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If you have sold or otherwise transferred all of your Shares, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or have sold part only of your holding of Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.



**MILLENNIUM & COPTHORNE
HOTELS plc**

(Incorporated in England and Wales with registered number 3004377)

Proposed Disposal of CDL Hotels (Korea) Limited and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the risk factors set out in Part II of this document. Your attention is also drawn to the letter from the Chairman of Millennium & Copthorne Hotels plc (“M&C”) which is set out in Part I of this document in which the Board of M&C unanimously recommends you to vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Notice of a General Meeting of M&C to be held at Millennium Hotel London Mayfair, 44 Grosvenor Square, London W1K 2HP at 4 p.m. on 7 August 2008 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by M&C’s Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL as soon as possible but, in any event, so as to arrive no later than 4 p.m. on 5 August 2008.

You may, if you wish, register the appointment of a proxy or voting instructions for the General Meeting electronically by logging on to www.sharevote.co.uk. You will need your Reference Number – this is the 24-digit number printed on the face of the accompanying Form of Proxy. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by M&C’s Registrar, Equiniti Limited, not later than 4 p.m. on 5 August 2008.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Appointment of a proxy will not preclude you from attending and voting in person at the General Meeting, if you wish to do so.

Credit Suisse, which is regulated in the UK by the Financial Services Authority, is acting for M&C and no-one else in connection with the Proposed Disposal and will not be responsible to any other person other than M&C for providing the protections afforded to clients of Credit Suisse or for providing advice in relation to the Proposed Disposal.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times unless otherwise stated

Latest time and date for receipt of Forms of Proxy	4 p.m. on 5 August 2008
General Meeting	4 p.m. on 7 August 2008
Expected date of Completion	30 September 2008

PART I

LETTER FROM THE CHAIRMAN OF M&C

Millennium & Copthorne Hotels plc
Corporate Office
Scarsdale Place
Kensington
London W8 5SR

22 July 2008

Dear Shareholder,

Proposed Disposal of CDL Korea

1. INTRODUCTION

On 24 June 2008, M&C announced that CDL Labuan, a wholly-owned subsidiary of M&C, had entered into an agreement to sell the whole of the issued share capital of CDL Korea to Kangho. CDL Korea has one principal asset, namely the Millennium Seoul Hilton Hotel, located at 395, 5-ga, Namdaemun-ro, Chung-gu, Seoul, South Korea. Kangho has attributed a value to the Hotel of KRW 580.0 billion (or approximately £287.9 million).¹ After taking into account the net liabilities of CDL Korea as at 31 December 2007 (including the amount owing by CDL Korea to CDL Labuan in respect of its shareholder loan), the sale consideration for the issued share capital of CDL Korea has been agreed at KRW 468.6 billion (or approximately £232.6 million) subject to certain adjustments described in paragraph 6 below.²

Due to its size and its nature, the Proposed Disposal is conditional upon, *inter alia*, the approval of Shareholders at the General Meeting to be held at Millennium Hotel London Mayfair, 44 Grosvenor Square, London W1K 2HP at 4 p.m. on 7 August 2008.

The purpose of this document is to provide Shareholders with details of the Proposed Disposal, including the background to and reasons for it, to explain why the Board unanimously considers it to be in the best interests of M&C and its Shareholders as a whole and to recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

A notice convening the General Meeting of Shareholders to consider and, if thought fit, to approve the Resolution is set out at the end of this document. The actions you should take to vote on the Resolution and the recommendation of the Board are set out in paragraphs 12 and 14 respectively of this letter.

2. INFORMATION ON CDL KOREA

On 30 November 1999, CDL Korea, a wholly owned subsidiary of M&C, acquired the Hotel from Daewoo Development Co. Ltd, a member of the Daewoo Corporation Group, for a price which attributed a value to the Hotel of US\$228.5 million (or £144.6 million based on historical exchange rates). CDL Korea was established specifically to effect this acquisition.

The Millennium Seoul Hilton is an international standard five star hotel which opened in December 1983. It is located on a 18,760 square metre site in downtown Seoul, overlooking Namsan Park and adjacent to the Daewoo Centre. The main building is 23 storeys high with two basement levels, while the adjacent car park building comprises a seven-storey structure with one basement level. The two buildings have floor areas of approximately 61,900 square metres and 21,000 square metres respectively. The Millennium Seoul Hilton has 681 guest rooms with a standard room having an area of around 34 square metres. There are six restaurants, a pub bar, a bakery and a lobby lounge, as well as extensive meeting facilities

¹ All sums in KRW in this document have, unless otherwise stated, been converted into Sterling by reference to an exchange rate of £1 to KRW 2,014.9 as at 20 June 2008.

² Whilst the Sale Consideration has been agreed at KRW 468.6 billion, such amount (less the deposit and subject to the adjustments referred to in paragraph 6 of Part I of this document) is to be paid at Completion in South Korean Won or US dollars at the election of CDL Labuan.

(including a ballroom). Other facilities include a business centre, shops, a beauty salon, a health club, an indoor swimming pool and parking for up to approximately 600 cars within the hotel car park and the hotel compound. The former convention space within the Millennium Seoul Hilton has been leased to the Grand Korea Leisure Group for the operation of a Seven Luck casino. The 22nd and 23rd storeys of the Millennium Seoul Hilton are arranged as a penthouse apartment and are currently leased to a third party for a nominal rent. However, CDL Korea has initiated legal proceedings to repossess the penthouse apartment, as described in paragraph 10.2 of Part VI of this document.

For the year ended 31 December 2007, the profit before tax of CDL Korea was £8.2 million³ and the gross assets of CDL Korea as at 31 December 2007 amounted to approximately £147.2 million³.

3. INFORMATION ON THE CONTINUING GROUP

The Continuing Group will comprise the Group other than CDL Korea. Unaudited *pro forma* financial information on the Continuing Group is set out in Part IV of this document.

4. BACKGROUND TO, AND REASONS FOR, THE PROPOSED DISPOSAL

M&C received an unsolicited offer from Kangho for CDL Korea which, as stated above, attributes a value to the Hotel of KRW 580.0 billion (or approximately £287.9 million). This value is considerably in excess of that placed on the Hotel as a going concern by the Board. On the basis of the values contained in M&C's consolidated balance sheet as at 31 December 2007, a disposal of CDL Korea at the agreed price would have resulted in a pre-tax profit on disposal of approximately £155.0 million, net of transaction costs and foreign exchange adjustments. The Board has therefore concluded that a sale at this price represents an exceptional opportunity to realise value for Shareholders, to further strengthen the balance sheet of M&C and to provide funds to, *inter alia*, invest in opportunities (including acquisitions) that may arise in current market conditions (as stated in paragraph 8 below).

5. MANAGEMENT OF CDL KOREA

The Hotel is presently managed by Millennium & Copthorne International Limited ("MCIL"), (a wholly-owned subsidiary of M&C) under the terms of a management agreement between CDL Korea and MCIL. CDL Korea has also entered into a licence agreement with M&C to use, in connection with the operation of the Hotel, the "Millennium" name, five bar "M" logo and various other intellectual property rights connected with the "Millennium" group of hotels. On Completion the management agreement and the licence agreement will be terminated and the Hotel will cease to be branded as a "Millennium" hotel. The Continuing Group will accordingly cease to have any management responsibility for, or economic interest in, the Hotel.

6. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

The Sale Consideration receivable by CDL Labuan pursuant to the Disposal Agreement amounts to KRW 468.6 billion (or approximately £232.6 million) subject to certain adjustments described in this paragraph. In addition, under the Disposal Agreement Kangho has agreed that it will procure that CDL Korea on Completion (a) repays to CDL Labuan its shareholder loan, which for reference purposes amounted to KRW 38.5 billion (or approximately £19.1 million) as at the Signing Date and (b) repays all outstanding amounts under the KRW 68 billion notes issued by CDL Korea to lending banks, which amount, for reference purposes, was KRW 68.4 billion (or approximately £33.9 million) as at 31 December 2007.

