



## City Developments Plans To Acquire Hotel Portfolio From CDL Hotels

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City Developments Ltd (CityDev) is proposing to acquire a controlling stake in Millennium and Copthorne Hotels plc (M&C) for HK\$6.1 billion (about S\$1.36 billion) from its subsidiary, CDL Hotels International Ltd (CHIL), which in turn will become an Internet investment holding company.

This transaction will, among other things:

- BOOST CityDev's effective interest in M&C to 52.4 per cent from 28.4 per cent, leading to higher earnings contributions from M&C that enjoys a broad geographical earnings base.
- INCREASE CityDev's net attributable profits. Earnings per share will similarly rise. No material impact on book NTA of the CityDev group.
- RESULT in CHIL distributing cash between HK\$7.2 billion (S\$1.6 billion) and HK\$7.6 billion (S\$1.69 billion) to all shareholders via capital reduction. Shareholders of CHIL will receive HK\$3.38 cash pay-out per share (assuming all options are exercised) and the continued participation in the new CHIL.
- LEAD to retention of about US\$75 million (HK\$584 million, or S\$130 million) in CHIL for the development of its Internet-based business activities. CHIL's first initiative will focus on hospitality B2B e-Commerce.
- RESULT in CHIL becoming an investment holding company in e-Commerce, with initial focus on e-Commerce in the hospitality sector.

Mr Kwek Leng Beng, CityDev Executive Chairman and Chairman of CHIL, said: " The restructuring aims to create value for the shareholders of both CityDev and CHIL by putting the right piece in the right place at the right price. In particular, it will remove the multi-layered shareholding structure of M&C."

He said: " A new CityDev with a balanced portfolio will be ready for the benefits of the New Economy. CHIL shareholders will receive substantial cash and CHIL will spearhead the CDL Group into the New Economy."

Mr Kwek Leng Joo, managing director of CityDev, said: " The transfer will see CDL transformed into three business groups - real estate developer and investment, international hotel operator and owner, and Internet investment company. The three businesses will balance our earnings consistency and enhance the group's overall growth prospects."

Mr Miguel Ko, Deputy Chairman and Chief Executive Officer of CHIL, said: " The Internet-based hospitality business is one example of the group leveraging on its core competencies. Given our strong core competency in the hospitality industry, it naturally would be our initial focus. But we will plan to start e-Commerce initiatives in various other industries."

"CHIL will remain an investment holding company and continue to provide hotel management and reservations services. Its future growth will, however, be derived from the development of CHIL's Internet businesses in the hospitality sector and other industries," he added.