



MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LTD  
**ANNUAL REPORT 2022**

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H.A.R.I. (Hotel Automated Robotic Implement) at M Social Auckland. With the help of Keenon Robot, H.A.R.I. is the first delivery ButlerBot of its kind in New Zealand.

Cover Image: Millennium Hotel Queenstown, Lobby Area

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# CALENDAR

Annual Report Issued	31 March 2023
Annual Shareholder Meeting	23 May 2023
Half Year End	30 June 2023
Full year End	31 December 2023



**Colin Sim**  
Chairman



**Stuart Harrison**  
Managing Director

## FIVE YEAR TREND STATEMENT

	2018	2019	2020*	2021*	2022
<b>Revenue</b>	\$218.8m	\$229.7m	\$172.0m	\$164.8m	\$144.2m
<b>Profit Before Tax</b>	\$85.1m	\$85.4m	\$54.4m	\$64.6m	\$44.8m
<b>Profit After Tax &amp; NCI</b>	\$49.4m	\$49.7m	\$48.5m	\$40.0m	\$21.7m
<b>Total Assets</b>	\$898.2m	\$1,008.2m	\$664.1m	\$680.8m	\$709.2m
<b>Group Equity</b>	\$640.3m	\$715.3m	\$474.7m	\$514.2m	\$531.0m
<b>Net Asset Backing / Per Share (cost basis)</b>	N/A	N/A	\$3.00	\$3.25	\$3.35
<b>Net Asset Backing / Per Share (market value basis)</b>	\$4.04	\$4.52	\$4.70	\$5.04	\$4.99
<b>Market Value of NZ Development Properties</b>	\$337.8m	\$315.6m	\$286.4m	\$334.1m	\$342.7m
<b>Market Value of Australian Development Properties</b>	\$91.0m	\$88.4m	\$68.5m	\$61.7m	\$54.9m
<b>Market Value of NZ Investment Properties</b>	\$ -	\$ -	\$6.4m	\$25.5m	\$62.6m
<b>Market Value of NZ Hotel Properties</b>	\$542.3m	\$585.5m	\$561.9m	\$567.6m	\$534.4m

\* During 2021, the Group changed its accounting policy relating to the measurement of land and buildings from revaluation to historical cost. The comparative figures for 2020 are restated accordingly.

# CHAIRMAN'S REVIEW



## OVERVIEW

If we had to use one word to describe 2022, it would be “tough”. The year commenced with a period of lockdowns affecting our hotels – notably Rotorua and Bay of Islands – and transitioned with borders re-opened but restricted staffing. Like most businesses in the hospitality and tourism sectors, we were affected by labour and skill shortages across the country and the intense competition to retain and attract new employees. This continues to be a current on-going challenge.

It was pleasing to have the transition from an Auckland MIQ based focus (in the first half of the year) to an opening of the international borders and the associated increases in visitor numbers. This was certainly welcome news, particularly for Queenstown, however the lack of employees at our hotels across the country meant having to adjust our inventory and service delivery to ensure that all of our guests received a warm welcome and the best possible service you would expect at any of our New Zealand hotels.

2022 also was a year of change as we bade farewell to long-serving Managing Director BK Chiu and welcomed back Stuart Harrison to MCK to take BK's place in July. Stuart has already made an impact with the Board and the hotel teams and we are very much looking forward to his contribution to our future strategic direction.

On behalf of the Board, we take this opportunity to sincerely thank all of our employees at our hotels and our corporate offices for their work during the past year. We sincerely appreciate all of your efforts.

## FINANCIAL PERFORMANCE & FINANCIAL POSITION

For the year ended 31 December 2022, MCK recorded a profit attributable to owners of the parent of \$21.7 million (2021: \$40.0 million).

With no one-off gains recognized during 2022, our majority-owned subsidiary CDL Investments New Zealand Limited (“CDI”) has been the core contributor to our profits. CDI recorded another strong year with the year concluding a number of section sales despite a rapid change in the residential markets in the last few months of the year.

MCK's New Zealand hotel operations recorded a loss before tax of \$4.0 million (2021: \$2.1 million loss excl. one-off gain from sale of land). Despite the reopening of the international border, visitor numbers remained comparatively low and inventory reductions due to the lack of staff also impacted on revenue and profitability.

Our total revenue in 2022 was \$144.2 million (2021: \$164.8 million) and our earnings per share decreased to 13.72 cents per share (2021: 25.31 cents per share (incl. one-off gain from sale of land)). At 31 December 2022, MCK's shareholders' funds excluding non-controlling interests was \$531.0 million (2021: \$514.2 million). Total assets increased to \$709.2 million (2021: \$680.8 million) with net asset backing (with land and building at cost and before distributions) also increasing to 335.4 cents per share (2021: 324.8 cents per share).

## FINANCIAL PERFORMANCE CONSOLIDATED

	Actual FY2022 \$000's	Actual FY2021 \$000's
Hotel Revenue	<b>65,245</b>	55,247
Rental Income	<b>3,002</b>	1,942
Property Sales	<b>75,951</b>	107,583
Revenue	<b>144,198</b>	164,772
One-Off Land Sale	-	15,870
Operating Profit	<b>43,242</b>	64,406
Net Finance Income	<b>1,539</b>	187
Profit before Income Tax	<b>44,781</b>	64,593
Profit for the Year	<b>21,713</b>	40,049
Earnings Per Share (Cents)	<b>13.72</b>	25.31

## NEW ZEALAND HOTEL OPERATIONS

2022 saw our New Zealand hotels record an operating revenue of \$65.2 million (2021: \$55.2 million) for the year. The impact of Covid lockdowns and restrictions in place around isolation tempered revenues severely throughout the year. The initial part of the year was supported by the utilisation of the M Social Hotel (Auckland) as an MIQ and on the decommissioning and re-opening of borders the recovery commenced in the leisure locations of Bay of Islands, Queenstown and Rotorua. Whilst there was an increase in revenue the sustained labour shortages and associated increased costs meant delivering a profitable result for the year was always going to be challenging. The Board consider the result creditable given the current circumstances but are targeting a return to overall profit this year.

Overall, an occupancy percentage of 43.7% (2021: 36.1%), was achieved with an average RevPAR (Revenue Per Available Room) of \$76.59 (2021: \$57.91).

At the coalface, we were pleased to see the completion of the first stage of our refurbishment at Millennium Hotel Queenstown of 62 rooms. We are already proceeding with the next 145 rooms which will be completed in stages between May and December 2023.

*2022 was a tough year for the tourism and accommodation sectors, our results reflected that*

## NEW ZEALAND HOTELS

	Actual FY2022	Actual FY2021
Occupancy (%)	<b>43.7%</b>	36.1%
Revenue Per Available Room	<b>\$76.59</b>	\$57.91
Hotel Revenue	<b>65,245</b>	55,247
Rooms Available	<b>1,679</b>	

## PERSONNEL

Wages, Salaries & Benefits	<b>34,275</b>	29,077
Wages Subsidy	<b>(222)</b>	(3,990)
Personnel Expenses	<b>34,053</b>	25,087
Hotels Head Count	<b>873</b>	634

## CDL INVESTMENTS NEW ZEALAND LIMITED ("CDLI")

CDLI performed well in 2022 nearly matching its 2021 results despite a rapid change in the property markets in late 2022 and recorded an operating profit after tax for the year of \$31.2 million (2021: \$31.3 million).

CDLI has maintained its dividend at 3.5 cents per share and MCK's Board has again resolved to take its CDLI dividend in cash when it is paid in May.

## FINANCIAL PERFORMANCE - CDLI

	Actual FY2022 \$000's	Actual FY2021 \$000's
Revenue	<b>67,098</b>	91,941
Operating Profit	<b>41,661</b>	42,811
Net Finance Income	<b>1,657</b>	612
Profit before Income Tax	<b>43,318</b>	43,423

Below: Private Dining Room at M Social Auckland



## AUSTRALIA UPDATE

In 2022, a total of five (2021: 10) apartments were sold at the Zenith Residences in Sydney. We continue to own and manage 36 apartments being predominantly one bedroom units plus some two – three bedrooms units. In 2023, MCK will continue its plans to gradually sell down its interest in the Zenith Residences.

## FINANCIAL PERFORMANCE - AUSTRALIA

Australia (Owned 100%)	Actual FY2022	Actual FY2021
Units Available (Open)	<b>41</b>	51
Number of Units Sold This Year	<b>5</b>	10
Units Available (Close)	<b>36</b>	41
Currently Rented Out	<b>32</b>	36
Rental & Sales Income	<b>11,607</b>	17,389
Profit Before Income Tax	<b>5,487</b>	7,340

## DIVIDEND ANNOUNCEMENT

MCK's Board has resolved to declare and pay all shareholders a fully imputed dividend of 3 cents per share for 2022. The dividend, payable to all shareholders, will be paid on 12 May 2023 with a record date of 5 May 2023. The dividend remains at a sustainable level where shareholders are able to receive a return commensurate with MCK's current profitability while still ensuring that the company retains sufficient resources to progress refurbishment and other business critical projects over the coming year.

*Staffing remains our biggest challenge  
and we asked a lot of our people*



*H.A.R.I. can fit a wide variety of items from food and drinks to towels and amenities. It currently can run 4 errands in succession. H.A.R.I. is interfaced with both the elevator and phone systems which allows him to take the elevator autonomously then alert the guest upon arrival to their room.*

**OUTLOOK**

Although worsening global economic conditions will have an inevitable impact on our performance over the coming year, there are grounds for optimism as well. Global demand for travel is strong and is expected to remain so during 2023 as people look to reconnect with family and friends across the world or explore new locations.

We have started 2023 positively with good demand seen in our summer season, but like a lot of New Zealand we have been affected by recent weather events particularly in Northland and Auckland. While our hotels have escaped any serious physical damage from the cyclones and flooding, the impact on our revenue and occupancy is still to be determined. We do believe that there will be continued growth in the second half of 2023 thanks to events such as the FIFA Women’s World Cup to be held in New Zealand and Australia in July and August.

Conferencing and meeting business is also showing good signs of recovery and growth and we are looking to add as much business as we can sustain into our hotels which are geared to host such events.

We are excited that our refurbishment programme at Millennium Hotel Queenstown is now well underway along with other locations being scheduled to be completed in 2024 which will see increased rate growth and clientele coming back to our key hotels. In addition to the works at Millennium Hotel Queenstown, rooms refurbishment is scheduled to commence at Copthorne Hotel & Resort Bay of Islands and at Millennium Hotel Rotorua in the second quarter of 2023 after the end of the current high season.

Our optimism is tempered slightly with some moderate caution - we do not expect the next twelve to eighteen months to be easy for our business but we also expect that trading conditions will be easier now that overriding restrictions caused by the pandemic have eased.

Our new product will create a very strong platform which will allow us to deliver stronger returns from 2024 onwards and the Board will be looking at additional ways to improve and invest in our properties. We therefore expect that 2023 will be an exciting and critical year as we continue on our recovery journey.

**Colin Sim**  
Chairman  
16 February 2023

# MANAGING DIRECTOR'S REVIEW



As I go about writing this review it can be easily lost as to what a 'tough' year 2022 was, and specifically considering that at this time twelve months ago various locations in New Zealand were in lock-downs under COVID response actions. We were able to close out 2022 with the thought that things were on the improve, with international borders re-opened and an invigorating response to being able to travel (and stay in hotels) again.

It is difficult therefore that some fundamental things have changed in a short space of time as the country has had to grapple with the effects of the Auckland weather events in late January 2023 and more recently the effects of Cyclone Gabrielle which is incredibly devastating and will have long term consequences not only for the East Coast of the North Island but for New Zealand's key infrastructure as well. Our thoughts and sympathies go out to everyone affected by these events.

While MCK was not directly affected by the devastation, there is no question that we will see indirect effects through increases in the price of goods, resources, labour and other input costs. Given that we are still very much in a recovery environment, such increases across the board will have an impact on our business. We will need to revisit how we set rates, which hotels we look to prioritise for refurbishment and the regions where we look to invest. We will also need to look closely at the cost of doing business and how we can improve our operational performance at all levels. We need to be innovative and think outside the box.

I have the benefit of having worked for MCK some years ago. It has been pleasing to see several familiar faces and to know that many of the key properties still remain with some having been upgraded or added in the period since I left. Over the last six months, since I re-commenced with the company, I have asked our senior teams at our corporate office and our hotel general managers to relook at their planning and to outline what they see as areas of key need and attention. It will not be a surprise to anyone that the three most important issues remain "people" and "product" and "profit".

## PEOPLE

Staffing in our sector and in hospitality remains difficult and will stay that way for some time. While some of our hotels have installed robots to help with some basic customer service needs, hospitality is still very much about the human touch. The service excellence you expect to see as a guest at our hotels is only one side of the story. What takes place behind the scenes in terms of preparation before and after your stay largely goes unnoticed unless something goes wrong. Ensuring that we provide the best possible guest experience is always top of mind.

People are therefore at the core of our operations and keeping them with MCK is the key focus for us post-pandemic. We are

acutely aware how difficult this is and in 2022 one of the steps taken was to put in place an initiative to refer prospective employees through our existing workforce and that has yielded a number of successes across our network.

Remuneration may be the metric which everyone looks to in order to make comparisons within the industry but one consistent feature of our industry is that having opportunities to upskill and take on additional challenges is something that is of great value and therefore that is something we are looking at with a view to improving what we have now.

We are aiming to develop a point of difference and to broaden the key skillsets of our hotel teams over the course of 2023. Building up a strong core knowledge base across our network within our existing teams as we look to grow again is a key metric for us. We also believe that as foreign visitors and working holiday visa holders gradually return to New Zealand, there will be a good level of enthusiasm for them to stay and work in the tourism and accommodation sectors as travel looks to recover around the world. New Zealand still has a solid reputation as an attractive destination for work post-pandemic and we are confident that as a country we have many of the right incentives to attract talent for the short and longer term.

## PRODUCT

Keeping our hotels up to date and attractive to our customers, both international and domestic, is as important in the current environment as retaining our people. With domestic and overseas clients again reaching out to us and asking for significant bookings over this year and next, it is critical that we get refurbishment projects underway and completed within the next two years.

We have set ourselves an ambitious workplan which will cover key hotels in the main centres and we are confident that despite the challenges with labour and materials, we will be able to meet our own expectations with these improvements and deliver the stay and experience our clients are demanding of us. Without our refurbished product, we will not be able to maximize our opportunities for growth and will see us losing market share to our competitors as they expand and improve their product offering.

## PROFIT

All that said, I believe that there are reasons to remain optimistic during 2023. I can say that I have confidence in our people and the properties we have now and I believe that we will be able to rebuild a strong path to growth in the near future. This requires that we set the right strategies in place across our network to chase opportunities that will provide growth in revenue and cashflow to our business which we have not been able to obtain in the last few years.

A handwritten signature in black ink, appearing to read 'Stuart Harrison'.

**Stuart Harrison**  
Managing Director  
8 March 2023

# DEVELOPMENTS

## MILLENNIUM HOTEL QUEENSTOWN

Millennium Hotel Queenstown has completed Stage 1 with 57 rooms refurbished and currently progressing through Stage 2 with 75 rooms under refurbishment. In the period to 31 December 2022: \$5.0m has been spent.



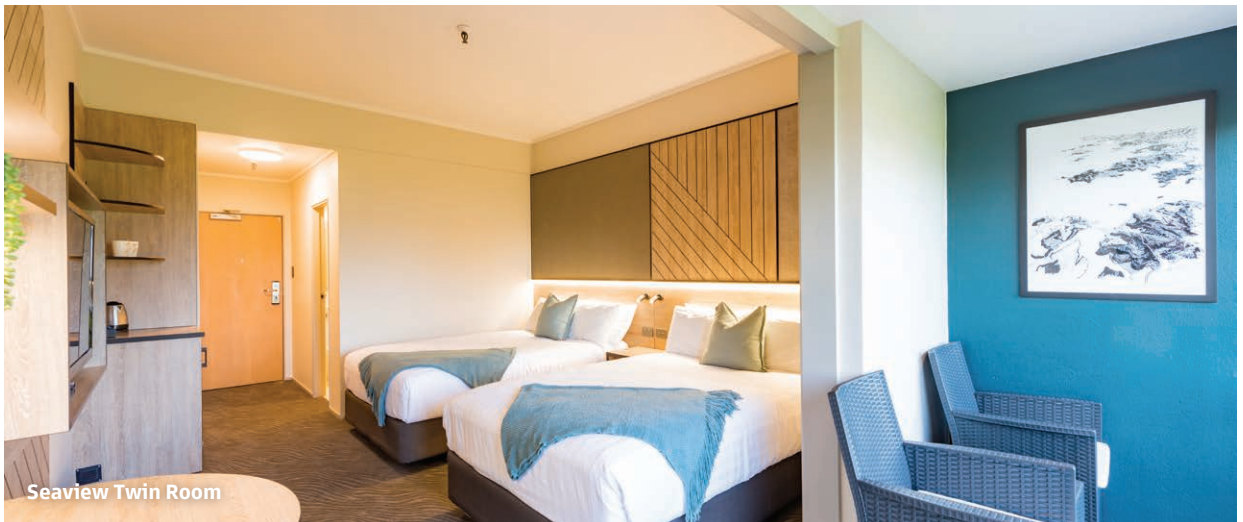


**COPTHORNE HOTEL AND RESORT BAY OF ISLANDS - WORKING CONCEPT ROOMS**

Copthorne Hotel & Resort Bay of Islands is progressing through a consenting phase which will see ~\$6.0m being spent on refurbishment.



