



City e-Solutions Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code:557)

2005

**Interim financial report
For the six months ended 30 June 2005**

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RESULTS

The Directors of City e-Solutions Limited (the “Company”) announce the following interim unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2005 together with comparative figures.

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the six months ended 30 June 2005 - unaudited

		Six months ended 30 June	
	Note	2005	2004
		HK\$'000	HK\$'000
Turnover	3	40,214	32,009
Cost of sales		(13,605)	(10,574)
Gross profit		26,609	21,435
Other (expense)/income (net)		(14,052)	8,484
Administrative expenses	4	(20,942)	(23,974)
(Loss)/profit from operations	3	(8,385)	5,945
(Loss)/profit before taxation	5	(8,385)	5,945
Income tax	6	—	(71)
(Loss)/profit after taxation		(8,385)	5,874
Attributable to:			
Equity holders of the parent		(8,928)	5,473
Minority interests		543	401
		(8,385)	5,874
Earnings per share	8		
Basic		(2.33) cents	1.43 cents

The notes on pages 7 to 14 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

at 30 June 2005 - unaudited

	Note	At 30 June 2005 HK\$'000	At 31 December 2004 HK\$'000
Non-current assets			
Fixed assets		3,902	3,346
Intangible assets		376	407
Other financial assets		2,844	986
Total non-current assets		7,122	4,739
Current assets			
Other financial assets		107,974	117,746
Trade and other receivables	9	24,819	25,892
Cash and cash equivalents	10	490,443	499,148
Total current assets		623,236	642,786
Current liabilities			
Trade and other payables	11	(26,913)	(24,223)
Provision for taxation		(1,025)	(1,025)
Total current liabilities		(27,938)	(25,248)
Net current assets		595,298	617,538
NET ASSETS		602,420	622,277
CAPITAL AND RESERVES			
Share capital	12	383,126	383,126
Reserves	13	192,638	213,038
Total equity attributable to equity holders of the parent		575,764	596,164
Minority interests		26,656	26,113
TOTAL EQUITY		602,420	622,277

The notes on pages 7 to 14 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Unaudited

	Note	Share capital HK\$'000	Reserves HK\$'000	Total equity attributable to equity holders of the parent HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2004, as previously reported		383,126	197,727	580,853	—	580,853
Minority interests (as previously presented separately from liabilities and equity at 31 December 2003)		—	—	—	25,212	25,212
At 1 January 2004, as restated		383,126	197,727	580,853	25,212	606,065
Profit for the 1st half year						
– Attributable to equity holders of the parent		—	5,473	5,473	—	5,473
– Minority interests		—	—	—	401	401
		—	5,473	5,473	401	5,874
Final dividends in respect of the previous financial year, approved and paid during the interim period of HK 3 cents per share	7	—	(11,494)	(11,494)	—	(11,494)
Exchange differences on translation of financial statements of foreign subsidiaries recognised directly in equity		—	767	767	135	902
As at 30 June 2004		383,126	192,473	575,599	25,748	601,347
At 1 July 2004, as previously reported		383,126	192,473	575,599	—	575,599
Minority interests (as previously presented separately from liabilities and equity at 30 June 2004)		—	—	—	25,748	25,748
As at 1 July 2004, as restated		383,126	192,473	575,599	25,748	601,347
Profit for the 2nd half year						
– Attributable to equity holders of the parent		—	21,046	21,046	—	21,046
– Minority interests		—	—	—	449	449
		—	21,046	21,046	449	21,495
Exchange differences on translation of financial statements of foreign subsidiaries recognised directly in equity		—	(481)	(481)	(84)	(565)
As at 31 December 2004		383,126	213,038	596,164	26,113	622,277

	Note	Share capital HK\$'000	Reserves HK\$'000	Total equity attributable to equity holders of the parent HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2005, as previously reported		383,126	213,038	596,164	—	596,164
Minority interests (as previously presented separately from liabilities and equity at 31 December 2004)		—	—	—	26,113	26,113
As at 1 January 2005, as restated		383,126	213,038	596,164	26,113	622,277
(Loss)/ profit for the 1st half year						
– Attributable to equity holders of the parent		—	(8,928)	(8,928)	—	(8,928)
– Minority interests		—	—	—	543	543
		—	(8,928)	(8,928)	543	(8,385)
Exchange differences on translation of financial statements of foreign subsidiaries recognised directly in equity		—	22	22	—	22
Final dividends in respect of the previous financial year, approved and paid during the interim period of HK 3 cents per share	7	—	(11,494)	(11,494)	—	(11,494)
As at 30 June 2005		383,126	192,638	575,764	26,656	602,420

The notes on pages 7 to 14 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005 - unaudited

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	10,183	13,805
Net cash outflow from investing activities	(2,998)	(38,842)
Net cash outflow from financing activities	(11,494)	(11,494)
Decrease in cash and cash equivalents	(4,309)	(36,531)
Cash and cash equivalents at 1 January	499,148	527,166
Effects of foreign exchange rate changes	(4,396)	899
Cash and cash equivalents at 30 June	<u>490,443</u>	<u>491,534</u>
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	33,016	24,634
Deposits with banks and other financial institutions	<u>457,427</u>	<u>466,900</u>
	<u>490,443</u>	<u>491,534</u>

The notes on pages 7 to 14 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issuance on 8 August 2005.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes 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 2004 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The 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 HKICPA. KPMG's independent review report to the Board of Directors is included on page 15.

