



## **City e-Solutions Limited**

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

**(Stock Code:557)**

**2006**

**Interim financial report  
For the six months ended 30 June 2006**

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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 2006 together with comparative figures.

### CONSOLIDATED PROFIT & LOSS ACCOUNT

*for the six months ended 30 June 2006 – unaudited*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2006</b>	<b>2005</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>	2	33,112	40,214
Cost of sales		(4,157)	(13,605)
<b>Gross profit</b>		28,955	26,609
Other net income/(expense)	3	15,543	(14,052)
Administrative expenses	3	(21,919)	(20,942)
<b>Profit/(loss) before taxation</b>	3	22,579	(8,385)
Income tax	4	(54)	—
<b>Profit/(loss) after taxation</b>		22,525	(8,385)
<b>Attributable to:</b>			
Equity shareholders of the Company		21,913	(8,928)
Minority interests		612	543
<b>Profit/(loss) after taxation</b>		22,525	(8,385)
<b>Earnings per share</b>	6	<b>HK cents</b>	<b>HK cents</b>
Basic		5.72	-2.33

The notes on pages 6 to 13 form part of this interim financial report.

# CONSOLIDATED BALANCE SHEET

at 30 June 2006 – unaudited

		<b>The Group</b>	
		<b>At 30 June</b>	<b>At 31 December</b>
		<b>2006</b>	<b>2005</b>
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
	Property, plant and equipment	6,755	4,785
	Intangible assets	311	343
	<b>Total non-current assets</b>	7,066	5,128
<b>Current assets</b>			
	Other financial assets	149,506	118,048
	Trade and other receivables	19,605	21,907
7		476,326	497,335
8	Cash and cash equivalents	645,437	637,290
<b>Current liabilities</b>			
	Trade and other payables	(22,222)	(23,571)
	Provision for taxation	(1,113)	(1,025)
9		(23,335)	(24,596)
	<b>Net current assets</b>	622,102	612,694
	<b>NET ASSETS</b>	629,168	617,822
<b>CAPITAL AND RESERVES</b>			
	Share capital	383,126	383,126
10		217,340	206,655
11	Reserves	600,466	589,781
	<b>Total equity attributable to equity shareholders of the Company</b>	600,466	589,781
	<b>Minority interests</b>	28,702	28,041
	<b>TOTAL EQUITY</b>	629,168	617,822

The notes on pages 6 to 13 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2006 – unaudited

	Note	Six months ended 30 June			
		2006		2005	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Total equity at 1 January</b>					
Attributable to :					
Equity shareholders of the Company			615,844		596,164
Minority interests			1,978		26,113
			<u>617,822</u>		<u>622,277</u>
<b>Net income recognised directly in equity:</b>					
Exchange differences on translation of financial statements of overseas subsidiaries			315		22
<b>Net profit for the period</b>			<u>22,525</u>		<u>(8,385)</u>
<b>Total recognised income and expense for the period</b>			<u>22,840</u>		<u>(8,363)</u>
Attributable to:					
Equity shareholders of the Company		22,179		(8,906)	
Minority interests		661		543	
		<u>22,840</u>		<u>(8,363)</u>	
Dividends declared or approved during the period	5		(11,494)		(11,494)
<b>Total equity at 30 June</b>			<u><u>629,168</u></u>		<u><u>602,420</u></u>

The notes on pages 6 to 13 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2006 – unaudited

	Note	Six months ended 30 June	
		2006 HK\$'000	2005 HK\$'000
Net cash used in operating activities		(10)	(1,311)
Net cash used in investing activities		<u>(23,930)</u>	<u>(2,998)</u>
Net decrease in cash and cash equivalents		(23,940)	(4,309)
Cash and cash equivalents at 1 January		497,335	499,148
Effect of foreign exchange rate changes		<u>2,931</u>	<u>(4,396)</u>
Cash and cash equivalents at 30 June	8	<u><u>476,326</u></u>	<u><u>490,443</u></u>

The notes on pages 6 to 13 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 7 August 2006.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, except for changes in accounting policies made thereafter in adopting certain revised Hong Kong Financial Reporting Standards (HKFRS) and HKASs as set out below :

HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC) 4	Determining whether an arrangement contains a lease
HK(IFRIC) 5	Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds
Amendments to HKAS 1	Presentation of financial statements
Amendments to HKAS 19	Employee benefits – Actuarial gains and losses, group plans and disclosures
Amendments to HKAS 21	The effects of changes in foreign exchange rates – Net investment in a foreign operation
Amendments to HKAS 27	Consolidated and separate financial statements
Amendments to HKAS 39	Financial instruments: Recognition and measurement – Cash flow hedge accounting of forecast intragroup transactions
Amendments to HKAS 39	Financial instruments: Recognition and measurement – The fair value option
Amendments to HKFRS 3	Business combination
Amendments to HKFRS 4	Insurance contracts – Financial guarantee contracts

The adoption of these accounting standards have no impact on the Group's results of operations.

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 2005 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 14.

The financial information relating to the financial year ended 31 December 2005 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 2005 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 February 2006.



## 2. SEGMENT REPORTING

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	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	11,250	8,141	21,862	32,073	33,112	40,214
Profit/(loss) before taxation	21,101	(10,226)	1,478	1,841	22,579	(8,385)
Income tax					(54)	—
Profit/(loss) after taxation					22,525	(8,385)
Depreciation and amortisation for the period	398	482	248	237	646	719

## 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 ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	7,890	6,351	1,572	3,144	23,650	30,719
Profit/(loss) before taxation	17,820	(12,260)	628	275	4,131	3,600

### 3. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	615	686
Amortisation of intangible assets	31	33
Dividends and interest income	(11,811)	(8,346)
Exchange (gain)/loss (net)	(5,158)	4,381
Net gain on sale of property, plant and equipment	(16)	(102)
Net gain on sale of trading securities	(55)	—
Net unrealised (gain)/loss on stating trading securities at fair value	(10,189)	9,773

## 4. INCOME TAX

	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax - Hong Kong Profits Tax	—	—
Current tax - Overseas	54	—
	<u>54</u>	<u>—</u>

The provision for Hong Kong Profits Tax is calculated at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the period ended 30 June 2006. 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 2006, the Group has not recognised deferred tax assets in respect of tax losses of HK\$71.6 million (31 December 2005: HK\$70.7 million) as it is not probable that there will be sufficient appropriate future taxable profits against which the Group can utilise the benefits.

## 5. 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 2006 (2005: Nil).

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

	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK 3 cents (2005: HK 3 cents) per share	11,494	11,494
	<u>11,494</u>	<u>11,494</u>

## 6. EARNINGS PER SHARE

### a) Basic earnings per share

The calculation of basic earnings per share is based on profit/(loss) attributable to equity holders of the parent of HK\$21.9 million (2005: HK\$(8.9) million) and on 383,125,524 (2005: 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.

## 7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of impairment losses) with the following aging analysis:

	<b>At 30 June 2006 HK\$'000</b>	<b>At 31 December 2005 HK\$'000</b>
Current	3,109	3,986
1 to 3 months overdue	1,857	2,976
More than 3 months overdue but less than 12 months overdue	4,194	5,440
	<hr/>	<hr/>
Total trade receivables, net of impairment losses	9,160	12,402
Other receivables, deposits and prepayments	9,333	2,591
Amounts owing by affiliated companies	516	3,314
Dividend receivable	—	3,600
Fair value derivatives	596	—
	<hr/>	<hr/>
	<u>19,605</u>	<u>21,907</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.

The fair value derivatives pertain to positive mark-to-market adjustment of favourable forward foreign exchange contracts.

## 8. CASH AND CASH EQUIVALENTS

	<b>At 30 June 2006</b>	<b>At 31 December 2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits with banks and other financial institutions	434,655	457,817
Cash at bank and in hand	41,671	39,518
Cash and cash equivalents in the cash flow statement	<u>476,326</u>	<u>497,335</u>

## 9. TRADE AND OTHER PAYABLES

	<b>At 30 June 2006</b>	<b>At 31 December 2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	740	1,574
Other payables and accrued charges	21,482	21,964
Amounts owing to affiliated companies	—	33
	<u>22,222</u>	<u>23,571</u>

All trade payables are due within 1 month or on demand.

## 10. SHARE CAPITAL

	<b>No. of shares</b>	
<b>Issued and fully paid</b>	<i>'000</i>	<i>HK\$'000</i>
At 30 June 2006	<u>383,126</u>	<u>383,126</u>

During the period ended 30 June 2006, there was no change in the Company's issued share capital.