On execution of the Disposal Agreement, Kangho paid to CDL Labuan a cash deposit in an amount equivalent to KRW 58.0 billion (or approximately £28.8 million) in US dollars. The remainder of the Sale Consideration, that is KRW 410.6 billion (or approximately £203.8 million), will be paid in cash to CDL Labuan at Completion, subject to:

³ The profit before tax and gross assets of CDL Korea as stated are as prepared under IFRS for group consolidation purposes and are not as reported under Korean GAAP.

- (a) an increase in the Sale Consideration in the amount of the net profit after income taxes of CDL Korea generated in the period from 1 January 2008 up to and including the Completion Date, or a reduction in the Sale Consideration in the amount of the net losses of CDL Korea incurred in the same period – the amount of such net profit or net losses will be determined in accordance with Korean GAAP;
- (b) a reduction of the Sale Consideration for the amount of any dividends paid by CDL Korea to CDL Labuan during the period from 1 January 2008 up to and including the Completion Date; and
- (c) a reduction of the Sale Consideration for Korean taxes which, under Korean law, are required to be withheld by Kangho on Completion.

Part V of this document contains a summary of the principal terms of the Disposal Agreement.

7. CURRENT TRADING AND PROSPECTS OF THE CONTINUING GROUP

On 6 May 2008, M&C announced its first quarter results for the three months ended 31 March 2008.

The Chairman commented then that, while it was too early to assess the repercussions of the slow down in the US economy, the current credit crunch and its impact on the global economy, the Board believed that the current environment would remain favourable to companies with strong balance sheets and low gearing. He also commented that the Board remained confident of making further progress and that the outlook for the year as a whole remained in line with the expectations that were set at the end of the previous year.

During the three months ended 30 June 2008, there has been a further deterioration in the global economic environment, particularly with respect to the economies in the United States (with the recent collapse of IndyMac and the concerns over the stability of Freddie Mac and Fannie Mae) and China (with the recent government policies to cool the economy). In view of these circumstances, the Board has directed the Group's management to remain vigilant in controlling costs whilst continuing to drive revenues. Meanwhile, the business of the Group has continued to trade within the Board's expectations. M&C expects to announce its interim results for the six months ended 30 June 2008 on 7 August 2008.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS

Based on the values contained in the M&C consolidated balance sheet as at 31 December 2007, the Proposed Disposal is expected to result in a pre-tax profit on disposal of approximately £155.0 million (net of transaction costs and foreign exchange adjustments).

The financial effects of the Proposed Disposal are set out in the unaudited *pro forma* financial information on the Continuing Group at Part IV of this document. This *pro forma* information shows the position of the Continuing Group as at 31 December 2007 had the Proposed Disposal been completed on that date. For consistency, the effects of the Proposed Disposal have been presented on the basis of the KRW to Sterling exchange rate as at 31 December 2007. Part IV of this document shows that, on a *pro forma* basis as at 31 December 2007, the effect of the Proposed Disposal is to reduce net debt from £262.1 million to £21.5 million. In Part I and Part V of this document, all South Korean Won amounts relating to the Proposed Disposal have been converted into Sterling on the basis of the KRW to Sterling exchange rate as at 20 June 2008, which is consistent with the exchange rate applied in the announcement of the Proposed Disposal on 24 June 2008.

It is intended that the proceeds from the Proposed Disposal will be applied by the Continuing Group for one or more of the following purposes:

- (a) to pay down existing debt;
- (b) to provide resources to invest in opportunities (including acquisitions) as they arise; and/or
- (c) to earn income from the Group's increased cash resources.

9. RISK FACTORS

Shareholders should consider fully and carefully the risk factors associated with the Continuing Group, the Proposed Disposal and CDL Korea. Your attention is drawn to the risk factors set out in Part II of this document.

10. GENERAL MEETING

The notice convening the General Meeting to be held at Millennium Hotel London Mayfair, 44 Grosvenor Square, London W1K 2HP at 4 p.m. on 7 August 2008 is set out at the end of this document. The purpose of the General Meeting is to approve the Resolution in connection with the Proposed Disposal.

Completion is conditional upon, *inter alia*, the passing of the Resolution set out in the notice of the General Meeting. In the event that the Resolution is not passed, the Proposed Disposal will not proceed.

The full text of the Resolution is set out in the notice convening the General Meeting at the end of this document.

11. VOTING UNDERTAKING FROM CITY DEVELOPMENTS LIMITED

City Developments Limited has undertaken to procure that 160,623,436 Shares in which it is interested will be voted in favour of the Resolution (representing approximately 53.2 per cent. of M&C's share capital).

12. ACTION TO BE TAKEN

You will find accompanying this document a Form of Proxy for use at the General Meeting or at any adjournment thereof. You are requested to complete and sign the Form of Proxy whether or not you propose to attend the General Meeting in person in accordance with the instructions printed on it and return it as soon as possible, but in any event so as to be received no later than 4 p.m. on 5 August 2008, by M&C's Registrar, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL.

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the notice convening the General Meeting at the end of this document.

The lodging of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

13. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts II to VI of this document.

14. RECOMMENDATION

The Board, which has received financial advice from Credit Suisse, considers the Proposed Disposal to be in the best interests of M&C and its Shareholders taken as a whole. In providing financial advice to the Board, Credit Suisse has relied upon the Board's commercial assessment of the Proposed Disposal.

Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own individual holdings which together amount to 135,762 Shares representing 0.05 per cent. of M&C's issued share capital.

Yours faithfully

Kwek Leng Beng
Chairman

PART II

RISK FACTORS

The following risk factors should be considered carefully by Shareholders when deciding whether or not to vote in favour of the Resolution. The risk factors should be read in conjunction with all other information relating to the Proposed Disposal, CDL Korea and the Continuing Group contained in this document.

The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Proposed Disposal, CDL Korea and the Continuing Group. If any of the circumstances identified in the risk factors were to materialise, there could be a material adverse effect on the growth, business, financial condition or results of operations of the Continuing Group. The risks below are not intended to be presented in any order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently consider to be immaterial, may also have a material adverse effect on the Proposed Disposal, CDL Korea or the Continuing Group.

1. RISKS RELATING TO THE PROPOSED DISPOSAL

The estimated Sale Consideration may not be fully realised

Under the terms of the Disposal Agreement, the Sale Consideration is subject to the adjustments described in paragraph 6 of Part I of this document. Should CDL Korea incur a loss for any reason (including in consequence of the Hotel suffering a trading loss) for the period from 1 January 2008 to Completion, the Sale Consideration will be reduced accordingly. In addition, the cash proceeds are to be paid in South Korean Won or US dollars at CDL Labuan's election. There is, therefore, a potential foreign exchange exposure on Completion.

Between the date of the Disposal Agreement to Completion there is a risk of labour unrest, strike or other interference which may adversely affect the Sale Consideration receivable through the operation of the closing adjustments in the Disposal Agreement.

The majority of the employees of the Hotel belong to and are represented by the Hotel employee union. Annual negotiations have recently commenced between CDL Korea and the Hotel employee union in relation to, *inter alia*, wage and salary increases. If in the course of these negotiations disputes arise, such disputes could escalate into employee demonstrations, strike or other labour unrest which may result in disruption to the business and operations of the Hotel. Any negative impact to the business and operations of the Hotel prior to Completion will impact on the closing adjustment (which is based on the net profit after income taxes of CDL Korea for the period from 1 January 2008 to the date of Completion) and potentially reduce the Sale Consideration to the extent of such impact.

Inability to realise value if the Proposed Disposal does not complete

If the Proposed Disposal does not proceed, there can be no certainty that terms as favourable as those offered for the Proposed Disposal by Kangho would be obtained by the Group on any subsequent disposal. Events that could cause the Proposed Disposal not to complete include Kangho's inability to raise funding for the Sale Consideration or some form of legal injunction or restraint being imposed in Korea preventing Completion. Any disruptions to Hotel operations as a result of labour unrest arising because of the Proposed Disposal could continue, in the event that the Proposed Disposal does not proceed, and could accordingly adversely affect the future operation of the Hotel.

