

The Directors have pleasure in submitting their annual report together with the audited accounts for the year ended 31 December, 2000.

Change of Company Name

The name of the Company has been changed from "CDL Hotels International Limited" to "City e-Solutions Limited" with effect from 15 August, 2000.

Principal Activities

The principal activities of the Company comprise those of investment holding and the provision of consultancy services.

Following the restructuring of the Group and the disposal of its hotel and property interests during the year (note 7 to the accounts), the principal activities of its subsidiaries have changed and comprise those of investment holding, e-business enablement, provision of hospitality solutions, hotel management services, reservation services, recreation and entertainment services, insurance sales and risk management services, accounting and payroll services and procurement services.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries are set out in note 5 to the accounts.

Reorganisation

In June 2000, the Company announced that it was selling its shareholding in Millennium & Copthorne Hotels plc (M&C) to City Developments Limited (CDL), its parent company. This transaction was completed in August 2000. The Company was relaunched as an e-commerce business-to-business solutions company specialising in the hospitality sector under the new name of City e-Solutions Limited. The Company through its subsidiary, SWAN Holdings Limited, established a US based entity called SWAN Inc. during the year that acquired certain assets and employees from Richfield Hospitality Services, Inc., a wholly owned subsidiary of M&C, on 29 December, 2000 for a consideration of US\$5 million. The transferred assets included shares of Sceptre Hospitality Resources Inc. and certain hotel management contracts with hotels owned by third parties and certain hotels in which M&C has equity interests. SWAN Holdings Limited is 85% owned by the Company and 15% owned by M&C.

Upon the completion of the transfer of its entire shareholding in M&C to CDL, all the rights attached to M&C shares as at 1 January, 2000 and thereafter including all dividends and distributions declared, paid or made in respect thereof on or after 1 January, 2000 would be transferred to CDL.

The Company also announced proposals to carry out a capital restructuring exercise (the "Capital Restructuring") following completion of the transfer of its entire shareholding in M&C to CDL. The restructuring exercise was approved by the relevant authorities (including the sanction of the Grand Court of the Cayman Islands) and the shareholders of the Company at an Extraordinary General Meeting held on 9 August, 2000.

Pursuant to the Capital Restructuring, the authorised share capital of the Company was increased, all of the amounts standing to the credit of the share premium account and part of the other reserves of the Company was capitalised by way of a bonus issue, the nominal value and paid up amount of the issued shares of the Company was reduced by way of a capital reduction and the credit arising therefrom was paid to shareholders, the unissued shares were subdivided by way of a share subdivision and the adjusted shares arising from the capital reduction and share subdivision were consolidated. Details of the Capital Restructuring are set out in the Share Capital on pages 23 and 24 in the circular to shareholders dated 17 July, 2000.

Upon completion of the Capital Restructuring, the resultant authorised and issued share capital of the Company comprise 2,720,615,042 ordinary shares of HK\$1.00 each and 383,125,524 ordinary shares of HK\$1.00 each respectively.

Results

The consolidated profit and loss account for the year ended 31 December, 2000 as set out on pages 38 and 39 shows consolidated profit after taxation and minority interests of the Group for the year of HK\$58,260,000.

The state of affairs of the Company and of the Group as at 31 December, 2000 is set out in the balance sheets on pages 41 and 42.

Dividends

A final dividend of HK\$121,483,000 (HK6 cents per share) in respect of the previous year was satisfied during the year in part by new shares in the Company and in part by the payment of cash. The Directors recommend the payment of a final dividend of HK\$7,663,000 (HK2 cents per share) in respect of the year ended 31 December, 2000 (1999: interim dividend of HK4 cents per share, special dividend of HK20 cents per share, and final dividend of HK6 cents per share).

Reserves

Movements in reserves during the year are set out in note 27 to the accounts.

Warrants, Options and Rights

Save as disclosed herein, there were no warrants, options or convertible securities issued, granted, exercised or outstanding in respect of the Company and its subsidiaries during the financial year under review.

The Company

Particulars of the movements in the Executive Share Option Scheme are set out in note 26 to the accounts.

Donations

The total charitable donations made by the Group for the year ended 31 December, 2000 amounted to HK\$8,000 (1999: HK\$2,000,000).

Share Capital

Movements in share capital of the Company during the year are set out in note 26 to the accounts.

