



CDL INVESTMENTS
NEW ZEALAND LIMITED

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STOCK EXCHANGE ANNOUNCEMENT

Date 26 May 2020
Subject REMARKS BY CHAIR TO ANNUAL MEETING OF SHAREHOLDERS

Passing of Wong Hong Ren

Before I turn to the main business of the meeting, I would like to mention and note the recent passing of our former Chair Mr. Wong Hong Ren.

Many shareholders have met or spoken with Hong Ren over many CDI, MCK and Kingsgate International Corporation shareholder meetings from the early 1990s through to his retirement in 2017.

Hong Ren was not only our longest-serving Chairman, he was also the CEO and Executive Director of the Millennium & Copthorne Hotels Group until his retirement in 2015 from the London board.

He was always very interested in our New Zealand property developments and was very supportive of this company's development from the very beginning.

Sadly, due to the COVID-19 lockdowns in both New Zealand and Singapore, we were unable to acknowledge his passing in the customary way but I would ask all shareholders to join with me in sending our sincere condolences to his family at this time.

Annual Report and Financial Statements

On behalf of the Directors, I present the Annual Report and the Statement of Financial Accounts to 31 December 2019. On behalf of the Board, I would like to make a few brief comments about the past year.

As we said in our 2019 Annual Report, 2019 saw CDL investments mark ten consecutive years of profit growth which is a remarkable achievement for any company.

We saw growth in our property sales and other revenue, profit before tax, total assets and NTA which all reflected the positive trading conditions we saw then.

We continued to ensure that we added to our development portfolio and acquired a further 9.7 hectares of land in Hawkes Bay and we also started selling sections at our Auckland developments at Dominion Road, Papakura and Kewa Road at the end of 2019.

Despite a slowing market and forecasted market conditions that we said were "challenging", your Board felt positive that 2020 would be a good year and that we could achieve a result that would "reflect market conditions".

When we released our results in February, the lockdown which we have all gone through over the past few weeks was not even contemplated. It became apparent very quickly that this year's market conditions generally would be radically different to anything we had seen in our lifetimes.

BK will be speaking in more detail about what has happened over the lock down period and what we expect to happen over the coming months. From a Board perspective, I would like to provide you with a sense of how the Board sees the year ahead.

Obviously the effects of COVID-19 on the New Zealand economy will be felt for a long time to come. We are well aware of what rising unemployment and a struggling economy will mean for the housing market. We are starting to see the signs already.

Fortunately, we are nimble and able to act quickly to accelerate development work where demand warrants it and turn the switch off where it doesn't. Not every company has that luxury and it remains one of our competitive advantages.

Looking at where things stand today, your Board is quietly optimistic that New Zealand will emerge quicker than most of the rest of the world and that demand for housing and residential sections will remain in the areas where we have sections for sale and where we are undertaking development.

While we do not expect to set an eleventh consecutive year of profit growth, we believe that based on the sales activity we have seen to date, 2020 will be a profitable year. What the exact level of profit will be remains to be seen but we will endeavour to provide firm guidance towards the end of the year when we have settled the majority of our forecast sales.

-ENDS-



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36th Annual Meeting of Shareholders

Tuesday 26th May 2020

WELCOME

- **Welcome to this Virtual Meeting**
- **The Meeting Chair is John Henderson**
- **Board of Directors are attending remotely:**

Colin Sim | Chairman

BK Chiu | Managing Director

Vincent Yeo | Non-Executive Director

Eik Sheng Kwek | Non-Executive Director

Roy Austin | Independent Director



- Quorum
- Apologies will be recorded in the minutes
- Proxies
- Minutes of the 35th Annual Meeting of Shareholders
- Notice of Meeting taken as read



Tribute to Mr Wong Hong Ren



ANNUAL REPORT & FINANCIAL STATEMENTS

- Operating Profit After Tax \$34.1m
- Property Sales & Other Income \$91.8m
- Total Assets \$240.7m
- Net Tangible Asset 84.5 cents per share
- Dividend Declared 3.5 cents per share





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CDL Investments 2019 Sales

Best year in CDI's history despite the softening property market in 2019.

