

### 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 *	Enid Ling Peek Fong
Designation *	Company Secretary
Date & Time of Broadcast	12-Apr-2010 17:07:18
Announcement No.	00100

### >> Announcement Details

The details of the announcement start here ...

Announcement Title \* **Statements issued by Millennium & Copthorne Hotels New Zealand Limited and Millennium & Copthorne Hotels plc concerning interest in a Chinese Joint Venture**

Description

The Company wishes to inform its shareholders that Millennium & Copthorne Hotels New Zealand Limited ("MCHNZ"), a NZSX-listed 70% subsidiary of Millennium & Copthorne Hotels plc ("M&C plc"), has today issued a statement reporting that MCHNZ's Chinese joint venture, held through its 34% interest in First Sponsor Capital Limited ("FSCL") has encountered certain difficulties arising from unauthorised and unlawful actions initiated by one of FSCL's Chinese joint venture partners. The details are set out in the attached announcements issued by MCHNZ and M&C plc.

The Group's indirect interest in the abovementioned Chinese joint venture is not significant, taking into account the Group's effective interest of approximately 21% in FSCL held through its 53.8% interest in M&C plc.

Based on the unaudited management accounts of the FSCL Group as at 28 February 2010, FSCL's carrying value of the net assets of and a loan to the Hainan Hotel Owning Company and the Dongguan Owning Company (both of which are defined in the MCHNZ announcement) is US\$47.8 million. CDL's effective interest is approximately US\$10.2 million or S\$14.3 million (based on the US\$1: S\$1.403 exchange rate as at 31 March 2010).

The Group does not expect the financial impact arising from these events to be material against the Group's financial position, both in terms of profit and loss and balance sheet, and further notes that FSCL has already taken, and is continuing to take, all necessary measures to protect its interest in the Chinese joint venture, including the seeking of legal advice on the unauthorised disposals procured by Cheung (as defined in the MCHNZ announcement) and the validity of such transactions.

By Order of the Board

Shufen Loh @ Catherine Shufen Loh  
Enid Ling Peek Fong  
Company Secretaries  
12 April 2010

### Attachments

-  [MCHZX\\_Statement..pdf](#)
-  [MC\\_Statement120410.pdf](#)

Total size = **59K**  
(2048K size limit recommended)

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**Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) issues the following statement with regard to its interest in its Chinese Joint Venture:**

MCK wishes to report that its Chinese joint venture, held through its 34% interest in First Sponsor Capital Limited (“**FSCL**”) (which in turn owns a 75% interest in Idea Valley Investment Holdings Ltd (“**IVIHL**”)), has encountered certain difficulties arising from the actions initiated by one of FSCL’s Chinese joint venture partners (a company controlled by Mr Cheung Ping Kwong (“**Cheung**”) which owns a 20% interest in IVIHL). IVIHL in turn owns 100% interest in Idea Valley Group Limited (“**IVGL**”) which is involved with property related businesses in Guangdong and Hainan, China. Cheung was the founder of IVGL.

Under a joint venture agreement dated 27 September 2007 (“**JVA**”), Cheung was granted management rights over IVGL and its subsidiaries (“**IVGL Group**”). Owing to Cheung’s failure to meet the conditions in the JVA, Cheung ceased to be entitled to exercise such management rights over IVGL Group. Principally for this reason and Cheung’s management conduct, the IVGL board resolved on 20 November 2009 that (a) Cheung cease to be the Chief Executive Officer (“**CEO**”) of IVGL; and (b) the company seals of IVGL Group and two of its related companies (collectively, the “**i-vale Entities**”) be placed under the control of IVGL’s Chief Financial Officer (“**CFO**”) (an appointee of FSCL).

Cheung refused to comply with the 20 November 2009 IVGL board resolutions, and accordingly, the IVGL directors and management (at a meeting on 26 November 2009) confirmed the appointment of IVGL’s new interim CEO who, together with his management team, would take over IVGL’s daily operations.

In March 2010, Cheung:-

- through deceit seized unilateral control of the company seals of all the i-vale Entities;
- terminated the employment of FSCL’s various appointees in IVGL (including the IVGL CFO) without appropriate authority; and
- unlawfully took control of IVGL’s office and denied IVIHL its rights to access i-vale Entities’ books, accounts, records, bank statements and other information.