The authorised share capital of the Company was increased from HK\$4,000,000,000 to HK\$10,000,000,000 by the creation of 6,000,000,000 new ordinary shares of HK\$1.00 each, as approved by an ordinary resolution passed at the Extraordinary General Meeting held on 9 August, 2000. The authorised but unissued share capital of the Company was subdivided from shares of par value of HK\$1.00 each into twenty shares of HK\$0.05 each upon the capital reduction becoming unconditional and effective on 7 October, 2000. At the same time, all the authorised share capital (including issued share capital), comprising of ordinary shares of HK\$0.05 each, was consolidated into ordinary shares of HK\$1.00 each, on the basis of twenty ordinary shares of HK\$0.05 each into one consolidated ordinary share of HK\$1.00 each. Consequently, the authorised share capital of the Company after the capital restructuring exercise comprises 2,720,615,042 ordinary shares of HK\$1.00 each.



Share Capital (cont'd)

During the year under review, the Company purchased a total of 468,000 shares through The Stock Exchange of Hong Kong Limited for an aggregate consideration of HK\$1,058,050. The shares purchased were subsequently cancelled and accordingly the issued capital of the Company was reduced by the nominal value of those shares. The Directors consider that, as the Company's shares were trading at a discount to the net assets value, such repurchases would enhance the net asset value per share of the Company as well as earnings per share. In addition, 39,383,934 ordinary shares of HK\$1.00 each were issued pursuant to the Scrip Dividend Scheme and 70,300,000 ordinary shares of HK\$1.00 each were issued pursuant to the 1997 Executive Share Option Scheme.

On 22 August, 2000, shareholders have also been allotted bonus shares on the basis of 2,590 bonus shares for every 1,000 existing shares then held, which resulted in 5,528,106,448 ordinary shares of HK\$1.00 each being issued.

On 7 October, 2000, the issued share capital of the Company was reduced whereby the nominal value and paid up amount of the issued shares of HK\$1.00 each was reduced from HK\$1.00 each to HK\$0.05 each and the credit arising therefrom was paid off in cash to shareholders of the Company.

Fixed Assets

During the year, the Company has disposed all its shareholding in M&C, which resulted in significant disposals to the Group's fixed assets. Movements in fixed assets are set out in note 11 to the accounts.

Particulars of Subsidiaries

Particulars of subsidiaries are set out in note 33 to the accounts.

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

Major Customers and Suppliers

The nature of the Group's activities is such that the sales or purchases attributable to the Group's five largest customers and suppliers is immaterial and the Directors do not consider any one customer or supplier to be influential to the Group.

Directors

The Directors of the Company during the financial year are as follows:-

Kwek Leng Beng	Dr. Lo Ka Shui
Miguel Ko (resigned 31 October, 2000)	Chow Chick Hock
Kwek Leng Joo	Wong Hong Ren
Kwek Leng Peck	Lee Jackson @ Li Chik Sin
Gan Khai Choon (also Alternate Director to Tan I Tong)	Foo See Juan
Hon. Chan Bernard Charnwut	Lawrence Yip Wai Lam
Tan I Tong	Vincent Yeo Wee Eng (appointed 26 June, 2000)

In accordance with Article 116 of the Articles of Association of the Company, one third of the present Directors will retire from office by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors and Senior Management

Mr. Kwek Leng Beng, aged 60

Chairman and Managing Director

Mr. Kwek Leng Beng has been the Chairman and Managing Director of the Company since 1989. He is also the Chairman of Republic Hotels & Resorts Limited, Hong Leong Asia Ltd., Millennium & Copthorne Hotels plc, Kwek Holdings Pte. Ltd. and Hong Leong Investment Holdings Pte. Ltd., Chairman and Managing Director of Hong Leong Finance Limited and Singapore Finance Limited and Executive Chairman of City Developments Limited. Mr. Kwek has extensive experience in hotel operations, property investment and development, as well as in finance. Mr. Kwek holds a law degree, LL.B. (London), and is also a Fellow of The Institute of Chartered Secretaries and Administrators.

In 1995, Mr. Kwek Leng Beng was appointed a member of the Singapore-U.S. Business Council and was named Patron of the Real Estate Development Association of Singapore. Between 1996 and 1998, Mr. Kwek was a member of the International Advisory Board of National Westminster Bank plc, one of Britain's largest domestic banks.

Mr. Kwek was voted Businessman of the Year in the 1996 Singapore Business Awards. In early 1997, Mr. Kwek was also appointed a member of the Committee on Singapore's Competitiveness (CSC) set up by the Singapore Government. He was concurrently the Chairman of the Hub Services Sub-Committee, one of the five sub-committees within the CSC. In the same year, Mr. Kwek was conferred the top two awards of "Outstanding Contributor to Tourism" and "Tourism Entrepreneur of the Year" by the Singapore Tourism Board.

