

ANNUAL REPORT  
2003



## CONTENTS

DIRECTORS CERTIFICATE	IFC
CORPORATE PROFILE	IFC
TREND STATEMENT	2
SIGNIFICANT EVENTS	3
CHAIRMAN'S STATEMENT	4
OPERATIONS OVERVIEW	10
GROUP CORPORATE STRUCTURE	13
BOARD OF DIRECTORS	14
CORPORATE GOVERNANCE STATEMENT	15

# ANNUAL REPORT

## CORPORATE PROFILE

Kingsgate International Corporation Limited was incorporated as a public limited company on 9 July, 1965 and listed in October that year. Its assets are in Sydney, Australia and include the Kingsgate Shopping Centre, the Birkenhead Point Shopping Centre, the Birkenhead Point Marina and the Zenith Residencies Project

## FINANCIAL CALENDAR

ANNUAL REPORT MAILED	31 MARCH 2004
HALF YEAR END	30 JUNE 2004
INTERIM PROFIT ANNOUNCEMENT	JULY 2004
INTERIM REPORT MAILED	AUGUST 2004
FINANCIAL YEAR END	31 DECEMBER 2004
ANNUAL PROFIT ANNOUNCEMENT	FEBRUARY 2005
ANNUAL REPORT MAILED	MARCH 2005

## KINGSGATE INTERNATIONAL CORPORATION LIMITED

The Directors are pleased to present the Annual Report of Kingsgate International Corporation Limited for the year ended 31 December 2003.

Signed for and on behalf of the Board of Directors



**J Wilson**  
Chairman  
18 February, 2004



**JM Tsang**  
Managing Director  
18 February, 2004



KINGSGATE SHOPPING CENTRE.

## TREND STATEMENT

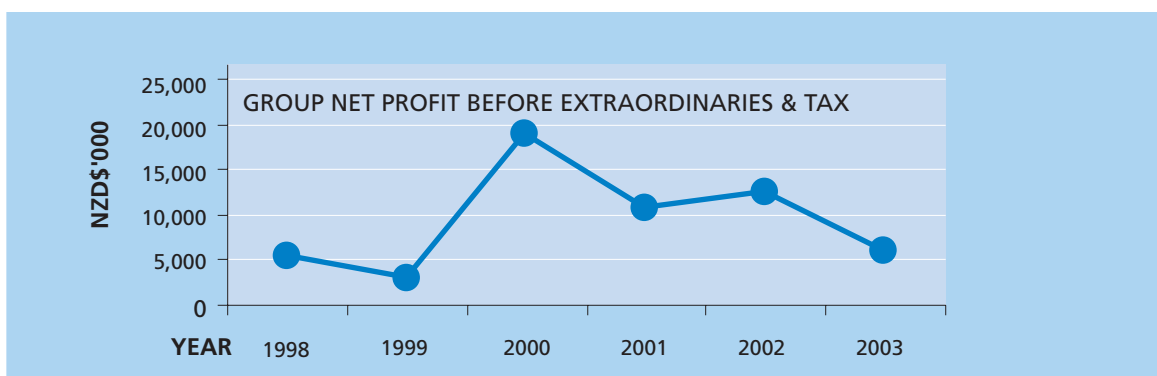
### FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2003

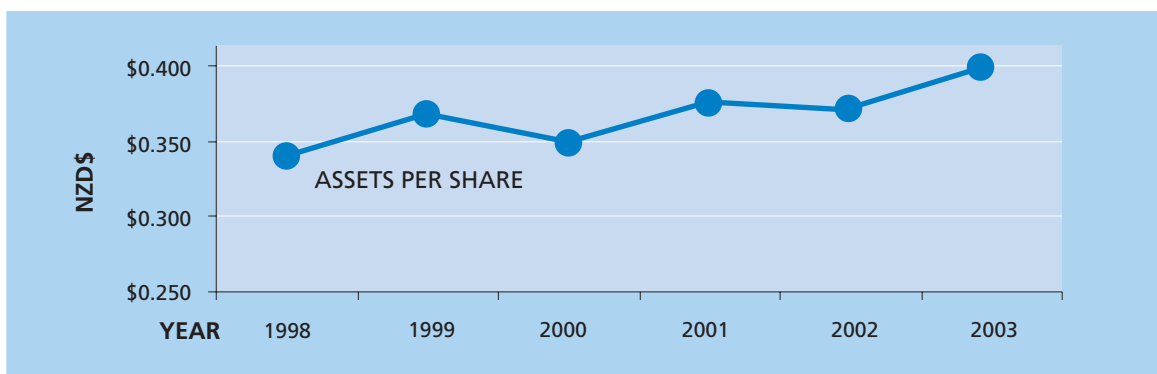
KINGSGATE INTERNATIONAL CORPORATION LIMITED

DOLLARS IN THOUSANDS	1999	2000	2001	2002	2003
Total Revenue	40,438	117,522	76,382	50,851	23,688
Profit (Before Tax)	3,185	19,087	10,814	12,514	6,195
Group Net Profit (After Tax)	3,185	6,804	10,814	10,204	4,015
Earnings Per Share	0.8c	1.7c	2.75c	2.60c	1.02c
Net Asset Backing Per Share (Excluding Minority Interest)	\$0.368	\$0.350	\$0.376	\$0.371	\$0.407
Total Liabilities: Total Assets Ratio	47.5%	57.6%	32.5%	25.9%	22.8%
Total Assets	275,860	324,998	219,059	196,540	207,366
Group Equity	144,754	137,760	147,966	145,801	160,190

#### KIC - GROUP NET PROFIT BEFORE EXTRAORDINARIES & TAX



#### NET ASSETS BACKING PER SHARE



## SIGNIFICANT EVENTS 2003

- The Millennium Hotel Sydney closes and work begins on the Zenith Residences conversion project, which comprises 97 luxury apartments. Interest levels among buyers for this landmark address look promising.
- The one off impact of the hotel closure reduces both revenue and profits.
- Interest in the newly revamped Birkenhead Point Marina is strong, with vacancies quickly being filled and earnings jumping 48.5%.
- Approval for the fourth and final stage of the highly successful Birkenhead Quays Residential Project is granted by Council.
- Strong cashflow generation enables the group to reduce borrowings by 5% and fund the initial costs of the Zenith Residences project.
- KIC enters into a full tax paying position now that accumulated tax losses are fully absorbed.
- Brand names at the Birkenhead Point Shopping Centre account for more than 50% of the retail tenants, with new names such as JAG, Diana Ferrari, Morrissey, Airwalk, Mountain Design, Brooks, Helly Hansen and Adairs Homewares.
- The Kingsgate Shopping Centre retains its momentum despite the closure of the Millennium Hotel Sydney.

## CHAIRMAN'S STATEMENT

### FINANCIAL PERFORMANCE

The year 2003 saw significant shifts in the operations of Kingsgate International Corporation Limited ("KIC"), impacting its financial performance in a major way. Operating profit after tax amounted to \$4.02 million for the year ended 31 December 2003. This is down from \$10.20 million the previous year. Earnings per share amounted to 1.02 cents (2002: 2.60 cents) and total operating revenue was \$23.7 million (2002: \$50.9 million). A break down of revenue for comparison is as follows:

	<b>2003</b> <b>(NZ\$000s)</b>	<b>2002</b> <b>(NZ\$000s)</b>
Sale of Residential Apartment	\$760	\$12,612
Hotel Income	\$3,739	\$17,725
Rental Income	\$17,133	\$18,446
Marina Income	\$1,621	\$1,343
Other	\$435	\$725
	<hr/> \$23,688	<hr/> \$50,851

Shareholders' funds increased by \$14.4 million (10%) to \$160.2 million as at 31 December 2003, while group assets increased 5.5% and group liabilities fell 7.0%. Net tangible asset value increased to 40.7 cents per share (2002: 37.1 cents per share).