Seaview Twin Room



Seaview Twin Room



Seaview King Room

# BOARD OF DIRECTORS

## **COLIN SIM** Chairman & Independent Director

Mr. Sim is the executive chairman of the East Quarter Group of companies in Australia. The East Quarter Group is involved in the development, investment and management of residential, commercial and industrial projects across New South Wales. Mr. Sim has strong analytical skills and extensive experience in property development/investment and business in Australia. He studied Mechanical Engineering in London and has lived in Sydney, Australia for over 40 years.

Mr. Sim was appointed to the Board in July 2017 and was re-elected to the Board at the 2021 Annual Meeting of shareholders.

## **STUART HARRISON** Managing Director, Member of the Audit Committee

Stuart Harrison has nearly three decades of financial reporting and senior management experience within the utilities, hospitality and property industries and was appointed as MCK's Managing Director in July 2022. As Chief Financial Officer for real estate investment trusts and managers with portfolios with over \$1 billion of assets, he oversaw their financial and management reporting, treasury management and tax compliance within both New Zealand and Australia and has also overseen significant equity raising, debt facility renewals and strategic acquisitions. Stuart was MCK's Vice President Finance between 2000 and 2008.

Stuart holds a Bachelor of Commerce and Chartered Accountants Australia and NZ qualifications.

## **EIK SHENG KWEK** Non-Executive Director

Mr. Kwek is currently the Group Chief Operating Officer of City Developments Limited ("CDL") having previously been CDL's Group Chief Strategy Officer. Mr. Kwek joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. He was appointed as Chief Strategy Officer in 2014 and was additionally appointed Head, Asset Management in April 2016. Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore specialising in corporate finance roles since 2006.

He is also Executive Director of Millennium & Copthorne Hotels Limited, previously listed on the London Stock Exchange as Millennium & Copthorne Hotels plc. He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a Master of Philosophy in Finance from Judge Business School, Cambridge University.

Mr. Kwek was appointed to the Board on 1 January 2020 and was elected by shareholders at the 2020 annual meeting of shareholders.

## **KEVIN HANGCHI** Non-Executive Director

Mr. Hangchi is currently Senior Vice President, Hong Leong Management Services Pte. Limited. He has global transactional experience across many of the Hong Leong Group's entities including listings and public offerings, mergers and acquisitions as well as capital markets issuances and banking facilities. Mr. Hangchi has been called to the English and Singaporean bars and holds an honours degree in Accountancy and Law from the University of Southampton.

Mr. Hangchi was appointed to the Board in 2016 and was last re-elected to the Board at the 2021 annual meeting of shareholders.

## **GRAHAM MCKENZIE** Independent Director, Member of the Audit Committee

Mr. McKenzie is a Barrister and Solicitor with over thirty years experience in corporate and commercial law and is a former Partner and Consultant to Bell Gully, a leading New Zealand law firm. He is currently a member of the New Zealand Law Society Disciplinary Tribunal. Mr. McKenzie is a member of the New Zealand Law Society and the Queensland Law Society, Australia and holds a Bachelor of Laws degree from Victoria University, Wellington and a Master of Laws degree from Warwick University, England. Mr. McKenzie was a Director of CDL Investments New Zealand Limited from 2005 to 2006.

Mr. McKenzie was appointed to the Board in 2006 and was last re-elected to the Board at the 2022 annual meeting of shareholders.

## **LESLIE PRESTON** Independent Director, Chair of the Audit Committee

Leslie Preston was appointed to the Board in February 2021. Ms. Preston founded Bachcare Holiday Homes ("Bachcare") in 2003 and was CEO and a director until 2020. Under her leadership Bachcare grew to become the leading full-service holiday home rental management company in New Zealand and was named one of The World's Top 20 Vacation Rental Companies in 2019.

Ms. Preston hails from New York and has worked for KPMG Peat Marwick and Bankers Trust in the United States and for Boston Consulting Group and BellSouth / Vodafone in New Zealand. Her senior management experience has included roles in marketing, customer and corporate operations as well as business strategy. She holds an MBA from Stanford University Graduate School of Business and a BA (Cum Laude) from Franklin and Marshall College, Pennsylvania.

Ms. Preston was appointed in 2021 and was elected to the Board at the 2021 annual meeting of shareholders.

# HOTEL OWNERSHIP

## MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

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### OWNED

Millennium Hotel New Plymouth Waterfront  
Millennium Hotel Rotorua  
M Social Auckland  
Copthorne Hotel & Resort Bay of Islands (49%)  
Copthorne Hotel & Resort Queenstown Lakefront  
Copthorne Hotel Greymouth  
Kingsgate Hotel Te Anau

## HOSPITALITY SERVICES LIMITED

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### MANAGED

Grand Millennium Auckland  
Kingsgate Hotel Autolodge Paihia

## QUANTUM LIMITED

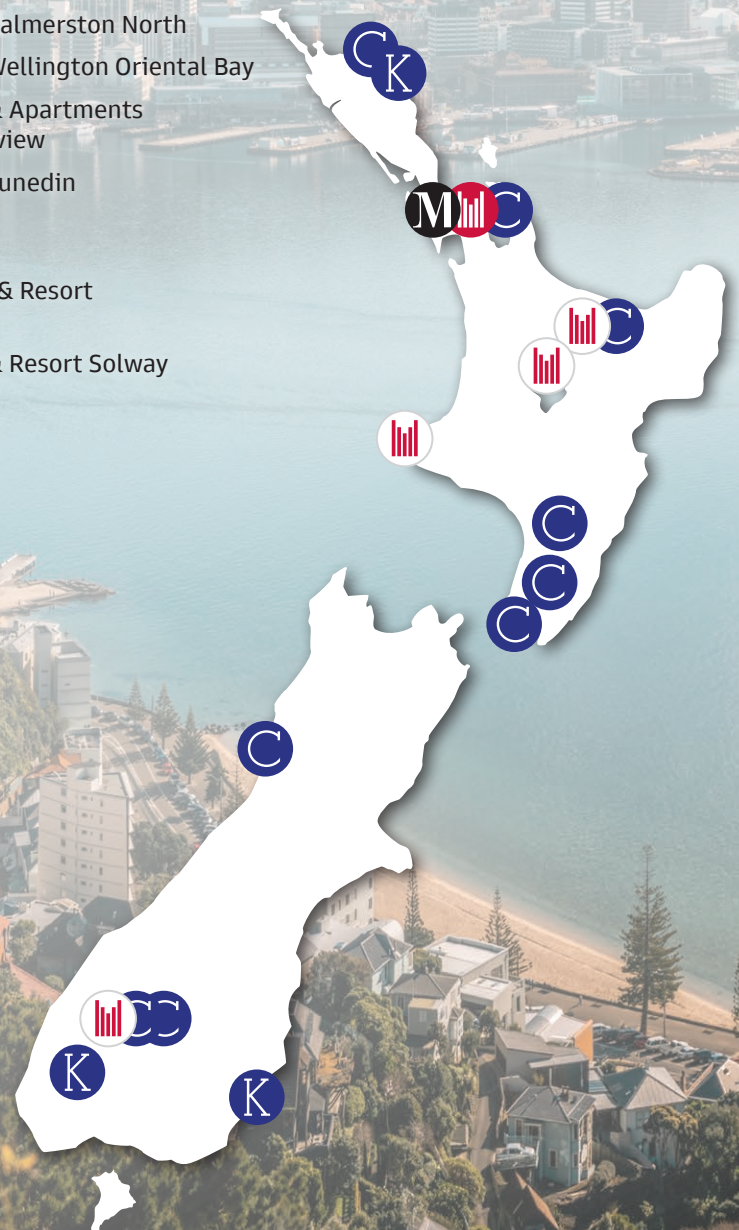
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### OWNED

Millennium Hotel Queenstown  
Copthorne Hotel Auckland City  
Copthorne Hotel Rotorua  
Copthorne Hotel Palmerston North  
Copthorne Hotel Wellington Oriental Bay  
Copthorne Hotel & Apartments Queenstown Lakeview  
Kingsgate Hotel Dunedin

### FRANCHISED

Millennium Hotel & Resort Manuels Taupo  
Copthorne Hotel & Resort Solway Park Wairarapa



View from Mount Victoria Wellington  
Photo by Johnny Hendrikus  
Supplied by WellingtonNZ.com

# MILLENNIUM HOTELS & RESORTS IN NEW ZEALAND



## MILLENNIUM COLLECTION

### Grand Millennium Auckland

71 Mayoral Drive, Auckland  
P +64 9 366 3000  
grandmillennium.auckland@millenniumhotels.co.nz

### Millennium Hotel Rotorua

Cnr Eruera & Hinemaru Streets, Rotorua  
P +64 7 347 1234 F +64 7 348 1234  
millennium.rotorua@millenniumhotels.co.nz

### Millennium Hotel New Plymouth Waterfront

1 Egmont St, New Plymouth  
P +64 6 769 5301 F +64 6 769 5302  
millennium.newplymouth@millenniumhotels.co.nz

### Millennium Hotel & Resort Manuels Taupo

243 Lake Terrace, Taupo  
P +64 7 378 5110 F +64 7 378 5341  
millennium.taupo@millenniumhotels.co.nz

### Millennium Hotel Queenstown

Cnr Frankton Road & Stanley Street, Queenstown  
P +64 3 450 0150 F +64 3 441 8889  
millennium.queenstown@millenniumhotels.co.nz



## M COLLECTION

### M Social Auckland

196 - 200 Quay Street, Auckland  
Phone +64 9 377 0349  
msocial.auckland@millenniumhotels.com



## COPHTHORNE COLLECTION

### Cophthorne Hotel & Resort Bay of Islands

Tau Henare Drive, Paihia  
P +64 9 402 7411 F +64 9 402 8200  
cophthorne.bayofislands@millenniumhotels.co.nz

### Cophthorne Hotel Auckland City

150 Anzac Avenue, Auckland  
P +64 9 379 8509 F +64 9 379 8582  
cophthorne.aucklandcity@millenniumhotels.co.nz

### Cophthorne Hotel Rotorua

Fenton Street, Rotorua  
P +64 7 348 0199 F +64 7 346 1973  
cophthorne.rotorua@millenniumhotels.co.nz

### Cophthorne Hotel Palmerston North

110 Fitzherbert Avenue, Palmerston North  
P +64 6 356 8059 F +64 6 356 8604  
cophthorne.palmerston@millenniumhotels.co.nz

### Cophthorne Hotel & Resort

**Solway Park Wairarapa**  
High Street, South Masterton  
P +64 6 370 0500 F +64 6 370 0501  
reservations@solway.co.nz

### Cophthorne Hotel Wellington Oriental Bay

100 Oriental Parade, Wellington  
P +64 4 385 0279 F +64 4 384 5324  
cophthorne.orientalbay@millenniumhotels.co.nz

### Cophthorne Hotel Greymouth

32 Mawhera Quay, Greymouth  
P +64 3 768 5085 F +64 3 768 5844  
cophthorne.greymouth@millenniumhotels.co.nz

### Cophthorne Hotel & Resort

**Queenstown Lakefront**  
Cnr Adelaide Street and Frankton Road, Queenstown  
P +64 3 450 0260 F +64 3 442 7472  
cophthorne.lakefront@millenniumhotels.co.nz

### Cophthorne Hotel & Apartments Queenstown Lakeview

88 Frankton Road, Queenstown  
P +64 3 442 7950 F +64 3 442 8066  
cophthorne.lakeview@millenniumhotels.co.nz

### Kingsgate Hotel Autolodge Paihia

Marsden Road, Paihia  
P +64 9 402 7416 F +64 9 402 8348  
kingsgate.paihia@millenniumhotels.co.nz

### Kingsgate Hotel Te Anau

20 Lakefront Drive, Te Anau  
P +64 3 249 7421 F +64 3 249 8037  
kingsgate.teanau@millenniumhotels.co.nz

### Kingsgate Hotel Dunedin

10 Smith Street, Dunedin  
P +64 3 477 6784 F +64 3 474 0115  
kingsgate.dunedin@millenniumhotels.co.nz



*Jimmy Cook's Kiwi Kitchen Restaurant at Cophthorne Hotel Greymouth  
New Zealand Ora King Salmon cured with Little Biddy Gin*



*Signature Southland Cheese Rolls*



*Jimmy Cook's Burger*

# UNLOCK A WORLD

# OF REWARDS

Thanks to @chantefox  
at the McCormick Scottsdale

**Explore with My Millennium and be rewarded wherever you travel.**

From the moment you join, My Millennium opens up a world of exclusive benefits.

*The more you stay, the better it gets*

## SAVE

Member-exclusive rates & offers



## EARN

Double Points every 10 nights



## SHOP

Redeem Points in My Millennium Mall



## UPGRADE

Stay 10 nights for Prestige status & enhanced perks



Extraordinary experiences await

—  
millenniumhotels.com  
0800 808 228

MyMILLENNIUM

# MANAGEMENT TRAINEE PROGRAMME

In 2022, MCK's Management Trainee Programme at Millennium Hotels and Resorts New Zealand was successful and provided young hoteliers with an opportunity to learn and develop skills in various areas of the hospitality industry.

The one year programme gives our trainees the opportunity to gain experience and training in different departments in different MCK hotels across the country. Each of them spends time in every department performing core duties and they also develop their supervisory skills, including financial and people management. Our trainees are mentored by experienced hotel general managers and are provided with hands-on experience at each hotel.

In addition to their day-to-day responsibilities, our trainees also participated in various training and development activities outside of the workplace, including leadership training, industry events, and service in the wider community. These activities have enabled them to enhance their knowledge and skills and become well-rounded professionals in the hospitality industry.

It is inspiring to witness the personal development and growth of our trainees throughout the year. They all demonstrate dedication, enthusiasm, and commitment to their roles. Their involvement in projects and initiatives during 2022 has contributed significantly to the growth and success of our hotels and many were offered permanent positions within the company.

We're proud of the Class of 2022 and their accomplishments and look forward to welcoming new Trainees to our programme in 2023.

*Ken Orr (Vice President of Operations), Natalie McConnell (Learning & Capability Manager) and Lynley Jones (Human Resources Manager) with the graduating class of 2022.*



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*One80 Restaurant and Lounge Bar at Copthorne Hotel Wellington, Oriental Bay*

# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Income Statement

For the year ended 31 December 2022

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2022	<u>Group</u> 2021
Hotel revenue		65,245	55,247
Rental income		3,002	1,942
Property sales		75,951	107,583
<b>Revenue</b>		<b>144,198</b>	<b>164,772</b>
Cost of sales	3,10	(59,687)	(78,513)
<b>Gross profit</b>		<b>84,511</b>	<b>86,259</b>
Other income	1(c)	-	15,870
Administration expenses	2,3	(22,678)	(19,971)
Other operating expenses	2,3	(18,591)	(17,752)
<b>Operating profit</b>		<b>43,242</b>	<b>64,406</b>
Finance income	4	3,870	1,565
Finance costs	4	(2,331)	(1,378)
<b>Net finance income</b>		<b>1,539</b>	<b>187</b>
<b>Profit before income tax</b>		<b>44,781</b>	<b>64,593</b>
Income tax expense	5	(12,363)	(13,871)
<b>Profit for the year</b>		<b>32,418</b>	<b>50,722</b>
<b>Attributable to:</b>			
Owners of the parent		21,713	40,049
Non-controlling interests		10,705	10,673
<b>Profit for the year</b>		<b>32,418</b>	<b>50,722</b>
Basic earnings per share (cents)	8	13.72	25.31
Diluted earnings per share (cents)	8	13.72	25.31

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

DOLLARS IN THOUSANDS	<u>Group</u> 2022	<u>Group</u> 2021
<b>Profit for the year</b>	<b>32,418</b>	<b>50,722</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Foreign exchange translation movements	629	(326)
	<b>629</b>	<b>(326)</b>
<b>Total comprehensive income for the year</b>	<b>33,047</b>	<b>50,396</b>
<b>Total comprehensive income for the year attributable to :</b>		
Owners of the parent	22,342	39,723
Non-controlling interests	10,705	10,673
<b>Total comprehensive income for the year</b>	<b>33,047</b>	<b>50,396</b>

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



# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2022  
Group

DOLLARS IN THOUSANDS	Attributable to equity holders of the Group					
	Share Capital	Exchange Reserve	Retained Earnings	Treasury Stock	Non-controlling Interests	Total Equity
Balance at 1 January 2022	383,266	(2,025)	132,974	(26)	103,610	617,799
Movement in exchange translation reserve	-	629	-	-	-	629
Total other comprehensive income	-	629	-	-	-	629
Profit for the year	-	-	21,713	-	10,705	32,418
Total comprehensive income for the year	-	629	21,713	-	10,705	33,047
Transactions with owners, recorded directly in equity:						
Dividends paid to:						
Owners of the parent	-	-	(5,538)	-	-	-
Non-controlling interests	-	-	-	-	(3,982)	(3,982)
Supplementary dividends	-	-	(112)	-	-	(112)
Foreign investment tax credits	-	-	112	-	-	112
Movement in non-controlling interests without a change in control	-	-	26	-	1,349	1,375
<b>Balance at 31 December 2022</b>	<b>383,266</b>	<b>(1,396)</b>	<b>149,175</b>	<b>(26)</b>	<b>111,682</b>	<b>642,701</b>