The financial information relating to the financial year ended 31 December 2004 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 February 2005.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes HKASs and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board of Directors has determined the accounting policies expected to be adopted in the preparation of the group's annual financial statements for the year ending 31 December 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, profit and loss account and statement of changes in equity for the comparative period has been restated accordingly.

3. 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 e-business enablement, hospitality solutions, hotel management services, hotel reservation services, insurance sales and risk management services, payroll services and procurement services.

	Investment Holding		Hospitality Related Services		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	8,141	2,272	32,073	29,737	40,214	32,009
(Loss)/profit from operations	(10,226)	3,655	1,841	2,290	(8,385)	5,945
Income tax					—	(71)
(Loss)/profit after taxation					(8,385)	5,874
Depreciation and amortisation for the period	482	618	237	307	719	925

Geographical segments

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

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	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
from external customers	<u>6,351</u>	<u>1,641</u>	<u>3,144</u>	<u>1,541</u>	<u>30,719</u>	<u>28,827</u>
Profit/(loss) from operations	<u>(12,260)</u>	<u>3,356</u>	<u>275</u>	<u>541</u>	<u>3,600</u>	<u>2,048</u>

4. ADMINISTRATIVE EXPENSES

Administrative expenses were largely incurred by the hospitality related services business units.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2005	2004
	HK\$'000	HK\$'000
Depreciation of fixed assets	686	894
Amortisation of intangible assets	33	31
Dividends and interest income	8,346	2,358
Exchange loss/(gain)	4,381	(1,751)
Net (gain)/loss on sale of fixed assets	(102)	16
Net unrealised loss/(gain) on remeasurement of securities to fair value	<u>9,773</u>	<u>(6,190)</u>

6. INCOME TAX

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax - Hong Kong Profits Tax	—	—
Current tax - Overseas	—	71
	<u>—</u>	<u>71</u>
	<u>—</u>	<u>71</u>

Hong Kong Profits Tax has been provided at the rate of 17.5% (2004: 17.5%) 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.

As at 30 June 2005, the Group has not recognised deferred tax assets in respect of tax losses of HK\$10.4 million (31 December 2004: HK\$9.9 million) as it is not probable that there will be sufficient appropriate future taxable profits against which the Group can utilise the benefits.

7. 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 2005 (2004: Nil).

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

	Six months ended 30 June	
	2005	2004
	<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 HK 3 cents (2004: HK 3 cents) per share	11,494	11,494
	<u>11,494</u>	<u>11,494</u>

8. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on (loss)/profit attributable to equity holders of the parent of HK\$(8.9) million (2004: HK\$5.5 million) and on 383,125,524 (2004: 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.

9. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2005	At 31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	10,096	6,702
1 to 3 months overdue	3,111	4,010
More than 3 months overdue but less than 12 months overdue	4,076	5,950
Total trade receivables	17,283	16,662
Other receivables, deposits and prepayments	5,054	2,603
Amounts owing by affiliated companies	2,482	3,297
Dividend receivable	—	3,330
	<u>24,819</u>	<u>25,892</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.

10. CASH AND CASH EQUIVALENTS

	At 30 June 2005	At 31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits with banks and other financial institutions	457,427	470,509
Cash at banks and in hand	33,016	28,639
	<u>490,443</u>	<u>499,148</u>

11. TRADE AND OTHER PAYABLES

Trade and other payables are analysed as follows:

	At 30 June 2005	At 31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within one month or on demand	3,099	3,075
Total trade payables	3,099	3,075
Other payables and accrued charges	23,719	21,032
Amounts owing to affiliated companies	95	116
	<u>26,913</u>	<u>24,223</u>

12. SHARE CAPITAL

	No. of shares	
Issued and fully paid	<i>'000</i>	<i>HK\$'000</i>
At 30 June 2005	383,126	383,126

During the period ended 30 June 2005, there was no change in the Company's issued share capital.

At 30 June 2005, there were no outstanding share options.

