Miscellaneous

* Asterisks denote mandatory information

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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	News Release - CDL Maintains Strong Core Earnings
Description	Please refer to the attached news release on the above matter issued by City Developments Limited on 14 August 2008.
Attachments	NewsRelease140808.pdf Total size = **39K** (2048K size limit recommended)

News Release

14 August 2008

CDL MAINTAINS STRONG CORE EARNINGS

City Developments Limited (CDL) today announces its unaudited financial results for the half year ended 30 June 2008.

Half year financial highlights

- Continued credible performance for 1H 2008.
- Profit before income tax for 1H 2008 up by 13.1% to $481.4 million, compared to the corresponding period last year despite the sub-prime woes.
- Profit after tax and minority interest for 1H 2008 increased by 3.0% to $330.1 million against $320.5 million in 1H 2007 despite one-off substantial tax credits recognised in 1H 2007.
- Profits are core earnings and do not include divestment gains and fair value gains on investment properties.
- Property Development and Rental Properties segments continue to experience growth in profit before tax of 27.4% and 84.9% respectively, even in the current subdued property market.
- Hotel Operations continue to be the 2nd biggest contributor to profit before tax.
- Gearing continues to be relatively low at 52% with interest cover at 11.7 times. This does not take into consideration any fair value gains on investment properties.
- As a result of the steady performance, Basic Earnings Per Share of the Group increased 3.2% to 35.6 cents for 1H 2008.

Prospects

- The global economy is experiencing a slow-down and the Singapore property market has been affected similarly.
- The Group has a diversified land bank portfolio ranging from the mass market, mid-tier to high-end, amassed over the years at relatively low cost. It is able to strategically extract the appropriate parcels and tailor its launches to meet changes in market demands and conditions. Despite today’s high development cost, the Group has the option to price its launches competitively while maintaining healthy profit margins or the option of waiting for the appropriate time to launch so as to maximise its profits

- Although some research reports have projected a situation of oversupply in the residential market, this projection may not materialise due to factors such as :

  (i) Increased land cost
  - Developers will exercise caution in their purchases or tenders

  (ii) Escalating construction costs
  - Construction of residential projects launches may be held back

  (iii) Pressure on construction sector
  - Builders may continue to face delivery pressures

  When market sentiments improve, the paced launches will likely lead to a bottle-neck of pent-up demand in the years to come.

- A number of the Group's leases are up for renewal at higher rates and its investment properties which have been carried at cost will provide good yields. It has the option to keep its assets, or to dispose some of them so as to build up its war-chest for good acquisition opportunities.

- With M&C's twin strategy of being both owner and operator of hotels, the Group will continue to review and evaluate the potential of its hotel assets, especially since many of its hotels were bought at a low cost and have since appreciated in value. When the opportunity arises, it may unlock the capital value of its assets, such as in the case of the recent disposal of Millennium Seoul Hilton Hotel.

Special Highlights

- The Group is the pioneer for Singapore's first Islamic Sukuk-Ijarah unsecured financing arrangement, under a proposed $1 billion Islamic Multi-Currency Medium Term Notes (MTN) Programme to tap new markets and investors.

- This programme will provide the Group with a diversified, alternative and non-traditional financing stream to further enhance its war-chest. The Group will make further announcements on this development in due course.

Commenting today, Mr Kwek Leng Beng, CDL Executive Chairman said:
"The current slow-down in the economy is different from the Asian Financial Crisis of 1997. The Group has very little unsold residential stock, a healthy balance sheet and locked-in profits yet to be recognised from its pre-sold residential units.

The Group is confident of Singapore's prospects, especially given the Republic's strong fundamentals. When the two Integrated Resorts become operational, the tourism market in Singapore will experience a new stream of tourist arrivals as well as strong growth in the property market as witnessed in cities like Macau. In the meantime, we will wait for the right time to seize opportunities."

Please refer to CDL's unaudited financial results announcement for the half year ended 30 June 2008 for a detailed review of the Group's performance and prospects.

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