As soon as these were discovered, the boards of the relevant i-vale Entities (i) removed Cheung from his appointments as Chairman, director and legal representative (except in the case of three i-vale Entities for which further legal steps are necessary to effect the removal), and (ii) rendered void the seals which had been seized by and were under the control of Cheung.

In China, the affixing of the company seal, together with the legal representative’s signature, represents the full authority of the company. Accordingly, as an added precaution, the i-vale Entities issued press notices in a major newspaper in China, on 30 March 2010 to notify that Cheung had been removed from his various appointments and that the company seals under Cheung’s control were void. By 12 April 2010, the relevant Chinese authorities had registered the new seals for five i-vale Entities (including IVGL) and the change in IVGL’s legal representative to an appointee of FSCL was completed.

Notwithstanding these steps to protect IVIHL’s interests in the joint venture, on 8 and 9 April 2010, IVIHL learned that Cheung (without any authority from the board of IVGL or the relevant i-vale Entity) procured:-

- the disposal of IVGL’s 100% interest in the i-vale Entity (“**Hainan Hotel Owning Company**”), which owns the West Coast Resort Hainan Hotel (“**Hainan Hotel**”), to a party which in August 2008 had commenced litigation in Hainan, China, courts in connection with the Hainan Hotel. IVIHL learned that Cheung had used unconventional business practices (including intimidation and forceful tactics) to seize the seals and other corporate documents of the Hainan Hotel Owning Company in favour of the purchaser, and that of another i-vale Entity which operates and manages the Hainan Hotel and does not form part of the disposal; and
- the disposal of IVGL’s 80% interest in the i-vale Entity which owns a mixed use development project in Dongguan, China (“**Dongguan Owning Company**”), to Cheung’s close associate.

IVIHL has taken and is continuing to take all necessary measures to protect its interests in the i-vale Entities, including:-

- completing the relevant filings with the PRC authorities to confirm the removal of Cheung from his various i-vale Entity appointments and the voiding of the seals which are under his control;
- seeking legal advice on these disposals procured by Cheung (including an assessment of the validity of such transactions);

- reporting Cheung's unauthorised actions and his apparent scheme to cause loss and damage to the Chinese joint venture to various PRC governmental authorities and bodies with an urgent request for such PRC authorities' assistance and cooperation to prevent loss and damage to IVIHL's interests in the i-vale Entities;
- preparing a report to be lodged with the PRC police authorities concerning the stolen company seals, as well as the disposals; and
- replacing the new seals and filing the change in legal representative for the remaining i-vale Entities. This process would typically require the existing seals and corporate documents of these i-vale Entities which however are in Cheung's control.

IVIHL is dependent on the assistance and cooperation from the various PRC governmental authorities and bodies to prevent loss and damage to IVIHL's interests in the i-vale Entities.

The remaining operations of the IVIHL Group, principally in Sichuan, China and which constituted approximately 38% of FSCL Group's net assets remain under the control of FSCL.

Based on the unaudited management accounts of the FSCL Group as at 28 February 2010, FSCL's carrying value of the net assets of and a loan to the Hainan Hotel Owning Company and the Dongguan Owning Company is US\$47.8 million. MCK's effective interest is approximately US\$ 16.3 million or NZ\$22.7 million (based on a US\$1/ NZ\$1.39 exchange rate as at 12 April 2010).

**Millennium & Copthorne Hotels plc (“M&C”)****Statement concerning Chinese Joint Venture**

The following announcement was released earlier today by M&C’s subsidiary, Millennium & Copthorne Hotels New Zealand Limited (“MCHNZ”), which is listed on the New Zealand Stock Exchange. M&C has a 70.2% interest in MCHNZ. M&C’s effective interest in First Sponsor Capital Limited (“FSCL”) is 39.8%.

Based on the unaudited management accounts of the FSCL Group as at 28 February 2010, FSCL’s carrying value of the net assets of and a loan to the Hainan Hotel Owning Company and the Dongguan Owning Company (both of which are defined in the MCHNZ announcement) is US\$47.8 million. M & C’s effective interest is US\$ 19.0 million or £12.7 million.

M&C’s management is taking all possible action to protect the group’s interests in those assets.

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