In the event that any of the conditions precedent under the Disposal Agreement is not satisfied or waived, and the Proposed Disposal does not proceed, CDL Labuan would be required, in these limited circumstances to repay the cash deposit of KRW 58.0 billion paid by Kangho on execution of the Disposal Agreement. As CDL Labuan agreed under the Disposal Agreement to receive this deposit amount in US dollars, CDL Labuan would be exposed to exchange rate fluctuations between US dollars and South Korean Won, since the refund would have to be made in South Korean Won.

The Continuing Group will be exposed to potential costs as a result of the Proposed Disposal

The Disposal Agreement contains certain warranties and indemnities given by CDL Labuan in favour of Kangho which the Directors consider to be appropriate for a transaction of this type. However, CDL Labuan will be liable for any successful warranty or indemnity claims brought by Kangho under the terms of the Disposal Agreement up to a maximum amount of KRW 5.0 billion (or approximately £2.5 million).

2. RISKS RELATING TO CDL KOREA IF THE PROPOSED DISPOSAL DOES NOT PROCEED

CDL Korea entered into a franchise agreement in 2003 with Hilton International Co., Ltd for the franchise of the "Hilton" name and certain Hilton systems. The franchise agreement has a term of five years and will expire in December 2008. If, for any reason, the Proposed Disposal does not proceed to Completion, there can be no assurance that Hilton International Co., Ltd would extend or renew the franchise agreement with CDL Korea following its expiry on the same terms as those in the current franchise agreement. Expiry of the Hilton franchise agreement may have an adverse effect on the Hotel's business and consequently CDL Korea's future profits.

3. RISKS RELATING TO THE CONTINUING GROUP

The potential effect of these risks may be material to the Continuing Group's business in terms of their impact on revenues, profits, net assets and financial resources. Such risks also have the potential to impact on the Continuing Group's reputation. It is often difficult to assess with accuracy the likely impact of an event on the Group's reputation, as any damage may often be disproportionate to the event's actual financial impact.

Litigation

The Group may be at risk of litigation from various parties with which it interacts, either through direct contractual arrangements or the provision of services or from the failure to comply with regulatory requirements or legal obligations to third parties.

Intellectual Property Rights and Brands

Future development will, in part, be dependent on the recognition of the Group's brands and perception of the values inherent in those brands. Substantial investment continues to be made in protecting the Group's brands from misuse and infringement, by way of trade mark registration and domain name protection. Consistent delivery of product quality is vitally important to influencing consumer preference and creating and maintaining value perception. Historically the Group has mainly operated properties which it owns. The increasing trend towards managing third-party properties increases the risk that product quality may not be delivered in accordance with brand standards. This may increase the Group's exposure to litigation, increase risks to the reputation of the Group's brands, reduce revenues and inhibit ongoing development.

Management Agreements

A key focus within the Group's strategy is to increase the number of management contracts of third-party properties. In this regard, the Group faces competition from established global and regional brands within the market place. Successful execution of this strategy will depend on the Group's ability to identify suitable management opportunities, secure contracts on suitable terms and ensure that contractual commitments are met and retained. The Group faces the risk of slower growth in the event it is unsuccessful in penetrating this market.

Key Personnel

Execution of the Group's strategy depends on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude. Development and maintenance of a Group culture, recognition systems, compensation and benefits arrangements, training and development all play leading roles in minimising this risk.

Events That Adversely Impact Domestic or International Travel

Levels of occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflict, epidemics, natural disasters, increased cost of travel and industrial action. These events may be localised to a particular country, region or could have a wider international

perspective. Reduced demand will impact on revenues and operational profitability. The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises.

Information Technology Systems and Infrastructure

The Group invests in systems that are tried and tested so that as much operational resilience as possible, cost considerations permitting, is secured. Investment is made in robust infrastructure technology to provide a reliable operating platform. In order to maintain its competitiveness within the market place, the Group may, in the future, need to make a substantial investment in new technology. Crisis management and disaster recovery plans are in place for business critical systems.

Property Ownership

The Group's strategy is to be both owner and manager of hotel properties. Growth of the Group's portfolio of owned assets is dependent on the availability of suitable development sites, acquisitions and access to funding. A limit on such opportunities may have a negative impact on future operational profitability. Property ownership requires ongoing investment in the form of preventative maintenance, refurbishment, existing and new capital expenditure and product development. There is also the possible loss of capital due to uninsured events and reductions in asset values as a result of demographic changes in the markets in which the properties are located.

Insurance

The Group maintains insurance cover appropriate to its risk profile after taking into account the level of retained risk the Board considers to be appropriate, relative to the cost of cover available in the market place. Not all risks are insured, either because the cover is not available in the market or that cover is not available on commercially viable terms. The Group is exposed to the risk of cover not being continually available. Availability may be influenced by factors outside the Group's control, which could reduce the markets' underwriting capacity, breadth of policy coverage or simply make the cost of cover too expensive. The Group could be exposed to uninsured third-party claims, loss of revenue or reduction of fixed asset values which may, in turn, have an adverse effect on the Group's profitability and cash flows and on its ability to satisfy banking covenants.

Political and Economic Developments

Major events affecting either economic or political stability on a global and regional level represent an exposure to the Group. Economic events could include recessionary pressures which would have an impact on the Group's revenues, operating costs and profitability. In particular, the rising cost of food and fuel occurring across the globe is having an impact on operating margins throughout the hotel industry. Political risks could include changes in the regulatory environment in which the Group's business activities operate, including restrictions on the repatriation of funds or control over the ownership of assets.

Tax and Treasury Risk

As a multinational organisation, the Group's businesses operate in numerous tax jurisdictions. Changes in tax laws in any of those jurisdictions may have adverse consequences for the Group's profits (including the profits in connection with the Proposed Disposal). Similarly the Group's interpretation and application of various tax laws may be challenged, with the possible result that the Group could be required to meet unforeseen tax liabilities. The Group trades in numerous international currencies but reports its financial results in Sterling. Fluctuations in currency exchange rates could reduce the Group's reported trading results, the Group's net asset value and the profits in connection with the Proposed Disposal. Unhedged interest rate exposures pose a risk to the Group when interest rates rise, resulting in increased costs of funding and an impact on overall financial performance.

The Hotel Industry Supply and Demand Cycle

The hotel industry operates in an inherently cyclical market place. A weakening of demand, or an increase in market room-supply, may lead to downward pressure on room rates and occupancy which in turn would lead to a negative effect on operating performance.

The Ability to Borrow

The Group utilises a variety of financial instruments to fund its operational cash requirements and to maintain balance sheet efficiency. The availability of funds is determined by conditions prevalent in the debt and capital markets and the credit standing of the Group. If operating conditions and/or credit environment deteriorates, it may, in the longer term, either not be able to secure funding or secure funding on terms it finds favourable.

PART III

FINANCIAL INFORMATION ON CDL KOREA

Basis of preparation

This section contains the income statements of CDL Korea extracted from the Group's audited results for the years ended 31 December 2005, 2006 and 2007. This section also contains CDL Korea's balance sheet extracted from the Group's audited balance sheet as at 31 December 2007. From 1 January 2005, M&C was required to prepare consolidated financial statements in accordance with IFRS. Consequently, the financial information for CDL Korea in this section is presented in accordance with IFRS.

The financial information contained in this section has been extracted, without material adjustment, from the consolidation schedules of the Group's audited consolidated accounts for the relevant periods.

Unqualified audit reports for the years ended 31 December 2005, 2006 and 2007 for CDL Korea have been provided by KPMG Samjong Accounting Corp., being the auditor for CDL Korea, on the basis of CDL Korea's financial statements for the relevant years prepared in accordance with Korean GAAP. Shareholders should read the whole of this document and should not just rely on the information contained in this Part III.

