



## **City e-Solutions Limited**

*(incorporated in the Cayman Islands with limited liability)*

**2003**

**Interim financial report  
For the six months ended 30 June 2003**

# CONTENTS

Consolidated profit and loss account .....	2
Consolidated statement of changes in equity .....	3
Consolidated balance sheet .....	4
Condensed consolidated cash flow statement .....	5
Notes on the unaudited interim financial report .....	6
Independent review report .....	13
Interim dividend .....	14
Management discussion and analysis .....	14
Audit committee .....	16
Compliance with the code of best practice .....	16
Purchase, sale or redemption of the Company's listed securities .....	16
Directors' interests .....	17
Substantial shareholders .....	20

## RESULTS

The Directors of City e-Solutions Limited (the “Company”) are pleased to announce the following interim unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2003 together with comparative figures.

### CONSOLIDATED PROFIT & LOSS ACCOUNT

*For the six months ended 30 June 2003 - unaudited*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2003</b>	<b>2002</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>	2	34,884	40,459
Cost of sales		(8,952)	(9,000)
Gross profit		25,932	31,459
Other income (net)		11,954	18,313
Administrative expenses	3	(26,669)	(49,267)
Profit from operations	2	11,217	505
<b>Profit from ordinary activities before taxation</b>	4	11,217	505
Taxation	5	(55)	(425)
<b>Profit from ordinary activities after taxation</b>		11,162	80
Minority interests		27	2,895
<b>Profit attributable to shareholders</b>		11,189	2,975
Dividends	6	—	—
<b>Retained profit for the period</b>		11,189	2,975
Earnings per share	7		
Basic		2.92 cents	0.78 cents

The notes on pages 6 to 12 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Unaudited**

	<b>Share Capital</b> <i>HK\$'000</i>	<b>Reserves</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
As at 1 January 2002	383,126	152,407	535,533
Profit for the 1st half year	—	2,975	2,975
Exchange differences on translation of financial statements of foreign subsidiaries	—	138	138
As at 30 June 2002	<u>383,126</u>	<u>155,520</u>	<u>538,646</u>
As at 1 July 2002	383,126	155,520	538,646
Profit for the 2nd half year	—	17,514	17,514
Exchange differences on translation of financial statements of foreign subsidiaries	—	(63)	(63)
As at 31 December 2002	<u>383,126</u>	<u>172,971</u>	<u>556,097</u>
As at 1 January 2003	383,126	172,971	556,097
Final dividends in respect of the previous financial year, approved and paid during the interim period of 2 cents per share	—	(7,663)	(7,663)
Profit for the 1st half year	—	11,189	11,189
Exchange differences on translation of financial statements of foreign subsidiaries	—	(70)	(70)
As at 30 June 2003	<u>383,126</u>	<u>176,427</u>	<u>559,553</u>

The notes on pages 6 to 12 form part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

At 30 June 2003 - unaudited

	Note	At 30 June 2003 HK\$'000	At 31 December 2002 HK\$'000
<b>Non-current assets</b>			
Fixed assets		6,327	7,477
Intangible assets		506	538
Other financial assets		217	226
<b>Total non-current assets</b>		7,050	8,241
<b>Current assets</b>			
Other financial assets		51,144	18,918
Trade and other receivables	8	28,050	29,035
Cash and cash equivalents	9	524,070	553,372
<b>Total current assets</b>		603,264	601,325
<b>Current liabilities</b>			
Trade and other payables	10	(24,911)	(27,572)
Provision for taxation		(1,056)	(1,063)
<b>Total current liabilities</b>		(25,967)	(28,635)
<b>Net current assets</b>		577,297	572,690
<b>Total assets less current liabilities</b>		584,347	580,931
<b>Minority interests</b>		(24,794)	(24,834)
<b>NET ASSETS</b>		559,553	556,097
<b>CAPITAL AND RESERVES</b>			
Share capital	11	383,126	383,126
Reserves	12	176,427	172,971
		559,553	556,097

The notes on pages 6 to 12 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2003 - unaudited

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
<b>Net cash inflow/(outflow) from operating activities</b>	3,460	(30,785)
<b>Net cash (outflow)/inflow from investing activities</b>	(25,078)	106
<b>Net cash (outflow) from financing activities</b>	(7,663)	—
<b>Decrease in cash and cash equivalents</b>	(29,281)	(30,679)
<b>Cash and cash equivalents at 1 January</b>	553,372	501,896
<b>Effects of foreign exchange rate changes</b>	(21)	12,367
<b>Cash and cash equivalents at 30 June</b>	524,070	483,584
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at banks and in hand	27,927	156,507
Deposits with banks and other financial institutions	496,143	327,077
	524,070	483,584

The notes on pages 6 to 12 form part of this interim financial report.