The year 2003 saw significant shifts in the operations of Kingsgate International Corporation Limited ("KIC"), impacting its financial performance in a major way.



BIRKENHEAD POINT SHOPPING CENTRE.

Cashflow from operations was encouraging, and the group was able to reduce borrowings by 5% as well as fund \$6.2 million of the Zenith Residences project costs.

## **OPERATING PERFORMANCE**

The lower profit was due primarily to the one off costs from the closure of the Millennium Hotel Sydney and a decline in profits from residential development following the completion of the sale of Birkenhead Quays Stages 2 and 3. A further impact was the exchange translation arising from the conversion of earnings from the Australian operations given the exchange movement against the New Zealand dollar.

With accumulated Australian tax losses being fully absorbed as of September 2002, KIC incurred a tax charge of \$2.18 million for the 2003 year.

Cashflow from operations was encouraging, and the group was able to reduce borrowings by 5% as well as fund \$6.2 million of the Zenith Residences project costs. Borrowings will increase significantly over the next 18 months to fund construction should development commence as scheduled, but interest costs will be capitalised against the cost of the project.

## **OPERATIONS**

### **MILLENNIUM HOTEL SYDNEY / ZENITH RESIDENCES**

As mentioned at the KIC AGM in May 2003, KIC was at a pivotal point in its history. Following the board's decision to convert the Millennium Tower into 97 luxury apartments, Millennium Hotel Sydney ceased operations on 31 March 2003. The closure of hotel operations brings with it ensuing short-term costs such as staff redundancy payments, cancellation of lease contracts and losses on the sale of certain fixed assets. The hotel operations earned revenues of \$3.7 million for the financial year ending 31 December 2003 but an overall loss for the year of \$1.9 million.

CHAIRMAN'S  
STATEMENT  
CONTINUED



BIRKENHEAD POINT SHOPPING CENTRE.

April 2003 saw the hotel site being handed over to the project manager. The soft demolition works are now completed. The main building contract is still being negotiated but the contractor is expected to commence building work once all terms are finalised.

While the sales process for Zenith Residences has begun, settlement is not due until completion of the project. Therefore, no sales revenue has been taken into account in 2003.

#### **KINGSGATE SHOPPING CENTRE**

Revenue from the Kingsgate Shopping Centre (located underneath the Zenith Residences development) is slightly down by 10% compared to the previous year, a relatively good result given that approximately 1,000 square metres of floor space was held back since mid-2002 pending the redevelopment, and that the revenue stream from the lease of the communications tower ceased in September 2003. Occupancy is at a high 92.8% of available space.

Closure of the hotel has brought major changes to the shopping centre operations. New service contracts have been negotiated (for example cleaning, security, waste management, maintenance etc), much of which were previously shared with the hotel.

#### **BIRKENHEAD POINT SHOPPING CENTRE**

Birkenhead Point operations were more stable. The centre achieved 97.8% occupancy of retail space, compared to the previous year's 98.7%.

Retail trade is expected to stay relatively healthy in 2004, although growth is forecast to ease from the high rates achieved over the past two years. New leases have been negotiated with such lifestyle brands as Freedom Furniture, Mountain Designs Sportswear, Brooks, Helly Hansen, Diana Ferrari Footwear and Donut King.

The operating expenses of Birkenhead Point Shopping Centre have been managed carefully during the year and are down 10.8%, compared to the previous year. This excellent result was achieved despite having to incur major repairs following severe storms which hit Sydney in February and April 2003. Overall, the profit result was down slightly by 4.5% over last year due to reduced revenues.

#### **BIRKENHEAD POINT MARINA**

Birkenhead Point Marina, following a major refurbishment in 2002, boosted its revenue for the year under review by 21%. Leasing activity at the marina has been very buoyant.

The Birkenhead Point Marina's profit result is up 48.5% compared to the previous year - a very pleasing outcome.

#### **BIRKENHEAD QUAYS RESIDENTIAL PROJECT**

The Birkenhead Quays Residential project, a key driver of both revenue and earnings in past years, derived earnings from the sale of the final available apartment in the 2003 year. Approval for the fourth and final stage of the residential project was given by the Council on 1st July 2003. However, no further development work or marketing effort has been scheduled pending further consideration by the board.

#### **CHANGES TO THE BOARD**

As was announced in January, I will be retiring as chief executive of Millennium & Copthorne Hotels Plc, effective from the end of February. I will also be retiring as chairman of KIC. I am confident the company is in good shape and the board and management have the skills required to continue to drive performance. My replacement will be announced in due course.

The operating expenses of Birkenhead Point Shopping Centre have been managed carefully during the year and are down 10.8% compared to the previous year.



BIRKENHEAD POINT MARINA.

## OUTLOOK

The company is currently having a stable base of earnings from the Birkenhead Point Shopping Centre, the Birkenhead Point Marina and the Kingsgate Shopping Centre. Operating cashflows from these recurrent earnings base will be used to fund the development of the Zenith Residences project which is located in the vibrant and trendy area of Darlington Road. Barring unforeseen circumstances and events, the directors anticipate 2004 to be profitable.

A handwritten signature in black ink, appearing to be 'J Wilson', written over a horizontal line.

**J Wilson**

Chairman

18th February 2004

## ZENITH RESIDENCES

The board is confident that the decision to convert the Millennium Tower into prestigious residential apartments will deliver the best value to shareholders. Set to comprise 97 apartments, the Zenith Residences conversion project is well under way. In mid April, the site was handed over to the project manager.

Recent world events such as the Iraq conflict and SARS epidemic have had a wide impact on economies. It is expected that the Australian economy will feel some repercussions. However, the Sydney economy and in particular the residential market appears optimistic due to the increasing number of people choosing to settle in the Sydney metropolitan area. This is evidenced by the quick absorption of housing units currently being experienced. Various analysts suggest the current momentum will continue for a few more years while supply is short and demand is high.

This environment, coupled with promising levels of interest, and careful marketing suggests that the Zenith Residences will become a landmark Sydney address. Moreover, the revenue generated from the sales will provide the company with an important cash reserve.

## KINGSGATE SHOPPING CENTRE

Located underneath the Zenith Residences, the closure of the Millennium Hotel has brought major changes to the shopping centre operations. This has necessitated the negotiation of new service contracts and careful control of costs. However, even with the challenges that the change in circumstances has brought, the outlook for the centre remains positive, with occupancy remaining high. The Kingsgate Shopping Centre's full year results for 2003 are within budget.

## BIRKENHEAD POINT SHOPPING CENTRE

In 2003, the centre achieved an encouraging 3% increase in net income above the projected budget. This is a very respectable performance, particularly given that revenue was below that which was achieved the previous year. The company also faced stiff competition from two new factory outlet centres which have been luring existing retail tenants away from Birkenhead with attractive low rental offers.

One of the main objectives for management during the year was to focus on reinforcing 'brand' retailers through the introduction to the centre of new tenants with names such as JAG, Diana Ferrari, Brooks, Helly Hansen, Airwalk, Mountain Design, Morrissey and Adairs Homewares.

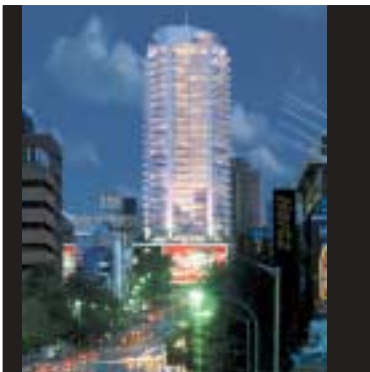
The coming year will provide many challenges for management as it introduces new and aggressive strategies to emphasise to retail tenants, as well as

their customers, that the Birkenhead Point Shopping Centre is the first and only true factory outlet in Sydney with its unique location for shopping, dining and family outings.