The income statements of CDL Korea, prepared under IFRS for the three years ended 31 December 2007 were as follows:

	For the year ended 31 December 2007 £m	For the year ended 31 December 2006 £m	For the year ended 31 December 2005 £m
Revenue	44.9	42.6	42.4
Cost of sales	(24.3)	(23.6)	(23.3)
GROSS PROFIT	20.6	19.0	19.1
Administrative expenses	(10.7)	(10.8)	(10.4)
OPERATING PROFIT	9.9	8.2	8.7
Finance income	0.6	0.5	0.2
Finance expense	(2.3)	(2.5)	(2.2)
NET FINANCE EXPENSE	(1.7)	(2.0)	(2.0)
PROFIT BEFORE INCOME TAX	8.2	6.2	6.7
Income tax	(2.0)	(1.6)	(1.5)
PROFIT FOR THE YEAR	6.2	4.6	5.2

The net assets of CDL Korea, prepared under IFRS as at 31 December 2007 were as follows:

	At 31 December 2007 £m
Non-current assets	
Property, plant and equipment	138.5
Employee benefits	1.0
	<u>139.5</u>
Current assets	
Inventories	0.6
Trade and other receivables	3.0
Cash and cash equivalents	4.1
	<u>7.7</u>
Total assets	<u><u>147.2</u></u>
Non-current liabilities	
Interest bearing loans, bonds and borrowings	(36.6)
Other non-current liabilities	(4.2)
Deferred tax liabilities	(10.1)
Amounts owing to fellow subsidiary companies ¹	(20.7)
	<u>(71.6)</u>
Current liabilities	
Trade and other payables	(5.4)
Income taxes payable	(1.0)
Amounts owing to fellow subsidiary companies	(0.5)
	<u>(6.9)</u>
Total liabilities	<u><u>(78.5)</u></u>
Net assets	<u><u>68.7</u></u>

Note:

1 This relates to a shareholder loan from CDL Labuan.

PART IV

UNAUDITED PRO FORMA NET ASSETS OF THE CONTINUING GROUP

The unaudited *pro forma* statement of consolidated net assets of the Continuing Group set out below has been prepared to illustrate the effect on the net assets of the Group of the Proposed Disposal as if it had been completed on 31 December 2007. The unaudited *pro forma* statement of consolidated net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The unaudited *pro forma* statement of consolidated net assets of the Continuing Group has been prepared under IFRS on the basis set out in the accompanying notes below and in accordance with the accounting policies of the Group as set out in the Annual Report:

	Adjustments				
	Group at 31 December 2007 (1) £ m	CDL Korea at 31 December 2007 (2) £ m	Reclassifications (3) £ m	Net Proposed Disposal proceeds and other adjustments (4) £ m	
Non-current assets					
Property, plant and equipment	1,709.0	(138.5)	—	—	1,570.5
Lease premium prepayment	90.0	—	—	—	90.0
Investment properties	58.2	—	—	—	58.2
Investment in joint ventures and associates	247.6	—	—	—	247.6
Loans due from joint ventures and associates	5.4	—	—	—	5.4
Other financial assets	4.8	—	—	—	4.8
Employee benefits	—	(1.0)	1.0	—	—
Total non-current assets	2,115.0	(139.5)	1.0	—	1,976.5
Current assets					
Inventories	4.9	(0.6)	—	—	4.3
Development properties	69.6	—	—	—	69.6
Lease premium prepayment	1.1	—	—	—	1.1
Trade and other receivables	58.2	(3.0)	0.5	—	55.7
Other financial assets	9.1	—	—	—	9.1
Cash and cash equivalents	156.3	(4.1)	—	208.1	360.3
Total current assets	299.2	(7.7)	0.5	208.1	500.1
Total assets	2,414.2	(147.2)	1.5	208.1	2,476.6
Non-current liabilities					
Interest bearing loans, bonds and borrowings	(304.1)	36.6	—	—	(267.5)
Employee benefits	(12.9)	—	(1.0)	—	(13.9)
Provisions	(1.0)	—	—	—	(1.0)
Other non-current liabilities	(90.9)	4.2	—	—	(86.7)
Deferred tax liabilities	(205.8)	10.1	—	—	(195.7)
Amounts owing to fellow subsidiary companies	—	20.7	—	(20.7)	—
Total non-current liabilities	(614.7)	71.6	(1.0)	(20.7)	(564.8)
Current liabilities					
Interest bearing loans and borrowings	(114.3)	—	—	—	(114.3)
Trade and other payables	(113.7)	5.4	—	—	(108.3)
Provisions	(0.4)	—	—	—	(0.4)
Income taxes payable	(17.4)	1.0	—	—	(16.4)
Amounts owing to fellow subsidiary companies	—	0.5	(0.5)	—	—
Total current liabilities	(245.8)	6.9	(0.5)	—	(239.4)
Total liabilities	(860.5)	78.5	(1.5)	(20.7)	(804.2)
Net assets	1,553.7	(68.7)	—	187.4	1,672.4

Notes:

- The net assets of the Group have been extracted without material adjustment from the audited consolidated financial statements of M&C for the year ended 31 December 2007.
- The net assets of CDL Korea have been extracted without material adjustment from the consolidation schedules which were used to prepare the audited consolidated financial statements of M&C for the year ended 31 December 2007 as set out in Part III of this document.
- The reclassification of employee benefits of £1.0 million in CDL Korea to non-current liabilities. The reclassification to other debtors of £0.5 million representing the amount payable by CDL Korea to the Group at 31 December 2007 that is not due to be settled as part of the Proposed Disposal proceeds or at Completion.
- Net Proposed Disposal proceeds reflect:

	Cash and net assets impact £m
Cash proceeds – Proposed Disposal consideration (a)	252.0
Cash proceeds – repayment of shareholder's loan (b)	20.7
Less estimated Korean taxes (c)	(59.6)
Less estimated transaction costs (d)	(5.0)
	<hr/>
Net Proposed Disposal proceeds	208.1
	<hr/> <hr/>

- The receipt of cash proceeds of KRW 468.6 billion as gross Sale Consideration converted to Sterling at the 31 December 2007 exchange rate of £1 to KRW 1,859.355. Please note that the cash proceeds of KRW 468.6 billion has been converted to Sterling in Part I and Part V of this document at the exchange rate of £1 to KRW 2,014.9 prevailing on 20 June 2008.
 - The receipt of cash proceeds of KRW 38.5 billion to repay a shareholder's loan converted to Sterling at the 31 December 2007 exchange rate of £1 to KRW 1,859.355. Please note that the cash proceeds of KRW 38.5 billion has been converted to Sterling in Part I and Part V of this document at the exchange rate of £1 to KRW 2,014.9 prevailing on 20 June 2008.
 - Allowance for estimated total Korean taxes of KRW 110.9 billion (including Korean withholding tax and securities transaction tax of KRW 53.9 billion in aggregate, which will be deducted by Kangho from the Sale Consideration on Completion, and the remaining balance of KRW 57.0 billion payable by the Group after Completion) converted to Sterling at the 31 December 2007 exchange rate of £1 to KRW 1,859.355.
 - Allowance for estimated transaction costs of £5 million.
- The anticipated impact on the Group's *pro forma* net debt/cash as a result of the Proposed Disposal is summarised from the *pro forma* statement of consolidated net assets above as follows:

	Within Group net assets at 31 December 2007 £m	Within CDL Korea net assets at 31 December 2007 £m	Net Proposed Disposal proceeds £m	Within pro forma net assets of the Continuing Group at 31 December 2007 £m
Cash and cash equivalents	156.3	(4.1)	208.1	360.3
Current liabilities – Interest bearing loans, bonds and borrowings	(114.3)	—	—	(114.3)
Non-current liabilities – Interest bearing loans, bonds and borrowings	(304.1)	36.6	—	(267.5)
	<hr/>	<hr/>	<hr/>	<hr/>
Net (debt)/cash	(262.1)	32.5	208.1	(21.5)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

- The effect on earnings from not including the results of CDL Korea for the year ended 31 December 2007 would have been a negative impact of £6.2 million, being the profit for that year of CDL Korea, as set out in Part III of this document. In addition, as the net proceeds from the Proposed Disposal will increase cash deposits, there would be a positive impact on earnings from the increase in the Group's interest receivable.
- No account has been taken of the trading results of the Continuing Group or CDL Korea since 31 December 2007. In addition, no account has been taken of the possible use of proceeds from the Proposed Disposal following Completion, except in relation to the impact on cash and cash equivalents noted above.