## **NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT**

### **1. BASIS OF PREPARATION**

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the Hong Kong Society of Accountants. KPMG’s independent review report to the board of directors is included on page 13.

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

The financial information relating to the financial year ended 31 December 2002 included in the interim financial report does not constitute the Company’s statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2002 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 13 March 2003.

The same accounting policies adopted in the 2002 annual accounts have been applied to the interim financial report except that the Company and its subsidiaries (the “Group”) have adopted the Statement of Accounting Practice 12 (revised) “Income taxes” issued by the Hong Kong Society of Accountants which became effective for accounting periods commencing on or after 1 January 2003. The adoption of the Statement of Standard Accounting Practice 12 (revised) has no material impact on the Group’s interim financial report.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2002 annual accounts.

## 2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

### Business segments

The Group comprises the following main business segments:

Investment holding:	The activities of investing
Hospitality related services:	The provision of hotel management, hotel reservation services, risk management services, bulk purchasing and e-procurement enabler, hospitality application service provider and accounting and payroll services.

	Investment Holding		Hospitality Related		Consolidated	
	Six months		Services		Six months	
	ended 30 June		ended 30 June		ended 30 June	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	6,086	5,927	28,798	34,532	34,884	40,459
Profit/(loss) from operations	12,020	20,059	(803)	(19,554)	11,217	505
Taxation					(55)	(425)
Minority interests					27	2,895
Profit attributable to shareholders					11,189	2,975
Depreciation and amortisation for the period	541	565	951	1,037	1,492	1,602



### Geographical segments

The Group's investing activities are mainly carried out in Hong Kong.

The hospitality related services are carried out by the subsidiaries based in the United States.

In presenting information on the basis of geographical segments, segment revenue, in relation to investment holding is based on the geographical location of investments and segment revenue in relation to hospitality related services is based on the geographical location of customers.

	Hong Kong		Singapore		United States	
	Six months		Six months		Six months	
	ended 30 June		ended 30 June		ended 30 June	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>5,337</u>	<u>5,927</u>	<u>786</u>	<u>—</u>	<u>28,761</u>	<u>34,533</u>
Profit/(loss) from operations	<u>11,342</u>	<u>20,059</u>	<u>678</u>	<u>—</u>	<u>(803)</u>	<u>(19,554)</u>

### 3. ADMINISTRATIVE EXPENSES

Administrative expenses were largely incurred by the hospitality related services business units. A one-off restructuring charge amounting to HK\$15.6 million was incurred for the previous period ended 30 June 2002.

### 4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Depreciation of fixed assets	1,461	1,571
Amortisation of intangible assets	31	31
Exchange (gain)	(4,351)	(17,136)
Net gain on sale of fixed assets	(65)	(132)
Unrealised (gain) on stating securities at fair value (net)	<u>(7,458)</u>	<u>(810)</u>

## 5. TAXATION

	<b>Six months ended 30 June</b>	
	<b>2003</b>	<b>2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong taxation	—	411
Overseas taxation	55	14
	<u>55</u>	<u>425</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong. Overseas taxation has been provided on estimated assessable profits at the rates of taxation prevailing in the countries in which the Group operates.

The Company is exempted from taxation in the Cayman Islands for a period of twenty years from 1989 under the provisions of Section 6 of the Tax Concessions Law (Revised) of the Cayman Islands.

The Group did not have material unprovided deferred taxation at the balance sheet date.

## 6. DIVIDENDS

- a) Dividends attributable to the interim period

The Directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2003 (2002: Nil).

- b) Dividends attributable to the previous financial year, approved and paid during the interim period.

	<b>Six months ended 30 June</b>	
	<b>2003</b>	<b>2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividends in respect of the previous financial year, approved and paid during the interim period of 2 cents (2002: nil cents) per share	<u>7,663</u>	<u>—</u>

## 7. EARNINGS PER SHARE

### a) Basic earnings per share

The calculation of basic earnings per share is based on profit after taxation attributable to shareholders of HK\$11.2 million (2002: HK\$3 million) and on 383,125,524 (2002: 383,125,524) ordinary shares in issue during the period.