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

## Millennium & Copthorne Hotels New Zealand Limited

### Consolidated Statement of Changes in Equity

For the year ended 31 December 2021  
Group

DOLLARS IN THOUSANDS	Attributable to equity holders of the Group						
	Share Capital	Exchange Reserve	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at 1 January 2021	383,266	(1,699)	93,129	(26)	474,670	95,312	569,982
Movement in exchange translation reserve	-	(326)	-	-	(326)	-	(326)
Total other comprehensive loss Profit for the year	-	(326)	-	-	(326)	-	(326)
Total comprehensive income/(loss) for the year	-	-	40,049	-	40,049	10,673	50,722
Transactions with owners, recorded directly in equity:	-	(326)	40,049	-	39,723	10,673	50,396
Dividends paid to:							
Non-controlling interests	-	-	-	-	-	(3,914)	(3,914)
Movement in non-controlling interests without a change in control	-	-	(204)	-	(204)	1,539	1,335
<b>Balance at 31 December 2021</b>	<b>383,266</b>	<b>(2,025)</b>	<b>132,974</b>	<b>(26)</b>	<b>514,189</b>	<b>103,610</b>	<b>617,799</b>

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

# Millennium & Cophorne Hotels New Zealand Limited

## Consolidated Statement of Financial Position

As at 31 December 2022

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2022	<u>Group</u> 2021
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	7	383,266	383,266
Reserves		147,779	130,949
Treasury stock	7	(26)	(26)
<b>Equity attributable to owners of the parent</b>		<b>531,019</b>	<b>514,189</b>
Non-controlling interests		111,682	103,610
<b>TOTAL EQUITY</b>		<b>642,701</b>	<b>617,799</b>
<b>Represented by:</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	255,279	245,782
Development properties	10	205,308	188,508
Investment properties	11	36,381	23,332
Investment in associates		2	2
<b>Total non-current assets</b>		<b>496,970</b>	<b>457,624</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12	61,387	58,143
Short term bank deposits		111,946	121,496
Trade and other receivables	13	14,436	15,434
Inventories		1,409	1,272
Development properties	10	23,038	26,827
<b>Total current assets</b>		<b>212,216</b>	<b>223,172</b>
<b>Total assets</b>		<b>709,186</b>	<b>680,796</b>
<b>NON CURRENT LIABILITIES</b>			
Lease liability	22	25,458	15,858
Deferred tax	15	9,717	9,298
<b>Total non-current liabilities</b>		<b>35,175</b>	<b>25,156</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	14	-	1,000
Trade and other payables	16	28,024	30,001
Trade payables due to related parties	20	2,248	3,977
Lease liability	22	233	457
Income tax payable		805	2,406
<b>Total current liabilities</b>		<b>31,310</b>	<b>37,841</b>
<b>Total liabilities</b>		<b>66,485</b>	<b>62,997</b>
<b>NET ASSETS</b>		<b>642,701</b>	<b>617,799</b>

For and on behalf of the board



LS PRESTON, DIRECTOR,  
16 February 2023



SNB HARRISON, MANAGING DIRECTOR,  
16 February 2023

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

# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Statement of Cash Flows

For the year ended 31 December 2022

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2022	<u>Group</u> 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from customers		146,085	161,320
Interest received		2,980	1,751
Dividends received	4	1	2
<b>Cash was applied to:</b>			
Payments to suppliers and employees		(84,544)	(62,099)
Purchases of development land	1	(24,607)	(56,528)
Interest paid		(18)	(139)
Income tax paid		(13,547)	(15,288)
<b>Net cash inflow from operating activities</b>		<b>26,350</b>	<b>29,019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was (applied to)/provided from:</b>			
Proceeds from the sale of property, plant and equipment		41	10
Proceeds from the sale of asset held for sale		-	18,000
Purchases of property, plant and equipment	9	(7,148)	(3,981)
Purchases of investment property		(13,587)	(20,077)
Investments in short term bank deposits		9,550	55,778
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(11,144)</b>	<b>49,730</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was (applied to)/provided from:</b>			
Repayment of borrowings	14	(1,000)	(37,000)
Principal repayment of lease liability	22(c)	(3,235)	(1,577)
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	7	(5,538)	-
Dividends paid to non-controlling shareholders		(3,982)	(3,914)
<b>Net cash outflow from financing activities</b>		<b>(13,755)</b>	<b>(42,491)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,451</b>	<b>36,258</b>
Add opening cash and cash equivalents		58,143	20,766
Exchange rate adjustment		1,793	1,119
<b>Closing cash and cash equivalents</b>	12	<b>61,387</b>	<b>58,143</b>

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

# Millennium & Copthorne Hotels New Zealand Limited

## Consolidated Statement of Cash Flows - continued

For the year ended 31 December 2022

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2022	<u>Group</u> 2021
RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES			
<b>Profit for the year</b>		32,418	50,722
<b>Adjusted for non-cash items:</b>			
Gain on sale of property, plant and equipment	2	(20)	(5)
Gain on sale of asset held for sale		-	(15,870)
Depreciation of property, plant and equipment and investment property	9, 11	7,353	7,417
Depreciation of Right-Of-Use assets	9	968	961
Unrealised foreign exchange losses		10	115
Income tax expense	5	12,363	13,871
		<b>53,092</b>	<b>57,211</b>
<b>Adjustments for movements in working capital:</b>			
(Increase)/Decrease in trade & other receivables		998	(3,264)
(Increase)/Decrease in inventories		(137)	80
(Increase)/Decrease in development properties		(12,654)	(16,272)
Increase in trade & other payables		344	7,204
(Decrease) in related parties		(1,729)	(513)
<b>Cash generated from operations</b>		<b>39,914</b>	<b>44,446</b>
Interest paid		(17)	(139)
Income tax paid		(13,547)	(15,288)
<b>Cash inflows from operating activities</b>		<b>26,350</b>	<b>29,019</b>
<b>Reconciliation of movement of liabilities to cash flows arising from financing activities</b>			
As at 01 January		1,000	38,000
Proceeds from borrowings		-	-
Repayment of term loans		(1,000)	(37,000)
<b>Financing cash flows</b>		<b>(1,000)</b>	<b>(37,000)</b>
As at 31 December		<u>-</u>	<u>1,000</u>

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

# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2022**

### **Significant accounting policies**

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is a Financial Markets Conduct Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The financial statements of the Company for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office is located at Level 13, 280 Centre, 280 Queen Street, Auckland, New Zealand.

The principal activities of the Group are ownership and operation of hotels in New Zealand; development and sale of residential land in New Zealand; investment properties comprising commercial warehousing and retail shops in New Zealand; and development and sale of residential units in Australia.

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

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) as appropriate for Tier 1 profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issuance on 16 February 2023.

#### **(b) Basis of preparation**

The financial statements are presented in the Company's functional currency of New Zealand Dollars, rounded to the nearest thousand. They are prepared on the historical cost basis and on a going concern basis.

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 21 - Accounting Estimates and Judgements.

#### **(c) Change in accounting policies and new standards adopted in the year**

The accounting policies have been applied consistently to all periods presented in these consolidation financial statements. The accounting policies are now included within the relevant notes to the consolidated financial statements.

#### **(d) Foreign currency**

##### **Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to New Zealand dollars at foreign exchange rates ruling at the dates the fair value was determined.

#### **(e) Insurance proceeds**

Compensation from third parties for items of property, plant and equipment that were damaged, impaired, lost or given up is included in the profit or loss when the compensation becomes virtually certain. Any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

#### **(f) Revenue**

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue represents amounts derived from:

- The ownership, management and operation of hotels: recognised on an accruals basis to match the provision of the related goods and services.
- Income from property rental: recognised on an accruals basis, straight line over the lease period. Lease incentives granted are recognised as an integral part of the total rental income.
- Income from development property sales: recognised when the customer obtains control of the property and is able to direct and obtain the benefits from the property. The Group grants deferred settlement terms of up to 12 months on certain sections. The total value of these deferred settlements amounted to \$17 million (2021: \$14 million). In some instances the acquirers are permitted access to the residential sections for building activities prior to settlement. However, the acquirer does not obtain substantially all of the remaining benefits of the asset until final settlement of the land and title has passed.

# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2022**

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# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 1. Segment reporting

#### Operating segments

The Group consisted of the following main operating segments:

- Hotel operations, comprising income from the ownership and management of hotels.
- Residential land development, comprising the development and sale of residential land sections.
- Residential and commercial property development, comprising the development and sale of residential apartments.
- Investment property, comprising rental income from the ownership and leasing of retail shops and industrial warehouses.

The Group has no major customer representing greater than 10% of the Group's total revenue.

#### (a) Operating Segments

<i>Dollars in thousands</i>	Hotel Operations		Residential Land Development		Investment Property		Residential Property Development		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	External revenue	65,245	55,247	66,106	92,088	1,240	48	11,607	17,389	144,198
Other Income - Note 1(c)	-	15,870	-	-	-	-	-	-	-	15,870
Earnings before interest, depreciation & amortisation	4,754	22,876	41,446	42,863	775	34	4,590	7,011	51,565	72,784
Finance income	1,271	585	1,664	616	-	-	935	364	3,870	1,565
Finance expense	(2,321)	(1,374)	(7)	(4)	-	-	(3)	-	(2,331)	(1,378)
Depreciation and amortisation	(6,807)	(7,337)	(3)	(2)	(538)	(70)	(7)	(8)	(7,355)	(7,417)
Depreciation of Right-of-use assets	(940)	(940)	(19)	(13)	-	-	(9)	(8)	(968)	(961)
Profit before income tax	(4,043)	13,810	43,081	43,460	237	(36)	5,506	7,359	44,781	64,593
Income tax expense	1,417	495	(12,063)	(12,169)	(66)	10	(1,651)	(2,207)	(12,363)	(13,871)
Profit after income tax	(2,626)	14,305	31,018	31,291	171	(26)	3,855	5,152	32,418	50,722
Cash & cash equivalents and short term bank deposits	45,152	50,264	71,742	83,025	-	-	56,439	46,350	173,333	179,639
Other segment assets	266,463	254,020	205,573	191,263	36,381	23,332	27,434	32,540	535,851	501,155
Investment in associates	-	-	2	2	-	-	-	-	2	2
Total assets	311,615	304,284	277,317	274,290	36,381	23,332	83,873	78,890	709,186	680,796
Segment liabilities	(52,502)	(42,048)	(1,542)	(7,397)	-	-	(1,919)	(1,849)	(55,963)	(51,294)
Tax liabilities	(6,661)	(7,710)	(3,275)	(3,845)	-	-	(586)	(148)	(10,522)	(11,703)
Total liabilities	(59,163)	(49,758)	(4,817)	(11,242)	-	-	(2,505)	(1,997)	(66,485)	(62,997)
Property, plant and equipment expenditure	17,312	6,218	77	35	-	-	44	5	17,433	6,258
Investment property expenditure	-	-	-	-	13,587	15,593	-	-	13,587	15,593
Residential land development expenditure	-	-	13,327	12,948	-	-	-	-	13,327	12,948
Purchase of land for residential land development	-	-	24,607	56,258	-	-	-	-	24,607	56,258



# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 1. Segment reporting - continued

#### (b) Geographical areas

The Group operates in the following main geographical areas:

- New Zealand.
- Australia.

Segment revenue is based on the geographical location of the asset.

<i>Dollars In Thousands</i>	New Zealand		Australia		Group	
	2022	2021	2022	2021	2022	2021
External revenue	132,591	147,383	11,607	17,389	144,198	164,772
Other Income – Note 1(c)	-	15,870	-	-	-	15,870
Earnings before interest, depreciation & amortisation	46,994	65,792	4,571	6,992	51,565	72,784
Finance income	2,935	1,201	935	364	3,870	1,565
Finance expense	(2,328)	(1,378)	(3)	-	(2,331)	(1,378)
Depreciation and amortisation	(7,348)	(7,409)	(7)	(8)	(7,355)	(7,417)
Depreciation of Right-Of-Use Assets	(959)	(953)	(9)	(8)	(968)	(961)
Profit before income tax	39,294	57,253	5,487	7,340	44,781	64,593
Income tax (expense)/credit	(10,718)	(11,669)	(1,645)	(2,202)	(12,363)	(13,871)
Profit after income tax	28,576	45,584	3,842	5,138	32,418	50,722
Cash & cash equivalents and short term bank deposits	116,894	133,289	56,439	46,350	173,333	179,639
Segment assets	472,036	445,283	27,434	32,540	499,470	477,823
Investment properties	36,381	23,332	-	-	36,381	23,332
Investment in associates	2	2	-	-	2	2
Total assets	625,313	601,906	83,873	78,890	709,186	680,796
Segment liabilities	(54,044)	(49,445)	(1,919)	(1,849)	(55,963)	(51,294)
Tax liabilities	(9,936)	(11,555)	(586)	(148)	(10,522)	(11,703)
Total liabilities	(63,980)	(61,000)	(2,505)	(1,997)	(66,485)	(62,997)
Material additions to segment assets:						
Property, plant and equipment expenditure	17,389	6,253	44	5	17,433	6,258
Investment property expenditure	13,587	15,593	-	-	13,587	15,593
Residential land development expenditure	13,327	12,948	-	-	13,327	12,948
Purchase of land for residential land development	24,607	56,258	-	-	24,607	56,258

An operating segment is a distinguishable component of the Group:

- that is engaged in business activities from which it earns revenues and incurs expenses;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance; and
- for which discrete financial information is available.

Segment information is presented in respect of the Group's reporting segments. Operating segments are the primary basis of segment reporting. The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### (c) Other income

Other income comprised the gain on sale of assets classified as held for sale. See note 24 for details of the asset sold.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 2. Administration and other operating expenses

<i>Dollars In Thousands</i>	Note	Group	
		2022	2021
Depreciation	9, 11	8,323	8,378
Auditors remuneration			
Audit fees		344	367
Tax compliance and tax advisory fees		34	34
Directors fees	19	322	345
Rental expenses		699	300
Provision for bad debts			
Debts written off		4	18
Movement in doubtful debt provision		65	(49)
Net loss on disposal of property, plant and equipment		20	5
Resurgence Support Payments		(28)	(187)

During 2022, the Group applied for government assistance in the form of Resurgence Support Payments. A total of \$28,400 (2021: \$187,200) was received and applied as credits to the local council rates which are classified under operating expenses in the income statement.

### 3. Personnel expenses

<i>Dollars In Thousands</i>	Group	
	2022	2021
Wages and salaries	32,632	27,734
Wage subsidies	(222)	(3,990)
Employee related expenses and benefits	1,135	962
Contributions to defined contribution plans	476	362
Increase/(decrease) in liability for long-service leave	32	19
	<b>34,053</b>	<b>25,087</b>

#### Wage subsidy scheme

The Group applied for government support arising from the Red and Orange Traffic Alert Levels 3 and 4 lockdowns in the early part of 2022. A total of \$272,345 was received under the COVID-19 Leave Support Scheme and the COVID-19 Short-term Absence Payment. In 2021 the Group received a total of \$4.16 million under the COVID-19 Wage Subsidy August 2021 Scheme and \$13,200 under the COVID-19 Leave Support Scheme and \$1,400 for COVID-19 Short-term Absence Payment.

The wage subsidies including Leave Support Scheme and Short-term Absence Payment were recorded as a deduction against payroll costs in personnel expenses. The personnel expenses are included in cost of sales, administration expenses and other expenses in the income statement.

#### Employee long-term service benefits

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using their expected remuneration and an assessment of the likelihood that the liability will arise.

### 4. Net finance income

#### Recognised in the income statement

<i>Dollars In Thousands</i>	Group	
	2022	2021
Interest income	3,869	1,563
Dividend income	1	2
Foreign exchange gain	-	-
Finance income	3,870	1,565
Interest expense	(2,321)	(1,263)
Foreign exchange loss	(10)	(115)
Finance costs	(2,331)	(1,378)
<b>Net finance income recognised in the income statement</b>	<b>1,539</b>	<b>187</b>

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 4. Net finance income - continued

#### Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest costs on lease liability and foreign exchange losses that are recognised in the income statement.

#### Recognised in other comprehensive income

<i>Dollars In Thousands</i>	Group	
	2022	2021
Foreign exchange translation movements	629	(326)
<b>Net finance income recognised in other comprehensive income</b>	<b>629</b>	<b>(326)</b>

#### Exchange translation of financial statements of foreign operations

The assets and liabilities of foreign operations are translated to New Zealand dollars at foreign exchange rates ruling at the balance date. The revenues and expenses of foreign operations are translated to New Zealand dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on re-translation are recognised directly as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange reserve is released into the income statement.

### 5. Income tax expense

#### Recognised in the income statement

<i>Dollars In Thousands</i>	Group	
	2022	2021
<b>Current tax expense</b>		
Current year	12,182	13,803
Adjustments for prior years	(239)	104
	11,943	13,907
<b>Deferred tax expense</b>		
Origination and reversal of temporary difference	420	(36)
	420	(36)
<b>Total income tax expense in the income statement</b>	<b>12,363</b>	<b>13,871</b>

#### Reconciliation of tax expense

<i>Dollars In Thousands</i>	Group	
	2022	2021
Profit before income tax	44,781	64,593
Income tax at the company tax rate of 28% (2021: 28%)	12,539	18,086
Adjusted for:		
Tax rate difference (if different from 28% above)	108	147
Tax exempt income	(45)	(4,466)
Under/(Over) - provided in prior years	(239)	104
<b>Total income tax expense</b>	<b>12,363</b>	<b>13,871</b>
Effective tax rate	28%	21%

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 5. Income tax expense - continued

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that neither affect accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities; the Group intends to settle net; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

### 6. Imputation credits

<i>Dollars In Thousands</i>	Group	
	2022	2021
Imputation credits available for use in subsequent reporting periods	126,825	110,508

The KIN Holdings Group has A\$12.01 million (2021: A\$10.66 million) franking credits available as at 31 December 2022.