ACCOUNTANTS REPORT ON PRO FORMA FINANCIAL INFORMATION

The Directors
Millennium & Copthorne Hotels plc
Victoria House
Victoria Road
Horley
Surrey
RH6 7AF

22 July 2008

Dear Sirs

Millennium & Copthorne Hotels plc ('the Company')

We report on the *pro forma* consolidated net assets (the 'Pro forma financial information') set out in Part IV of the Class 1 circular dated 22 July 2008, which has been prepared on the basis described in notes 1 to 7, for illustrative purposes only, to provide information about how the proposed disposal might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2007. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Services Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Services Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders of the Company as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Yours faithfully

KPMG Audit Plc

PART V

SUMMARY OF THE DISPOSAL AGREEMENT

The following is a summary of the principal terms and conditions of the Disposal Agreement:

Parties and conditionality

The Disposal Agreement was entered into on 24 June 2008 between CDL Labuan and Kangho. Pursuant to the Disposal Agreement CDL Labuan has agreed to sell all of the issued share capital of CDL Korea to Kangho. The Disposal Agreement is governed by, and to be construed in accordance with, the laws of South Korea.

Completion of the Disposal Agreement is to take place on 30 September 2008 (or such other date as Kangho and CDL Labuan may agree) provided that the following conditions shall have been satisfied or waived:

- (a) the transactions contemplated under the Disposal Agreement have been approved by the Shareholders (for which purpose the General Meeting has been convened by the notice set out at the end of this document) and such approval remains in full force and effect and is not revoked; and
- (b) there is no injunction granted or order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated under the Disposal Agreement.

The Completion Date shall not in any event be later than 24 December 2008 (or such other date as CDL Labuan and Kangho shall agree).

Sale Consideration

The aggregate consideration for the sale of the share capital of CDL Korea is KRW 468.6 billion (or approximately £232.6 million).

On execution of the Disposal Agreement Kangho paid CDL Labuan a deposit in cash of KRW 58.0 billion in US dollars (or approximately £28.8 million). The remainder of the consideration is to be paid in cash at Completion, subject to:

- (a) an increase in the Sale Consideration in the amount of the net profit after income taxes of CDL Korea generated in the period from 1 January 2008 up to and including the Completion Date, or a reduction in the Sale Consideration in the amount of the net losses of CDL Korea incurred in the same period;
- (b) a reduction of the Sale Consideration for the amount of any dividends paid by CDL Korea to CDL Labuan during the period from 1 January 2008 up to and including the Completion Date; and
- (c) a reduction of the Sale Consideration by the amount of Korean taxes to be withheld on Completion by Kangho in accordance with Korean law.

Repayment of Debt

Kangho has agreed, under the terms of the Disposal Agreement, to procure that CDL Korea repays at Completion the following debt obligations:

- (a) the total amount of principal and interest outstanding under the notes issued by CDL Korea pursuant to a KRW 68 billion note issuance facility (which, as at 31 December 2007, amounted to KRW 68.4 billion (or approximately £33.9 million)); and
- (b) the total amount of principal and interest outstanding under a shareholder loan from CDL Labuan to CDL Korea (which, as at the Signing Date, amounted to KRW 38.5 billion (or approximately £19.1 million)).

Representations, Warranties and Indemnities

Both Kangho and CDL Labuan have given a limited number of representations, warranties and indemnities. All representations and warranties in the Disposal Agreement will expire at 10:00 a.m., Seoul time, on the date that is one year from the Completion Date ("Expiry Date") provided that any action commenced for the breach of representation or warranty prior to the Expiry Date shall survive and not be extinguished.

Each party has agreed to defend, indemnify and hold harmless the other party from any losses resulting from any breach or inaccuracy of any representation or warranty made by it or any breach or failure to perform any covenant, agreement or obligation contemplated in the Disposal Agreement.

Save in respect of payment of the Sale Consideration or repayment of the shareholder loan (each as described above) for which Kangho's liability is not subject to any limitations, the liability of a party in respect of a claim made under the Disposal Agreement shall not arise unless the aggregate amount of all claims (excluding claims which individually are less than KRW 100.0 million (or approximately £50,000)) exceeds an aggregate threshold amount of KRW 1.0 billion (or approximately £500,000) in which case the party shall be responsible only for the amount by which such claims exceed such threshold. However no party shall be liable in respect of such claims for more than KRW 5.0 billion (or approximately £2.5 million) provided that, in the event that title to the share capital of CDL Korea is not transferred by CDL Labuan to Kangho in accordance with the Disposal Agreement, Kangho's remedy shall be the repayment by CDL Labuan of the Sale Consideration.

Termination Rights

The Disposal Agreement may be terminated prior to Completion by a party:

- (a) if Completion does not take place by 24 December 2008;
- (b) by mutual written consent of CDL Labuan and Kangho;
- (c) by a non-breaching party if the breaching party fails to cure a breach within 15 calendar days of receiving notice of the breach; or
- (d) by either party if the other party becomes subject to bankruptcy, insolvency or general assignment for the benefit of creditors or any other similar events.

PART VI
ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors of M&C, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. M&C

M&C's registered office is Victoria House, Victoria Road, Horley, Surrey, RH6 7AF and its principal place of business is Corporate Office, Scarsdale Place, Kensington, London W8 5SR.

3. DIRECTORS

The Directors and their principal functions are as follows:

Kwek Leng Beng	<i>Chairman</i>
Richard Hartman	<i>Chief Executive</i>
Wong Hong Ren	<i>Executive Director</i>
Kwek Leng Joo	<i>Non-Executive Director</i>
Kwek Eik Sheng	<i>Alternate Director of Kwek Leng Joo</i>
John Arnett	<i>Executive Director</i>
Kwek Leng Peck	<i>Non-Executive Director</i>
The Viscount Thurso	<i>Non-Executive, Senior Independent Director</i>
Christopher Sneath	<i>Independent Non-Executive Director</i>
Christopher Keljik	<i>Independent Non-Executive Director</i>
Charles Kirkwood	<i>Independent Non-Executive Director</i>
Connal Rankin	<i>Independent Non-Executive Director</i>

4. DIRECTORS' INTERESTS IN SHARES

4.1 Shares

As at 21 July 2008 (being the latest practicable date prior to the publication of this document) the interests of the Directors in the share capital of M&C (all of which are beneficial unless otherwise stated) which are required to be notified to M&C pursuant to the Disclosure and Transparency Rules and the existence of which is known to or could with reasonable diligence be ascertained by the relevant Director were as follows:

Directors	Number of Shares	Percentage of issued share capital
Kwek Leng Beng	Nil	Nil
Richard Hartman	20,000	0.007
Wong Hong Ren	Nil	Nil
Kwek Leng Joo	Nil	Nil
Kwek Eik Sheng	Nil	Nil
John Arnett	Nil	Nil
Kwek Leng Peck	Nil	Nil
The Viscount Thurso	Nil	Nil
Christopher Sneath	10,262	0.003
Christopher Keljik	30,000	0.010
Charles Kirkwood	75,500	0.025
Connal Rankin	Nil	Nil

4.2 Share Schemes

As at 21 July 2008 (being the latest practicable date prior to the publication of this document) the following options to acquire Shares had been granted to Directors of M&C and remained outstanding under the Share Schemes:

Name of Director	Scheme	No. of Shares/Awards	Date of Grant	Exercise Price	Exercise Period/Vesting Date
Wong Hong Ren	ESOS Unapproved	83,720	15 Mar 02	£3.225	15 Mar 05 to 14 Mar 09
	ESOS Unapproved	32,248	10 Mar 03	£1.935	10 Mar 07 to 09 Mar 13
	ESOS Unapproved	91,783	10 Mar 03	£1.935	10 Mar 08 to 09 Mar 13
	ESOS Unapproved	44,999	16 Mar 04	£2.917	16 Mar 07 to 15 Mar 14
	ESOS Unapproved	75,297	24 Mar 05	£3.984	24 Mar 08 to 23 Mar 15
	LTIP	67,834	01 Sep 06	N/A	01 Sep 09
	LTIP	44,736	27 Mar 07	N/A	27 Mar 10
	LTIP	86,455	25 Jun 08	N/A	25 Jun 11
	Richard Hartman	LTIP	237,752	25 Jun 08	N/A
John Arnett	LTIP	34,073	27 Mar 07	N/A	27 Mar 10
	LTIP	66,043	25 Jun 08	N/A	25 Jun 11

4.3 Save as set out in sections 4.1 and 4.2 above, none of the Directors has any interest in the issued share capital or any options over unissued shares of M&C.