### b) Diluted earnings per share

Diluted earnings per share is not applicable as there are no dilutive potential ordinary shares during the period.

## 8. TRADE AND OTHER RECEIVABLES

Trade and other receivables net of provisions for bad and doubtful receivables are analysed as follows:

	<b>At 30 June 2003</b>	<b>At 31 December 2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	8,275	7,176
1 to 3 months overdue	2,275	1,333
More than 3 months overdue but less than 12 months overdue	1,324	912
Total trade receivables	<u>11,874</u>	<u>9,421</u>
Other receivables, deposits and prepayments	11,585	8,734
Amounts owing by affiliated companies	<u>4,591</u>	<u>10,880</u>
	<u><u>28,050</u></u>	<u><u>29,035</u></u>

Debts are due within 1 month from the date of billing. However, debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

## 9. CASH AND CASH EQUIVALENTS

	<b>At 30 June 2003</b>	<b>At 31 December 2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits with banks and other financial institutions	496,143	378,802
Cash at bank and in hand	<u>27,927</u>	<u>174,570</u>
	<u><u>524,070</u></u>	<u><u>553,372</u></u>

## 10. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	<b>At 30 June 2003</b>	<b>At 31 December 2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within one month or on demand	1,658	5,775
Total trade payables	1,658	5,775
Other payables and accrued charges	23,144	21,729
Amounts owing to affiliated companies	109	68
	<u>24,911</u>	<u>27,572</u>

## 11. SHARE CAPITAL

	<b>No. of shares</b>	
<b>Issued and fully paid</b>	<i>'000</i>	<i>HK\$'000</i>
At 30 June 2003	383,126	383,126

During the period ended 30 June 2003, there was no change in the Company's issued share capital.

At 30 June 2003, there were no outstanding share options.

## 12. RESERVES

The movements in reserves are set out in the Consolidated Statement of Changes in Equity.

## 13. COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	<b>At 30 June 2003</b>	<b>At 31 December 2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payable within 1 year	405	—
Payable after 1 year but within 5 years	2,430	—
	<u>2,835</u>	<u>—</u>

#### 14. MATERIAL RELATED PARTY TRANSACTIONS

During the period, there were the following material related party transactions:

	<b>Six months ended 30 June</b>	
	<b>2003</b>	<b>2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income received from a related company	1,052	—
Pricing determined on agreed terms:		
Management fees received/receivable from affiliated company	11,721	17,466
Income from sale of operating equipment received/receivable from affiliated companies	—	536
	<u>          </u>	<u>          </u>

In addition, the Group purchased shares through a stock broking company, which is a related company as follows:

	<b>Six months ended 30 June</b>	
	<b>2003</b>	<b>2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase of shares in a related company	24,768	—
	<u>          </u>	<u>          </u>

## **INDEPENDENT REVIEW REPORT**

TO THE BOARD OF DIRECTORS OF CITY e-SOLUTIONS LIMITED

### **INTRODUCTION**

We have been instructed by the Company to review the interim financial report set out on pages 2 to 12.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **REVIEW WORK PERFORMED**

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants.

A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

### **REVIEW CONCLUSION**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2003.

**KPMG**

*Certified Public Accountants*

Singapore, 25 August 2003

## **INTERIM DIVIDEND**

The Directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2003 (2002: Nil cents).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

Through its 85% subsidiary, SWAN Holdings Limited Group (“SWAN”), the Group has most of its activities in the United States.

Weak economic growth, the Iraq war and the SARS virus, which affected the West Coast hotels that relied on Asian travellers, made the operating environment in the US hospitality industry in the first half extremely challenging. There was a palpable diminution in corporate and leisure travel during this period which adversely affected SWAN’s revenues as they are aligned to the business volume and revenue stream of its hotel customers.

For the 1st half of the year, SWAN recorded revenues of HK\$29.5 million, a decline of 14.5% against the previous corresponding period, incurring a small net loss of HK\$0.1 million. This was a significant improvement over the previous corresponding period’s net loss of HK\$19.5 million which included a one-time restructuring charge of HK\$15.6 million. The major contributing factor for the much lower losses was the significant reduction in SWAN’s operating cost base, which resulted from the cost rationalization and restructuring exercise carried out in the first half of last year.

