

Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	CITY DEVELOPMENTS LIMITED
Company Registration No.	196300316Z
Announcement submitted on behalf of	CITY DEVELOPMENTS LIMITED
Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Shufen Loh @ Catherine Shufen Loh
Designation *	Company Secretary
Date & Time of Broadcast	24-Jun-2008 18:15:52
Announcement No.	00071

>> Announcement Details
The details of the announcement start here ...

Announcement Title * Announcement of the sale of CDL Hotels (Korea) Limited, owner of Millennium Seoul Hilton Hotel, by Subsidiary Company, Millennium & Copthorne Hotels plc

Description

We attach herewith for information a copy of the subject announcement issued by Millennium & Copthorne Hotels plc ("M&C"), a 53% subsidiary of City Developments Limited (the "Company" or "CDL"), on 24 June 2008.

On 24 June 2008, a conditional agreement was entered into by CDL Hotels (Labuan) Limited, a wholly-owned subsidiary of M&C, for the sale of the entire issued and paid-up share capital of CDL Hotels (Korea) Limited to Kangho AMC Co., Ltd (the "Transaction"). CDL Hotels (Korea) Limited is the owner of the Millennium Seoul Hilton Hotel which is located at 395, 5-ga, Namdaemun-ro, Chung-gu, Seoul, Korea (the "Hotel").

The parties have attributed a value of KRW 580.0 billion (or approximately S\$777.2 million, based on an exchange rate of KRW100 to S\$0.134) for the Hotel. After taking into account other net liabilities of CDL Hotels (Korea) Limited as at 31 December 2007 (including the shareholder's loan amount owed by CDL Hotels (Korea) Limited to CDL Hotels (Labuan) Limited), the total sale consideration for the 100% holding in the issued share capital of CDL Hotels (Korea) Limited has been agreed at KRW 468.6 billion (or approximately S\$627.9 million), subject to certain completion adjustments including inter alia profit for CDL Hotels (Korea) Limited for the period from 1 January 2008 up to completion of the Transaction.


Completion of the Transaction is subject to the satisfaction or waiver of certain conditions precedent, which include the obtaining of the approval of the shareholders of M&C at an extraordinary general meeting to be convened. It is anticipated that completion of the Transaction will take place in September 2008.

M&C has announced that based on the values contained in its consolidated balance sheet as at 31 December 2007, the proposed disposal is expected to result in a pre-tax profit on disposal of £155.0 million.

Based on the values contained in the consolidated balance sheet of the CDL Group as at 31 December 2007, the proposed disposal is expected to result in a pre-tax profit on disposal of S\$425.0 million.

By Order of the Board
Shufen Loh @ Catherine Shufen Loh
Company Secretary
24 June 2008

Attachments

 MC_Announcement.pdf
Total size = 24K
(2048K size limit recommended)

For Immediate Release

24 June 2008

Millennium & Copthorne Hotels plc

“Disposal of Millennium Seoul Hilton – Profit of £155 m”

Millennium & Copthorne Hotels plc (“**M&C**”) announces that CDL Hotels (Labuan) Limited (the “**Company**”) (a wholly-owned subsidiary of M&C) has entered into an agreement (the “**Agreement**”) with Kangho AMC Co. (“**Kangho**”) pursuant to which the Company has agreed to dispose of its 100% holding in the issued share capital in CDL Hotels (Korea) Limited (the “**Disposal**”).

CDL Hotels (Korea) Limited owns the hotel business undertaking of the Millennium Seoul Hilton Hotel which is located at 395, 5-ga, Namdaemun-ro, Chung-gu, Seoul, Korea (the “**Hotel**”). The Company and Kangho have attributed a value of KRW 580.0 billion (or approximately £287.9 million, based on an exchange rate of £1 to KRW 2014.9) for the Hotel. After taking into account other net liabilities of CDL Hotels (Korea) Limited as at 31 December 2007 (including the shareholder’s loan amount owed by CDL Hotels (Korea) Limited to the Company, referred to below), the total sale consideration for the 100% holding in the issued share capital in CDL Hotels (Korea) Limited has been agreed at KRW 468.6 billion (or approximately £232.6 million) (the “**Sale Consideration**”).

On execution of the Agreement, Kangho has wire transferred to the Company a deposit in an amount equivalent to KRW 58.0 billion in US dollars (or approximately £28.8 million). The remainder of the Sale Consideration will be paid in cash to the Company at completion, subject to certain completion adjustments including inter alia profit for CDL Hotels (Korea) Limited for the period commencing on and including 1 January 2008 to completion of Disposal.

The M&C group’s purchase price of the Hotel was US\$228.5 million (or £144.6 million based on historical exchange rates) in 1999.

For the year ended 31 December 2007, the profit before tax of CDL Hotels (Korea) Limited was £8.2 million¹ and the gross assets of CDL Hotels (Korea) Limited as at 31 December 2007 amounted to approximately £147.2 million¹.

Completion under the Agreement is subject to the satisfaction or waiver of certain conditions precedent, including the approval of the shareholders of M&C. A circular will be posted to shareholders in due course and the extraordinary general meeting to approve the transaction contemplated by the Agreement is expected to take place in August 2008. On completion of the Disposal, which is expected to occur in September 2008, the Hotel will cease to be branded as a “Millennium” hotel and the M&C group will cease to have any management responsibility for, or economic interest in, the Hotel.

Following completion under the Agreement, Kangho will procure CDL Hotels (Korea) Limited to repay a shareholder’s loan amount owed by CDL Hotels (Korea) Limited to the Company, which for reference purposes, as at 24 June 2008 amounted to KRW 38.5 billion (or approximately £19.1 million). In addition, Kangho shall be responsible for all other debt obligations and liabilities of CDL Hotels (Korea) Limited on and after the date of completion of the Agreement.

Based on the values contained in the M&C consolidated balance sheet as at 31 December 2007, the Disposal is expected to result in a pre-tax profit on disposal of £ 155.0 million.

The cash proceeds received by the Company following the disposal of CDL Hotels (Korea) Limited and the repayment of the shareholder's loan amount owed by CDL Hotels (Korea) Limited to the Company will be used to increase cash reserves in order to fund acquisition opportunities that may arise, earn interest income and reduce debt where appropriate.

Chairman Kwek Leng Beng said:

"The sale value attributed to the Hotel demonstrates once again the underlying management skill of our group in maximising shareholder value. The M&C group's strategy of being an owner of hotel assets remains unchanged. However, the opportunity for sale, whilst unsolicited, further strengthens the M&C group's ability to take advantage of market and cyclical opportunities."

Richard Hartman, Chief Executive, said:

"Seoul is a key gateway city and this will present us a more difficult decision on divestment. While the city has a challenging hotel operating environment particularly in Millennium Seoul Hilton, we have managed to achieve a profitable exit from the investment. We will be maintaining a constant watch for suitable opportunities as they may arise in Korea."

¹, The profit and gross assets of CDL Hotels (Korea) Limited as stated are as prepared under IFRS for group consolidation purposes and are not as reported under local GAAP.

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From 12 pm

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