5. DIRECTORS' INTERESTS IN TRANSACTIONS

No Director has, or has had, any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which has been effected by any member of the Group during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

6. RELATED PARTY TRANSACTIONS

6.1 Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) M&C has entered into:

- (a) during the financial year ended 31 December 2005 are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 30 on pages 84 and 85 of M&C's 2005 annual report and accounts;
- (b) during the financial year ended 31 December 2006 are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 29 on pages 116 to 118 of M&C's 2006 annual report and accounts;
- (c) during the financial year ended 31 December 2007 are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 29 on pages 116 to 118 of M&C's 2007 annual report and accounts; and
- (d) during the period from 1 January 2008 up to 11 July 2008 (being, for the purposes of this paragraph 6.1, the latest practicable date prior to the publication of this document), are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in paragraph 6.2 below.

6.2 Details of the transactions with M&C's related parties for the period referred to in paragraph 6.1(d) are detailed below:

Transactions with CDL and other related companies

The Group has a related party relationship with certain subsidiaries of Hong Leong Investments Holdings Pte. Ltd. ("Hong Leong"), which is the ultimate holding and controlling company of M&C. Hong Leong holds 53% of M&C's shares via CDL, which is the intermediate holding company of the Group. During the period from 1 January 2008 to 11 July 2008 (the "relevant period") the Group had the following transactions with subsidiaries of Hong Leong.

The Group deposited certain surplus cash with Hong Leong Finance Limited, a subsidiary undertaking of Hong Leong, on normal commercial terms. Interest income of £0.07 million (S\$0.2 million) was received during the relevant period. As at 11 July 2008 £14.8 million (S\$39.8 million) of cash was deposited with Hong Leong Finance Limited.

Rents of £0.2 million (S\$0.4 million) were paid to CDL in respect of office space used by Millennium & Copthorne International Limited in the King's Centre in Singapore. Rentals amounting to £0.08 million (S\$0.2 million) were also paid to CDL in respect of the Grand Shanghai restaurant which is also situated in the King's Centre.

Property management fees of £0.03 million (S\$0.09 million) were paid to CDL in respect of property management and accounting services provided in relation to the Tanglin Shopping Centre in Singapore.

Richfield Hospitality Inc ("RHI"), formerly Swan Inc, a company owned 85% by City e-Solutions Limited (a subsidiary of Hong Leong) and 15% by the Group, provided hotel consultancy services to the Group. A total of £0.1 million (US\$0.2 million) was charged by RHI during the relevant period and as at 11 July 2008, £0.03 million (US\$0.06 million) was due to RHI.

For the relevant period, the Group had accrued, but not paid at 11 July 2008, fees of £0.6 million (S\$1.8 million) for services provided by Hong Leong Management Services Pte. Ltd. ("HLMS"), a subsidiary of Hong Leong. This comprised £0.1 million (S\$0.4 million) to be charged by HLMS pursuant to a legal services agreement entered into with M&C and Millennium & Copthorne International Limited, and £0.5 million (S\$1.4 million) to be charged by HLMS pursuant to an investment management and consultancy services agreement entered into with M&C.

The Group provided hotel management services to a joint venture company of HL Global Enterprises Limited, a subsidiary of Hong Leong. A total of £0.01 million (US\$0.02 million) was charged during the relevant period and as at 11 July 2008 £0.003 million (US\$0.005 million) was due to the Group.

Transactions with associates and joint ventures:

The Group provided hotel management services to Beijing Fortune Hotel Co Limited ("BFHC"), the Group's 30% owned joint venture. A total of £0.02 million (HK\$0.3 million) was charged to BFHC during the relevant period and as at 11 July 2008 £0.02 million (HK\$0.3 million) was due to the Group.

In addition, as at 11 July 2008 BFHC owed £0.28 million (HK\$3.9 million) to the Group on account of certain hotel operating and hotel related expenses that had been paid by the Group to third parties.

As at 11 July 2008, BFHC owed £0.7 million (HK\$10.5 million) to Beijing Hong Gong Garden Villa House Property Development Co., Ltd, a subsidiary of Hong Leong, on account of certain hotel operating expenses that had been paid by Beijing Hong Gong Garden Villa House Property Development Co., Ltd to third parties.

City Hotels Pte. Ltd. provided a shareholder loan facility of £6.8 million (450 million Thai Baht) to Fena Estate Co. Ltd., the Group's 50% owned joint venture. As at 11 July 2008, £6.0 million (401.7 million Thai Baht) had been drawn on this facility. The loan attracts interest at 4.5% per annum and interest of £0.1 million (8.8 million Thai Baht) was charged in the period ended 11 July 2008. This interest is rolled up into the carrying value of the loan.

The Group provided hotel management services to Fena Estate Co. Ltd. A total of £0.1 million (7.4 million Thai Baht) was charged to Fena Estate Co. Ltd during the relevant period and as at 11 July 2008 £0.02 million (1.24 million Thai Baht) was due to the Group.

The Group's hotels purchased £0.02 million (US\$0.04 million) of hotel supplies and operating equipment during the relevant period from Thakral Corporation Limited, an associate of Hong Leong, and as at 11 July 2008 there was no outstanding amount due from the Group to Thakral Corporation Limited.

CDL Hospitality Trusts ("CDLHT") is an associate of the Group. It is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust.

In July 2006, the Group completed the sale of long leasehold interests in three of its Singapore hotels to CDLHT. These hotels were the Orchard Hotel (including the connected shopping centre), and M Hotel which were both sold on 75-year leases and Copthorne King's Hotel which was sold on the basis of its remaining leasehold interest expiring on 31 January 2067. CDLHT also acquired the Grand Copthorne Waterfront Hotel, a Group-managed hotel, from CDL under a 75-year lease. All four hotels excluding the shopping centre were leased back to the Group for an initial term of 20 years, each renewable at the Group's option for an additional term of 20 years.

Under the terms of the master lease agreements for the four hotels, the Group is obliged to pay CDLHT an annual rental for the duration of the term (initial and extended term) of each lease agreement comprising the following:-

- A fixed rent and a service charge for each hotel. The aggregate of the fixed rent and service charge for the hotels is £9.6 million (S\$26.4 million) comprising £3.7 million, (S\$10.3 million), £2.6 million (S\$7.2 million) £2.2 million (S\$6.1 million) and £1.0 million (S\$2.8 million) for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel, respectively;
- A variable rent computed based on the sum of 20% of each hotel's revenue for the prevailing financial year and 20% of each hotel's gross operating profit for the prevailing financial year, less the sum of the fixed rent and the service charge. Should the calculation of the variable rent yield a negative figure, the variable rent is deemed to be zero.

The rents paid/payable under the leases referred to above for the relevant period are as follows:

	£million
Copthorne King's Hotel	2.1
Orchard Hotel	5.5
M Hotel	3.1
Grand Copthorne Waterfront	4.5
	<u>15.2</u>

Contingent rents recognised by the Group and included in the above amounted to £10.1 million (S\$27.8 million).