In 1998, Mr. Kwek was conferred a Doctorate of Business Administration in Hospitality Management by Johnson & Wales University of Rhode Island, one of America's foremost universities which specialises in hospitality and international business studies.

In March 2000, Mr. Kwek was conferred the "Asian Hotelier of the Decade" accolade at the Third Annual Asia Pacific Hotel Industry Investment Conference held in Singapore. In the same year, Mr. Kwek received an Honorary Degree from Oxford Brookes University, UK.

In 2000, Mr. Kwek was appointed Member of Board of Trustee of Singapore Management University, the third university in Singapore and which has a tie-up with top American business school - the Wharton School of the University of Pennsylvania.

Mr. Kwek Leng Beng is the brother of Mr. Kwek Leng Joo, brother-in-law of Mr. Gan Khai Choon, cousin of Mr. Kwek Leng Peck and uncle of Mr. Vincent Yeo Wee Eng.

Mr. Kwek Leng Joo, aged 47

Executive Director

Mr. Kwek Leng Joo was appointed an Executive Director of the Company in 1989. He is currently the Managing Director of City Developments Limited. He is also a Director of Hong Leong Finance Limited, Kwek Holdings Pte. Ltd, Hong Leong Investment Holdings Pte.. Ltd., Millennium & Copthorne Hotels plc and Republic Hotels & Resorts Limited. Mr. Kwek has extensive experience in property development and investment and is currently the President of the Singapore Federation of Chambers of Commerce and Industry.

Mr. Kwek Leng Joo is the brother of Mr. Kwek Leng Beng, brother-in-law of Mr. Gan Khai Choon, cousin of Mr. Kwek Leng Peck and uncle of Mr. Vincent Yeo Wee Eng.



Directors and Senior Management (cont'd)

Mr. Kwek Leng Peck, aged 44

Executive Director

Mr. Kwek Leng Peck has been an Executive Director of the Company since 1989. He serves as Executive Director on several Hong Leong Group companies, and has over 21 years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management. He also sits on the Boards of several public companies, including City Developments Limited, Hong Leong Corporation Limited, Hong Leong Asia Ltd., Hong Leong Finance Limited, Singapore Finance Limited, Hong Leong Holdings Limited, China Yuchai International Limited, Millennium & Copthorne Hotels plc and Tasek Corporation Berhad.

Mr. Kwek Leng Peck is the cousin of Mr. Kwek Leng Beng and Mr. Kwek Leng Joo and uncle of Mr. Vincent Yeo Wee Eng.

Mr. Gan Khai Choon, aged 54

Executive Director

Mr. Gan Khai Choon was appointed an Executive Director of the Company in 1989 and is also Joint Managing Director of Hong Leong International (Hong Kong) Limited. He has more than 26 years' experience in banking, real estate investment and development. He has been responsible for overseeing the development of the Grand Hyatt Taipei and other international projects for the Hong Leong Group of companies. Mr. Gan has a Bachelor of Arts degree (Honours) in Economics from the University of Malaya.

Mr. Gan Khai Choon is the brother-in-law of Mr. Kwek Leng Beng and Mr. Kwek Leng Joo.

***Hon. Chan Bernard Charnwut**, aged 36

Director

Hon. Chan Bernard Charnwut has been a Director of the Company since 1989 and was appointed a member of the Audit Committee on 18 January, 2000. He holds a Bachelor of Arts degree from Pomona College, California, USA. He is the Deputy Managing Director of Asia Financial Group as well as the Executive Director of Asia Insurance and Asia Commercial Bank. He has been appointed as a Director of The Hong Kong Mortgage Corporation Ltd. and The Community Chest and a Council Member of Lingnan University and Vocational Training Council. He is also a member of the Mandatory Provident Fund Schemes Advisory Committee, Process Review Panel of Securities & Futures Commission, Standing Committee on Language Education & Research, Business Advisory Group, Hong Kong Sports Development Board, Estate Agents Authority and Elderly Commission. In addition, he serves as the Chairperson of The Hong Kong Council of Social Service, a Councillor of the Legislative Council of the Hong Kong Special Administrative Region and a Committee Member of the Chinese People's Political Consultative Committee of Guangxi Zhuang Autonomous Region in China.

Mr. Tan I Tong, aged 80

Director

Mr. Tan I Tong was appointed to the Board of Directors of the Company in 1989. He sits on the Boards of several public listed companies such as Hong Leong Finance Limited, Singapore Finance Limited, City Developments Limited, Hong Leong Asia Ltd., NatSteel Limited and Republic Hotels & Resorts Limited.