

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	31-May-2010 18:04:30
Announcement No.	00120

>> Announcement Details

The details of the announcement start here ...

Announcement Title * Announcement by subsidiary company, Millennium & Copthorne Hotels New Zealand Limited on the response to the article published in the New Zealand Herald on 29 May 2010 written by Brian Gaynor of Milford Asset Management

Description Please refer to the attached announcement issued by Millennium & Copthorne Hotels New Zealand Limited on 31 May 2010.

Attachments
 [MCHNZ_310510.pdf](#)
Total size = **73K**
(2048K size limit recommended)

[Close Window](#)



MILLENNIUM
HOTELS AND RESORTS

MILLENNIUM • COPTHORNE • KINGSGATE

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

STOCK EXCHANGE ANNOUNCEMENT

Date : 31 May 2010 **Pages sent (including this page):** 1
Attention : **Market Announcement Platform**
Company : NZX
From : **Takeshi Ito – Company Secretary**

Subject **RESPONSE TO BRIAN GAYNOR ARTICLE**

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), responds to the article published in the New Zealand Herald on 29 May 2010 written by Brian Gaynor of Milford Asset Management. MCK wishes to highlight that the article omits important facts and information which were disclosed to MCK shareholders at its annual meeting last week :

---MCK shareholders were told about the governance and internal procedures in place at the annual meeting last week. MCK rejects Gaynor's assertion made at the meeting and in the article that there had been a failure of corporate governance in China. The article completely omits the fact that Cheung did **not** have access to the seals in his capacity as legal representative. Proper internal controls were in place. The seals were in a locked safe, accessible by two senior executives only, being the acting CEO and the financial controller. One executive had the key to the safe, the other had the combination. The safe could only be opened by both together. Despite these controls and safeguards, Cheung seized the seals by deceit and by force. He did not have access to the safe and the seals as of right. MCK therefore completely rejects Gaynor's assertion that seizure of the seals was a '*botch up*' and that it was '*somewhat similar to a Nigerian email scam*'. These comments are unfounded and, in our view, unfair.

---The West Coast Resort Hainan Hotel, acquired in 2008, was seized by force by Cheung Ping Kwong and the purported purchaser on 8 April 2010. MCK Shareholders were told that Cheung and the purchaser were accompanied by a gang of about fifteen people. The hotel general manager was threatened verbally and physically. The lawyer acting for First Sponsor Capital Limited's interests was beaten up and injured. Retaliatory action was not taken as we did not believe that this was in our best interests or legal. MCK's policy is that health and safety of its staff is paramount. The article completely omits these facts.

---It is disappointing that Gaynor did not mention the positive update given by Mr. Chiu about the joint venture's other assets in Fougang and Chengdu. Both of these projects are secure. The Chengdu development in particular is a significant piece of the joint venture's assets and was inspected by members of the Board and management in late April. MCK Shareholders were briefed on the construction works and marketing of this development. When completed it will have nearly 2000 residential, small office and serviced apartment units.

---MCK also rejects Gaynor's assertion that its presentation in relation to the New Zealand tourism industry was '*very bleak*' or unenthusiastic. Mr. Chiu's detailed presentation used trend information from the New Zealand hotel industry over the last five years. The information clearly shows falling revenues and revenue per available room within the industry due to price competition and difficult trading conditions. Mr. Chiu also highlighted the marketing and promotions undertaken by MCK to drive revenue growth. MCK notes that the New Zealand Herald published an article this morning titled '*Tourism slump fallout yet to hit*' which reiterates the information presented by Mr. Chiu in terms of visitor arrivals and amount of spend.

A copy of the presentation slides from the meeting is available at
<http://www.nzx.com/markets/NZSX/MCK/announcements/3741849/MCK-2010-Annual-Meeting-of-Shareholders>

and may be accessed by shareholders and stakeholders so that they may draw their own conclusions.