The Group acts as H-REIT manager and HBT trustee manager with its fees having a performance-based element. The H-REIT manager is entitled to receive a base fee of 0.25% per annum of the value of the H-REIT deposited property as well as additional performance fee of 5% per annum of H-REIT's net property income in the relevant financial year. 80% of the H-REIT Manager's fees will be paid in stapled securities and the remaining 20% in cash for the first five years. In addition, acquisition fees with respect to transactions not involving interested parties are payable to the H-REIT manager in cash and/or stapled securities (at the election of the H-REIT manager) and acquisition fees with respect to transactions involving interested parties are payable to the H-REIT Manager in stapled securities at a rate of 1.0% of the value of new properties deposited with H-REIT. For the relevant period the fees paid in stapled securities totalled £1.5 million (S\$4.0 million). The balance payable in cash was £0.4 million (S\$1.0 million) of which £0.08 million (S\$0.2 million) is outstanding at 11 July 2008.

Transactions with key management personnel

Directors of M&C and their immediate relatives control 0.05 per cent of the issued share capital of M&C.

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf or a defined contribution plan depending on the date of commencement of employment. In accordance with the terms of the defined benefit plan, Directors and executive officers retire at the age of 65 and are entitled to receive annual payments equivalent to 1/60th of their pensionable salary, subject to the earnings cap, for each year of pensionable service until the date of retirement. The defined contribution plan does not have a specified pension payable on retirement and benefits are determined by the extent to which the individual's fund can buy an annuity in the market at retirement.

Executive officers also participate in the Group's share option programme, long-term incentive plan and the Group's sharesave schemes.

The key management personnel compensations during the relevant period were as follows:

	£million
Short-term employee benefits	1.4
Termination	0.2
Share-based payment	0.6
	<hr/> 2.2
Directors	0.6
Executives	1.6
	<hr/> 2.2

The foreign currency transactions and foreign currency balances in this Related Party Transactions section are translated based on the following exchange rates:

	Average rates over the relevant period	Rates as at 11 July 2008
Singapore dollars to £	2.7545	2.6895
US dollars to £	1.9858	1.9790
Thai Baht to £	64.6596	66.4895
Hong Kong dollars to £	15.4747	15.4126

7. EXECUTIVE DIRECTORS' SERVICE CONTRACTS AND NON-EXECUTIVE DIRECTORS LETTERS OF APPOINTMENT

7.1 *Executive Directors' Service Contracts*

Details of the terms of Executive Directors' service contracts appear in the section entitled Directors' Remuneration Report on pages 55 to 62 of the Annual Report.

Since the publication of the Annual Report, Richard Hartman has been appointed as Chief Executive on 7 April 2008 and joined the Board on 7 May 2008. Mr Hartman's contract provides for a notice period of 12 months to be given by the Company and a notice period of 6 months to be given by Mr Hartman. Mr Hartman's service contract provides for a basic salary of £550,000 per annum, a car allowance of £15,000 per annum, company pension contribution of 20% of basic salary, participation in the bonus scheme and long-term incentive scheme, provision of life cover, medical insurance and permanent health insurance.

The salary of Wong Hong Ren, as shown on page 61 of the Annual Report, was increased for the period during which he held the role of Interim Chief Executive. Since 7 May 2008, when Mr Hartman joined the Board, Mr Wong's salary has reverted to £300,000 per annum (inclusive of a director's fee of £35,000 per annum) being consistent with the salary received prior to his interim role.

7.2 Non-Executive Directors' Remuneration

Non-executive Directors are appointed for a specific term and re-appointment is not a matter of course as each Director's position is reviewed as they approach re-appointment.

Fees payable to non-executive Directors can be found on page 61 of the Annual Report in the section entitled the Directors' Remuneration Report. Since 1 January 2008, letters renewing the appointment of certain non-executive directors have been issued under which the same amount is payable to them as set out in the Annual Report. A summary of the termination dates of the appointments of non-executive directors is set out below:

Name	Date of termination of letter of appointment
Connal Rankin	12 December 2008
Christopher Sneath	6 March 2009
Christopher Keljik	2 May 2009
The Viscount Thurso	3 May 2009
Charles Kirkwood	3 May 2009

Other non-executive Directors

Kwek Leng Beng (the Chairman), Kwek Leng Joo and Kwek Leng Peck are all appointed to the Board by CDL under the terms of a co-operation agreement between M&C and CDL dated 18 April 1996. Kwek Leng Joo has appointed Kwek Eik Sheng as his alternate in accordance with, and subject to, the Articles. None of these Directors has letters of appointment.

8. MAJOR INTERESTS IN SHARES

In so far as is known to M&C, as at 21 July 2008 (being the latest practicable date prior to the publication of this document), no person other than those listed below was interested directly or indirectly in three per cent. or more of the voting rights in M&C, and the amount of such person's interest is as follows:

	Number of Shares	% of Issued Share Capital
City Developments Limited	161,708,536	53.51
Prudential plc*	25,030,724	8.28
Aberdeen Asset Management plc	15,093,433	5.00
Schroders plc†	15,009,791	4.97

* the interests of Prudential plc include the notifiable interest of the following companies:

M&G Group Limited	25,030,724	8.28%
M&G Limited	25,030,724	8.28%
M&G Investment Management Limited	25,002,456	8.27%
The Prudential Assurance Company Limited	23,916,362	7.91%

† the interests of Schroders plc include the notifiable interest of the following company:

Schroder Investment Management Limited	14,944,166	4.95%
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9. MATERIAL CONTRACTS

9.1 Continuing Group

Save for the Disposal Agreement no member of the Continuing Group has entered into any contract (other than contracts entered into in the ordinary course of business) (i) within the two years immediately preceding the date of this document which is, or may be, material or (ii) which contains any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group.

9.2 *CDL Korea*

Save for the Disposal Agreement CDL Korea has not entered into any contract (other than contracts entered into in the ordinary course of business) (i) within the two years immediately preceding the date of this document which is, or may be, material or (ii) which contains any provision under which CDL Korea has any obligation or entitlement which is material to CDL Korea.

10. LITIGATION

10.1 *The Continuing Group*

No member of the Continuing Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Continuing Group nor, so far as M&C is aware, are any such proceedings pending or threatened by or against any member of the Continuing Group.

10.2 *CDL Korea*

CDL Korea is not and has not been involved in any governmental, legal or arbitration proceedings which may have, or has had during the 12 months preceding the date of this document, a significant effect on the financial position or profitability of CDL Korea nor, so far as M&C is aware, are any such proceedings pending or threatened by or against CDL Korea, save for the following:

CDL Korea initiated legal action as plaintiff and landlord to repossess the penthouse suite on levels 22 and 23 of the Hotel from the defendant lessee. The remedy sought by CDL Korea is repossession and is not by its nature quantifiable. CDL obtained a first instance judgement in its favour and the defendant lessee has given notice of appeal.

11. WORKING CAPITAL

M&C is of the opinion that, taking into account the net cash proceeds of the Proposed Disposal and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital available for its present requirements, that is for at least the next 12 months from the date of publication of this document.

12. SIGNIFICANT CHANGES

12.1 *The Continuing Group*

There has been no significant change in the financial or trading position of the Continuing Group since 31 December 2007, being the date to which the Group's last published audited financial statements were prepared.

12.2 *CDL Korea*

There has been no significant change in the financial or trading position of CDL Korea since 31 December 2007, being the date of the Group's last published audited financial statements from which the financial information on CDL Korea as set out in Part III of this document has been extracted without material adjustment.

13. CONSENTS

Credit Suisse has given and not withdrawn its written consent to the inclusion of references to its name in this document in the form and context in which they are included.

KPMG Audit Plc has given and not withdrawn its written consent to the inclusion of its report in Part IV of this document in the form and context in which it is included.