### 7. Capital and reserves

#### Share capital

	Group		Group	
	2022 Shares	2022 \$000's	2021 Shares	2021 \$000's
Ordinary shares issued 1 January	105,578,290	350,048	105,578,290	350,048
<b>Ordinary shares issued at 31 December - fully paid</b>	<b>105,578,290</b>	<b>350,048</b>	<b>105,578,290</b>	<b>350,048</b>
Redeemable preference shares 1 January	52,739,543	33,218	52,739,543	33,218
<b>Redeemable preference shares issued at 31 December - fully paid</b>	<b>52,739,543</b>	<b>33,218</b>	<b>52,739,543</b>	<b>33,218</b>
Ordinary shares repurchased and held as treasury stock 1 January	(99,547)	(26)	(99,547)	(26)
<b>Ordinary shares repurchased and held as treasury stock 31 December</b>	<b>(99,547)</b>	<b>(26)</b>	<b>(99,547)</b>	<b>(26)</b>
<b>Total shares issued and outstanding</b>	<b>158,218,286</b>	<b>383,240</b>	<b>158,218,286</b>	<b>383,240</b>

At 31 December 2022, the authorised share capital consisted of 105,578,290 ordinary shares (2021: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2021: 52,739,543 redeemable preference shares) with no par value.

The non-voting redeemable preference shares rank equally with ordinary shares with respect to all distributions made by the Company (including without limitation, to dividend payments) except for any distributions made in the context of a liquidation of the Company. The Company reserves the right to the redemption of these preference shares as well as any distributions relating to these shares and makes no guarantee that these preference shares will be redeemed or that dividends will be paid in respect of these preference shares.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 7. Capital and reserves - continued

#### Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributed costs, is recognised as a change in equity. Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

#### Exchange reserve

The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

#### Dividends

The following dividends were declared and paid during the year ended 31 December:

<i>Dollars In Thousands</i>	Company	
	2022	2021
<b>Ordinary Dividend</b> - 3.5 cents per qualifying share (2021: Nil cents)	5,538	-
<b>Supplementary Dividend</b> - 0.0062 cents per qualifying share (2021: Nil cents)	112	-
	5,650	-

After 31 December 2022, the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

<i>Dollars In Thousands</i>	Company
<b>Ordinary Dividend</b> - 3.0 cents per qualifying share (2021: 3.5 cents)	4,747
<b>Supplementary Dividend</b> - 0.0053 cents per qualifying share (2021: 0.0062 cents)	96
<b>Total Dividends</b>	4,843

#### Dividends and tax

Dividends are recognised as a liability in the period in which they are declared. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

### 8. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 31 December 2022 was based on the profit attributable to ordinary and redeemable preference shareholders of \$21,713,000 (2021: \$40,049,000) and weighted average number of shares outstanding during the year ended 31 December 2022 of 158,218,286 (2021: 158,218,286), calculated as follows:

#### Profit attributable to shareholders

<i>Dollars In Thousands</i>	Group	
	2022	2021
Profit for the year	32,418	50,722
Profit attributable to non-controlling interests	(10,705)	(10,673)
Profit attributable to shareholders	21,713	40,049

#### Weighted average number of shares

	Group	
	2022	2021
Weighted average number of shares (ordinary and redeemable preference shares)	158,317,833	158,317,833
Effect of own shares held (ordinary shares)	(99,547)	(99,547)
Weighted average number of shares for earnings per share calculation	158,218,286	158,218,286

#### Diluted earnings per share

The calculation of diluted earnings per share is the same as basic earnings per share.

	Group	
	2022	2021
Basic and Diluted Earnings per share (cents per share)	13.72	25.31

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 9. Property, plant and equipment

<i>Dollars In Thousands</i>	Group						Total
	Freehold Land	Buildings	Plant, Equipment, Fixtures & Fittings	Motor Vehicles	Work In Progress	Right Of Use Asset	
<b>Cost</b>							
Balance at 1 January 2021	43,691	213,611	104,972	76	2,638	17,640	382,628
Acquisitions	-	205	433	-	3,343	2,276	6,257
Disposals	-	(39)	(31)	-	(32)	(129)	(231)
Transfers between categories	-	21	224	-	(245)	-	-
Movements in foreign exchange	-	-	(2)	-	-	-	(2)
<b>Balance at 31 December 2021</b>	<b>43,691</b>	<b>213,798</b>	<b>105,596</b>	<b>76</b>	<b>5,704</b>	<b>19,787</b>	<b>388,652</b>
Balance at 1 January 2022	43,691	213,798	105,596	76	5,704	19,787	388,652
Acquisitions	-	-	8	-	7,138	10,286	17,432
Disposals	-	-	(84)	-	(128)	(1,948)	(2,160)
Transfers between categories	2,970	3,874	2,916	-	(9,760)	-	-
Movements in foreign exchange	-	-	4	-	-	-	4
<b>Balance at 31 December 2022</b>	<b>46,661</b>	<b>217,672</b>	<b>108,440</b>	<b>76</b>	<b>2,954</b>	<b>28,125</b>	<b>403,928</b>
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2021	-	(45,406)	(86,612)	(69)	-	(2,633)	(134,720)
Depreciation charge for the year	-	(3,434)	(3,911)	(2)	-	(961)	(8,308)
Disposals	-	-	27	-	-	129	156
Movements in foreign exchange	-	-	2	-	-	-	2
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>(48,840)</b>	<b>(90,494)</b>	<b>(71)</b>	<b>-</b>	<b>(3,465)</b>	<b>(142,870)</b>
Balance at 1 January 2022	-	(48,840)	(90,494)	(71)	-	(3,465)	(142,870)
Depreciation charge for the year	-	(3,246)	(3,570)	(1)	-	(968)	(7,785)
Disposals	-	-	65	-	-	1,945	2,010
Movements in foreign exchange	-	-	(3)	-	-	(1)	(4)
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>(52,086)</b>	<b>(94,002)</b>	<b>(72)</b>	<b>-</b>	<b>(2,489)</b>	<b>(148,649)</b>
<b>Carrying amounts</b>							
At 1 January 2021	<b>43,691</b>	<b>168,205</b>	<b>18,360</b>	<b>7</b>	<b>2,638</b>	<b>15,007</b>	<b>247,908</b>
<b>At 31 December 2021</b>	<b>43,691</b>	<b>164,958</b>	<b>15,102</b>	<b>5</b>	<b>5,704</b>	<b>16,322</b>	<b>245,782</b>
<b>At 31 December 2022</b>	<b>46,661</b>	<b>165,586</b>	<b>14,438</b>	<b>4</b>	<b>2,954</b>	<b>25,636</b>	<b>255,279</b>

#### Initial recording

Items of property, plant and equipment are initially stated at cost. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Capital expenditure on major projects is recorded separately within property, plant and equipment as capital work in progress. Once the project is complete the balance is transferred to the appropriate property, plant and equipment categories. Capital work in progress is not depreciated.

#### Subsequent measurement

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses. The Group recognises the cost of replacing part of such an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 9. Property, plant and equipment - continued

#### Impairment

The testing for impairment is undertaken with an internal review by management and supplemented by external review on selected hotels by an independent registered valuer. The internal review requires management to determine the assets value in use by estimating future cash flows to be generated by the cash generating units. The basis of the impairment test is the net present value of the future earnings of the assets. The major unobservable inputs that management use that require judgement in estimating future cash flows include expected rate of growth in revenue and costs, projected occupancy and average room rates, operational and maintenance expenditure profiles, and the appropriate discount rate to apply when discounting future cash flows. Average annual growth rates appropriate to the hotels range from 5.14% to 78.61% (2021: 0.26% to 358.78%) over the five years projection. Pre-tax discount rates ranging between 6.25% to 10.50% (2021: 6.25% and 11.25%) were applied to the future cash flows of the individual hotels based on the specific circumstances of the property. Hotel assets dependent on international travel have been projected to return to normal pre-COVID occupancy levels during 2023.

During the year management identified four hotel assets with a carrying value of \$40.0 million that had indicators of impairment and were subsequently tested for impairment. The recoverable amount of one of the hotel assets with a carrying value of \$9.56 million was determined by reference to its fair value applying a comparative approach due to the level of estimation uncertainty associated with projecting its future cashflows. The fair value of this hotel asset exceeded its carrying value by \$0.84 million and is considered to be sensitive to impairment from a reasonably possible increase in market capitalisation rates. Two other hotel assets with a carrying value of \$20.33 million were considered to be sensitive to impairment. A 5.0% reduction in RevPAR (via a combination of lower occupancy and lower average room rate) over the forecast period would result in impairment of \$3.12 million. An increase in their discount rate and terminal capitalisation rate by 1.25% percentage point would result in impairment of \$0.11 million.

#### Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building core 50 years or lease term if shorter
- Building surfaces and finishes 30 years or lease term if shorter
- Plant and machinery 15 - 20 years
- Furniture and equipment 10 years
- Soft furnishings 5 - 7 years
- Computer equipment 5 years
- Motor vehicles 4 years

No residual values are ascribed to building surfaces and finishes. Residual values ascribed to building core depend on the nature, location and tenure of each property. Residual values ascribed to building core range between 10% to 24% of the building core.

#### Disposal or retirement

Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the actual net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

#### Right of use assets

The accounting policy for right of use asset is disclosed in Note 23.

#### Pledged assets

A total of two (2021: ten) hotel properties with a total book value of \$37.70 million (2021: \$199.60 million) are pledged to the bank as security against the loan facility.

### 10. Development properties

<i>Dollars In Thousands</i>	Group	
	2022	2021
Development land	203,148	185,741
Residential development	25,198	29,594
	228,346	215,335
Less expected to settle within one year	(23,038)	(26,827)
	<b>205,308</b>	<b>188,508</b>
Development land recognised in cost of sales	20,527	44,902
Residential development recognised in cost of sales	4,844	8,329

Development land is carried at the lower of cost and net realisable value. Interest of \$Nil (2021: \$Nil) was capitalised during the year. Residential development at balance date consists of the residential development known as Zenith Residences in Sydney, Australia.

Property held for future development and development property completed and held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, and holding costs. Development properties also include deposits paid on unconditional contracts on land purchases. All holding costs incurred after completion of development are expensed as incurred. Revenue and profit are not recognised on development properties until the legal title passes to the buyer when the full settlement of the purchase consideration of the properties occurs and the development property is derecognised.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 11. Investment properties

#### Group

<i>Dollars In Thousands</i>	Freehold Land	Buildings	Work In Progress	Total
<b>Cost</b>				
Balance at 1 January 2021	265	2,873	187	3,325
Transfer from development properties	394	-	4,090	4,484
Additions	-	179	15,414	15,593
<b>Balance at 31 December 2021</b>	<b>659</b>	<b>3,052</b>	<b>19,691</b>	<b>23,402</b>
Balance at 1 January 2022	659	3,052	19,691	23,402
Transfers between categories	-	33,278	(33,278)	-
Additions	-	-	13,587	13,587
<b>Balance at 31 December 2022</b>	<b>659</b>	<b>36,330</b>	<b>-</b>	<b>36,989</b>
<b>Depreciation and impairment losses</b>				
Balance at 1 January 2021	-	-	-	-
Depreciation charge for the year	-	70	-	70
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>70</b>	<b>-</b>	<b>70</b>
Balance at 1 January 2022	-	70	-	70
Depreciation charge for the year	-	538	-	538
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>608</b>	<b>-</b>	<b>608</b>
<b>Carrying amounts</b>				
<b>At 1 January 2022</b>	<b>659</b>	<b>2,982</b>	<b>19,691</b>	<b>23,332</b>
<b>At 31 December 2022</b>	<b>659</b>	<b>35,722</b>	<b>-</b>	<b>36,381</b>

Investment properties consist of commercial warehousing at Roscommon Road in Auckland, retail shops at Prestons Park in Christchurch, and retail shops at Stonebrook in Rolleston. The fair value of investment properties at 31 December 2022 was determined by an independent registered valuer, DM Koomen SPINZ, of Extensor Advisory Limited as \$62.62 million (2021: \$25.52 million).

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services, or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Costs of self-constructed investment properties include costs of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs. Gains and losses on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amounts of the investment properties) are recognised in the profit and loss.

Land is not depreciated. Depreciation on the investment properties is computed by asset classes using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building core 50 years
- Building surfaces and finishes 30 years
- Building services 20 - 30 years

### 12. Cash and cash equivalents

<i>Dollars In Thousands</i>	Group	
	2022	2021
Cash	11,065	8,142
Call deposits	50,322	50,001
	<b>61,387</b>	<b>58,143</b>

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.



# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 13. Trade and other receivables

<i>Dollars In Thousands</i>	Group	
	2022	2021
Trade receivables	7,708	7,253
Less provision for doubtful debts	(82)	(19)
Other trade receivables and prepayments	6,810	8,200
	<b>14,436</b>	<b>15,434</b>

Trade and other receivables are stated at their cost less impairment losses. The carrying amounts of the trade receivables, other trade receivables, and prepayments are reviewed at each balance date to determine whether there is any indication of impairment. The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The allowance for doubtful debts on trade receivables are either individually or collectively assessed based on number of days overdue. The Group takes into account the historical loss experience and incorporates forward looking information and relevant macroeconomic factors.

### 14. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 18.

<i>Dollars in Thousands</i>	Group	Currency	Interest Rate	Facility Total	31 December 2022		31 December 2021	
					Face Value	Carrying Amount	Face Value	Carrying Amount
					Revolving credit	NZD	5.17%	10,000
Revolving credit	NZD	5.17%	10,000	-	-	500	500	
Overdraft	NZD	5.17%	5,000	-	-	-	-	
<b>TOTAL</b>			<b>25,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	
Current				-	-	1,000	1,000	
Non-current				-	-	-	-	

#### Terms and debt repayment schedule

The bank facilities are secured over hotel properties with a carrying amount of \$37.70 million (2021: \$199.60 million) - refer to Note 9. The Group facilities were renewed on 4 March 2022 with a new maturity of 31 January 2024.

#### Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### 15. Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>Dollars In Thousands</i>	Group					
	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	-	-	19,776	16,765	19,776	16,765
Investment property	-	-	157	30	157	30
Development properties	(388)	(457)	-	-	(388)	(457)
Provisions	(454)	(347)	-	-	(454)	(347)
Employee benefits	(1,715)	(1,563)	-	-	(1,715)	(1,563)
Lease liability	(7,193)	(4,568)	-	-	(7,193)	(4,568)
Trade and other payables	(1,342)	(1,431)	-	-	(1,342)	(1,431)
Net investment in foreign operations	-	-	876	869	876	869
Net tax (assets) / liabilities	<b>(11,092)</b>	<b>(8,366)</b>	<b>20,809</b>	<b>17,664</b>	<b>9,717</b>	<b>9,298</b>

#### Movement in deferred tax balances during the year

<i>Dollars In Thousands</i>	Group			
	Balance 1 Jan 21	Recognised in Income	Recognised in equity	Balance 31 Dec 21
Property, plant and equipment	15,978	787	-	16,765
Investment property	-	30	-	30
Development properties	(659)	196	6	(457)
Provisions	(273)	(74)	-	(347)
Employee benefits	(1,448)	(115)	-	(1,563)
Lease liability	(4,055)	(513)	-	(4,568)
Trade and other payables	(1,084)	(347)	-	(1,431)
Net investment in foreign operations	875	-	(6)	869
	<b>9,334</b>	<b>(36)</b>	<b>-</b>	<b>9,298</b>

# Millennium & Cophorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 15. Deferred tax assets and liabilities - continued

#### Movement in deferred tax balances during the year

<i>Dollars In Thousands</i>	Group			
	Balance 1 Jan 22	Recognised in Income	Recognised in equity	Balance 31 Dec 22
Property, plant and equipment	16,765	3,011	-	19,776
Investment property	30	127	-	157
Development properties	(457)	74	(5)	(388)
Provisions	(347)	(104)	(3)	(454)
Employee benefits	(1,563)	(152)	-	(1,715)
Lease liability	(4,568)	(2,625)	-	(7,193)
Trade and other payables	(1,431)	89	-	(1,342)
Net investment in foreign operations	869	-	7	876
	<b>9,298</b>	<b>420</b>	<b>(1)</b>	<b>9,717</b>

### 16. Trade and other payables

<i>Dollars In Thousands</i>	Group	
	2022	2021
Trade payables	1,688	5,230
Employee entitlements	7,371	6,311
Non-trade payables and accrued expenses	18,965	18,460
	<b>28,024</b>	<b>30,001</b>

Trade and other payables are stated at amortised cost.

### 17. Financial instruments

The Group only holds non-derivative financial instruments which comprise cash and cash equivalents, trade and other receivables, trade receivables due from related parties, related party advances, secured bank loans, trade and other payables and trade payables due to related parties.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the income statement, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in accounting policies below.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Exposure to credit, liquidity and market risks arises in the normal course of the Group's business.

#### Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table sets out the undiscounted contractual and expected cash flows for all financial liabilities (without interest):

<i>Dollars In Thousands</i>	2022						
	Statement of Financial Position	Contractual Cash Out Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
Trade Payables	1,688	1,688	1,688	-	-	-	-
Other payables	26,336	26,336	26,336	-	-	-	-
Trade payables due to related parties	2,248	2,248	2,248	-	-	-	-
<b>Total non-derivative liabilities</b>	<b>32,272</b>	<b>32,272</b>	<b>32,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Millennium & Cophorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 17. Financial instruments -continued

#### Liquidity risk - continued

2021

<i>Dollars In Thousands</i>	Statement of Financial Position	Contractual Cash Out Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Interest-bearing loans and borrowings	1,000	1,000	1,000	-	-	-	-
Trade Payables	5,230	5,230	5,230	-	-	-	-
Other payables	24,771	24,771	24,771	-	-	-	-
Trade payables due to related parties	3,977	3,977	3,977	-	-	-	-
<b>Total non-derivative liabilities</b>	<b>34,978</b>	<b>34,978</b>	<b>34,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Credit risk

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 customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There are no significant aged debtors which have not been fully provided for.

Investments are allowed only in short-term financial instruments and only with counterparties approved by the Board, such that the exposure to a single counterparty is minimised.

At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk in Australia is \$4,000 (2021: \$5,000). All other credit risk exposure relates to New Zealand.

#### Market risk

##### (i) Interest rate risk

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings with an ongoing review of its exposure to changes in interest rates on its borrowings, the maturity profile of the debt, and the cash flows of the underlying debt. The Group maintains its borrowings at fixed rates on short term which gives the Group flexibility in the context of the economic climate, business cycle, loan covenants, cash flows, and cash balances.

An increase of 1.0% in interest rates on deposits and borrowings would have increased profit before tax for the Group in the current period by \$1.58 million (2021: \$1.61 million increase), assuming all other variables remained constant.

##### Effective interest and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities the following table indicates their effective interest rates at the balance date and the periods in which they re-price.

Group	Note	2022			2021				
		Effective interest rate	Total	6 months or less	6 to 12 months	Effective interest rate	Total	6 months or less	6 to 12 months
Interest bearing cash & cash equivalents *	12	0.00% to 4.25%	61,387	61,387	-	0.00% to 0.79%	58,143	58,143	-
Short term bank deposits *		0.85% to 5.26%	111,946	49,479	62,467	0.35% to 1.37%	121,496	23,668	97,828
Secured bank loans *	14	5.37%	-	-	-	1.592%	(1,000)	(1,000)	-
Bank overdrafts *	14	5.37%	-	-	-	1.592%	-	-	-

\* These assets / (liabilities) bear interest at a fixed rate

##### (ii) Foreign currency risk

The Group owns 100.00% (2021: 100.00%) of KIN Holdings Limited. Substantially all the operations of this subsidiary is denominated in foreign currencies. The foreign currencies giving rise to this risk are Australian Dollars. The Group has determined that the primary risk affects the carrying values of the net investments in its foreign operations with the currency movements being recognised in the foreign currency translation reserves. The Group has not taken any instruments to manage this risk.

The Group is not exposed to any other foreign currency risks.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 17. Financial instruments -continued

#### Capital management

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any externally imposed capital requirements.

The allocation of capital is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There were no changes in the Group's capital management policies during the year.

#### Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Group	Note	Carrying amount		Fair value	
		2022	2022	2021	2021
<i>Dollars In Thousands</i>					
LOANS AND RECEIVABLES					
Cash and cash equivalents	12	61,387	61,387	58,143	58,143
Short term bank deposits		111,946	111,946	121,496	121,496
Trade and other receivables	13	14,436	14,436	15,434	15,434
OTHER LIABILITIES					
Secured bank loans and overdrafts	14	-	-	(1,000)	(1,000)
Trade and other payables	16	(28,024)	(28,024)	(30,001)	(30,001)
Trade payables due to related parties	20	(2,248)	(2,248)	(3,977)	(3,977)
		<b>157,497</b>	<b>157,497</b>	<b>160,095</b>	<b>160,095</b>
Unrecognised (losses) / gains		-	-	-	-

#### Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

- Cash, accounts receivable, accounts payable and related party balances. The carrying amounts for these balances approximate their fair value because of the short maturities of these items.
- Borrowings. The carrying amounts for the borrowings represent their fair values because the interest rates are reset to market periodically, every 1 to 2 months.

### 18. Capital and land development commitments

As at 31 December 2022, the Group had entered into contractual commitments for capital expenditure, development expenditure, and purchases of land. Contractual agreements for the purchase of land are subject to a satisfactory outcome of the Group's due diligence process, board approval, and OIO approval. Development expenditure represents amounts contracted and forecast to be incurred in 2023 in accordance with the Group's development programme.

<i>Dollars In Thousands</i>	Group	
	2022	2021
Capital expenditure	2,660	1,888
Development expenditure	21,991	20,858
Land purchases	4,010	20,300
	<b>28,661</b>	<b>43,046</b>

### 19. Related parties

#### Identity of related parties

The Group has a related party relationship with its parent, subsidiaries (see Note 20), associates and with its directors and executive officers.

#### Transactions with key management personnel

Directors of the Company and their immediate relatives control nil (2021: Nil) of the voting shares of the Company. There were no loans (2021: \$nil) advanced to directors for the year ended 31 December 2022. Key management personnel include the Board and the Executive Team.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 19. Related parties - continued

#### Total remuneration for key management personnel

<i>Dollars In Thousands</i>	Group	
	2022	2021
Non-executive directors	322	345
Executive directors	1,147	440
Executive officers	807	812
	<b>2,276</b>	<b>1,597</b>

Non-executive directors receive director's fees only. Executive director and executive officers receive short-term employee benefits which include a base salary and an incentive plan. They do not receive remuneration or any other benefits as a director of the Parent Company or its subsidiaries. Directors' fees are included in "administration expenses" (see Note 2) and remuneration for executive director and executive officers are included in "personnel expenses" (see Note 3).

### 20. Group entities

#### Control of the Group

Millennium & Copthorne Hotels New Zealand Limited is a 75.78% (2021: 75.78%) owned (economic interests from both ordinary and preference shares) subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels Ltd in the United Kingdom. The ultimate parent company is Hong Leong Investment Holdings Pte Ltd in Singapore.

At balance date there were related party advances owing from/(owing to) the following related companies:

<i>Dollars In Thousands</i>	Nature of balance	Group	
		2022	2021
<b>Trade payables and receivables due to related parties</b>			
Millennium & Copthorne Hotels Limited	Recharge of expenses	(1,799)	(2,863)
Millennium & Copthorne International Limited	Recharge of expenses	-	67
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	(82)	96
CDLHT (BVI) One Ltd	Rent payment	(367)	(1,277)
		<b>(2,248)</b>	<b>(3,977)</b>

No debts with related parties were written off or forgiven during the year. No interest was charged on these payables during 2022 and 2021. There are no set repayment terms. During 2022 a fixed annual fee of \$157,000 (2021: \$154,000) was charged by M&C Reservation Services Ltd (UK) for the provision of management and marketing support in 2021.

At the balance sheet date, there was an amount owing to CDLHT (BVI) One Ltd of \$367,000 (2021 \$1.28 million) being the net amount of rent payable with respect to the leasing of the property and the recoverable amount in relation to expenses paid on behalf. During the year ended 31 December 2022, the Group received \$1.16 million (2021: \$1.56 million) in management, franchise, and incentive fees from CDLHT.

#### Subsidiary companies

The principal subsidiary companies of Millennium & Copthorne Hotels New Zealand Limited included in the consolidation as at 31 December 2022 are:

	Principal Activity	Principal Place of Business	Group Holding % 2022	Group Holding % 2021
Context Securities Limited	Investment Holding	NZ	100.00	100.00
Copthorne Hotel & Resort Bay of Islands Joint Venture	Hotel Operations	NZ	49.00	49.00
<b>Quantum Limited</b>	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of Quantum Limited are:				
Hospitality Group Limited	Holding Company	NZ		
100% owned subsidiaries of Hospitality Group Limited are:				
Hospitality Leases Limited	Lessee Company/Hotel Operations	NZ		
QINZ Anzac Avenue Limited	Hotel Owner	NZ		
Hospitality Services Limited	Hotel Operations/Franchise Holder	NZ		
<b>CDL Investments New Zealand Limited</b>	Holding Company	NZ	65.99	66.29
100% owned subsidiaries of CDL Investments New Zealand Limited are:				
CDL Land New Zealand Limited	Property Investment and Development	NZ		
<b>KIN Holdings Limited</b>	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of KIN Holdings Limited are:				
Kingsgate Investments Pty Limited	Residential Apartment Developer	Australia		

All of the above subsidiaries have a 31 December balance date.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 20. Group entities - continued

Although the Group owns less than half of the voting power of the Copthorne Hotel & Resort Bay of Islands Joint Venture, it is able to control the financial and operating policies of the Copthorne Hotel & Resort Bay of Islands Joint Venture so as to obtain benefits from its activities by virtue of an agreement with the other parties of the Joint Venture. Therefore, the results of the Joint Venture are consolidated from the date control commenced until the date control ceases.

#### Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

#### Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 21. Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

#### Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below.

#### Development property

The Group is also exposed to a risk of impairment to development properties should the carrying value exceed the market value due to market fluctuations in the value of development properties. However, there is no indication of impairment as the market value of development properties significantly exceed the carrying value determined by an independent registered valuer.

In determining fair values, the valuers make assumptions relating to section prices, sell down periods, consumer confidence, unemployment rates, interest rates and external economic factors.

#### Property, plant, and equipment and investment property

The Group determines whether tangible fixed assets are impaired when indicators of impairments exist or based on the annual impairment assessment. The annual assessment requires an estimate of the recoverable value of the cash generating units to which the tangible fixed assets are allocated, which is predominantly at the individual hotel site level. An internal review is performed which requires management to determine the assets value in use by estimating future cash flows to be generated by the cash generating units. Where appropriate, external valuations are also undertaken. Estimation of the recoverable amount of the hotel assets is done with reference to fair value determined by the external valuer, using the income approach and adjusted for costs to sell, which requires estimation of future cash flows of a third-party efficient operator, the time period over which they will occur, an appropriate discount rates, terminal capitalization rates and growth rates. The Directors consider that the assumptions made represent their best estimate, and that the discount rate and terminal capitalisation rate used are appropriate given the risks associated with the specific cash flows.

### 22. Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in NZ IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset was recognised at cost on initial recognition, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 22. Lease -continued

#### 22(a) Lease Liability

The expected contractual undiscounted cash outflows of lease liabilities are as follows:

<i>Dollars In Thousands</i>	Group	
	2022	2021
Less than 6 months	140	237
More than 6 months but within 12 months	93	220
More than 1 year but within 2 years	194	135
More than 2 years but within 5 years	351	102
After 5 years	24,913	15,621
	<b>25,691</b>	<b>16,315</b>

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the Statement of Financial Position.

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 22(b) Schedule of right-of-use assets by class

<i>Dollars In Thousands</i>	Lease term	Carrying value @ 01/01/22	Depreciation on right-of-use asset for the year	Addition during the year	Disposal during the year	Movement in foreign exchange	Carrying value @ 31/12/22
Land sites at hotels	Renewal at 21 year cycles for perpetuity	14,898	(464)	6,973	-	-	21,407
Corporate office building and hotel carpark	Between 5 to 23 years	1,313	(368)	2,813	-	-	3,758
Motor vehicles	Between 12 to 45 months	111	(136)	500	(3)	(1)	471
Totals		16,322	(968)	10,286	(3)	(1)	25,636

# Millennium & Copthorne Hotels New Zealand Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2022

### 22. Lease -continued

#### 22(c) Schedule of lease liabilities by class

<i>Dollars In Thousands</i>	Lease term	Carrying value @ 01/01/22	Interest expense for the year	Addition during the year	Disposal during the year	Lease payment for the year	Carrying value @ 31/12/22
Land sites at hotels	Renewal at 21 year cycles for perpetuity	14,775	1,868	6,973	-	(1,912)	21,704
Corporate office building and hotel carpark	Between 5 to 23 years	1,412	406	2,813	-	(1,124)	3,507
Motor vehicles	Between 12 to 45 months	128	30	521	-	(199)	480
<b>Totals</b>		<b>16,315</b>	<b>2,304</b>	<b>10,307</b>	<b>-</b>	<b>(3,235)</b>	<b>25,691</b>

#### 22(d) Exemptions and exclusions

Exempted were motor vehicle leases shorter than 12 months and leased assets with value below \$8,000. Excluded were variable rentals and lease payments. The following table summarizes these leases by class:

<i>Dollars In Thousands</i>	Expense recognised in the Profit & Loss	Lease commitments @ 31/12/22	Lease commitments within one year	Lease commitments between one and 5 years	Lease commitments more than 5 years
Short term leases <12 months	84	61	61	-	-
Low value leased assets	1	6	1	5	-
Variable lease payments under service and management contracts	614	14,504	528	1,996	11,980
<b>Total</b>	<b>699</b>	<b>14,571</b>	<b>590</b>	<b>2,001</b>	<b>11,980</b>

### 23. New standard and interpretations issued but not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing the consolidated financial statements; refer to Significant Accounting Policies, part (c).

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- NZ IFRS 17 Insurance Contracts
- Amendments to NZ IFRS 17
- Disclosure of Accounting Policies (Amendments to NZ IAS 1 and NZ IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to NZ IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to NZ IAS 12 Income Taxes)
- Initial Application of NZ IFRS 17 and NZ IFRS 9 Comparative Information (Amendments to NZ IFRS 17)

### 24. Assets classified as held for sale

In August 2020, the Group signed a sale and purchase agreement for the vacant land at 776 Colombo Street, Christchurch. The sale of the land was unconditional at 31 December 2020 and was settled in May 2021. This land was recognised as held-for-sale at 31 December 2020.

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of carrying amount and fair value less costs to sell. Gains and losses on re-measurement are recognised in the income statement as Other Income. Once classified as held for sale, property plant and equipment are no longer amortised or depreciated.



# **Millennium & Copthorne Hotels New Zealand Limited**

## **Notes to the Consolidated Financial Statements for the year ended 31 December 2022**

### **25. Contingent liabilities**

The Group's subsidiaries, CDL Investments New Zealand Limited and subsidiary, were named as respondents in a High Court judicial review proceeding which was brought by the Applicant, Winton Property Investments Limited, in relation to a recent decision relating to the Group's acquisition of land in Havelock North which was advised to the market on 21 July 2021 and which has settled. The Applicant sought, inter alia, an order setting aside the decision of the Overseas Investment Office in respect of the approval and/or a declaration that Ministers erred at law in making their decision to grant consent. The matter was heard in the High Court in February 2022 and a decision against the Applicant was handed down in March 2022. Winton has appealed to the Court of Appeal and the appeal hearing is scheduled for May 2023. The Group will continue to vigorously defend its position and still considers the likelihood of the Applicant being successful as low. It is not possible to determine what the financial effect would be, if any, should the appeal be successful.



# Independent Auditor's Report

To the shareholders of Millennium & Copthorne Hotels New Zealand Limited

## Report on the audit of the consolidated financial statements

### Opinion

In our opinion, the accompanying consolidated financial statements of Millennium & Copthorne Hotels New Zealand Limited (the 'company') and its subsidiaries (the 'group') on pages FIN1 to FIN26:

- i. present fairly in all material respects the Group's financial position as at 31 December 2022 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to taxation compliance and tax advisory. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



### Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$4.5 million determined with reference to a benchmark of group's total assets. We chose the benchmark because, in our view, this is a key measure of the group's performance



## Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below this matter and our key audit procedures to address this matter in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

### The key audit matter

### How the matter was addressed in our audit

#### Impairment of Hotel Assets

Refer to Note 9 to the Annual Financial Statements

Hotel assets of \$229.3 million are recognised at historical cost less accumulated depreciation and impairment losses.

At the balance date each of the hotel assets was assessed by management for indicators of impairment. Four hotels with a carrying value of \$40 million were identified to have indicators of impairment, and testing was performed to determine if the carrying values of these assets are recoverable based on the higher of their value in use and fair value less disposal costs.

Management engaged an independent valuer to assist in the determination of the value in use of three of these hotel assets and performed an internal valuation for the other hotel applying the same methodology adopted by the independent valuer.

The recoverable amount of the hotel assets was determined by applying a discounted cashflow approach (DCF) with a cross check using the direct sales comparative approach where appropriate. In one instance the recoverable amount of a hotel asset was determined by only applying the direct sales comparative approach less cost of disposal.

Key assumptions in the discounted cash flow models include projected occupancy rates, average daily room rates (ADRs), projected payroll costs, the discount rate and terminal yield rate. Due to the ongoing effects of COVID-19 on international travel, the level of estimation uncertainty in relation to the projected occupancy rates and ADRs is still significant.