13. RESERVES

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

14. COMMITMENTS

The total future minimum lease payments under non-cancellable operating lease in respect of office space are as follows:

	At 30 June 2005	At 31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payable within 1 year	847	479
Payable after 1 year but within 5 years	4,410	—
	<u>5,257</u>	<u>479</u>

The Group entered into an operating lease agreement for an office space. The lease expires in November 2011, and the Group has the option to renew the lease for a five-year additional term prior to the end of the lease term. The lease does not include contingent rental.

15. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from a related company	1,552	293
Pricing determined on agreed terms:		
Management fee income from affiliated company	10,028	11,856
Income from sale of operating equipment from affiliated companies	1,729	67
	<u>1,729</u>	<u>67</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 14.

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 Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public 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 Institute of Certified Public 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 2005.

KPMG

Certified Public Accountants

Singapore, 8 August 2005

INTERIM DIVIDEND

The Directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2005 (2004: Nil cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group, through its 85% subsidiary, SWAN Holdings Limited Group (“SWAN”), has most of its operating activities in the United States. For the period under review, SWAN’s operating revenue contribution of HK\$28.9 million to the Group’s revenue was flat as compared to the previous corresponding period. The revenue improvement recorded by the two business units, Richfield (hotel management services) and Shield (risk management services) was offsetted by the decline in revenue recorded by Sceptre (electronic reservation and revenue management services). However, with higher interest income, SWAN contributed a higher pre-tax profit of HK\$3.6 million as compared with HK\$2.0 million in the previous corresponding period.

SWAN’s business development focus on Richfield, the hotel management unit of SWAN, is starting to bear fruit. For the first half of 2005, Richfield, has successfully achieved a net gain of several multi-year management contracts. These new contracts will start contributing to the turnover of SWAN in the second half of 2005. With this addition of hotels, Richfield is managing 30 hotels representing more than 5,000 rooms as at 1 August 2005.

Financial Commentary

Group Performance

The Group recorded a higher revenue of HK\$40.2 million, an increase of 25.6%, as compared with HK\$32.0 million in the previous corresponding period, due mainly to higher dividend and interest income. However, the Group reported a net loss attributable to equity holders of the parent of HK\$8.9 million, as compared to a net profit of HK\$5.5 million in the previous corresponding period. The loss can be attributed to the investment activities of the Company.

The investment securities and time deposits held by the Company returned investment income amounting to HK\$8.3 million during the period under review as compared with HK\$2.4 million in the previous corresponding period. In line with the accounting treatment, unrealised losses of HK\$9.8 million were sustained as a result of remeasuring the Group’s investment securities to fair value as at 30 June 2005. This, together with the unrealised translation exchange losses, resulted in a total Net Other Expenses of HK\$14.1 million for the period under review as compared with a Net Other Income of HK\$8.5 million reported in the previous corresponding period.

Financial Position, Cash Flow and Borrowings

As at 30 June 2005, the Group's gross assets stood at HK\$630.5 million, down from HK\$647.5 million as at 31 December 2004.

The Group reports its results in Hong Kong dollars and it is the objective of the Group to preserve its value in terms of Hong Kong dollars.

For the period under review, net operating cash inflow amounted to HK\$10.2 million. The cash outflow on investing and financing activities amounted to HK\$3.0 million and HK\$11.5 million which was paid to shareholders as dividends respectively. Consequently, the Group reported cash and cash equivalents of HK\$490.4 million as at 30 June 2005, down from HK\$499.1 million as at 31 December 2004.

The Group has no borrowings for the period under review.

Treasury Activities

As the Group has held some sterling fixed deposits since last year and has some equity holdings denominated in sterling, some unrealised exchange losses were recorded. Other than that, the majority of the Group's cash is held in United States dollar deposits, hence as long as the Hong Kong dollar trades within the existing United States dollar peg arrangement, currency risk will not be significant. The Group's view is that to maximise returns to shareholders we need a balanced portfolio and hence a portion of its portfolio would be held in other currencies. We will monitor closely the Group's exposure to currency movement and take the appropriate action when necessary.

Employees

As at 30 June 2005, the Group had 39 employees, down from 41 as at the end of the last financial year ended 31 December 2004. The total payroll costs for the period under review was HK\$12.9 million.

Prospects

On 5 August 2005, the 14 Millennium & Copthorne ("M&C") hotels in the US notified Sceptre that they will not be requiring its reservations services effective from 18 October 2005 as they are changing to the central reservation service provider that the other M&C hotels in Europe and Asia will be using. These 14 M&C hotels are owned and operated by Millennium & Copthorne Hotels plc, which is a subsidiary of City Developments Limited, a substantial shareholder of the Company. The revenue recorded by Sceptre from these 14 M&C hotels for the full year of 2004 and first half of 2005 represented 21.0% and 19.2% respectively of the Group's total turnover.