### OPERATIONS

The ongoing upkeep associated with the annual fire services certification, due for renewal in January 2004, was undertaken during the year. The task of maintaining the Birkenhead Point building and its services to comply with Occupational Health and Safety legislation is continuing. A progressive programme involving repairs and maintenance, painting and lighting to preserve the presentation of the property was implemented.

A review of the costs associated with maintenance is being undertaken as portions of the plant and equipment are nearing the end of their economic life and as such are proving to be increasingly expensive.



ZENITH RESIDENCES.

The board is confident that the decision to convert the Millennium Tower into prestigious residential apartments will deliver the best value to shareholders.

### **LEASING**

The leasing strategy to emphasise the marketing position of the centre – Labels, Leisure & Lifestyle – resulted in the introduction of 11 new retail tenants. Brand name stores now account for more than 50% of the tenants in the centre. This same approach has been factored into the lease renewal profile for 2004.

### **MARKETING**

A consistent marketing thrust during the year was undertaken, aimed at building on the success of Freshpoint. Sales were 13% above the previous year, with the Freshpoint VIP club increasing its membership to 4,500.

The first phase of an in-depth market research campaign was conducted in the last week of March 2003. Exit surveys were carried out with a large sample size gained. This was followed by the next phase of the research using focus groups. The completed report enabled a fine tuning of the marketing strategy in the latter part of the year with valuable feed back passed on to retailers.

Television commercials were continued through the year with air times changed to focus more on the target market.

Radio was used to increase traffic to the centre in the lead up to specific traditional marketing events such as annual sales, Easter and Christmas.

### **RETAIL MARKET OVERVIEW**

The past 12 months has seen the opening of another major outlet centre. While this is a considerable distance from Birkenhead Point, it provides both retailers and customers with the choice of three outlet centres in Sydney. Additional ones are being planned. Although Birkenhead Point faces greater competition, the centre has a strong suite of retailers and an established market position that is supported by a consistent and effective marketing thrust.

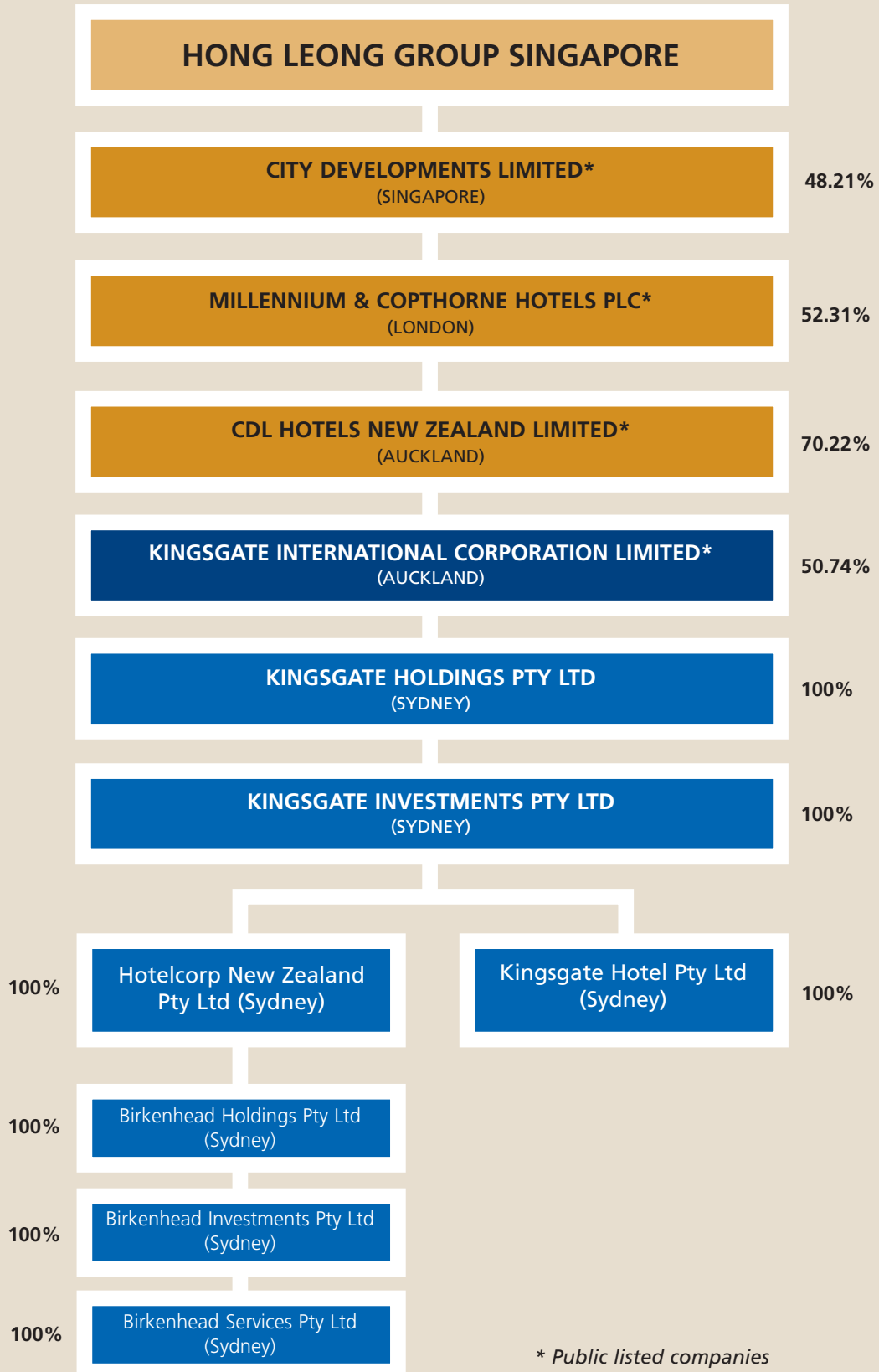
### **BIRKENHEAD POINT MARINA**

2003 has been a strong year for the Birkenhead Point Marina. Leasing activity has been solid, with any vacancies filled almost immediately, due to the newly upgraded state of the art marina pontoons. In March 2003, the marina was featured on the lifestyle television program, "Sydney Weekender", further boosting interest in the marina. Adding to the success of the marina is the continuing shortage of berthing spaces along Sydney Harbour.

### **BIRKENHEAD QUAYS RESIDENTIAL PROJECT**

Stages 1, 2 and 3 of the Birkenhead Quays residential project have now been completed, leaving just the fourth and final stage of this highly successful project to be completed. While approval for the fourth stage has been granted by the Council, no further development is planned at this stage.

**GROUP  
CORPORATE  
STRUCTURE**



\* Public listed companies

## BOARD OF DIRECTORS

**JOHN WILSON**, 62, non-executive Chairman of the Company, appointed in August 1999 is also the Chief Executive Officer of Millennium & Copthorne Hotels Plc ("M&C"). Mr Wilson retired from the Board of Kingsgate International Corporation Limited effective 29 February 2004.

**TSANG JAT MENG**, 71, was appointed as a Director of the Company in July 2001. He is the Managing Director of CDL Hotels New Zealand Limited and CDL Investments New Zealand Limited. Prior to his appointment to the board, Mr Tsang was a senior partner and shareholder of a stockbroking company, Tsang & Ong of Singapore. In 1983, Mr Tsang was appointed Deputy Chairman of the Singapore Stock Exchange for a 5-year term.