The procedures we performed to evaluate hotel assets for impairment included:

- Evaluating management's determination of the appropriate unit of measure for impairment testing purposes, or changes thereto, the cash-generating unit ("CGU"). This was determined to be at the individual hotel level.
- Assessing each hotel asset for impairment indicators with consideration of changes in land lease and other contractual arrangements, changes in economic conditions and financial performance, physical quality of the underlying asset and capital expenditure requirements, among other factors.
- Engaging our valuation specialists to assist us in evaluating the appropriateness of the valuation methodologies adopted by the valuer, and reasonableness of the discount and terminal yield rates.
- Assessing the scope of work performed, competency, professional qualifications, independence and experience of the external expert engaged by the Group.
- Performing a retrospective review of assumptions comparing actual occupancy rates, ADRs, payroll growth rates, discount rates and terminal yield rates to:
  - i. The assumptions projected over the forecast period used in the prior period models; and
  - ii. Externally derived data including external hotel industry reports.
- For hotel assets valued using the direct sales comparison method we considered the appropriateness of comparable transactions used by the valuer.
- Performing sensitivity analyses over key assumptions including occupancy rates, projected ADRs, and discount rates to determine whether any



### The key audit matter

### How the matter was addressed in our audit

We focused on the impairment of hotel assets due to the magnitude of the balance, judgement and estimation uncertainty related to assessing the recoverable amounts of hotel assets. A change in assumptions in the impairment models could have a material impact on the carrying value of hotel assets.

of the hotel assets tested are sensitive to impairment.

We did not identify material exceptions from procedures performed, and found the judgements and assumptions used in assessing the impairment of hotel assets to be balanced. Financial statement disclosure was considered appropriate.

## Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's Review, Managing Director's Review, disclosures relating to corporate governance, the financial summary and the other information included in the Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have received the Chairman's review and have nothing to report in regard to it. The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report and we will report the matters identified, if any, to those charged with governance.

## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

## Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and



- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Woolsey

For and on behalf of

KPMG  
Auckland

16 February 2023

# MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

## CORPORATE GOVERNANCE STATEMENT

Millennium & Copthorne Hotels New Zealand Limited (“MCK”) is committed to maintaining strong corporate governance in line with best practice at all times. Our corporate governance framework and objectives complies materially with the NZX Corporate Governance Code (the “NZX Code”) as well as the Financial Markets Authority Corporate Governance Principles and Guidelines (the FMA Principles):

### PRINCIPLE 1 – ETHICAL BEHAVIOUR

Directors should set high standards of ethical behaviour, model this behaviour and hold Management accountable for these standards being followed throughout the organisation.

All of MCK’s directors are bound by the Board’s Code of Ethics which states:

- Directors shall undertake their duties with due care and diligence at all times and will conduct themselves honestly and with integrity. Directors shall not do anything, or cause anything to be done, which may or does bring MCK or the Board into disrepute.
- All Directors must act in the best interests of the company and exercise unfettered and independent judgement. All Directors must carry out their duties with integrity and honesty and participate in open and constructive discussions.
- To the best of their ability, Directors will use reasonable endeavours to ensure that MCK’s records and documents (including its financial reports) are true and complete and comply with the requisite reporting standards and controls.
- So that the Board may determine a Director’s independence and to ensure that there are no conflicts of interest, all Directors shall promptly disclose all relevant business and / or personal interests they may have to the Board forthwith as well as any relationships they may have with MCK.
- All Directors shall ensure that they do not support any organisation other than in a personal capacity without the prior written approval of the Chairman.
- Directors shall not accept any gifts or personal benefits from external parties if it could be perceived that this could compromise or influence any decision by the Board or by MCK.
- All Directors shall maintain and protect the confidentiality of all information about MCK at all times except where disclosure is permitted or required by law.
- All Directors shall ensure that they do not use company information and / or property for personal gain or profit. All Directors shall use and / or retain company information and property only for business purposes in their capacity

as Directors of MCK or to meet legal obligations.

- All Directors shall comply with the laws and regulations that apply to MCK.
- All Directors shall immediately report any illegal or unethical behaviour of which they become aware to the Chairman of the Board and to the Chairman of the Audit Committee

All of MCK’s employees are expected to act in the best interests of MCK and to enhance the reputation of the company. MCK also has a number of operational policies which must be followed by employees and the MCK Code of Conduct forms part of each employee’s employment agreement.

MCK also believes in fair dealing with its customers and suppliers, shareholders, employees and other stakeholders and external third parties.

All Directors have access to the Company Secretary at any time as well as independent legal, financial or other professional advice at the expense of the company as may be required.

MCK revised its Share Trading Policy in 2022 which applies to Directors and Officers. It also has a global Whistleblowing Policy which extends to all management and employees. The Whistleblowing Policy facilitates the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing, and sets out the Company’s internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000 and is supported by the Board.

### PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

MCK’s Board has responsibility, control and oversight of the business activities, strategic direction and the governance of MCK and its subsidiary companies. It looks at how the company is operating, how risk and compliance are managed, approving financial and other reports and capital expenditure and reporting to MCK’s shareholders. The

Board approves MCK’s budgets and business plans as well as significant projects and has statutory obligations for other matters such as the payments of dividends and the issue of shares. The Board is accountable to MCK’s shareholders for the company’s performance. Certain powers are delegated to Board Committees and Subcommittees. The role of the Committees is detailed under Principle 3.

Day-to-day management is delegated to the Managing Director and senior management. The levels of authority are approved by way of a Delegated Authorities Manual which is reviewed by the Audit Committee and ultimately approved by the Board.

Appointments to the Board are considered by the Board and the Board takes into account the skills required to allow it to carry out its functions and governance role. In 2022, the appointment of MCK’s new Managing Director was considered by the Board as a whole and no subcommittee was formed.

The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

MCK’s Constitution specifies a minimum number of three directors and a maximum number of nine directors at any one time. Two directors must ordinarily be living in New Zealand. In line with the NZX Main Board Listing Rules, MCK is required to have at least two Independent Directors. Currently, MCK has determined that its Chair Colin Sim, Graham McKenzie and Leslie Preston are Independent Directors as none of them have a Disqualifying Relationship (as that term is defined in the NZX Main Board Listing Rules) or Substantial Product Holders. Messrs Hangchi, Harrison, and Kwek are not considered by the Board to be Independent Directors.

Board meetings are generally held quarterly with additional meetings convened when required. The table below details directors’ attendances during 2022.

Director	Meetings attended in 2022
Colin Sim (Chair)	4/4
Stuart Harrison (Director from 1 June 2022, Managing Director from 2 July 2022)	2/2
BK Chiu (Managing Director until 1 July 2022)	2/2
Kevin Hangchi	3/4
Eik Sheng Kwek	4/4
Graham McKenzie	4/4
Leslie Preston	4/4

In 2022, the Board revised its Skills Matrix to demonstrate the skills, experience and diversity of its Board.

Skill / Attribute	Relevant Director
Retail, marketing, brand and sales experience	Preston
Governance experience	Hangchi, Harrison, Kwek, McKenzie, Preston, Sim
Large enterprise / Multinational business or leadership experience	Hangchi, Harrison, Kwek, Preston, Sim
Accounting / Finance / Tax experience	Hangchi, Harrison, Kwek, Preston
Legal or Regulatory knowledge and experience	Hangchi, Harrison, McKenzie
Business strategy experience	Harrison, Kwek, Preston, Sim
Property development / management experience	Harrison, Kwek, Sim

The Board encourages all directors to undertake their own continuous education so that they can perform their duties as directors and provide maximum benefit to the Board and to shareholders.

In 2018, MCK also adopted its own Diversity and Inclusion Policy which is a separate stand-alone document.

### PRINCIPLE 3 - BOARD COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas while still retaining board responsibility.

Committees help the Board in carrying out its responsibilities and MCK currently has one standing committee being its Audit Committee which is comprised with a majority of Independent Directors and an Independent Director as Chair. The current members of the Audit Committee are Leslie Preston (Chair), Graham McKenzie and SNB Harrison.

The table below reports attendance of the Audit Committee members during 2022:

Director	Meetings attended in 2022
Leslie Preston	2/2
Graham McKenzie	2/2
BK Chiu*	1/1
SNB Harrison**	1/1

\*Mr. Chiu retired as a director and member of the Audit Committee on 1 July 2022. \*\*Mr. Harrison was appointed as a director on 1 June 2022 and became Managing Director on 2 July 2022. He was appointed to the Audit Committee on 4 August 2022.

The Board also forms subcommittees as and when required.

MCK formed a Remuneration Committee (RC) in 2021 and terms of reference have been approved by the Board. The current members of the RC are Messrs. McKenzie and Kwek.

The objectives of the RC are to help the Board establish coherent remuneration policies and practices which:

- enable the Company to attract, retain and motivate key management personnel and Directors (executive and nonexecutive) who will create value for shareholders;
- fairly and reasonably reward senior management of the Company (including executive Directors) having regard to the performance of the Company, the performance of senior management and the general pay environment; and
- comply with the provisions of any relevant legislation, the NZX Listing Rules and any other statutory or regulatory requirements.

The RC met formally once during the year but also met via telephone conference several times during the year.

The Board has not established a protocol which sets out procedures to be followed in the event of a takeover offer being received by the Company. This is because the Board considers that receipt of a takeover offer to be a very unlikely event in light of CDL Hotels Holdings New Zealand Limited's long-term majority shareholding in the Company. MCK is also the owner of property assets including "sensitive land" (as defined under the Overseas Investment Act 2015) which, if the subject of an overseas takeover offer, would require regulatory and / or government approvals for their acquisition.

MCK's Board believes that the Company would have sufficient time to adopt protocols and procedures necessary to respond to any such offer when received and to communicate those to shareholders. MCK's Board therefore believes that it is reasonable and appropriate for the Company not to follow

Recommendation 3.6 of the new Code at this time but agrees with the principles behind Recommendation 3.6.

### PRINCIPLE 4 - REPORTING & DISCLOSURE

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

As an NZX-listed entity, MCK recognises the need to ensure that it is fully compliant in terms of reporting and disclosure and has in place a Continuous Disclosure Policy (CDP) which applies to MCK, its subsidiaries ("Group"), and all their respective directors and employees. The Board has appointed the Chairman, the Chairman of the Audit Committee, the Managing Director, the Company Secretary and the Vice President Finance to act as MCK's Continuous Disclosure Committee (the Disclosure Committee). A quorum of the Disclosure Committee shall consist of no less than three (3) of these persons.

The Disclosure Committee is responsible for:

- Determining what information amounts to material information and must be disclosed;
- Determining the timing of disclosure of any information in accordance with the CDP;
- Approving the content of any disclosure to NZX (including matters not directly covered by the CDP);
- Ensuring that all employees and directors within the Group whom the Committee considers appropriate receive a copy of the CDP and appropriate training with respect to it;
- Developing mechanisms designed to identify potential material information (e.g. agenda item on management meetings); and
- Liaising with legal advisers in respect of MCK's compliance with its continuous disclosure obligations.

The key points from the CDP are:

- No person may release material information concerning MCK to any person who is not authorised to receive it without the approval of the Disclosure Committee.
- The Board will consider at each Board meeting whether there is any information that may require disclosure in accordance with the CDP, and will note any disclosures made subsequent to the prior meeting. Any employee or director of MCK must inform a member of the Disclosure Committee as soon as practicable after that person becomes aware of any material information.
- The CDP includes a list of incidents which should be disclosed to a member of the Disclosure Committee. The Disclosure Committee must

- confer, decide whether disclosure is required, and coordinate disclosure of any material information in a form specified by the Listing Rules as soon as practicable after it becomes aware of the existence of material information, unless it determines:
  - a a reasonable person would not expect the information to be disclosed; and
  - b the information is confidential and its confidentiality is maintained; and
  - c one or more of the following applies:
    - i it would breach the law to disclose the information; or
    - ii the information concerns an incomplete proposal or negotiation; or
    - iii the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
    - iv the information is generated for internal management purposes of MCK or its subsidiaries; or
    - v the information is a trade secret.

The Disclosure Committee will ensure that all Board members, not already aware of the information, are promptly provided with it.

- The Disclosure Committee is responsible for MCK's obligations under the Listing Rules to release material information to NZX to the extent necessary to prevent development or subsistence of a market for its listed securities which is materially influenced by false or misleading information emanating from the issuer or any associated person of the issuer; or other persons in circumstances in each case which would give such information substantial credibility.pp
- All employees of MCK, as soon as practicable after becoming aware of a rumour or speculation that is "generally available to the market", must disclose the existence of that rumour or speculation to a member of the Disclosure Committee.
- The Disclosure Committee is also responsible for co-ordinating MCK's responses to leaks and inadvertent disclosures. Even in the event that leaked or inadvertently disclosed information is not price sensitive, the Disclosure Committee should consider whether the information should be released to NZX via its market announcement platform in order to provide investors with equal access.
- All external communications by MCK must comply with the CDP, any media policy and the Company's rules with respect to confidential information. No material information is to be disclosed to such persons before it is released to NZX.
- Slides and presentations used in briefings should be released to NZX for immediate release to the market.

Prior to approval and release of MCK's half year and full year results, the Vice President Finance and Company Secretary are required to provide a letter of representation to the Board (or its nominated subcommittee) that the financial statements have been prepared in accordance with generally accepted accounting practice and are correct in all material respects.

The Continuous Disclosure Policy was reviewed in 2019.

#### **PRINCIPLE 5 - REMUNERATION**

The remuneration of directors and executives should be transparent, fair and reasonable.

The total pool for Directors' Fees is capped at \$200,000 and was last approved by shareholders in 1996. The level of fees was last reviewed by the Board as a whole in 2019.

Non-executive directors are each entitled to receive a base fee of NZ\$38,000 per annum. The Board Chair is entitled to receive an annual fee of NZ \$42,000 per annum. The Chair of the Audit Committee receives a further NZ\$9,000 per annum and member(s) of the Audit Committee each receive NZ\$7,000 per annum. Executive Directors do not receive Directors' or Committee fees.

Employee remuneration (including that of the Managing Director and senior management) is made up of two primary components being a fixed component and a short term incentive. The fixed component comprises a base salary and other benefits such as Kiwisaver, a contribution to health insurance and in some cases use of a company vehicle. The fixed component is determined with reference to market information as well as the responsibilities of the position, experience and overall performance.

Short term incentives are designed to reward high performing employees with appropriate incentives which are measured on key performance indicators which are reviewed and monitored regularly and based solely on company performance. These include meeting budget or revenue targets. The Company reserves the right to suspend or adjust incentives if targets are not met.

MCK does not currently have an employee share plan or a long term incentive scheme.

All employees are eligible for a range of benefits including discounted accommodation at MCK's hotels in New Zealand and Millennium & Copthorne Hotels around the world (subject to availability).

#### **PRINCIPLE 6 - RISK MANAGEMENT**

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

While risks are a part of doing business, it does need to be monitored and addressed. MCK's Board, Audit Committee and Management Team all have a role in identifying areas of risk and understanding their impact on the Company as well as how these areas are to be managed and mitigated.

MCK's Management Team is responsible for the day-to-day identification, assessment and management of risks applicable to the Company as well as the implementation of appropriate controls, processes and policies to manage such risks. Management also ensures that there are training programmes in place to identify, manage, mitigate or eliminate hazards and risks in the workplace.

The Audit Committee's role is to review and report to the Board on the adequacy of Management's oversight and implementation of risks with particular regard to financial and operational risks.

The Board is ultimately responsible for the oversight and implementation of the Company's responses to risk management.

MCK's Board has identified three main risks areas being Reputational, Operational and Financial Risks. Reputational Risks may arise through errors or omissions by staff or Management, failed procedures, an incident that affects guests or staff or external events. Operational Risks may arise from change in the competitive or regulatory environment, customer demand changes or even failing to keep properties competitive. Financial risks may arise where earnings or cashflow change or are affected in some way due to market conditions or events within or outside MCK's control.

MCK's Board has also identified the risk of climate change on its business. With the passing of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, MCK will need to undertake annual reporting of climate related disclosures such as the climate statements required under the statutory framework. MCK has begun assessing how it will report against the new framework and will publish future updates on any changes to its risk management framework which are associated with climate change.

MCK has a series of internal controls in place covering such areas as financial monitoring and reporting, human resources and risk management. The primary responsibility for monitoring and reporting against internal controls and remedying any deficiencies lies with Management.

MCK also keeps current insurances appropriate to its business including directors and officers liability policies and public liability policies with reputable global insurers.



## PRINCIPLE 7 – AUDITORS

The Board should ensure the quality and independence of the external audit process.

External Audit plays a critical role in ensuring the integrity of financial reporting. The role of the external auditor is to plan and carry out an audit of MCK's annual financial reports and review the half-yearly reports. The Audit Committee reviews the performance and independence of the external auditors.

MCK has in place an External Auditor Independence Policy which deals with the provision of services by the MCK's external auditors, auditor rotation and the relationships between the external auditor and the Company. The policy states that:

The Audit Committee shall only recommend to the Board a firm to be external auditor if that firm:

- would be regarded by a reasonable investor, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement;
- audit partners are members of Chartered Accountants Australia New Zealand (CAANZ);
- has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team MCK's Managing Director, Vice President Finance, Group Accounting Manager, or any member of the Company's Management who acts in a financial oversight role.
- does not allow the direct compensation of its audit partners for selling non-audit services to MCK.

The general principles to be applied in assessing non-audit services are as follows:

- a) the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of bookkeeping and payroll services as well as valuation services where such valuation forms an input into audited financial information;
- b) the external auditor should not perform any function of management, or be responsible for making management decisions;
- c) the external auditor should not be responsible for the design or implementation of financial information systems; and d) the separation between internal audit and external audit should be maintained.