SWAN continued to have some successes in signing new contracts for its hotel management and reservation distribution and advisory businesses with several new contracts for the first six months of the year.

### **Financial Commentary**

#### *Group Performance*

Despite a lower Group turnover, City e-Solutions Limited Group (“ces Group”) recorded a higher net profit attributable to its shareholders of HK\$11.2 million, an increase of 276.1%, as compared to a net profit of HK\$3.0 million in the previous corresponding period. The improvement in the Group’s result was due mainly to lower expenses which includes allowances for doubtful receivables of HK\$2.7 million during the period under review and the absence of a one-off restructuring charge of HK\$15.6 million incurred in the previous corresponding period. Consequently, administrative expenses amounted to HK\$26.7 million, down 45.9%, from HK\$49.3 million in the previous corresponding period.

The Group's turnover decreased by 13.8% to HK\$34.9 million from HK\$40.5 million which can be attributed to a rationalization of its risk management services as well as the cessation in provision of accounting services. However, SWAN reported improved revenues for both of its core businesses comprising hotel management and reservation distribution over the previous corresponding period.

The lower interest income pursuant to the continuing decline in interest rates globally which was however, partially mitigated by a dividend income received on the Group's quoted equity security invested during the period under review.

The Group reported a lower other net income of HK\$12.0 million, down 34.7% from HK\$18.3 million in the previous corresponding period. Other net income comprises principally exchange gain of HK\$4.4 million and an amount of HK\$7.5 million to restate the Group's investment at fair value as at 30 June 2003.

#### *Financial Position, Cash Flow and Borrowings*

As at 30 June 2003, the Group's gross assets stood at HK\$610.3 million, marginally up from HK\$609.6 million as at 31 December 2002.

For the period under review, net operating cash inflow amounted to HK\$3.4 million. During the period under review, to increase returns from capital, an amount of HK\$24.8 million was invested in a quoted equity security which increased in value to HK\$30.8 million as at 30 June 2003. A further HK\$7.7 million was paid to shareholders as dividends. Consequently, the Group reported a cash and cash equivalents of HK\$524.1 million as at 30 June 2003 and HK\$553.4 million as at 31 December 2002.

The Group has no borrowings for the financial period ended 30 June 2003.

#### *Treasury Activities*

The Group's major foreign currency exposure has been reduced significantly. The majority of the Sterling Pound deposits previously held by the Group have now been converted to the United States dollar. With respect to the United States dollar deposits, as long as the Hong Kong dollar trades within the existing United States dollar peg arrangement, currency risk will be minimal.

#### *Employees*

For the period under review, the Group has an average of 40 employees with a total payroll costs of HK\$15.0 million as compared to an average of 66 employees for the previous corresponding period with a total payroll costs of HK\$21.4 million.



## **Prospects**

The economic environment in the United States is showing some signs of recovery in the second half of this year. However, the timing and strength of this recovery remain highly uncertain. We will continue to adopt a prudent approach in managing the businesses by ensuring that costs are kept in line with the level of business activities. The hotel management and reservations distribution and advisory business units are continuing to work on many potential contracts and are optimistic that some of these contracts will be converted to multi-year contracts in the second half of the year.

While adopting a cautious approach, we will be more active in evaluating suitable investment opportunities in the coming six months to take advantage of the possible improvement in the economic environment in 2004. Barring unforeseen circumstances, the Group's hospitality related operations will continue to be satisfactory in the second half of 2003.

## **AUDIT COMMITTEE**

The members of the Audit Committee of the Company comprise 2 independent non-executive directors of the Company. It has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2003.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

The Company has complied with the Code of Best Practice set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the period. The independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2003, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## DIRECTORS' INTERESTS

- (a) As at 30 June 2003, the interests of the Directors of the Company in the shares and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance of Hong Kong (the "SFO"), or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:-

### The Company

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Ordinary Shares of HK\$1.00 each</b>
Kwek Leng Beng	personal	3,286,980
Kwek Leng Joo	personal	1,436,000
Kwek Leng Peck	personal	2,082,200
Vincent Yeo Wee Eng	personal	718,000
Gan Khai Choon	personal	1,041,100
Chan Bernard Charnwut	personal	53,850
Wong Hong Ren	personal	1,513,112
Lawrence Yip Wai Lam	personal	520,550

