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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
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>> Announcement Details

The details of the announcement start here ...



Announcement Title * Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited on the increase in its Investment in the First Sponsor Group

Description

Please see the attached announcement released by Millennium & Copthorne Hotels New Zealand Limited ("MCHNZ") on 29 November 2011 on the increase in its investment in its associate company, First Sponsor Capital Limited ("FSCL").

MCHNZ had applied for, and had been granted, a waiver from the requirement under the NZSX Listing Rules to obtain the prior approval of its shareholders in relation to the additional investment in FSCL. A copy of the waiver decision issued by NZX Market Supervision on 29 November 2011 is also attached.

Attachments

 [29112011_Wenjiang.pdf](#)
 [29112011_WaiverDecision.pdf](#)

Total size = **1083K**
 (2048K size limit recommended)

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MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

STOCK EXCHANGE ANNOUNCEMENT

Date : 29 November 2011 **Pages sent (including this page):** 2
Attention : **Market Announcement Platform**
Company : MCK
From : **Takeshi Ito – Company Secretary**

MILLENNIUM & COPTHORNE NEW ZEALAND INCREASES INVESTMENT IN FIRST SPONSOR GROUP

Millennium & Copthorne Hotels New Zealand Limited (NZX: MCK) announced today that it is to increase its investment in its associate company First Sponsor Capital Limited (FSCL) by USD 30 million, being its share of a capital call made by FSCL. The additional investment will take the form of new preference shares in FSCL. MCK will be providing more than its pro rata share of the required capital in order to restore its holding of preference shares in FSCL to the proportion it held prior to an earlier capital raising by FSCL undertaken in December 2010 (in which MCK did not participate fully). After the issue of the new preference shares, the MCK Group will return to holding approximately 34% of FSCL.

The additional investment from the FSCL shareholders, including the Tai Tak Group and MCK, will allow FSCL to complete the purchase of land located in Chengdu, Sichuan Province in Western China. Directors from MCK and Millennium & Copthorne Hotels plc visited the area earlier in the year and met with local government officials. The total area of land is approximately 270,500 square metres and will be able to be developed as residential and commercial developments including a hotel and convention centre.

MCK applied for, and has been granted, a waiver from the requirement under Rule 9.2.1 of the NZSX Listing Rules to obtain the prior approval of MCK shareholders in relation to the additional investment. NZX Regulation will announce that waiver decision today. The waiver was required because:

- the MCK group (including a majority-owned Australian subsidiary) will be providing funding totalling approximately 30% of MCK's current market capitalisation in order to complete the purchase. The acquisition will therefore be a "Material Transaction" under the NZSX Listing Rules; and
- MCK and FSCL are "Related Parties" under the NZSX Listing Rules as MCK, FSCL and a number of MCK's subsidiaries have common directors.

MCK secured a new banking facility for this additional investment.

FSCL's main project in Chengdu to-date has been the successfully launched Chengdu Cityspring residential / commercial development which was commenced in December 2009, the residential component of which is now substantially completed. As at 30 October 2011, 709 out of the 726 residential units of the project have been sold either under sale and purchase or option agreements. Revenue and profit recognition are expected in 2012. 98%

of the sales proceeds have been collected for those residential units sold under sale and purchase agreements. In addition, 513 of the 709 commercial units launched for sale in July 2011 have been sold either under sale and purchase or option agreements. 60% of the sales proceeds have been collected for these commercial units sold under sale and purchase agreements.

Profile: Chengdu City, Sichuan Province, China

Chengdu is the capital of the Sichuan Province and the main metropolitan city in Western China. Home to over 14 million residents in the city area and suburbs, it one of the most important economic, transportation, and communication centers in China. Chengdu's main industries are food production, pharmaceuticals, light and heavy machinery, and information technology development. Over the past ten years, Chengdu has seen a great deal of foreign investment with global multinational companies such as Intel, Cisco, Microsoft, Sony, and Toyota setting up research, assembly and/or manufacturing bases in the area.