MCK's Audit Committee shall pre-approve all audit and related services that are to be

provided by the auditor. Aside from core external audit services, it is appropriate for the MCK's auditors to provide the following services:

- due diligence (except valuations) on proposed transactions;
- review of financial information where third party verification is required or deemed necessary (outside the normal audit process);
- completion audits / reviews;
- financial model preparation or review;
- accounting policy advice;
- listing advice;
- accounting/technical training; and
- taxation services of an assurance nature.

It is not considered appropriate for MCK's external auditors to provide:

- book keeping services related to accounting records or financial statements;
- tax planning and strategy services unless specifically approved by the Audit Committee;
- appraisal / valuation services including opinions as to fairness;
- provision of payroll services;
- the design or implementation of financial information systems;
- outsourced internal audit and risk management services;
- legal services;
- management functions;
- broker / dealer / investment adviser / investment banking services;
- advocacy for the Company;
- actuarial services; and
- assistance in the recruitment of senior management.

These prohibitions apply to all offices of the audit firm, including overseas offices and affiliates.

The billing arrangements for services provided by MCK's external auditors should not include any contingent fees.

MCK's expects that its external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance, including independence rules and guidance issued by CAANZ.

The nature of services provided by MCK's auditors and the level of fees incurred should be reported to the Audit Committee Chairman semi-annually (or sooner where requested) to enable the Committee to perform its oversight role and report back to the Board. This policy does not prescribe any particular ratio of non-audit service fees to audit fees but the Committee shall monitor the fees and ratio.

The continued appointment of MCK's external auditors is confirmed annually by the Board on recommendation from the Audit Committee.

Rotation of the lead audit partner or firm will be required every five years. Lead audit partners who are rotated will be subject to a 2 year cooling off period (i.e. 2 years must expire between the rotation of an audit partner and that partner's next engagement with the Company).

The hiring by MCK of any former lead audit partner or audit manager must first be approved by the Chairman of the Audit Committee. There are no other restrictions on the hiring of other staff from the audit firm.

KPMG are currently MCK's external auditor and the lead external audit engagement partner was rotated in 2018. The current audit partner is Aaron Woolsey.

The Audit Committee monitors local and overseas practice on auditor independence regularly to ensure that this policy remains consistent with best practice and meets MCK's requirements.

MCK's external auditors also attend the Company's Annual Meeting to answer any questions from shareholders as to the audit and the content of the Annual Report.

## PRINCIPLE 8 – SHAREHOLDER RIGHTS & COMMUNICATION

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

MCK is committed to providing shareholders and stakeholders with timely information on its activities and performance. MCK does this through a number of channels including:

- announcements in accordance with continuous disclosure as required under the Listing Rules;
- publication of the company's annual and interim reports which are sent to all shareholders; and
- encouraging shareholders to attend the Annual Meeting in May of each year to hear the Chairman and the Managing Director provide updates on the company's performance, ask questions of the Board and vote on the resolutions to be determined at the meeting. Resolutions at shareholder meetings are usually determined by poll where each ordinary shareholder has one vote per share.

Relevant communications, copies of annual reports and key corporate governance documents and policies are now available on a dedicated webpage <http://mckhotels.co.nz/investors/>

Shareholders also receive a discount card for use at MCK's hotels within New Zealand which provides them with a discount off the Best Available Rate (subject to availability).

## REGULATORY DISCLOSURES

### 20 LARGEST ORDINARY SHAREHOLDERS (as at 1 March 2023) (Listing Rule 3.7.1 c)

Rank	Shareholder	No. of Securities	%
1.	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	74,743,077	70.79
2.	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	6,012,439	5.69
3.	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	4,870,337	4.61
4.	ACCIDENT COMPENSATION CORPORATION - NZCSD	3,932,628	3.72
5.	NATIONAL NOMINEES LIMITED - NZCSD	2,156,639	2.04
6.	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	1,651,645	1.56
7.	LENG BENG KWEK	906,000	0.86
8.	JPMORGAN CHASE BANK NA NZ BRANCH-SEGREGATED CLIENTS A/C - NZCSD	708,196	0.67
9.	NEW ZEALAND DEPOSITORY NOMINEE LIMITED	645,882	0.61
10.	KAY HONG CHIAM	475,251	0.45
11.	MFL MUTUAL FUND LIMITED - NZCSD	463,297	0.44
12.	CUSTODIAL SERVICES LIMITED	426,958	0.40
13.	CUSTODIAL SERVICES LIMITED	338,425	0.32
14.	JANINE LAUREL SMITH	278,977	0.26
15.	ASB NOMINEES LIMITED	182,500	0.17
16.	GEOK LOO GOH	168,002	0.16
17.	WEI-YONG QIAN	165,000	0.16
18.	LENNON HOLDINGS LIMITED	157,529	0.15
19.	SITA SINGH	151,000	0.14
20.	ASB NOMINEES LIMITED	150,000	0.14

NZCSD is the New Zealand Central Securities Depository and provides a custodial depository service to its clients and does not have a beneficial interest in the shares held in its name.

### 20 LARGEST REDEEMABLE PREFERENCE SHAREHOLDERS (as at 1 March 2023) (Listing Rule 3.7.1 c)

Rank	Shareholder	No. of Securities	%
1.	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	45,224,095	85.75
2.	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	2,945,671	5.59
3.	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	1,693,100	3.21
4.	ACCIDENT COMPENSATION CORPORATION - NZCSD	933,848	1.77
5.	LENG BENG KWEK	453,000	0.86
6.	NATIONAL NOMINEES LIMITED - NZCSD	233,471	0.44
7.	KAY HONG CHIAM	211,324	0.40
8.	CUSTODIAL SERVICES LIMITED	140,627	0.27
9.	ASB NOMINEES LIMITED	130,451	0.25
10.	ALAN DAVID WHITE	110,130	0.21
11.	GRAEME STUART LORD & LISA ANNE LORD	77,225	0.15
12.	JENNIFER GAYE SIMPSON	43,000	0.08
13.	THEODORE JOHN VAN GELDERMALSEN & MARGARET GAY FREEMANTLE	38,000	0.07
14.	HOWARD CEDRIC ZINGEL	31,592	0.06
15.	AOTEAROA RENTAL ENTERPRISES LIMITED	30,720	0.06
16.	ARIE DEKKER & LEANNE KATHERINE WALKER	30,400	0.06
17.	ROGER EDWARD HAYWARD & SUSAN ELIZABETH HAYWARD	28,909	0.05
18.	AIKEN & ASSOCIATES LIMITED	23,593	0.04
19.	SEA AND PEAK EQUITIES LIMITED	23,400	0.04
20.	RICHARD ALEXANDER COUTTS	23,000	0.04

NZCSD is the New Zealand Central Securities Depository and provides a custodial depository service to its clients and does not have a beneficial interest in the shares held in its name.

### HOLDINGS SIZE – ORDINARY SHARES (as at 1 March 2023)

Range	Total Holders	Number of shares	Percentage of Issued Capital
1 - 499	495	157,593	0.15
500 - 999	318	223,351	0.21
1,000 - 1,999	231	324,277	0.31
2,000 - 4,999	253	786,658	0.75
5,000 - 9,999	146	985,520	0.93
10,000 - 49,999	134	2,534,339	2.40
50,000 - 99,999	17	1,202,160	1.14
100,000 - 499,999	17	3,737,549	3.54
500,000 - 999,999	3	2,260,078	2.14
1,000,000 +	6	93,366,765	88.43
Rounding			
<b>Total</b>	<b>1620</b>	<b>105,578,290</b>	<b>100.00</b>

### HOLDINGS SIZE – REDEEMABLE PREFERENCE SHARES (as at 1 March 2023)

Range	Total Holders	Number of shares	Percentage of Issued Capital
1 - 499	73	16,628	0.03
500 - 999	23	15,895	0.03
1,000 - 1,999	24	33,373	0.06
2,000 - 4,999	17	58,037	0.11
5,000 - 9,999	11	68,562	0.13
10,000 - 49,999	18	394,106	0.75
50,000 - 99,999	1	77,225	0.15
100,000 - 499,999	6	1,279,003	2.43
500,000 - 999,999	1	933,848	1.77
1,000,000 +	3	49,862,866	94.55
Rounding			-0.01
<b>Total</b>	<b>177</b>	<b>52,739,543</b>	<b>100.00</b>

## DOMICILE OF ORDINARY SHAREHOLDERS (as at 1 March 2023)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	1,524	98,564,545	93.36
Overseas holders	96	7,013,745	6.64
<b>Total</b>	<b>1620</b>	<b>105,578,290</b>	<b>100.00</b>

## DOMICILE OF REDEEMABLE PREFERENCE SHAREHOLDERS (as at 1 March 2023)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	167	52,033,800	98.66
Overseas holders	10	705,743	1.34
<b>Total</b>	<b>177</b>	<b>52,739,543</b>	<b>100.00</b>

## WAIVERS FROM NZX REGULATION LIMITED (NZREGCO)

None obtained in 2022.

## SUBSTANTIAL PRODUCT HOLDERS

According to notices given to the Company under the Financial Markets Conduct Act 2013, as at 1 March 2023, the substantial product holders in the Company are noted below:

	Securities	Class	%
CDL Hotels Holdings New Zealand Limited	74,743,077	Ordinary Shares	70.79%
abrdn plc	7,254,559	Ordinary Shares	6.88%
abrdn Asia Limited	7,254,559	Ordinary Shares	6.88%

CDL Hotels Holdings New Zealand Limited is a wholly owned subsidiary of Millennium & Copthorne Hotels Limited (formerly Millennium & Copthorne Hotels plc). As at 1 March 2023, the total number of issued voting securities of Millennium & Copthorne Hotels New Zealand Limited (all of which are ordinary shares) was 105,578,290. The Company holds 99,547 repurchased ordinary shares as treasury stock. The total number of non-voting redeemable preference shares was 52,739,543. As these securities are non-voting securities, there is no requirement to provide substantial product holder notices.

## STATUTORY INFORMATION

### **DIRECTORS** (section 211 (1)(i) Companies Act 1993)

As at 31 December 2022, the Company's Directors were Messrs. C Sim, SNB Harrison, K Hangchi, ES Kwek, GA McKenzie and Ms. LS Preston. Messrs. Harrison, Hangchi and Kwek were appointed by Millennium & Copthorne Hotels Limited. Mr. Harrison was appointed as a director on 1 June 2022 and became the Managing Director on 2 July 2022.

The gender breakdown of the Board at balance date was 5 male directors and 1 female director (2021: 5 male directors and 1 female directors). MCK currently has 2 female and 5 male officers (2021: 2 female and 5 male officers).

### **INTERESTS REGISTER** (sections 189 (1) (c) and 211(1)(e) Companies Act 1993)

The Company maintains an Interests Register as required under the Companies Act 1993. For the period under review, the following entries were recorded:

### **USE OF COMPANY INFORMATION** (section 145 Companies Act 1993)

During 2022, the Board did not receive any 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.

### **SHARE DEALING** (section 148, Companies Act 1993)

No share dealings by Directors occurred during 2022.

### **DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS** (as at 31 December 2022)

Director	2021	2022
Colin Sim	Nil	Nil
B K Chiu*	Nil	Nil
Kevin Hangchi	Nil	Nil
Stuart Harrison**	N/A	Nil
Eik Sheng Kwek	Nil	Nil
Graham McKenzie	Nil	Nil

\*Mr. Chiu retired as Managing Director on 1 July 2022. \*\*Mr. Harrison was appointed as a director on 1 June 2022.

### **REMUNERATION** (section 161 and 211(1)(f), Companies Act 1993)

The total remuneration and value of other benefits earned by each of the Directors of the Company for the year ending 31 December 2022 was:

Director	Remuneration
C Sim	42,000
B K Chiu (*)	885,520
K Hangchi	38,000
SNB Harrison (*)	261,974
ES Kwek (*)	Nil
GA McKenzie	45,000
LS Preston	47,000

(\*) Mr. Chiu retired as a director on 1 July 2022 and Mr. Harrison was appointed as a director on 1 June 2022. Mr. Kwek is the Executive Director of Millennium & Copthorne Hotels Limited. Mr. Kwek does not receive remuneration as a director of the company and Messrs. Chiu and Harrison did not receive remuneration as a director of any of the Company's subsidiaries.

### **INDEMNITY AND INSURANCE** (section 162, Companies Act 1993)

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.

## GENERAL DISCLOSURES OF INTEREST (section 140(2), Companies Act 1993)

As at 31 December 2022, the Directors of the Company have made general disclosures of interest in the following companies:

### **C SIM**

*Chairman / Director of:*  
CDL Investments New Zealand Limited

*Director of:*  
Autocaps Vogue Pty Limited  
Builders Recycling Operations Pty Ltd  
Desert Rose Holdings Pty Limited  
East Quarter Hurstville Pty Limited  
EQ Gosford Pty Ltd  
EQ Property Holdings Pty Ltd  
EQ Zetland Pty Ltd  
Naxta Pty Ltd  
PCC Devco 1 Pty Limited  
SSK Investments Pty Ltd  
TECH5 Australia Pty Ltd  
Waterbrook Bayview Village Management Pty Ltd  
Waterbrook Brand Pty Ltd

Autocaps (Aust) Pty Ltd  
Bathurst Range Investments Pty Limited  
CS Investments No. 1 Pty Ltd  
DMM Investments (NSW) Pty Ltd  
EQ Equity Pty Ltd  
EQ Projects Pty Ltd  
EQ Revesby Pty Ltd  
EQ Zetland Finance Pty Ltd  
New Dale Sim Pty Ltd  
Phoenix Palm Developments Pty Limited  
SSK Investments No 2 Pty Ltd  
Waterbrook Bayview Pty Ltd  
Waterbrook Bowral Pty Ltd  
West Quarter Hurstville Pty Limited

Autocaps Pastoral Division Pty Limited  
Builders Recycling Properties Pty Ltd  
Desert Rose Group Pty Limited  
East Quarter Group Pty Ltd  
EQ Finance Services Pty Limited  
EQ Projects Holdings Pty Ltd  
EQ Riverside Pty Ltd  
Hurstville NSW Pty Limited  
PBD Phoenix Pty Limited  
Preslite Drive Technologies Pty Limited  
SSK Investments O/S Pty Ltd  
Waterbrook Bayview Investment Pty Ltd  
Waterbrook Bowral Investment Pty Ltd

### **K HANGCHI**

*Director of:*  
Hong Leong Finance Limited  
Millennium Securities Nominees Pte Ltd  
Singapore Nominees Private Ltd

CDL Hotels Holdings New Zealand Limited  
Hong Leong Finance Nominees Pte Ltd  
Millennium Securities Pte Ltd  
Sun Yuan Holdings Pte Ltd

KIN Holdings Limited  
Hong Leong Nominees (Private) Limited  
Pagsan Investment Pte. Ltd  
Sun Yuan Overseas Pte Ltd

### **SNB HARRISON**

*Chair of:* Waitangi Resort Joint Venture Committee

*Director of:*  
Hospitality Group Ltd  
Kingsgate Hotels Limited  
Millennium & Copthorne NZ Ltd  
Quantum Ltd

All Seasons Hotels & Resorts Ltd  
Hospitality Leases Ltd  
Kingsgate Hotels & Resorts Ltd  
QINZ Holdings (New Zealand) Ltd

Context Securities Ltd  
Hospitality Services Ltd  
Kingsgate International Corporation Limited  
QINZ (Anzac Avenue) Ltd

### **ES KWEK**

*Chairman / Director / President of:* Grand Plaza Hotel Corporation;

*Chairman and Director of:* Millennium Hotels Italy Holdings srl; Millennium Hotels Palace Management srl; Millennium Hotels Property srl

*Director / President of:* Five Star Assurance Inc. , The Philippine Fund Limited

*Managing Director of:* ATOS Holdings GmbH

*Director of:*  
125 OBS (Nominees 1) Limited  
Actas Holdings Pte. Ltd  
Adelphia Holdings Limited  
Alphagate Holdings Limited  
Archfield Limited  
Aston Properties Pte. Ltd  
Atlasgate UK Holdings Limited  
Beijing Fortune Hotel Co. Ltd  
Bloomshine Holdings Limited  
Barvagate Holdings SARL  
Canterbury Riverside Opco Limited  
CDL Acquisitions Pte. Ltd  
CDL Commercial REIT Management Pte. Ltd  
CDL Crown REIT Management Pte. Ltd  
CDL Hotels (Chelsea) Ltd  
CDL Hotels (Malaysia) Sdn. Bhd  
CDL Infinity Pte. Ltd  
CDL Libra Pte. Ltd  
CDL Orion Investment Holdings Pte. Ltd  
CDL Pisces Commercial Pte. Ltd  
CDL Real Estate Asset Managers Pte Ltd  
CDL Shanghai Holdings Pte. Ltd  
Centro Investment Holding Pte Ltd  
Chestnut Avenue Developments Pte Ltd  
City Century Pte. Ltd  
City Delta Pte. Ltd  
City Gemini Pte Ltd  
City Montage Pte. Ltd  
City Resyde Pte. Ltd  
City Strategic Equity Pte. Ltd  
Citydev Investments Pte. Ltd  
Cityview Place Holdings Pte. Ltd  
Copthorne Aberdeen Limited  
Copthorne Hotel (Effingham Park) Limited  
Copthorne Hotel (Merry Hill) Construction Limited  
Copthorne Hotel (Plymouth) Limited  
Copthorne Hotels Limited  
Crescent View Developments Pte Ltd  
Delfi Three Investments Pte Ltd  
Eastwest Portfolio Pte Ltd  
Educado Company Limited  
Euroform (S) Pte Ltd  
Finite Properties Investment Limited  
Friars Road Manco Limited  
Grange 100 Pte Ltd  
Guan Realty (Private) Limited  
Harrow Entertainment Pte Ltd  
Highline Investments GP Limited  
Hoko Kenmore Pty Ltd  
Hoko Spencer Pty Ltd  
Hong Leong Enterprises Pte Ltd