### City Developments Limited

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Ordinary Shares of S\$0.50 each</b>
Gan Khai Choon	personal	79,512
	family	45,000
Wong Hong Ren	family	4,000

## Hong Leong Investment Holdings Pte. Ltd.

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Ordinary Shares of S\$100.00 each</b>
Kwek Leng Beng	personal	2,320
Kwek Leng Joo	personal	1,290
Kwek Leng Peck	personal	304
Gan Khai Choon	family	247

## CDL Hotels New Zealand Limited

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Ordinary Shares of No Par Value</b>
Kwek Leng Beng	personal	3,000,000
Wong Hong Ren	personal	2,000,000
Vincent Yeo Wee Eng	personal	500,000

*Note:* CDL Hotels New Zealand Limited is an indirect subsidiary of Millennium & Copthorne Hotels plc, a subsidiary of City Developments Limited. City Developments Limited is the holding company of the Company. The Directors of the Company consider Hong Leong Investment Holdings Pte. Ltd. to be the Company's ultimate holding company.

- (b) Pursuant to the Millennium & Copthorne Hotels plc Executive Share Option Scheme (the “M&C 1996 Option Scheme”) and Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (the “M&C 2003 Option Scheme”) operated by M&C, certain Directors have outstanding options thereunder (“M&C Options”) to subscribe for M&C Shares for cash as follows: -

Name of Director	Part*	Date Granted	Number of M&C Options Outstanding	Exercise Price per M&C Share	Exercise Period
<u>M&amp;C 1996 Option Scheme</u>					
Vincent Yeo Wee Eng	A	05/03/1998	6,509	£4.6087	05/03/2001 to 04/03/2008
	B	05/03/1998	15,186	£4.6087	05/03/2001 to 04/03/2005
	B	05/03/1999	20,693	£4.8321	05/03/2002 to 04/03/2006
Wong Hong Ren	B	14/03/2001	69,364	£4.3250	14/03/2004 to 13/03/2008
	B	15/03/2002	83,720	£3.2250	15/03/2005 to 14/03/2009
<u>M&amp;C 2003 Option Scheme</u>					
Wong Hong Ren		10/03/2003	124,031	£1.935	10/03/2006 to 09/03/2013

\*Note: The M&C 1996 Share Option Scheme has two parts. Part A is designed for the approval by the UK Inland Revenue, which approval was obtained under Schedule 9 of the Income and Corporation Taxes Act 1988 on 12 April 1996. Part B is an unapproved executive share option scheme designed for UK and non-UK executives. As with the M&C 1996 Option Scheme, the M&C 2003 Option Scheme provides for the grant of both approved and unapproved options.

- (c) Save as disclosed herein, as at 30 June 2003, none of the Directors nor the chief executive of the Company were interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following corporations were interested in 5% or more of the issued share capital of the Company as recorded in the register required to be kept under section 336 of the SFO:

<b>Name of Shareholder</b>	<b>Number of Shares Held</b>	<b>Percentage Holding in the Company</b>
eMpire Investments Limited	190,523,819	49.73%
City Developments Limited	200,854,743 (1)	52.43%
Hong Leong Investment Holdings Pte. Ltd.	231,119,512 (2)	60.33%
Kwek Holdings Pte Ltd	231,119,512 (3)	60.33%
Arnhold and S Bleichroeder Advisors, LLC	38,250,000	9.98%
Farallon Capital Offshore Investors, Inc.	35,232,850	9.20%
Aberdeen Asset Management PLC	22,088,000	5.77%
Hong Leong Holdings Limited	21,356,085	5.57%

*Notes:*

1. As at 30 June 2003, of the 200,854,743 shares beneficially owned by wholly-owned subsidiaries of City Developments Limited ("CDL") representing approximately 52.43% of the issued share capital of the Company, 190,523,819 shares are held by eMpire Investments Limited.
2. The interests of CDL and Hong Leong Holdings Limited as at 30 June 2003 in 222,210,828 shares representing approximately 58% of the issued share capital of the Company, are included in the aggregate number of shares disclosed.
3. The interest of Hong Leong Investment Holdings Pte. Ltd. as at 30 June 2003 in 231,119,512 shares, representing approximately 60.33% of the issued share capital of the Company, is included in the aggregate number of shares disclosed.

Save as stated above, no person or corporation was interested in or had a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2003.

By Order of the Board  
**Kwek Leng Beng**  
*Chairman*

Hong Kong, 25 August 2003