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Issued by Millennium & Copthorne Hotels New Zealand Limited

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**NZX Market Supervision Decision
Millennium & Copthorne Hotels New Zealand Limited
Application for Waiver from NZSX Listing Rule 9.2.1.**

Background

1. Millennium & Copthorne Hotels New Zealand Limited (“MCK”) is a Listed Issuer with Ordinary Shares Quoted on the NZSX Market.
2. MCHNZ Investments Limited (“MCHNZ”) is a wholly owned subsidiary of MCK. MCHNZ holds 24.5% of the voting ordinary shares (“FS Ordinary Shares”) and 27.6% of the non-voting preference shares (“FS Preference Shares”) in First Sponsor Capital Limited (“First Sponsor”), a British Virgin Islands company. Millennium and Copthorne Hotels plc (“M&C plc”) holds 20.4% of the FS Preference Shares through a series of wholly owned subsidiaries. Kingsgate International Pty Ltd (“KI”) (61.3% of which is owned by MCK and 39% of which is owned by Tai Tak Estates Sdn Bhd (“Tai Tak”)) holds 2% of the FS Preference Shares.
3. The remaining 50% of the FS Preference Shares and 24.5% of the FS Ordinary Shares are held by Tai Tak Asia Properties Pte Limited (“TTAP”), a wholly owned subsidiary of Tai Tak.
4. A structure diagram of the group is attached as a schedule to this decision.
5. One director of First Sponsor, Mr Wong Hong Ren, is also the chairman of MCK. Another director of First Sponsor, Mr Ho Han Leong Calvin, is a director of a number of subsidiaries of MCK that are directly or indirectly partly owned by Tai Tak and is also the managing director of Tai Tak. Mr Ho’s directorship in the subsidiaries of MCK is to represent Tai Tak’s interest in those joint venture companies with MCK, which include KI. Except for a number of joint venture companies and common investments with MCK, Tai Tak is not otherwise related to MCK, MCHNZ or M&C plc.
6. First Sponsor requires funding for further expansion, including the acquisition of land in China. This new funding is proposed to take the form of an issue of new FS Preference Shares pro rata to First Sponsor’s existing holders of FS Preference Shares (“Transaction”). However, MCHNZ will have an enhanced participation right, as M&C plc has agreed to renounce its entitlement to participate in the Transaction in favour of MCHNZ. This will allow MCHNZ to restore its holding of FS Preference Shares to approximately the proportion it held prior to an earlier capital raising undertaken in December 2010 by First Sponsor, in which it did not participate fully.
7. The maximum amount of new funding that MCHNZ may be required to provide to First Sponsor under the Transaction would be US\$30 million. KI will also subscribe for its pro rata entitlement of up to US\$1.3 million. The MCK group would therefore be providing 50% of the funding sought under the Transaction, which is approximately 30% of MCK’s current market capitalisation. The acquisition would therefore be a Material Transaction under the NZSX Listing Rules (“Rules”).

8. MCK and First Sponsor are Related Parties, as MCK, First Sponsor, and a number of MCK's subsidiaries have common directors.
9. Rule 9.2.1 requires an Issuer to obtain shareholder approval to enter into a Material Transaction with a Related Party.

Application

10. MCK seeks a waiver from the requirement in Rule 9.2.1 to obtain prior shareholder approval in relation to the acquisition of FS Preference Shares, to the extent that the subscription price for the new FS Preference Shares to be issued to MCHNZ and KI together exceeds 10% of MCK's Average Market Capitalisation.
11. In support of its application, MCK submits that:
 - (a) First Sponsor is neither a subsidiary nor a related company (as those terms are defined in the Companies Act 1993) of MCK;
 - (b) Mr Wong Hong Ren is one of five directors of MCK and has no material direct or indirect economic interest in First Sponsor, other than by way of reasonable directors' fees, if any;
 - (c) First Sponsor's expansion plans and its proposal for further capital were formed independently and without influence from MCK, other than director input at board level of First Sponsor (one M&C plc group representative (Mr Wong Hong Ren) from a board of four directors);
 - (d) Any negotiations between MCK and First Sponsor in relation to the Transaction have been, and will continue to be, undertaken on an arm's length basis. First Sponsor has no ability to influence MCK in relation to its decision whether to enter into any agreement with First Sponsor in relation to the Transaction or to the terms and conditions of any such agreement other than through normal arm's length negotiations. MCK has considered, and will continue to consider, the merits of the Transaction independently and in its own interests. Accordingly, MCK's shareholders will be adequately protected;
 - (e) MCHNZ is subscribing for more than its pro rata entitlement under the Transaction in order to correct the dilution resulting from MCHNZ not participating fully in First Sponsor's capital raising in December 2010; and
 - (f) As First Sponsor is not exerting influence over MCK in order to ensure that the Transaction proceeds, the timing and cost implications for MCK in requiring it to convene a shareholders meeting and to commission an appraisal report in relation to the Transaction would prejudice shareholders rather than protect them.