125 OBS (Nominees 2) Limited  
Adelais Properties Limited  
Allinvest Holding Pte. Ltd  
Androgate Properties Limited  
Ascent View Holdings Pte. Ltd  
Atlasgate SG Holdings Pte. Ltd  
Baynes Investments Pte Ltd  
Bellevue Properties Pte. Ltd  
BOP Luxembourg (125 Obs) 2 SARL  
Bridge North Limited  
Canterbury Riverside Propco Limited  
CDL Aquila Pte. Ltd  
CDL Constellation Pte. Ltd  
CDL Entertainment & Leisure Pte. Ltd  
CDL Hotels (Korea) Ltd  
CDL Hotels (U.K.) Ltd  
CDL Land Pte. Ltd  
CDL Management Services Pte. Ltd  
CDL Pegasus Pte. Ltd  
CDL Pro Star Development Pty Ltd  
CDL Real Estate Investment Managers Pte Ltd  
CDL Suzhou Investment Pte. Ltd  
Centro Property Holding Pte Ltd  
Cideco Pte Ltd  
City Condominiums Pte. Ltd  
City Developments Investments Pte. Ltd  
City Ikonik Pte. Ltd  
City Platinum Holdings Pte. Ltd  
City Sceptre Investments Pte. Ltd  
City Sunshine Holdings Pte. Ltd  
Citydev Real Estate (Singapore) Pte. Ltd  
Cityzens Developments Pte Ltd  
Copthorne Hotel (Birmingham) Limited  
Copthorne Hotel (Gatwick) Limited  
Copthorne Hotel (Merry Hill) Limited  
Copthorne Hotel (Slough) Limited  
Copthorne Orchid Hotel Singapore Pte Ltd  
Darien Properties Investment Limited  
Delfi Two Investments Pte Ltd  
Easy Thrive Ventures Limited  
Elite Hotel Management Services Pte Ltd  
Ferguson Hotels Holdings Limited  
First Platinum Holdings Pte. Ltd  
Glades Properties Pte. Ltd  
Granmill Holdings Pte Ltd  
Harbour Land Corporation  
Heritage Pro International Limited  
Highline Properties GP Limited  
Hoko Macaulay Pty Ltd  
Hoko Toowong Pty Ltd  
Hong Leong Foundation

125 OBS GP Limited  
Adelanto Investments Pte. Limited  
Allsgate Properties Limited  
Aquarius Properties Pte. Ltd  
Aster Land Development Pte Ltd  
Atlasgate UK Holdings Pte. Ltd  
Beaumont Properties Limited  
Bestro Holdings Limited  
Branbury Investments Ltd  
Camborne Developments Pte. Ltd  
Canvey Developments Pte. Ltd  
CDL Australia Holdings Pty. Ltd  
CDL Crestview Holdings Pte. Ltd  
CDL Evergreen Pte. Ltd  
CDL Hotels (Labuan) Ltd  
CDL Hotels Japan Pte. Ltd  
CDL Libra Commercial Pte. Ltd  
CDL Netherlands Investments BV  
CDL Perseus Pte. Ltd  
CDL Properties BV  
CDL Regulus Pte. Ltd  
Central Mall Pte. Ltd  
Chania Holdings Limited  
City Boost Pte. Ltd  
City Connected Communities Pte. Ltd  
City Elite Pte. Ltd  
City Lux Pte. Ltd  
City REIT Management Pte. Ltd  
City Serviced Offices Pte. Ltd  
City Thrive Pte. Ltd  
Citydev Venture Holdings Pte. Ltd  
Copthorne (Nominees) Limited  
Copthorne Hotel (Cardiff) Limited  
Copthorne Hotel (Manchester) Limited  
Copthorne Hotel (Newcastle) Limited  
Copthorne Hotel Holdings Limited  
Copthorne Orchid Hotel Penang Sd. Bhd.  
Delfi One Investments Pte Ltd  
Diplomat Hotel Holding Company Limited  
Edeva Holdings Limited  
Ellinois Management Services Pte Ltd  
Ferguson Investment Corp.  
Freshview Developments Pte Ltd  
Grand Strategic Pte. Ltd  
Greystand Holdings Limited  
Harbour View Hotel Pte Ltd  
Highline Holdings Limited  
Hoko Fitzroy Pty Ltd  
Hoko Mina Pty Ltd  
Hong Bee Hardware Company Sdn Berhad  
Hong Leong Hotel Development Limited

Hong Leong International Hotel (Singapore) Pte Ltd	Hong Leong Properties Pte Limited	Hospitality Holdings Pte Ltd
Hospitality Ventures Pte Ltd	Hotel Liverpool Limited	Hotel Liverpool Management Limited
HSRE Crosslane (Coventry) Limited	HSRE Crosslane (Leeds) Limited	HSU JV Holdco Limited
HThree City Jade Pte Ltd	Iconique Tokutei Mokuteki Kaisha	Infinity Properties Limited
Iselin Limited	Island Glades Developments Pte Ltd	Jayland Properties Limited
Keygate Holdings Limited	King's Tanglin Shopping Pte Ltd	Kwek Holdings Pte Ltd
Kwek Hong Png Investment Pte Ltd	Landco Properties Limited	Le Grove Management Pte Ltd
Legend Commercial Pte Ltd	Legend Commercial Trustee Pte Ltd	Legend Investment Holdings Pte Ltd
Legend Quay Pte Ltd	Lightspark Holdings Limited	Lingo Enterprises Limited
London Britannia Hotel Limited	London Tara Hotel Limited	Lukestone Properties Limited
M&C (CB) Limited	M&C (CD) Limited	M&C Finance (1) Limited
M&C Management Holdings Limited	M&C NZ Limited	M&C Reservations Services Limited
M&C Asia Finance (UK) Limited	M&C Asia Holdings (UK) Limited	M&C Capital Pte Ltd
M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust)	M&C Hotels France Management SARL	M&C Holdings (Thailand) Limited
M&C Hotel Investments Pte Limited	M&C Hotels Holdings Limited	M&C Hotels Holdings USA Limited
M&C Hotels Holdings Japan Pte Limited	M&C Hotels Holdings Limited	M&C REIT Management Limited
M&C Hotels Japan Pte Limited	M&C New York Finance (UK) Limited	M&C Sponsorship Limited
M&C Singapore Finance (UK) Limited	M&C Singapore Holdings (UK) Limited	
Melvale Holdings Limited	Millennium & Copthorne (Australian Holdings) Limited	
Millennium & Copthorne (Jersey Holdings) Limited	Millennium & Copthorne Hotels Limited	Millennium & Copthorne International Limited
Millennium & Copthorne Hotels Management (Shanghai) Limited	Millennium Hotel Holdings EMEA Limited	Millennium Hotels & Resorts Services Limited
Millennium & Copthorne Share Trustees Limited	Millennium Hotels (West London) Management Limited	
Millennium Hotels (West London) Limited	Millennium Hotels Limited	Millennium Hotels London Limited
Millennium Hotels Europe Holdings Limited	New Bath Court Limited	New Empire Investments Pte Ltd
New Bath Court (Opco) Limited	New Unity Holdings Ltd.	New Vista Realty Pte Ltd
New Synergy Investments Pte Ltd	Novel Developments Pte Ltd	Palmerston Holdings Sdn. Bhd.
Newbury Investments Pte Ltd	Pinenorth Properties Limited	
Pavo Properties Pte Ltd	Queensway Hotel Holdings Limited	Queensway Hotel Limited
Qaiser Holdings Limited	Redvale Developments Pte Ltd	Redvale Investments Pte Ltd
Rainbow North Limited	Rehi Normanby Pty Limited	Republic Hotels and Resorts Limited
Redvale Properties Pte Ltd	Republic Plaza City Club (Singapore) Pte Ltd	Reselton Properties Limited
Republic Iconic Hotel Pte Ltd	Richview Holdings Pte Ltd	Rogo Investments Pte Ltd
Richmond Hotel Pte Ltd	Scentview Holding Limited	Scottsdale Properties Pte Ltd
Rogo Realty Corporation	Siena Commercial Development Pte Ltd	Siena Residential Development Pte Ltd
Serangoon Green Pte Ltd	Silkpark Holdings Limited	Singapura Developments (Private) Limited
Siena Trustee Pte Ltd	South Beach International Hotel Management Pte Ltd	Southwaters Investment Pte Ltd
Sonic Investment Pte. Limited	Summit Vistas Pte Ltd	Sunmaster Holdings Pte Ltd
Sparkland Holdings Pte Ltd	Sunshine Plaza Pte Ltd	Sycamore House Manco Limited
Sunny Vista Developments Pte Ltd	Tempus Platinum Investments Tokutei Mokuteki Kaisha	Trentwell Management Pte Ltd
TC Development Pte Ltd	Treasure Realm Limited	Tucana Properties Pte Ltd
TOSCAP Limited	Tucana Commercial Pte Ltd	Ventagrاند Holdings Limited
Trentworth Properties Limited	U-Paragon Holdings Limited	Vinemont Investments Pte Ltd
Tucana Residential Pte Ltd	Verwood Holdings Pte Ltd	Whitehall Holdings Limited Zatrio Pte Ltd
Verspring Properties Pte Ltd	White Haven Properties Pte Ltd	
Welland Investments Limited		

General Manager of : M& C Hotels France SAS

Alternate Director of: Mount V Development Pte Ltd; South Beach Consortium Pte Ltd

**G A MCKENZIE**

Director of:

McHarry Holdings Ltd

CMO Energy NZ

Valar NZ Ltd

GMACK Consulting Ltd

Independent Trustee of: Development West Coast

**L S PRESTON**

Director of:

Ingenio Limited

3M6 Property Limited

Ingenio Services Limited

Ingenio Group Holdings Limited

Rose And Thorne Design Limited

Member of: Expert Advisory Panel, Innovation Programme for Tourism Recovery, Ministry of Business, Innovation and Employment

**EMPLOYEE REMUNERATION** (section 211(1) (g) Companies Act 1993)

The number of employees or former employees of the Company and its subsidiaries (excluding publicly listed subsidiaries) who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum in 2022 are as follows:

Remuneration and value of other benefits	Number of employees
100001 - 110000	8
110001 - 120000	6
120001 - 130000	6
130001 - 140000	1
140001 - 150000	4
150001 - 160000	2
160001 - 170000	1
170001 - 180000	1
180001 - 190000	3
230001 - 240000	1
240001 - 250000	1
260001 - 270000	2
270001 - 280000	2
880001 - 890000	1

**DONATIONS** (section 211(1)(h) and (2))

The Company and its subsidiaries made donations to charity totaling \$447 during the year.

**AUDIT FEES** (section 211(1)(j) and (2))

During the period under review, the following amounts were payable to the external auditors KPMG:

	2021 (\$'000)		2022 (\$'000)	
	New Zealand	Australia	New Zealand	Australia
Annual Audit	341	26	332	28
KPMG Other Services	34	Nil	34	Nil

## SUBSIDIARY COMPANIES AND DIRECTORS (section 211(2) of the Companies Act 1993)

The Company's subsidiaries and their directors as at 31 December 2022 are listed below:

NAME	DIRECTORS	OWNERSHIP	ACTIVITY
All Seasons Hotels and Resorts Ltd	SNB Harrison, JB Pua	100%	Non-trading
CDL Investments New Zealand Ltd (▼)	C Sim, JC Adams, J Henderson, DJ Jameson, ES Kwek, VWE Yeo	65.99%	Holding Company
CDL Land New Zealand Ltd	JC Adams, T Ito, JB Pua	65.99%	Property Investment & Development Company
Context Securities Ltd	SNB Harrison, JB Pua	100%	Investment Holding Company
Hospitality Group Ltd	SNB Harrison, N Hood, K Orr	100%	Holding Company
Hospitality Leases Ltd	SNB Harrison, JB Pua	100%	Lessee Company
Hospitality Services Ltd	SNB Harrison, K Orr, JB Pua	100%	Hotel Management Company
Hotelcorp New Zealand Ltd	JB Pua, JSS Tan	100%	Holding Company (Australia)
KIN Holdings Ltd	JB Pua, K Hangchi	100%	Holding company
Kingsgate Holdings Pty Ltd	JB Pua, JSS Tan	100%	Holding Company
Kingsgate Hotels And Resorts Ltd	SNB Harrison, JB Pua	100%	Franchise Holder
Kingsgate Hotels Ltd	SNB Harrison, JB Pua	100%	Non-trading
Kingsgate Hotel Pty Ltd	JB Pua, JSS Tan	100%	Non-trading (Australia)
Kingsgate Investments Pty Ltd	JB Pua, JSS Tan	100%	Residential Apartment Owner (Australia)
Kingsgate International Corporation Ltd	SNB Harrison, JB Pua,	100%	Holding Company
Millennium & Copthorne NZ Ltd	SNB Harrison, JB Pua	100%	Non-trading
Millennium & Copthorne Hotels Pty Ltd	JB Pua, JSS Tan	100%	Non-trading (Australia)
QINZ (Anzac Avenue) Ltd	SNB Harrison JB Pua	100%	Hotel Owner
QINZ Holdings (New Zealand) Ltd	SNB Harrison JB Pua	100%	Holding Company
Quantum Ltd	SNB Harrison K Orr, JB Pua,	100%	Holding company

(▼) Listed on the New Zealand Stock Exchange

--Where the directors of the Company's subsidiaries are employees of the Company, they do not receive any remuneration or other benefits as a director. Their remuneration and other benefits are received as employees and are included in the relevant banding under Employee Remuneration.

--The following persons received remuneration as Directors of the Company's subsidiaries during 2022: C Sim (\$35,000), JC Adams (\$478,528), J Henderson (\$30,000), DJ Jameson (\$30,000), VWE Yeo (\$30,000),.

## **CORPORATE DIRECTORY**

### **BOARD OF DIRECTORS**

Colin Sim	(Independent Director / Chairman)
Stuart Harrison	(Managing Director)
Kevin Hangchi	(Non-Executive Director)
Eik Sheng Kwek	(Non-Executive Director)
Graham McKenzie	(Independent Director)
Leslie Preston	(Independent Director/Chair of Audit Committee)

### **SENIOR MANAGEMENT**

Boon Pua	(Vice President Finance)
Ken Orr	(Vice President Operations)
Takeshi Ito	(Vice President Legal & Company Secretary)
Brendan Davies	(Director, International and Corporate Sales)
Craig Fletcher	(Director, Property Management)
Josie Wilson	(Director, Revenue and Distribution)
Lisa Maclean	(Director, Human Resources) - <i>from 20 March 2023</i>
Nathan Kruger	(Director, Information Technology) - <i>from 20 March 2023</i>
Sam Horsnell	(Director of Sales, Conferences and Incentives)

### **REGISTERED OFFICE & CONTACT DETAILS**

Level 7, 23 Customs Street East, Auckland, 1010 - *from 3 April 2023*  
PO Box 5640, Victoria Street West, Auckland 1142

Telephone:	(09) 353 5010
Facsimile:	(09) 309 3244
Email:	sales.marketing@millenniumhotels.co.nz
Global Website:	www.millenniumhotels.com
Investor Website:	www.mckhotels.co.nz/investors

### **AUDITORS**

KPMG, Auckland

### **BANKERS**

ANZ Banking Group (New Zealand) Limited  
Hong Kong & Shanghai Banking Corporation Limited

### **SOLICITORS**

Bell Gully

### **SHARE REGISTRAR**

Computershare Investor Services Limited,  
Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand

Private Bag 92119, Auckland 1020, New Zealand  
Telephone: +64 9 488 8700  
Facsimile: +64 9 488 8787  
Email: enquiry@computershare.co.nz

### **STOCK EXCHANGE LISTING:**

New Zealand Exchange (NZX)  
Company Code: MCK



#### **HEAD OFFICE**

Head Office Tel: (09) 353 5010

Level 7, 23 Customs Street East, Auckland 1010  
– from 3 April 2023

PO Box 5640, Victoria Street West, Auckland 1142

#### **NATIONAL CONFERENCE OFFICE**

Ph: 0800 4 MEETINGS (0800 4 633 846)

Email: [meetings@millenniumhotels.co.nz](mailto:meetings@millenniumhotels.co.nz)

[www.meetingsnz.co.nz](http://www.meetingsnz.co.nz)

#### **SALES**

Email: [sales.marketing@millenniumhotels.co.nz](mailto:sales.marketing@millenniumhotels.co.nz)

International Sales Tel: (09) 353 5085

Corporate Sales Auckland Tel: (09) 353 5010

Corporate Sales Wellington Tel: (04) 382 0770

#### **CENTRAL RESERVATIONS**

Ph: 0800 808 228

Email: [central.res@millenniumhotels.co.nz](mailto:central.res@millenniumhotels.co.nz)

[www.millenniumhotels.com](http://www.millenniumhotels.com)