**WONG HONG REN**, 52, non-executive Director of the Company, was appointed in May 1994. He is an executive Director of M&C. Mr Wong was appointed non-executive director of CDL Hotels New Zealand Limited when the Hong Leong Group of Singapore first invested in New Zealand. He is also a non-executive director of CDL Investments New Zealand Limited. Mr Wong is the Group Investment Manager for the Hong Leong Group in Singapore.

**VINCENT WEE ENG YEO**, 35, was appointed non-executive Director in April 1993 and was later appointed Managing Director of the Australian and New Zealand operations of the Company. During that time, he was responsible for developing and integrating the hotels into the largest hotel chain in New Zealand. In February 1998, he took up the position of Executive Director of M&C with special responsibilities in sales and marketing, based in London. In June 2001, he returned to Asia to

assume the role of Chief Executive Officer of City e-Solutions Limited, a listed subsidiary of City Developments Limited. In October 2001, he also assumed the role of Chief Operating Officer for Millennium & Copthorne Hotels Asia Pacific region and in 2003, he was appointed President.

**HO SIM GUAN**, 78, non-executive Director of the Company, was appointed in June 1982. Mr Ho is involved in various investment activities in Australia, Singapore, Malaysia and China.

**JOHN HENDERSON**, 57, non-executive Director, was appointed to the Board in October 2000. He also sits on the board of CDL Investments New Zealand Limited and CDL Hotels New Zealand Limited. He has held various positions during his 28 years with the Starwood Hotels and Resorts Group. His last position before returning to New Zealand was Regional Vice President (Operations) for Asia Pacific Division where he had direct responsibility for 29 Sheraton and Westin Hotels in China, Japan, Korea, Taiwan and Guam. Mr Henderson was also a director for Starwood Joint Ventures in Tokyo, Hong Kong and Beijing and Chairman of the China Hotel Development Company. Between May 1986 and May 1990, Mr Henderson was the Chief Executive of the Sheraton Group in New Zealand and Area Manager of the South Pacific region.

**CALVIN HAN LEONG HO**, 52, non-executive Director, was appointed to the Board in May 1994. Mr Ho is involved in various investment activities in Singapore, Malaysia, Australia and China.

## **ROLE OF THE BOARD OF DIRECTORS**

The Board is responsible for the proper direction and control of the Group's activities. This responsibility includes such areas of stewardship as the identification and control of the Group's business risks, the integrity of management information systems and reporting to shareholders. While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based upon procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, sound risk management, a programme of internal audit, and the careful selection and training of qualified personnel.

## **BOARD OPERATIONS**

The Board meets several times a year establishing the Group's principal objectives, determining major strategies for achieving those objectives and providing the policy framework within which the Group operates. Each year management submits to the Board a proposed annual budget for approval prior to the commencement of each financial year. Major policies which are subject to the Board's approval and review include capital expenditure, treasury policy, guidelines for the appointment of senior staff and delegated authority limits.

<b>BOARD MEMBERS</b>	<b>MEETINGS ATTENDED</b>
J Wilson	4
JM Tsang	4
HR Wong	3
SG Ho	1
CHL Ho	4
VWE Yeo	4
J Henderson	4
4 Meetings held	

The Company's constitution requires that Directors stand for re-election to the Board at the Annual Meeting of Shareholding once every three years.

## **GROUP MANAGEMENT STRUCTURE**

The Group's organisational structure is focused on its business operational activities of Birkenhead Point Outlet Centre and Marina, Kingsgate Shopping Centre and Zenith Residencies. These operations are all separately managed, with at least one of the Company's Directors being on the Board of each subsidiary. The Board compares the actual business results of these operations to forecasts and to budgets at Board meetings.

## RISK IDENTIFICATION AND MANAGEMENT

The Group has in place policies and procedures to identify areas of significant business risk and implement procedures to effectively manage those risks. Where appropriate, the Board obtains advice directly from external advisers. Once a significant business risk is identified, the Board is advised and corrective action is taken promptly to mitigate and monitor the risk.

## THE ROLE OF SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the Annual Report, the Interim Report and the release of specific announcements to the New Zealand Stock Exchange as required. The Board encourages participation of shareholders at the annual meeting to ensure a high level of accountability and identification with the Group's strategies and goals.

## CONTENTS

AUDITORS' REPORT	2
FINANCIAL STATEMENTS	3
SHAREHOLDER INFORMATION	13
STATUTORY INFORMATION	15
CORPORATE DIRECTORY	IBC

# FINANCIAL REPORT

**To the Shareholders of Kingsgate International Corporation Limited**

We have audited the financial statements on pages 3 to 12. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 December 2003. This information is stated in accordance with the accounting policies set out on pages 6 to 7.

**DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 31 December 2003 and the results of their operations and cash flows for the year ended on that date.

**AUDITORS' RESPONSIBILITIES**

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

**BASIS OF OPINION**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the company and certain of its subsidiaries in relation to taxation and general accounting services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditors of the company and group. The firm has no other relationship with, or interest in, the company or any of its subsidiaries.

**UNQUALIFIED OPINION**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 3 to 12:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company and group as at 31 December 2003 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 18 February 2004 and our unqualified opinion is expressed as at that date.

A handwritten signature of a KPMG representative, appearing to be 'KPMG' followed by a stylized signature.

Auckland

## STATEMENTS OF FINANCIAL PERFORMANCE

KINGSGATE INTERNATIONAL CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2003		GROUP		PARENT	
DOLLARS IN THOUSANDS	NOTE	2003	2002	2003	2002
Hotel Revenue		3,772	17,899	-	-
Development Property Revenue		760	12,612	-	-
Rental Revenue		19,156	20,340	-	-
Management Fee Received		-	-	600	600
<b>Total Revenue</b>		<b>23,688</b>	<b>50,851</b>	<b>600</b>	<b>600</b>
Operating Profit/(Loss) Before Taxation	2	6,195	12,514	135	151
Taxation	3	(2,180)	(2,310)	-	-
<b>Net Profit/(Loss) After Taxation</b>		<b>4,015</b>	<b>10,204</b>	<b>135</b>	<b>151</b>
Earnings Per Share (Cents)					
- Primary		1.02	2.60		
- Fully Diluted		1.02	2.60		

Primary and fully diluted earnings per share is based on the net profit after taxation attributable to ordinary shareholders and weighted average number of ordinary shares on issue during the year.

## STATEMENTS OF MOVEMENTS IN EQUITY

KINGSGATE INTERNATIONAL CORPORATION LIMITED

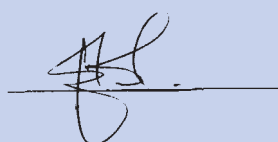
FOR THE YEAR ENDED 31 DECEMBER 2003		GROUP		PARENT	
DOLLARS IN THOUSANDS	NOTE	2003	2002	2003	2002
Net Profit After Taxation	5	4,015	10,204	135	151
Revaluation/(Write-down) of Investments in Subsidiaries	5	-	-	14,254	(2,316)
Revaluation of Investment Property	5	-	7,614	-	-
Movement in Foreign Currency Translation Reserve	5	10,374	(19,983)	-	-
Total Recognised Revenues and Expenses for the Year		14,389	(2,165)	14,389	(2,165)
Equity at Start of Year		145,801	147,966	145,801	147,966
<b>Equity at End of Year</b>		<b>160,190</b>	<b>145,801</b>	<b>160,190</b>	<b>145,801</b>

The attached notes on pages 6 to 12 form part of, and are to be read in conjunction with, these Financial Statements.

