



CITY DEVELOPMENTS LIMITED

CDL Hotels Achieves Sterling Results

March 23, 2000 at 12:00 AM EST

CDL Hotels International (CDLHI) posted a healthy 11.4% increase in full-year net profit to HK\$638.8 million despite a 1.6% decline in turnover to HK\$5.1 billion. Operating profit increased by 5.8% from HK\$1.06 billion to HK\$1.13 billion. Earnings per share, excluding exceptional items, were up 7.9% to HK24 cents. Including the exceptional items, EPS was up 8.6% to HK31.98 cents. The Directors have proposed a final dividend of 6 cents per share. Including the special cash dividend paid, the total dividend payout is HK30 cents for the full year.

CDLHI's healthy performance was helped by an extraordinary gain of HK\$193 million - from the dilution of the group's interests in its Asia-Pacific companies following the consolidation of its hotel and property interests into London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C). This gain, however, was partially offset by a provision of HK\$33.5 million made against CDLHI's total investment in Suzhou. The Group also gained from higher interest income on its cash holdings.

CDLHI noted the dramatic changes in the international hotel industry with high-profile mergers and acquisitions taking place mainly amongst major hotel companies in the US and Europe. The result was the emergence of fewer global hotel operators with a wider geographical presence, enhanced operational synergies and economies of scale.

Accordingly, CDLHI embarked on a major reorganisation exercise in April 1999 with the sale of its 43 hotels in Asia and Australasia to M&C for about HK\$7 billion, including the assumption of about HK\$1.5 billion of net outstanding debt of the Asia Pacific companies. With this sale, CDLHI has been transformed into an investment holding company with a majority stake in an international hotel company. As one of the largest international hotel owner and operator groups in the world, M&C has been effectively repositioned for further growth.

Opportunity arose for M&C to make another quantum leap soon after the Asia Pacific acquisition. In Nov 1999, it acquired the 673-room Seoul Hilton in South Korea for about HK\$1.6 billion.

Then last Dec, M&C acquired Regal Hotels USA from Regal Hotels International of Hong Kong for about HK\$5 billion. The acquisition comprised 28 Regal hotels including a company which holds management contracts in a further 19 properties in the United States. This acquisition provided M&C a significant presence in gateway and other major cities of the USA, the world's largest hotel market.

CDLHI looks forward to significant additional earnings over the next few years from the acquisitions made during 1999. With bright prospects ahead, CDLHI is expected to soar to greater heights.