

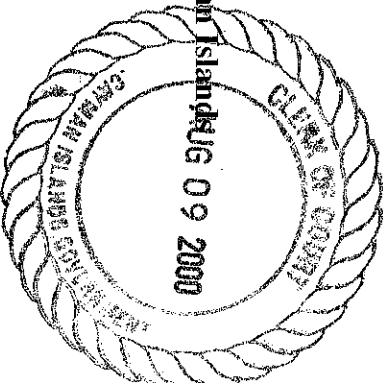
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 2000 ^{bus}

IN THE MATTER OF CDL HOTELS INTERNATIONAL LIMITED
AND IN THE MATTER OF THE COMPANIES LAW (2000 REVISION)

PETITION

To: The Grand Court of the Cayman Islands UG 09 2000



THE PETITION of CDL Hotels International Limited c/o Maples and Calder, Ugland House, George Town, Grand Cayman shows that:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2000 Revision) (the "Companies Law") confirming a reduction of the issued and paid-up share capital of CDL Hotels International Limited (the "Company" or "CDL Hotels").

Incorporation, Registered Office and Principal Place of Business

2. The Company was incorporated on the 1st June, 1989 in the name of City Hotels International Limited and registered on 2nd June, 1989 under the Companies Law, as a company limited by shares. On 2nd June the Company resolved to change its name to

CDL Hotels International Limited, which change of name was registered on 28th June, 1989.

3. The registered office of the Company is and has at all times since 2nd June, 1989 been situated at the offices of Maples and Calder, Uglend House, George Town, Grand Cayman. The principal place of business of the Company is 2803, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

Group Structure

4. The principal activities of the Company comprise those of investment holding and the provision of consultancy services. The Company's principal investment was 147,785,025 shares of Millennium & Copthorne Hotels plc ("M&C") representing 52.4% of the total issued and allotted shares of M&C.
5. M&C through subsidiaries and associated companies owns and operates hotels in various countries in Asia, North America and Europe, and in Australia and New Zealand; M&C also has interests in other property-related businesses in Singapore, New Zealand and Australia. M&C is a publicly-listed company incorporated in England and Wales whose shares are listed on the London Stock Exchange.
6. Over the years the Company has issued and allotted various tranches of one class of share. The Company is a publicly-listed company whose shares have been listed on the Hong Kong Stock Exchange since 1989.
7. Approximately 54.2% of the total issued and allotted share capital of the Company are currently owned by City Developments Limited ("CDL"), a publicly-listed company incorporated in Singapore whose shares are listed on the Singapore Stock Exchange.

Restructuring

8. On 23rd June, 2000 the Company and CDL entered into an Transfer Agreement pursuant to which the Company has agreed to transfer to CDL (or its wholly-owned subsidiary or subsidiaries) its shares in M&C representing approximately 52.4% of M&C's capital in consideration for HK\$6,100 million (approximately US\$782 million).
9. The Directors were, and are, of the view that all of the amount standing to the credit of the share premium reserve account and part of the other undistributed reserves of the Company in the sum of between HK\$5,525,820,659 and HK\$5,758,631,078 (ca US\$708 million and US\$738 million respectively) should be distributed to the shareholders pro rata by way of a bonus issue of shares and recommended this to the Company's shareholders in its circular and notice to shareholders dated 17th July, 2000 (the "Circular"). On 9th August, 2000 the shareholders at an Extraordinary General Meeting passed a resolution approving such a bonus issue of shares. As a result of this and depending on the exercise of certain share options the paid-up share capital of the Company will be increased to between HK\$7,590,004,693 and HK\$8,009,855,112 (ca US\$973 million and US\$1,027 million respectively) as at the hearing hereof.
10. The Directors of the Company were also of the view that the transfer of the shares in M&C to CDL would result in the Company transferring substantially all of its current business and that the paid-up share capital referred to in paragraph 9 above would be in excess of the needs of the Company. For this reason the Directors consider that it is in the best interests of the Company to reduce its paid-up share capital by an amount not greater than HK\$7,609,362,356.40 but not less than HK\$7,210,504,458.35 (ca US\$976 million and US\$924 million respectively). The credit arising as a result of the capital reduction will be paid in cash to the shareholders of the Company *pari passu*. The remaining share capital not returned to the shareholders will be applied to develop a new Internet hospitality business and other e-commerce businesses of the Company.

11. The capital reduction is proposed to be effected by means of cancelling paid up share capital to the extent of HK\$0.95 on each of the shares of HK\$1.00 each of the Company in issue on the date of the hearing hereof and reducing the nominal amount of each such share to HK\$0.05 in the manner set out in the special resolution passed at the Extraordinary General Meeting of the Company held on 9th August, 2000, as reproduced below in paragraph 15.

Memorandum and Articles of Association and Corporate Capacity

12. Subject to the provisions of the Articles of Association of the Company, the Company has power to redeem or re-purchase any or all of its issued shares and to sub-divide or consolidate its shares or any of them and to issue all or any part of its share capital whether original, redeemed, increased or reduced, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever, and so that unless the conditions of issue otherwise expressly provide, every issue of shares whether stated to be Ordinary, Preference or otherwise, is subject to the powers of the Company as stated in the Memorandum of Association.

13. The objects for which the Company were established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law as provided by section 7(4) of the Companies Law. The Company also has and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by section 27(2) of the Companies Law.