AS AT 31 DECEMBER 2003 DOLLARS IN THOUSANDS	NOTE	GROUP		PARENT	
		2003	2002	2003	2002
<b>EQUITY</b>					
Share Capital	4	162,931	162,931	162,931	162,931
Reserves	5	(2,741)	(17,130)	(2,741)	(17,130)
<b>Total Equity</b>		<b>160,190</b>	<b>145,801</b>	<b>160,190</b>	<b>145,801</b>
<b>NON CURRENT LIABILITIES</b>					
Term Loan	6	40,770	42,804	-	-
Deferred Tax Liability	3	3,563	1,081	-	-
<b>Total Non Current Liabilities</b>		<b>44,333</b>	<b>43,885</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Creditors and Accruals		2,612	5,849	175	80
Employee Entitlements		98	574	-	-
Provision for Taxation	3	-	302	-	-
Related Parties	7	133	129	133	97
<b>Total Current Liabilities</b>		<b>2,843</b>	<b>6,854</b>	<b>308</b>	<b>177</b>
<b>Total Equity and Liabilities</b>		<b>207,366</b>	<b>196,540</b>	<b>160,498</b>	<b>145,978</b>
<b>NON CURRENT ASSETS</b>					
Fixed Assets	8	2,093	73,289	-	-
Investment Properties	9	139,185	111,291	-	-
Development Properties for Resale	10	61,977	42	-	-
Investment In Subsidiaries	11	-	-	121,712	107,110
<b>Total Non Current Assets</b>		<b>203,255</b>	<b>184,622</b>	<b>121,712</b>	<b>107,110</b>
<b>CURRENT ASSETS</b>					
Cash and Bank Deposits		2,194	2,536	15	7
Trade and Sundry Debtors		651	4,784	8	7
Property Debtors		-	3,719	-	-
Inventory		1	142	-	-
Development Properties for Resale	10	-	568	-	-
Taxation Receivable		1,196	-	-	-
Related Parties	7	69	169	38,763	38,854
<b>Total Current Assets</b>		<b>4,111</b>	<b>11,918</b>	<b>38,786</b>	<b>38,868</b>
<b>Total Assets</b>		<b>207,366</b>	<b>196,540</b>	<b>160,498</b>	<b>145,978</b>

The attached notes on pages 6 to 12 form part of, and are to be read in conjunction with, these Financial Statements.

For, and on behalf of, the Board



J WILSON  
CHAIRMAN  
18 FEBRUARY 2004



JM TSANG  
MANAGING DIRECTOR  
18 FEBRUARY 2004

FOR THE YEAR ENDED 31 DECEMBER 2003	GROUP		PARENT	
	2003	2002	2003	2002
DOLLARS IN THOUSANDS				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from Customers	29,842	47,691	598	549
Interest Received	108	126	1	1
	29,950	47,817	599	550
<b>Cash was applied to:</b>				
Payments to Suppliers and Employees	(15,178)	(25,494)	(591)	(572)
Income Tax Paid	(1,527)	(790)	-	-
Interest Paid	(2,511)	(3,134)	-	-
	(19,216)	(29,418)	(591)	(572)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	10,734	18,399	8	(22)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Sale of Fixed Assets	595	-	-	-
	595	-	-	-
<b>Cash was applied to:</b>				
Purchase of Fixed Assets	(654)	(1,424)	-	-
Purchase of Investment Property	(134)	(4,378)	-	-
Payments on Development Property	(6,202)	-	-	-
	(6,990)	(5,802)	-	-
<b>Net Cash Outflow from Investing Activities</b>	(6,395)	(5,802)	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was applied to:</b>				
Repayment of Long Term Liabilities	(4,848)	(13,376)	-	-
<b>Net Cash Outflow from Financing Activities</b>	(4,848)	(13,376)	-	-
Net Increase/(Decrease) in Cash	(509)	(779)	8	(22)
Opening Cash Balance	2,536	3,810	7	29
Exchange Difference in Opening Cash Balance	167	(495)	-	-
<b>Closing Cash</b>	2,194	2,536	15	7
<b>RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit after Taxation	4,015	10,204	135	151
<b>Adjusted for non-cash items:</b>				
Depreciation	660	1,574	-	-
<b>Adjusted for Movements in Working Capital:</b>				
(Increase)/Decrease in Receivables	4,500	(3,033)	(1)	(7)
Increase/(Decrease) in Payables	(1,367)	805	95	(109)
Decrease in Related Parties	-	-	(221)	(57)
Increase/(Decrease) in Provision for Employee Entitlements	(514)	3	-	-
Increase in Taxation Due	3,261	1,383	-	-
Decrease in Development Properties	29	7,430	-	-
Decrease in Inventory	150	33	-	-
<b>Cash Flow from Operating Activities</b>	10,734	18,399	8	(22)

The attached notes on pages 6 to 12 form part of, and are to be read in conjunction with, these Financial Statements.

## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

Kingsgate International Corporation Limited is a public company registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Group consists of Kingsgate International Corporation Limited and its subsidiaries. Kingsgate International Corporation Limited is an issuer for the purposes of the Financial Reporting Act 1993.

### STATUTORY BASE

These financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

### MEASUREMENT SYSTEM

The measurement base adopted is that of historical cost, except in the case of certain assets which have been revalued.

#### a) Group Accounts

The consolidated financial statements are prepared from the accounts of the Parent Company and its subsidiary companies as at 31 December 2003. The results of subsidiaries acquired or disposed of during the period are included in the Statement of Financial Performance of the Group from the date of acquisition or up to the date of disposal. All significant transactions between Group companies have been eliminated on consolidation. The purchase method of consolidation has been applied. Goodwill arising on consolidation is capitalised and amortised over the period of benefit expected to accrue. Discount on acquisition is accounted for by reducing the values of the acquired company's non monetary assets.

#### b) Investments

Investments in subsidiaries are stated at net asset value. Revaluations are taken directly to the Investment in Subsidiary Revaluation Reserve except where the revaluation is below cost, in which case it is taken to the Statement of Financial Performance. Revaluations are also taken to the Statement of Financial Performance to the extent they offset a previous decrease in value recognised in the Statement of Financial Performance.

#### c) Foreign Currency

Overseas assets and liabilities are translated to New Zealand dollars using the rate of exchange ruling at balance date. The revenues and expenses are translated at the average exchange rate for the year. Exchange gains and losses resulting from translation of the opening net overseas investment, revenue and expenses, at rates different to the rates at which assets and liabilities are translated, are recognised in the Foreign Currency Translation Reserve.

Foreign currency transactions are recorded at the exchange rates in effect at the date of transaction except where forward currency contracts have been taken out to cover forward currency commitments. Where forward currency contracts have been taken out the trading transactions or overseas borrowings are valued at contract rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Financial Performance, except where monetary liabilities are identified as a hedge against foreign operations in which case the gain/loss is credited to the Foreign Currency Translation Reserve.

Other exchange gains and losses are included in the Statement of Financial Performance.

#### d) Fixed Assets

Land and buildings are stated at valuation as determined by an independent registered valuer in December 1993. Subsequent additions are recorded at cost.

#### e) Investment Properties

Investment properties under development are carried at the lower of cost or net current value. Cost includes the carrying value of the properties at commencement of the development and all direct development costs, including interest for the period of the development.

Completed investment properties are stated at valuation as determined by an independent registered valuer in December 2003.

Property revaluations are taken directly to the Property Revaluation Reserve, except where the devaluation exceeds the increase previously recognised in equity, in which case they are taken to the Statement of Financial Performance.

**f) Development Properties for Resale**

Development property for resale is stated at cost plus profit recognised to date less provision for foreseeable losses and less progress billings. Cost includes the cost of acquisition, development, and holding costs such as interest and rates. Interest and other holding costs incurred after completion of development are expensed as incurred. Revenue and profit is not recognised on development properties until the point of formal unconditional contract for sale.