Excluding the 14 M&C hotels, Sceptre is providing services to more than 160 properties representing in excess of 26,000 rooms. Sceptre will be stepping up its business development efforts to replace this expected future loss of revenue stream.

The Group will continue to pursue investment opportunities to deploy its cash resources.

AUDIT COMMITTEE

The members of the Audit Committee of the Company comprise 2 independent non-executive directors and 1 non-executive director of the Company. It has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2005.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed below, the Company has complied with the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (“Appendix 14”) throughout the period.

The Company does not fully comply with the code provisions A.4.1 and A.4.2 in Appendix 14. Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The 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 (the “Articles”). Under code provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the Articles, any Director appointed to fill a casual vacancy shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. In exceptional circumstances, a director may hold office for more than 3 years before retirement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 of the Listing Rules of The Stock Exchange of Hong Kong Limited (“Model Code”). All directors have confirmed that they have complied with the Model Code throughout the period under review.

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

During the six months ended 30 June 2005, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN SHARES

- (a) As at 30 June 2005, the interests of the Directors of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of 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

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

City Developments Limited

Name of Director	Nature of Interest	Number of Ordinary Shares of S\$0.50 each
Kwek Leng Beng	personal	361,115
Vincent Yeo Wee Eng	personal	18,323
Kwek Leng Joo	personal	59,510
Kwek Leng Peck	personal	43,758
Gan Khai Choon	personal	124,814
	family	114,345
Wong Hong Ren	family	4,950

City Developments Limited (Cont'd)

Name of Director	Nature of Interest	Number of Warrants
Kwek Leng Beng	personal	36,110
Vincent Yeo Wee Eng	personal	1,832
Kwek Leng Joo	personal	5,951
Gan Khai Choon	personal	12,481

Name of Director	Nature of Interest	Number of Preference Shares of S\$0.05 each
Kwek Leng Beng	personal	144,445
Kwek Leng Joo	personal	100,000
Gan Khai Choon	personal	49,925
	family	45,738

Hong Leong Investment Holdings Pte. Ltd.

Name of Director	Nature of Interest	Number of Ordinary Shares of S\$100.00 each
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

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

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 Executive Share Option Scheme (the "1996 Scheme") operated by Millennium & Copthorne Hotels plc ("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
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

- (c) Pursuant to the Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (the "2003 Scheme") approved by shareholders of M&C on 21 May 2002, certain Director(s) 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
Vincent Yeo Wee Eng	II	24/03/2005	10,581	£3.9842	24/03/2008 to 23/03/2015
Wong Hong Ren	II	10/03/2003	124,031	£1.9350	10/03/2006 to 09/03/2013
	II	16/03/2004	44,999	£2.9167	16/03/2007 to 15/03/2014
	II	24/03/2005	75,297	£3.9842	24/03/2008 to 23/03/2015

*Note: The 1996 Scheme has two parts. Part A is designed for the approval by the UK Inland Revenue, of 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 1996 Scheme, the 2003 Scheme provides for the grant of both approved and unapproved options.

- (d) Save as disclosed herein, as at 30 June 2005, none of the Directors and the chief executive of the Company or their associates 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 2005, 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:

Name of Shareholder	Number of Shares Held	<i>Notes</i>	Percentage Holding in the Company
eMpire Investments Limited	190,523,819		49.73%
City Developments Limited	200,854,743	<i>(1)</i>	52.43%
Hong Leong Holdings Limited	21,356,085		5.57%
Hong Leong Investment Holdings Pte. Ltd.	230,866,817	<i>(2)</i>	60.26%
Kwek Holdings Pte Ltd	230,866,817	<i>(3)</i>	60.26%
Davos Investment Holdings Private Limited	230,866,817	<i>(3)</i>	60.26%
Kwek Leng Kee	230,866,817	<i>(4)</i>	60.26%
Arnhold and S Bleichroeder Advisors, LLC	38,250,000		9.98%
Farallon Capital Offshore Investors, Inc.	35,232,850		9.20%
Aberdeen Asset Management Asia Ltd	23,052,000		6.02%

Notes:

- 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.
- The interests of CDL and Hong Leong Holdings Limited in 200,854,743 shares and 21,356,085 shares respectively, are included in the aggregate number of shares disclosed.
- The deemed interest of Hong Leong Investment Holdings Pte. Ltd. in 230,866,817 shares, representing approximately 60.26% of the issued share capital of the Company, is included in the aggregate number of shares disclosed.
- Mr Kwek Leng Kee is deemed to have an interest in the 230,866,817 shares in which Davos Investment Holdings Private Limited ("Davos") is deemed to have an interest in, by virtue of his entitlement to exercise or control the exercise of one-third or more of the voting power at general meetings of Davos.

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 2005.

By Order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 8 August 2005