14. INFORMATION INCORPORATED BY REFERENCE

Information from the following documents has been incorporated in this document by reference:

Documents containing information incorporated by reference	Paragraph in which the document is referred to	Where the information can be accessed by Shareholders
M&C's 2005 annual report and accounts	Part VI, paragraph 6.1(a)	M&C's website, www.millenniumhotels.co.uk
M&C's 2006 annual report and accounts	Part VI, paragraph 6.1(b)	M&C's website, www.millenniumhotels.co.uk
M&C's 2007 annual report and accounts	Part IV, introduction; Part VI, paragraphs 6.1(c) and 7	M&C's website, www.millenniumhotels.co.uk

A copy of each of the documents listed above has been filed with the Financial Services Authority and is also available for inspection in accordance with paragraph 15 below.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at M&C's registered office at Victoria House, Victoria Road, Horley, Surrey, RH6 7AF and at its principal place of business at Corporate Office, Scarsdale Place, Kensington, London W8 5SR up to and including the date of the General Meeting:

- (a) the Memorandum and Articles of Association of M&C;
- (b) the Disposal Agreement;
- (c) the audited consolidated accounts of M&C for the financial years ended 31 December 2007, 2006 and 2005;
- (d) the letter from KPMG Audit Plc reporting on the unaudited *pro forma* financial information set out in Part IV of this document;
- (e) the written consents referred to in paragraph 13 of this Part VI;
- (f) the irrevocable undertaking given by CDL as referred to in paragraph 11 of Part I above; and
- (g) this Circular and the Form of Proxy.

DEFINITIONS

The following definitions apply throughout this document, unless stated otherwise:

Act	the Companies Act 2006, as amended from time to time
Annual Report	M&C's annual report and accounts for the year ended 31 December 2007
Articles	the articles of association of M&C from time to time
Board	the board of directors of M&C from time to time
CDL	City Developments Limited
CDL Korea	CDL Hotels (Korea) Limited
CDL Labuan	CDL Hotels (Labuan) Limited
Completion	completion of the Proposed Disposal in accordance with the Disposal Agreement
Completion Date	the date upon which Completion occurs
Continuing Group	the Group following Completion (i.e. excluding CDL Korea)
Credit Suisse	Credit Suisse Securities (Europe) Limited
CREST	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
Directors	the directors of M&C, whose names are set out in paragraph 3 of Part VI of this document
Disclosure and Transparency Rules	the rules made in accordance with section 73(A)(3) of FSMA relating to disclosure of information
Disposal Agreement	the agreement dated 24 June 2008 between CDL Labuan and Kangho relating to the sale and purchase of the issued share capital of CDL Korea, a summary of which appears in Part V of this document
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in relation to the General Meeting
FSMA	the Financial Services and Markets Act 2000
General Meeting	the general meeting of M&C to be held at Millennium Hotel London Mayfair, 44 Grosvenor Square, London W1K 2HP on 7 August 2008 at 4 p.m. (or any adjournment thereof), notice of which is set out at the end of this document
Group	M&C, its subsidiary undertakings, associates and joint ventures
Hotel	the Millennium Seoul Hilton and its related business undertaking
IFRS	International Financial Reporting Standards as adopted by the European Union
Kangho	Kangho AMC Co., Ltd. or its assigns, namely, Kangho DOR Co., Ltd. or Kangho Cluster Co., Ltd. which are affiliates of Kangho AMC Co., Ltd
Korean GAAP	generally accepted accounting principles applying in South Korea
KRW	South Korean Won
Listing Rules	the rules and regulations made by the UK Listing Authority pursuant to Section 74 of FSMA as amended from time to time
M&C	Millennium & Copthorne Hotels plc
Millennium Seoul Hilton	the Millennium Seoul Hilton Hotel located at 395, 5-ga, Namdaemun-ro, Chung-gu, Seoul, South Korea

Proposed Disposal	the proposed disposal of the shares in CDL Korea pursuant to the Disposal Agreement
Resolution	the ordinary resolution to approve the Proposed Disposal as set out in the notice of General Meeting at the end of this document
Sale Consideration	the total purchase price payable by Kangho to CDL Labuan in cash under the Disposal Agreement
Shareholders	the holders of the Shares
Shares	the ordinary shares of 30 pence each in the capital of M&C
Share Schemes	the 2006 Long Term Incentive Plan (LTIP) and the 2003 Executive Share Option Scheme (ESOS)
Signing Date	24 June 2008, being the date of the Disposal Agreement
subsidiary	has the meaning ascribed to it in the Companies Act 1985
subsidiary undertaking	has the meaning ascribed to it by section 1162 of the Act for financial periods beginning on or after 6 April 2008 and the meaning ascribed to it by section 258 of the Companies Act 1985 for financial periods beginning before 6 April 2008
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part IV of the FSMA
Uncertificated Securities Regulations	the Uncertificated Securities Regulations 2001
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

Note on Currencies

All references to “Sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom. All references to “S\$” are to Singapore dollars, references to “US\$” are to United States dollars and references to “HK\$” are to Hong Kong dollars.

MILLENNIUM & COPTHORNE HOTELS PLC

(Incorporated in England and Wales with registered number 3004377)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Millennium & Copthorne Hotels plc (“**M&C**”) will be held at Millennium Hotel London Mayfair, 44 Grosvenor Square, London W1K 2HP on Thursday 7 August 2008 at 4 p.m. to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

THAT the disposal by CDL Hotels (Labuan) Limited of the entire issued share capital of CDL Hotels (Korea) Limited on the terms and subject to the conditions of the disposal agreement dated 24 June 2008 (the “**Disposal Agreement**”) (as described in the circular sent to shareholders containing the notice of this meeting) is hereby approved and the Directors are hereby authorised to conclude and implement the Disposal Agreement in accordance with its terms and conditions and to make such non-material modifications, variations, waivers and extensions of any of the terms of the Disposal Agreement as the Directors shall in their discretion deem fit.

By order of the Board

Adrian Bushnell

COMPANY SECRETARY

22 July 2008

Registered Office

Victoria House

Victoria Road

Horley

Surrey RH6 7AF

United Kingdom

NOTES

A member of M&C entitled to attend, speak and vote at the meeting convened by the notice set out above may appoint a proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his/her behalf. A proxy need not be a member of M&C. Appointment of a proxy will not subsequently preclude a member from attending and voting at the meeting in person if he or she so wishes. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares held by the member. To appoint more than one proxy you should contact M&C's Registrar at the following address: Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL.

A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy must be received by post or (during normal business hours only) by hand at the office of M&C's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL not later than 4 p.m. on 5 August 2008.

Information regarding electronic and CREST voting is shown below.

The right to appoint a proxy does not apply to persons whose Shares are held on their behalf by another person and who have been nominated to receive communications from M&C in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the Shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the Shares as to the exercise of voting rights.

To be entitled to attend and vote at the meeting, and for the purposes of determining how many votes the member may cast, members must be entered in M&C's register of members at 6 p.m. on 5 August 2008 (or in the event of any adjournment 6 p.m. on the date which is two days before the time of the adjourned meeting). Changes to entries in the register of members after that time are disregarded in determining the rights of any person to attend and vote at the meeting.

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

As at 21 July 2008 (being the last business day prior to the publication of this Notice) M&C's issued share capital consists of 302,199,180 Shares carrying one vote each. Therefore the total voting rights in M&C as at 21 July 2008 are 302,199,180.

Members who wish to communicate with M&C in relation to the meeting should do so using the following means: (i) by writing to the Company Secretary at the registered office address; (ii) by writing to M&C's Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL; or (iii) by using the Shareholder Helpline; 0871 3842343. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this notice of meeting or in any related documents to communicate with M&C for any purposes other than those expressly stated.

INFORMATION FOR SHAREHOLDERS

Electronic Proxy Voting

You may, if you wish, register the appointment of a proxy or voting instructions for the meeting electronically by logging on to www.sharevote.co.uk. You will need your Reference Number (this is the 24-digit number printed on the face of the accompanying Form of Proxy). Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by M&C's Registrar, Equiniti Limited not later than 4 p.m. on 5 August 2008. Please note that any electronic communication sent to M&C or the M&C's Registrar that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the meeting is governed by M&C's Registrar's conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging on to that site.

If you are not planning to come to the meeting and wish to vote on any of the resolutions the Form of Proxy/ Voting Instruction Form must be returned to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL to arrive no later than 4 p.m. on 5 August 2008. If the card is posted in the UK, IOM or Channel Islands there is no postage to pay.

CREST Voting

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on 7 August 2008 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) 4 p.m. on 5 August 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

M&C may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