**g) Depreciation of Fixed Assets**

Fixed assets other than land are depreciated on a straight line basis so as to write down the cost or valuation of the fixed assets to their estimated residual value. The depreciation rates used are:

Building	1%
Plant, Equipment and Furniture	10%-20%
Motor Vehicles	14%

**h) Taxation**

The taxation charge for the year is the estimated charge in respect of the profit after allowance for permanent differences. The Group follows the partial liability method of accounting for deferred taxation. Future taxation benefits, to the extent they exceed related deferred taxation liabilities, are not recognised unless realisation of the asset is virtually certain.

**i) Inventory**

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

**j) Accounts Receivable**

Trade and sundry debtors are stated at expected realisable value after making adequate provision for bad debts.

**k) Financial Instruments**

The Group operates primarily in Australia and therefore is subject to foreign exchange risk. The Group manages its foreign exchange and interest rate risks based on its assessment of current and forecast market conditions and its facilities available. Surplus funds on hand from time to time are lodged with recognised banks, principally the Group's bankers. Any financial instruments entered into to protect Group exposure are accounted for on the same basis as the underlying exposure and revenue or costs are brought to account accordingly.

**l) Changes in Accounting Policy**

There have been no changes in accounting policies. All policies have been applied on a consistent basis with the previous year.

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>2. OPERATING PROFIT</b>				
<b>The operating profit/(loss) is arrived at after (crediting) and charging:</b>				
Depreciation				
Buildings	152	639	-	-
Plant, Equipment & Furniture	503	933	-	-
Motor Vehicle	5	2	-	-
(Profit) on the sale of Development Properties	(104)	(1,813)	-	-
Auditors' Remuneration:				
Audit Fees	100	79	14	9
Fees for Non-audit Services	160	238	15	29
Directors' Remuneration:				
Fees	23	24	10	10
Leasing and Rental Charges	258	397	119	109
Provision for Bad Debts:				
Provision Made/(Released) During the Year	(1)	(87)	-	-
Bad Debts Written Off	82	174	-	-
Interest Expense	2,511	3,134	-	-
Interest Income	(108)	(126)	(1)	(1)
Loss on Disposal of Fixed Assets	296	-	-	-

### 3. TAXATION

**The taxation expense has been calculated as follows:**

Profit Before Taxation	6,195	12,514	135	151
Prima Facie Taxation at 33%	2,044	4,130	45	50
<b>Adjusted for Taxation effect of:</b>				
Permanent differences	(772)	585	-	-
Taxation Losses not recognised	2,189	(3,211)	(45)	(50)
Prior year deferred tax liability now recognised	-	1,182	-	-
Write off of deferred tax liability due to asset reclassification	(1,100)	-	-	-
Rates other than 33%	(181)	(376)	-	-
<b>Taxation Expense</b>	<b>2,180</b>	<b>2,310</b>	<b>-</b>	<b>-</b>

**The income taxation expense comprises:**

Current Taxation	(302)	1,128	-	-
Deferred Taxation	2,482	1,182	-	-
	<b>2,180</b>	<b>2,310</b>	<b>-</b>	<b>-</b>

**The deferred taxation liability comprises:**

Opening Balance	1,081	-	-	-
Current Year	2,482	1,182	-	-
Foreign Exchange difference	-	(101)	-	-
<b>Closing Balance</b>	<b>3,563</b>	<b>1,081</b>	<b>-</b>	<b>-</b>

The Group has A\$6.6 million unrecognised Australian taxation losses (2002: Nil) available for utilisation against future Australian taxable profits. The Group has \$nil (2002: \$1.0 million) franking credits available as at 31 December 2003.

The Group has \$3.1 million unrecognised New Zealand taxation losses (2002: \$6.2 million) available for utilisation against future NZ taxable profits. The ability of the Group to utilise these losses depends on the generation of sufficient assessable income in the respective tax jurisdiction and compliance with the requirements of local tax authorities.

The Company has adopted the partial basis of calculating deferred tax, and therefore tax has not been provided for on the revaluation of investment property as the property is not intended for resale. The amount not provided is approximately \$2.3m (2002: \$2.3m).

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>4. SHARE CAPITAL</b>				
393,180,992 Ordinary Shares (2002: 393,180,992)	162,931	162,931	162,931	162,931

All shares are fully paid, carry equal voting rights and rank pari passu with regard to residual assets of the Company.

#### 5. RESERVES

##### INVESTMENT PROPERTY REVALUATION RESERVE

Balance at Beginning of Year	15,450	7,836	-	-
Revaluation of Investment Properties	9	7,614	-	-
Balance at End of Year	15,450	15,450	-	-

##### INVESTMENT IN SUBSIDIARIES REVALUATION RESERVE

Balance at Beginning of Year	-	-	25,988	28,304
Revaluation of Investment In Subsidiaries	-	-	14,254	(2,316)
Balance at End of Year	-	-	40,242	25,988

##### FOREIGN CURRENCY TRANSLATION RESERVE

Balance at Beginning of Year	(12,913)	7,070	-	-
Exchange Variation on Net Investment in Foreign Subsidiaries	10,374	(19,983)	-	-
Balance at End of Year	(2,539)	(12,913)	-	-

##### RETAINED LOSSES

Balance at Beginning of Year	(19,667)	(29,871)	(43,118)	(43,269)
Net Profit/(Loss) After Taxation	4,015	10,204	135	151
Balance at End of Year	(15,652)	(19,667)	(42,983)	(43,118)

<b>Total Reserves</b>	<b>(2,741)</b>	<b>(17,130)</b>	<b>(2,741)</b>	<b>(17,130)</b>
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#### 6. TERM BORROWINGS

Borrowings	40,770	42,804	-	-
Less Amounts Classified as Current Liabilities	-	-	-	-
<b>Term Liabilities</b>	<b>40,770</b>	<b>42,804</b>	<b>-</b>	<b>-</b>

Interest rates on Term Liabilities range from 5.59% to 6.16% per annum (2002: 5.1% to 5.75%).

Borrowings and Bank Overdrafts are secured by mortgages over all assets of the Group. The term borrowings are repayable 31 December 2004.

#### 7. RELATED PARTY

Kingsgate International Corporation Limited is a 50.74% owned subsidiary of CDL Hotels New Zealand Limited. CDL Hotels New Zealand Limited is 70.22% owned by CDL Hotels Holdings New Zealand Limited, which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc. The ultimate parent company is Hong Leong Investment Holdings Pte Limited.

During the year Kingsgate International Corporation Limited entered into the following transactions with subsidiaries and related parties:

- Management fees received from its subsidiary Kingsgate Investments Pty Limited of \$600,000 (2002: \$600,000).
- Management fees of \$45,000 (2002: \$188,000) paid to Hospitality Services Limited, a subsidiary of CDL Hotels New Zealand Limited.
- Franchise fees of \$27,000 (2002: \$126,000) paid to CDL Hotels New Zealand Limited.
- Reimbursement of costs of \$163,000 (2002: \$232,000) paid to Millennium & Copthorne Hotels plc.

No related party debts have been written off or forgiven during the year.