	<u>2019</u>	<u>2018</u>
Sales (\$m)	91.8	85.0
Profit before tax (\$m)	47.3	46.7

- Section sales similar to 2018 from:
 - Greville Road, Auckland
 - Magellan, Hamilton
 - Prestons Park, Christchurch
- Lower margin sales at Northwood, Hawkes Bay



April 2020 YTD Sales

Well designed, constructed and located CDI sections meet market demand despite a sobering economic outlook.

- Sales \$18.8m (\$14.9 in 2019)

- Sales from:

Greville Road, Auckland

Magellan Heights, Hamilton

Prestons Park, Christchurch

- Steady demand for CDI sections in Christchurch and Auckland.
- Pre-titled sales at Kewa Road and Dominion Road – both in Auckland are encouraging with settlements in 2020 and 2021.



CDL Investments has sufficient cash to meet current and future obligations.

- Cash & term deposits: \$61.1m
(as at 30 April 2020)
- Quick ratio* 21.7
- No bank borrowings
- No plans to raise capital, cash issue.

* $\frac{\text{Total current assets less Inventory}}{\text{Total current liabilities}}$



- Economic downturn and unemployment will eventually impact demand for residential property.
- However a low interest environment (OCR 0.25%), lower mortgage rates, removal of 20% LVR are all positive for home ownership aspirations.
- There is selective demand for well located and reputable subdivisions with CDI sections priced at different points.
- Manage works in progress for these markets.
- CDI organization remains at three FTEs.



WORK IN PROGRESS

Kewa Road, Albany, Auckland

- Construction all 92 Lots complete.
- To date 55 Lots from stages 1-3 sold pre-title.
- Stage 4 not yet released for sale.

Christian/Tram Valley Road, Swanson, Auckland

- Subdivision Consent for 48 Lots approved.
- Earthworks underway over whole site

Dominion Road, Papakura Auckland

- Construction all 91 Lots complete.
- Stages 1 & 2 (45 Lots). All sold pre-title.
- Stages 3, 4 & 5 (46 Lots) – to date 38 Lots sold pre-title.

Roscommon Road, Wiri South Auckland

- Construction complete.
- Lot 2 sold.

Magellan Heights, Flagstaff, Hamilton

- Construction all 85 Lots complete.
- To date 50 Lots sold



WORK IN PROGRESS

Prestons Park, Marshlands / Burwood, Christchurch

- Earthworks over whole site complete.
- Stages 1 & 2 complete and titles issued.
- Stage 3 construction complete & titles issued.
- Resource consent for Commercial Centre approved.
- Resource consents approved for 2 x neighbouring acquired land i.e. Stage 4 (144 Lots) and Stage 5 (118 Lots).
- Stage 4 earthworks underway.

Stonebrook, Rolleston

- Construction of remaining 34 Lots complete & titles issued.
- To date 24 Lots sold.
- Commercial Centre under construction, 85% complete.

Greville Road, Albany, Auckland

- Development completed. All sections sold.

Crestview, Massey, West Auckland

- Development completed. All Lots sold

Northwood, Hastings Hawkes Bay

- Development completed. All Lots sold.



- 2019 results were best in CDI's history.
- 2020 tracking positively to date.
- Can expect economic downturn to impact section sales in Q4 and 2021.
- Must plan and manage CDI pipeline supply of sections with different price points.
- CDI has a strong balance sheet.
- Continue to increase land portfolio for residential sections development.
- CDI to deliver a profitable 2020.



ELECTION OF DIRECTORS

- Election of **Mr Eik Sheng KWEK** as a Director
- Re-election of **Mr Roy AUSTIN** as a Director



ELECTION OF DIRECTOR

- To elect **Mr Eik Sheng KWEK**



ELECTION OF DIRECTORS

- To elect **Mr Roy AUSTIN**



AUDITORS APPOINTMENT & REMUNERATION

- No other nomination received - KPMG are reappointed as the Company's auditors.
- Resolution that the Directors be empowered to fix the remuneration of the Auditors for the year ending 31 December 2020.



GENERAL BUSINESS





CLOSE OF MEETING

Thank you for attending