14. Article 63(b) of the Company's Articles of Association states:

“The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any manner authorised and subject to any conditions prescribed by [the Companies] Law.”

Resolutions of the Company's Shareholders

15. The reduction of the paid-up share capital was proposed to be effected by a special resolution passed by the shareholders of the Company at an Extraordinary General Meeting on 9th August, 2000 as follows:

“THAT subject to and conditional upon (i) the Ordinary Resolutions numbered 2 and 5 set out in the notice of this meeting being duly passed, (ii) the Bonus Issue (as defined in Ordinary Resolution numbered 3 set out in the notice of this meeting) having been completed, (iii) the grant of an order confirming the matters in paragraph (a) below by the Grand Court of the Cayman Islands (“Court Confirmation”) and the filing with and registration by the Cayman Islands Registrar of Companies (the “Registrar”) of an office copy of the order of the Grand Court and a minute of order approved by the Grand Court containing the particulars required under the Companies Law (2000 Revision) of the Cayman Islands and (iv) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the shares of HK\$1.00 each in CDL Hotels arising from the reduction and cancellation of the share capital, the share subdivision referred to below and the Share Consolidation (as defined in the Ordinary Resolution numbered 5 set out in the notice of this meeting):

(a) the issued share capital of CDL Hotels be reduced from an amount of between HK\$7,590,004,693.00 and HK\$8,009,855,112.00 by an amount not greater than HK\$7,609,362,356.40 but not less than HK\$7,210,504,458.35 (depending on the number of shares of CDL Hotels in issue as at the date of the Court Confirmation) to an amount of between HK\$379,500,234.65 and HK\$400,492,755.60 by cancelling paid-up share capital to the extent of HK\$0.95 on each of the ordinary shares of HK\$1.00 each of CDL Hotels in issue on the date of the Court Confirmation and reducing the nominal amount of each such ordinary share to HK\$0.05 and to the extent that there is any

outstanding call or other liability of the holders of such shares to make any further contribution to the capital of CDL Hotels on such shares of HK\$0.05 each, such call or liability shall be treated as satisfied (the "Capital Reduction");

(b) each unissued ordinary share of HK\$1.00 par value in the capital of CDL Hotels be subdivided into 20 shares of HK\$0.05 each, which shares shall be shares of the same class as the shares in issue consequent upon the Capital Reduction;

(c) the credit arising as a result of the Capital Reduction pursuant to paragraph (a) be paid in cash to the members of CDL Hotels whose names appear on the register of members of CDL Hotels at the close of business on the seventh day (Hong Kong time) after the date of the Court Confirmation (the "Cash Payment Record Date") on the following basis:

for every share held on the Cash Payment Record Date	HK\$0.95 in cash
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which basis is equivalent to:

for every share held on the Bonus Issue Record Date (as defined in Ordinary Resolution numbered 3 set out above) prior to the Bonus Issue	approximately HK\$3.38 to HK\$3.49 in cash
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(d) the directors of CDL Hotels be authorised generally to do all things appropriate to effect and implement the foregoing,

it being acknowledged that this resolution shall only take effect upon registration by the Registrar of an office copy of the order of the Grand Court of the Cayman

Islands and the minute of order approved by the Grand Court containing the particulars required under the Companies Law (2000 Revision) of the Cayman Islands (the "Effective Date")."

16. The form of Minute proposed to be registered is as follows:

"The issued and paid-up capital of CDL Hotels International Limited was by virtue of special resolution and with the sanction of an Order of the Grand Court dated _____ 2000 reduced from HK\$ ----- divided into _____ shares of HK\$1.00 each to HK\$ _____ divided into _____ shares of HK\$0.05 each. At the date of the registration of this Minute (_____ 2000) _____ of the shares have been issued and are deemed to be fully paid up."

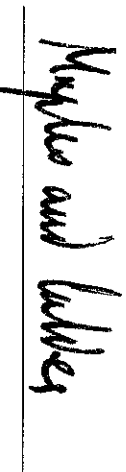
Interests of Creditors and other Third Parties

17. The Company has adequate liquid assets to be able to pay both the shareholders the amount due pursuant to the resolution to reduce the Company's paid-up share capital and the liabilities of the Company with an adequate margin of safety. The interests of the Company's creditors are not adversely affected by the proposed reduction of the paid-up share capital of the Company.
18. The interests of the future creditors and shareholders of the Company are not prejudiced by the proposed capital reduction.
19. As a matter of prudence the Company intends to seek directions from the Court for the purpose of notifying its creditors in respect of the hearing of this petition by way of advertisement as the Court shall think fit.

YOUR PETITIONER THEREFORE HUMBL Y PRAYS AS FOLLOWS:

1. That the provisions of section 15(2) of the Companies Law may be dispensed with;
2. That the reduction of the paid-up share capital of the Company proposed to be effected by the special resolution set forth in paragraph 15 of this Petition maybe confirmed by the Court;
3. That such other order maybe made as the Court thinks fit.

Dated this 9th day of August, 2000



Maples and Calder

NOTE: It is not intended to serve this Petition on anyone.

ENDORSEMENT

This Petition having been presented to the Grand Court of the Cayman Islands on the _____ day of _____ 2000 will be heard at the Grand Court of the Cayman Islands on the _____ day of _____ 2000 at _____ o'clock in the _____ noon (or as soon thereafter as the Petition can be heard).

This petition was presented by Maples and Calder, Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands, attorneys for the Petitioner