DOLLARS IN THOUSANDS	2003			2002		
	Cost or Valuation	Accumulated Depreciation	Net Book Value	Cost or Valuation	Accumulated Depreciation	Net Book Value
<b>8. FIXED ASSETS - GROUP</b>						
<b>Land</b>						
Freehold at valuation	-	-	-	19,262	-	19,262
<b>Buildings</b>						
Freehold at valuation	-	-	-	44,192	5,626	38,566
Freehold at cost	-	-	-	14,263	554	13,709
	-	-	-	58,455	6,180	52,275
<b>Plant, Equipment &amp; Furniture</b>						
At cost	4,373	2,302	2,071	22,658	22,128	530
<b>Motor Vehicles</b>						
At cost	27	5	22	36	36	-
<b>Capital Work in Progress</b>						
At cost	-	-	-	1,222	-	1,222
<b>Total</b>	<b>4,400</b>	<b>2,307</b>	<b>2,093</b>	<b>101,633</b>	<b>28,344</b>	<b>73,289</b>

The Millennium Hotel Sydney ceased operations as a hotel on 31 March 2003 at which point the historical Land, Building, Plant and Equipment costs were reclassified. Based on valuations the historical costs of this Kings Cross site were allocated into the constituent parts of:

- Kingsgate Shopping Centre (reclassified to Investment Properties)
- Millennium Hotel, consisting of Bayswater Tower and Zenith Residencies (reclassified to Development Properties).
- Capital Work in Progress consisted of the costs incurred in the proposed part redevelopment of the Millennium Hotel Sydney into what is now referred to as the Zenith Residencies.

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>9. INVESTMENT PROPERTIES</b>				
Investment Properties - Completed	139,185	111,228	-	-
Investment Properties - Under Development	-	63	-	-
	139,185	111,291	-	-

The Investment Properties are at Birkenhead Point and Kings Cross, Sydney, and were valued by Carl Molony and Michael Steur Registered Valuers CB Richard Ellis Australia. The Investment Properties consist of two shopping centres and a marina.

The valuations were performed in December 2003 and the valuations given were:

- Birkenhead Point \$111.3 million (A\$102 million) (2002: \$111.3 million (A\$104 million)).
- Kings Cross: \$28.5 million (A\$25 million) (2002: not applicable)
- TOTAL \$139.8 million (A\$127 million) (2002: \$111.3 million (A\$104 million)).

#### 10. DEVELOPMENT PROPERTY FOR RESALE

Residential Development	61,977	610	-	-
Less expected to settle within one year	-	(568)	-	-
	61,977	42	-	-

Development Property for Resale comprises the residential development known as Zenith Residencies and Bayswater Tower (2002: Birkenhead Quays) which commenced with the closure of the Millennium Hotel Sydney at 31 March 2003.



## 15. FINANCIAL INSTRUMENTS

Exposure to currency, interest and credit risk arises in the normal course of the Group's business.

### Credit Risk

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all credit customers over a certain amount.

Reputable financial institutions are used for investing and cash handling purposes. At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

Maximum credit exposure at balance date is as follows:

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
Cash and Deposits	2,194	2,536	15	7
Debtors	1,847	4,784	8	7
Property Debtors	-	3,719	-	-

### Concentration of Credit Risk

The Certificates of deposit are placed with a registered bank. There are no other material concentrations of credit risk.

### Currency Risk

Substantially all of the Group's operations are denominated in Australian dollars. Substantially all assets and liabilities, except the related party loans and equity, are in Australian dollars. Exchange gains and losses resulting from translation of the net investment in foreign subsidiaries are carried forward in the Foreign Currency Translation Reserve.

At balance date, the Group has net assets totaling \$160.2 million (2002: \$145.8 million) that are not hedged. The Group does not have any other foreign currency monetary assets or monetary liabilities that are not hedged for the lesser of the next twelve months and the period until settlement.

### Interest Rate Risk

Interest rates on floating rate borrowings are periodically reset to market rates, every 1 to 3 months. Interest on the borrowing facility is accounted for on an accrual basis over the life of the borrowing.

### Fair Value

Cash, accounts receivable, accounts payable, inventories - The carrying amount for these balances approximates their fair value because of the short maturities of these items.

Shares in companies and other investments - The carrying amount for these balances represents the Directors' estimates of their fair values.

Borrowings - The carrying amount for the borrowings represent their fair values because the interest rates are reset to market periodically, every 1 to 3 months. The interest rate swap agreements calculated on a net present value at market interest rates for the unexpired term as at balance date have an approximate fair value of \$NIL (2002: \$ NIL).

**20 LARGEST SHAREHOLDERS**

AS AT 19 FEBRUARY 2004

	SECURITIES	%
1 CDL Hotels New Zealand Limited	199,515,434	50.74
2 Frasers Nominees (Pte) Limited	125,011,692	31.80
3 United Overseas Bank Nominees (HK) Limited	28,639,158	7.28
4 Arthur Christopher Pegler	2,421,341	0.62
5 Sterling Nominees Limited	2,013,791	0.51
6 Raymond John Randolph French & Alys Gay Christabel French	1,909,000	0.49
7 Citibank Nominees (New Zealand) Limited	1,632,130	0.41
8 DHS (Hong Kong) Limited	1,560,000	0.40
9 Gwan Ying Wu	1,500,000	0.38
10 Darshan Singh Kler	1,110,000	0.28
11 Liok Wan Thye	1,000,000	0.25
12 Tai Tak Securities Pte Limited	960,959	0.24
13 AFG Trust Assets Limited	933,025	0.24
14 Kee Pan Mok & Schut Fung Mok	873,600	0.22
15 Tak Suan Lee	820,000	0.21
16 Contemporara Holdings Private Limited	750,000	0.19
17 Bruce George Parker	705,000	0.18
18 Han Leong Calvin Ho	688,600	0.18
19 Geok Loo Goh	600,000	0.15
20 Mark Campbell Lillingston	600,000	0.15
	373,243,730	94.92

**DISTRIBUTION OF SECURITY HOLDERS AND SECURITY HOLDINGS**

AS AT 19 FEBRUARY 2004

Size of Holding	Security Holders		Securities	
	Number	%	Number	%
1 – 999	385	20.62	192,485	0.05
1,000 – 1,999	304	16.28	409,470	0.10
2,000 – 9,999	895	47.94	3,146,580	0.80
10,000 – 49,999	179	9.59	3,501,910	0.89
50,000 and over	104	5.57	385,930,547	98.16
	1,867	100.00	393,180,992	100.00

**DOMICILE OF SECURITY HOLDERS**

AS AT 19 FEBRUARY 2004

Country	Security Holders		Securities	
	Number	%	Number	%
New Zealand	1,694	90.73	223,268,516	56.79
Australia	106	5.68	1,100,971	0.28
Others	67	3.59	168,811,505	42.93
Total	1,867	100.00	393,180,992	100.00

**DIRECTORS' SHAREHOLDINGS**

AS AT 19 FEBRUARY 2004

(DIRECT AND INDIRECT HOLDINGS)	EQUITY SECURITIES HELD	
	2003	2002
SG Ho and CHL Ho	125,972,651	125,972,651
SG Ho	600,000	600,000
CHL Ho	1,032,100	1,032,100
J Wilson	Nil	Nil
JM Tsang	Nil	Nil
HR Wong	Nil	Nil
VWE Yeo	Nil	Nil
J Henderson	Nil	Nil

The holding of SG Ho and CHL Ho is, as to 125,972,651 shares, in shares which are beneficially owned by companies in which they have an interest.

SG Ho holds 600,000 shares on behalf of an Associated Person (as that expression is defined in the New Zealand Stock Exchange Listing Rules).

The holding of CHL Ho is, as to 688,600 shares, in shares of which he is the beneficial owner and, as to 343,500 shares, in shares held by an Associated Person (as that expression is defined in the New Zealand Stock Exchange Listing Rules).

**SUBSTANTIAL SECURITY HOLDERS**

AS AT 19 FEBRUARY 2004

HOLDER	NUMBER OF VOTING SECURITIES	%
CDL Hotels New Zealand Limited	199,515,434	50.74
Tai Tak Holdings Pte Limited	52,741,997	13.41
Tai Tak Securities Pte Limited	73,230,654	18.62
Fairview Investment Company Limited	28,639,158	7.28

The total number of voting securities of the Company (as defined in the Securities Amendment Act 1988) on issue at 19 February 2004 was 393,180,992.