Rules

12. Rule 9.2.1 provides:

An Issuer shall not enter into a Material Transaction if a Related Party is, or is likely to become:

- (a) *a direct or indirect party to the Material Transaction, or to at least one of a related series of transactions of which the Material Transaction forms part; or*
- (b) *in the case of a guarantee or other transaction of the nature referred to in paragraph (d) of the definition of Material Transaction, a direct or indirect beneficiary of such guarantee or other transaction,*

unless that Material Transaction is approved by an Ordinary Resolution of the Issuer.

13. Rule 9.2.2 provides:

For the purposes of Rule 9.2.1, “Material Transaction” means a transaction or a related series of transactions whereby an Issuer:

- (a) *purchases or otherwise acquires, gains, leases (as lessor or lessee) or sells or otherwise disposes of, assets having an Aggregate Net Value in excess of 10% of the Average Market Capitalisation of the Issuer; or*

...

14. Rule 9.2.3 provides:

For the purposes of Rule 9.2.1, “Related Party” means a person who is at the time of a Material Transaction, or was at any time within six months before a Material Transaction:

- (a) *a Director or executive officer of the Issuer or any of its Subsidiaries; or*
- (b) *the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes; or*
- (c) *an Associated Person of the Issuer or any of the persons referred to in (a) or (b), other than a person who becomes an Associated Person as a consequence of the Material Transaction itself (or an intention or proposal to enter into the Material Transaction itself); or*
- (d) *a person in respect of whom there are arrangements other than the Material Transaction itself, intended to result in that person becoming a person described in (a), (b), or (c), or of whom the attainment of such a status may reasonably be expected, other than as a consequence of the Material Transaction itself;*

...

Decision

15. On the basis that the information provided to NZX Market Supervision (“NZXMS”) is full and accurate in all material respects, NZXMS grants MCK a waiver from Rule 9.2.1, to allow MCK and KI to acquire the FS Preference Shares in the Transaction, on the condition that MCK’s non-interested directors certify to NZX that the Transaction:

- (a) has been negotiated on an arm’s length basis;
- (b) has been considered independently of First Sponsor; and
- (c) is in the interests of, and fair to, MCK’s shareholders.

