of which the Group's 52% share is £2.9 million (approximately S\$9 million).

Group RevPAR ("Revenue Per Available Room") performance increased in all regions around the world, up by 3.7% compared to the equivalent period in 2003. Group hotel occupancies also increased from 64.9% to 68.5%. Driven by increased occupancy, the operations in Asia saw the highest rate of recovery with overall RevPAR up 7.0%. In the US, following the re-opening of Millenium Hilton in New York post-September 11, the hotel has continued to perform above expectations.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for financial year ended 31 December 2003.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

## **Property**

With the Q1 GDP reaching a high of 7.3% and the full year growth forecasted to be at the upper band of 5%, the property market is expected to perform better in the second half of the year. Recent indications that companies are recruiting again and new jobs are available will also boost buyers' confidence in the coming months.

The increase in price of steel and other essential building materials, pushed up by the strong demand from countries such as China, is likely to persist. Developers would soon have to factor in such price increases by adjusting current selling prices upwards.

The Group will launch Phase 2 of Monterey Park Condominium (60 units) in Q2 and the remaining phases of Savannah CondoPark this year. As reported earlier, we plan to launch two mega projects in the second half of the year - the White Site at Marina Boulevard (comprising approximately 1,100 apartment units) and about 850 residential units at City Square, Kitchener Road. The City Square project also comprises a separate parcel of land with about 721,000 sq ft of retail space. These projects should contribute positively to revenue and profit in the coming years.

To effectively address the problem of oversupply in the market and to improve market sentiments, the Group is hopeful that the Government will continue to suspend the Confirmed List of the Government Land Sales programme which is due for review in June. Such a measure will be helpful to stabilise the Singapore residential property market which is lagging behind that of its neighbours namely Hong Kong, Thailand, Malaysia and even Indonesia. We are hopeful that the appropriate measures put in place will see the Singapore market growing in tandem with them.

With no major office buildings due for completion this year and limited supply of new offices coming onto the market in the next two years, the Group expects quicker recovery in the office sector and an upturn in rental cycles towards the second half of the year in tandem with the economic recovery.

## **Hotel**

Although still early in the financial year, Hotel performance for Q1 confirms that recovery is on track. Group RevPAR for the four weeks up to 28 April was up 24.4% as compared to the corresponding period last year.

## **Group Prospects**

The Board is confident that the Group will continue to remain profitable in the next 12 months.

## **11. Dividend**

### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? None

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? None

### ***(c) Date payable***

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the period under review.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

**15. A breakdown of sales.**

Not applicable.

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend *(Refer to Para 16 of Appendix 7.2 for the required details)*

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference	0	0
Total:		

Not applicable.

## 17. Interested Person Transactions

In the quarter ended 31 March 2004, the aggregate value of all interested person transactions conducted with Hong Leong Investment Holdings Pte. Ltd. group of companies under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000), amounted to \$1,008,000. Save as disclosed, no other interested person transactions were conducted under the shareholders' mandate in the said period.

## 18. Subsequent Events

- (a) At the Extraordinary General Meeting of the Company held on 29 April 2004, shareholders approved, inter alia, the following transactions:
- (i) the one-off special cash dividend of \$0.50 (gross) or \$0.40 (net) (after deduction of tax at prevailing tax rate of 20%) ("Special Cash Dividend") for each ordinary share of \$0.50 each held in the capital of the Company ("Ordinary Shares") by shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with Ordinary Shares or whose names are on the Register of Members of the Company, as the case may be, as at 5.00 p.m. on 6 May 2004 ("Books Closure Date");
  - (ii) the bonus issue of up to 82,718,564 Bonus Warrants ("Bonus Warrants") on the basis of one (1) Bonus Warrant for every ten (10) Ordinary Shares held as at the Books Closure Date ("Bonus Issue"), fractional entitlements to be disregarded; and
  - (iii) the renounceable Rights Issue of up to 330,874,257 non-redeemable convertible non-cumulative Preference Shares of \$0.05 each in the capital of the Company ("Preference Shares") at an issue price of \$1.00 for each Preference Share, on the basis of two (2) Preference Shares for every five (5) Ordinary Shares held as at the Books Closure Date ("Rights Issue"), fractional entitlements to be disregarded.

The Special Cash Dividend will be paid on 19 May 2004.

82,718,564 Bonus Warrants were issued on 11 May 2004 and subsequently listed on the Official List of Singapore Exchange Securities Trading Limited on 13 May 2004. Each Bonus Warrant carry the right to subscribe in cash for one (1) Ordinary Share of \$0.50 each in the capital of the Company at the exercise price of \$2.50, subject to adjustments under certain circumstances in accordance with the terms and conditions of the Bonus Warrants as set out in the Deed Poll dated 6 May 2004.

The Offer Information Statement dated 7 May 2004 relating to the Rights Issue together with a copy of the relevant Application Form for Preference Shares and excess Preference Shares or the Provisional Allotment Letter, as the case may be, were despatched to Entitled Shareholders on 11 May 2004. The last dates and times and procedures for acceptance, splitting and renunciation of the provisional allotments, application for excess Preference Shares, and payment thereof are set out in the Offer Information Statement.

(b) On 26 April 2004, KIN Holdings Limited ("KIN"), a subsidiary of CDL Hotels New Zealand Limited ("CDLNZ"), which in turn is a subsidiary of Millennium & Copthorne Hotels plc ("M&C"), announced its intention to make a takeover offer ("Offer") to acquire all the issued ordinary shares in the capital of Kingsgate International Corporation Limited ("KIC") at NZ\$0.32 in cash for each share, equivalent to a total consideration of NZ\$125.8 million for all the shares of KIC. KIN is 61.3% owned by CDLNZ and 38.7% owned by Tai Tak Holdings Pte Limited ("TTH"). CDLNZ, TTH and Tai Tak Securities Pte Limited ("TTS"), the immediate holding company of TTH, currently hold an aggregate of approximately 82.78% of the share capital of KIC. CDLNZ, TTH and TTS have irrevocably undertaken to accept the Offer in respect of all their shares in KIC. KIN has stated that if it receives 90% or more of acceptances for the Offer, it will compulsorily acquire the balance of the shares in KIC that it does not own and KIC will be delisted. The Offer is subject to certain conditions, including obtaining approval from the relevant authority. CDLNZ and KIC are listed on the New Zealand Exchange Limited. M&C which is listed on the London Stock Exchange, is a 52% subsidiary of the Group.

## **BY ORDER OF THE BOARD**

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
13/05/2004