**INTERESTS REGISTER RECORD**

The following entries were recorded in the interests register of the Company and its subsidiaries during the year ended 31 December 2003:

**Directors' interests in transactions**

There were no items recorded in the interest register of the Company and its subsidiaries during the period.

**Share dealings of Directors**

There was no record of any share transactions by Directors of the Company in the Company or its subsidiaries during the accounting period.

**GENERAL DISCLOSURE OF INTEREST BY DIRECTORS**

In accordance with Section 140(2) of the Companies Act, 1993, the Directors have made general disclosures of their interest in the following companies:

DIRECTOR		POSITION	COMPANY
J Wilson	(retired 29 February 2004)	Chairman	CDL Hotels New Zealand Limited
			CDL Investments New Zealand Limited
		Director	CDL (New York) L.L.C
			CDL Hotels (Korea) Limited
			CDL Hotels USA, Inc
			CDL Management L.L.C
			CDL West 45th Street L.L.C
			M&C Hotels Holdings USA Limited
			Millennium & Copthorne (Austrian Holdings) Limited
			New Plaza Associates, L.L.C
			NPA/DIT Limited Partnership
			Plaza Operating Partners Limited
			Republic Hotels & Resorts Limited
SI Komplex II Gastronomiebetriebsgesellschaft mBH			
Chief Executive Officer	Millennium & Copthorne Hotels Plc		
JM Tsang		Managing Director	CDL Hotels New Zealand Limited
			CDL Investments New Zealand Limited
		Chairman Director	Quantum Limited
			Hospitality Group Ltd
			Hospitality Services Ltd
			Kingsgate Hotel Pty Ltd
			Kingsgate Holdings Pty Ltd
			Millennium & Copthorne Hotels and Resorts Pty Ltd
			Kingsgate Investments Pty Ltd
			Hotelcorp New Zealand Pty Ltd
			Birkenhead Holdings Pty Ltd
			Birkenhead Investments Pty Ltd
			Birkenhead Services Pty Ltd

**GENERAL DISCLOSURE OF INTEREST BY DIRECTORS (CONT)**

DIRECTOR	POSITION	COMPANY
HR Wong	Director	CDL Hotels New Zealand Limited
		CDL Investments New Zealand Limited
		Millennium & Copthorne Hotels Plc
		City e-Solutions Limited
		Republic Hotels & Resorts Limited
		CDL Hotels Holdings New Zealand Limited
		Quantum Limited
		Hospitality Group Limited
		Hospitality Services Limited
		Hospitality Leases
		Quality Hotels Limited
		QINZ Holdings (NZ) Limited
		QINZ (Anzac Avenue) Limited
		Kingsgate Holdings Pty Ltd
		Hotelcorp New Zealand Limited
		Kingsgate Hotel Pty Ltd
		Birkenhead Holdings Pty Ltd
		Birkenhead Investments Pty Ltd
		Birkenhead Services Pty Ltd
		Landcorp Property Ltd
		LPL Group Ltd
		CDL Land New Zealand Limited
		Context Securities Ltd
Millennium & Copthorne Hotels Ltd		
All Seasons Hotels & Resorts Ltd		
Millennium & Copthorne Hotels Pty Ltd		
ATOS Holding AG		
M&C Hotels Holdings Ltd		
VWE Yeo	Director	CDL Hotels New Zealand Limited
		CDL Investments New Zealand Limited
		CDL Hotels Holdings New Zealand Limited
		Amarin Plaza Public Company Limited
		Wrep Thailand Holdings
		Swan Inc
		Millennium & Copthorne Hotels Ltd
Chief Executive Officer President	City e-Solutions Limited	
	Swan Holdings Limited	
J Henderson	Director	CDL Hotels New Zealand Limited
		CDL Investments New Zealand Limited

**DIRECTORS' REMUNERATION**

The total remuneration and other benefits received by each Director or former Director during the year are as follows:

	DIRECTORS FEES	OTHER BENEFITS
J Wilson	-	-
JM Tsang	-	-
HR Wong	-	-
SG Ho	-	-
CHL Ho	13	-
VWE Yeo	-	-
J Henderson	10	-

**INDEMNITY AND INSURANCE**

In accordance with the Company's constitution, the Company has insured all its Directors and the Directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

**INFORMATION USED BY DIRECTORS**

During the year, the Board received no notices from any Directors of the Company requesting the use of Company information which they would have received in their capacity as Directors which would not otherwise have been available to them.

**BOARD OF DIRECTORS OF SUBSIDIARY COMPANIES**

The names of persons holding office as Directors of the subsidiaries as at 31 December 2003 and the names of any persons who ceased to hold office as Directors of the Company during the accounting period are as follows:

SUBSIDIARIES	DIRECTORS
Kingsgate Holdings Pty Limited	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003)
Hotelcorp New Zealand Limited	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003)
Kingsgate Hotels Pty Limited	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003)
Birkenhead Holdings Pty Limited	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003)
Birkenhead Services Pty Limited	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003)
Kingsgate Investments Pty Limited and	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003) CHL Ho
Birkenhead Investments Pty Limited	HR Wong JM Tsang RA Bobb K Arasaratnam (resigned) SNB Harrison (appointed 30 June 2003) CHL Ho

With the exception of CHL Ho, the Directors of these subsidiaries do not receive any Directors' fees or other benefits from these companies.

**EXECUTIVE EMPLOYEES' REMUNERATION**

The number of employees or former employees of the Company and its subsidiaries who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded NZ\$100,000 per annum during the accounting period are as follows:

	NUMBER OF EMPLOYEES
100,000 to 110,000	-
110,000 to 120,000	1
120,000 to 130,000	-
130,000 to 140,000	1

**DONATIONS**

During the year the Company and its subsidiaries made only a small donation to charity.

**AUDIT FEES**

During the year, the following amounts were payable to the auditors of the Company:

DOLLARS IN THOUSANDS	2003	2002
Audit	100	79
Other services	160	238

**BOARD OF DIRECTORS**

J Wilson	Chairman (retired 29 February 2004)
HR Wong	Director
SG Ho	Director
CHL Ho	Director
VWE Yeo	Director
JM Tsang	Director
J Henderson	Director

**REGISTERED OFFICE**

280 Centre  
Level 13  
280 Queen Street  
Auckland, New Zealand  
PO Box 5640, Wellesley Street  
Auckland, New Zealand

Telephone 64 9 373 2266  
Facsimile 64 9 913 8051  
DX CX10036 Auckland  
Website [www.cdlhotels.co.nz](http://www.cdlhotels.co.nz)

**AUDITORS**

KPMG

**BANKERS**

ANZ Bank, Sydney

**SHARE REGISTRY**

Computershare Registry Services  
Level 2  
159 Hurstmere Road  
Takapuna, New Zealand  
Private Bag 92119, Auckland 1020  
Telephone 64 9 488 8700  
Facsimile 64 9 488 8787

**OPERATING SUBSIDIARIES & BUSINESS**

Kingsgate Investments Pty Limited  
Kingsgate Hotel Pty Limited  
Birkenhead Investments Pty Limited  
Birkenhead Services Pty Limited  
Birkenhead Point Shopping Centre  
Centre Management Office

**BIRKENHEAD POINT SHOPPING CENTRE**

Roseby St, Drummoyne  
NSW 2047  
PO Box 272  
Drummoyne, NSW 1470  
Telephone 61 2 9181 3922  
Facsimile 61 2 9819 7541