Reasons

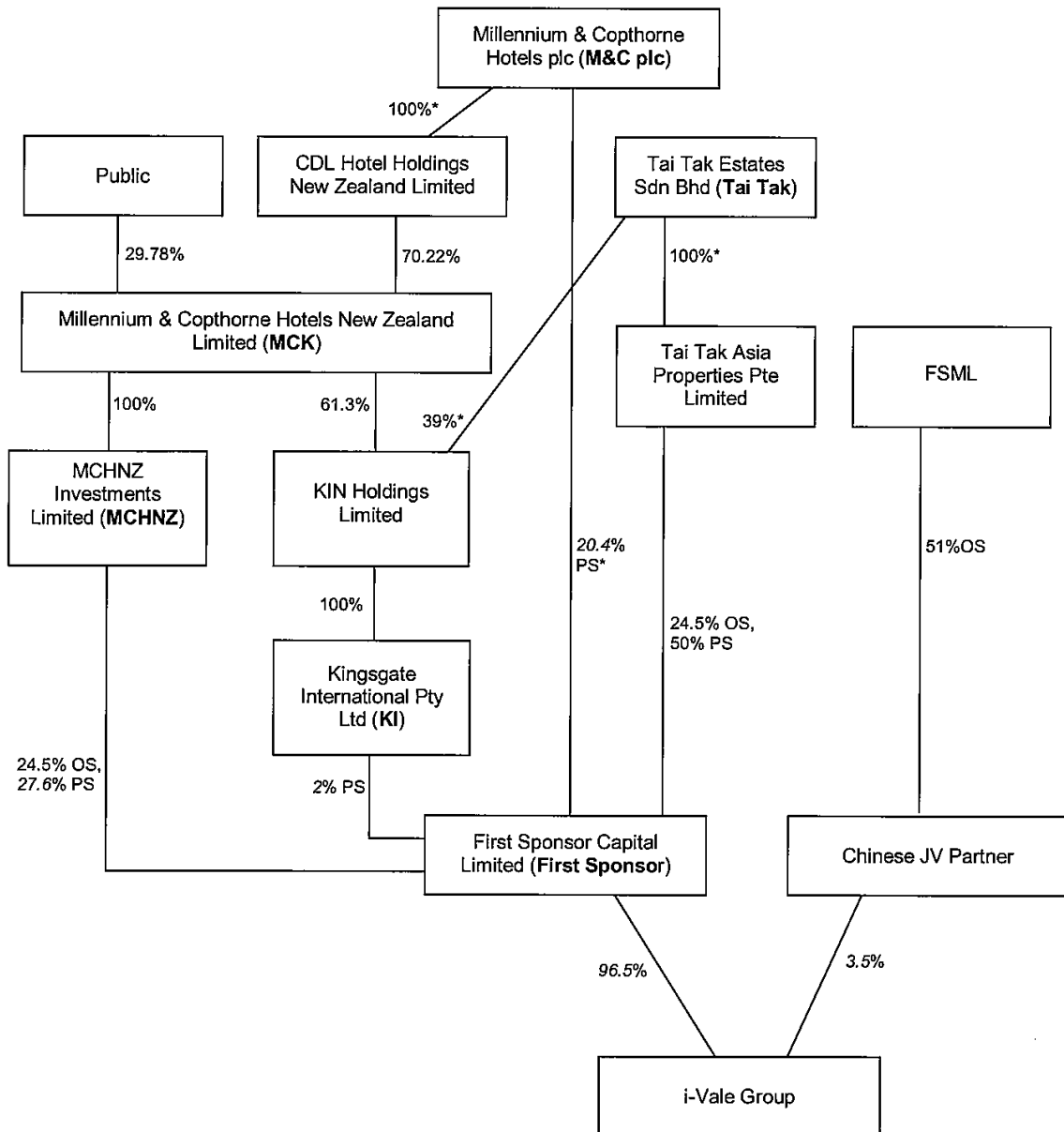
16. In granting a waiver from Rule 9.2.1, NZXMS has considered the following:
- (a) Mr Wong Hong Ren is one of five directors of MCK, and, pursuant to Rule 3.4.3, did not vote on the board resolution relating to the Transaction, nor was he counted in the quorum for the purposes of consideration of the Transaction. Accordingly, he has had little, if any, influence over MCK's decision to enter into the Transaction;
 - (b) Mr Wong Hong Ren also has no material direct or indirect economic interest in First Sponsor other than by way of reasonable directors' fees, if any;
 - (c) Mr Ho Han Leong Calvin's directorships in the subsidiaries of MCK is to allow him to represent Tai Tak's interests in those subsidiaries, as is common in joint ventures; and
 - (d) The directors of MCK, excluding Mr Wong Hong Ren, will provide NZX with the certification required by the condition in paragraph 15 above.

Confidentiality

17. MCK has submitted that the waiver application and the information contained within it (including the fact that MCHNZ is considering providing further funding to First Sponsor) are commercially sensitive. MCK has requested that the application and any decision be kept confidential until MCK has made an announcement regarding the Transaction, if any.
18. In accordance with Footnote 1 to Rule 1.11.2, NZXMS grants MCK's request.

ENDS.

Schedule: Simplified corporate structure



OS: ordinary shares of First Sponsor
 PS: preference shares of First Sponsor
 *: held through a series of wholly owned subsidiaries