At 30 June 2006, there were no outstanding share options.

## 11. RESERVES

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

## 12. COMMITMENTS

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

	<b>At 30 June 2006</b>	<b>At 31 December 2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	944	921
After 1 year but within 5 years	3,470	3,947
	<u>4,414</u>	<u>4,868</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.

## 13. MATERIAL RELATED PARTY TRANSACTIONS

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

	<b>Six months ended 30 June</b>	
	<b>2006</b>	<b>2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Affiliated companies</b>		
Dividend income from a related company	792	1,552
Income from provision of hospitality and other related services	2,015	11,757
	<u>2,015</u>	<u>11,757</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 13.

## **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 2006.

**KPMG**

*Certified Public Accountants*

Singapore, 7 August 2006

# 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\$20.3 million to the Group’s revenue has declined as compared with HK\$28.9 million in the previous corresponding period. The reduction in revenue was mainly due to decrease in revenue of Sceptre (electronic reservation services) which ceased providing hotel reservation services to 14 M&C hotels in the US. However, with higher interest income, SWAN contributed a higher pre-tax profit of HK\$4.1 million as compared with HK\$3.6 million in the previous corresponding period.

SWAN’s business development focus on Richfield, the hotel management unit of SWAN, continues to bear fruit. For the first half of 2006, Richfield, has successfully added 2 multi-year management contracts adding a net 538 rooms to the portfolio. These new 2 contracts will start contributing to the turnover of SWAN in the second half of 2006. As at 30 June 2006, Richfield is managing 26 hotels representing more than 5,700 rooms.

In response to the increasing demand for revenue management services, in May 2006, SWAN launched The Elise Group, a consultancy group with a focus on revenue management for the lodging industry in the US. The Elise Group will adopt a collaborative partnership approach to help owners, developers, and hotel management groups and property level teams improve the top line revenue for their hotels, while adding value to the ownerships’ assets.

## Financial Commentary

### *Group Performance*

The Group recorded a lower revenue of HK\$33.1 million, a decrease of 17.7%, as compared with HK\$40.2 million in the previous corresponding period, due mainly to reduction in revenue of Sceptre which ceased providing hotel reservation services to 14 M&C hotels in the US. However, the Group reported a net profit attributable to equity shareholders of the company of HK\$21.9 million, as compared to a net loss of HK\$8.9 million in the previous corresponding period. The Group’s profit can be attributed to the unrealised gain on remeasuring the Group’s investment securities to fair value as at 30 June 2006 and the realised translation exchange gain on the Sterling Pound time deposit.



The investment securities and time deposits held by the Company returned investment income amounting to HK\$11.8 million during the period under review as compared with HK\$8.3 million in the previous corresponding period. In line with the accounting treatment, unrealised gain of HK\$10.2 million was reported as a result of remeasuring the Group's investment securities to fair value as at 30 June 2006 as compared with HK\$9.8 million unrealised loss in the previous corresponding period. This, together with the realised translation exchange gain, resulted in a total Net Other Income of HK\$15.5 million for the period under review as compared with a Net Other Expenses of HK\$14.1 million reported in the previous corresponding period.

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

As at 30 June 2006, the Group's gross assets stood at HK\$652.5 million, increase from HK\$642.4 million as at 31 December 2005.

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 outflow included dividend paid of HK\$11.5 million. The cash outflow on investing activities amounted to HK\$23.9 million due mainly to purchase of bond securities. Consequently, the Group reported cash and cash equivalents of HK\$476.3 million as at 30 June 2006, down from HK\$497.3 million as at 31 December 2005.

The Group has no borrowings for the period under review.

#### *Treasury Activities*

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 2006, the Group had 38 employees, up from 36 as at the end of the last financial year ended 31 December 2005. The total payroll costs for the period under review was HK\$13.9 million.

## **Prospects**

Despite the uncertainty over the price of crude oil and the pace of interest rate increases, the United States economy and hospitality industry are expected to continue to grow steadily in the second half of 2006. Therefore, SWAN's business units should benefit from the improving economy and industry in the second half of the year. We will continue to adopt a prudent approach in managing the businesses by ensuring costs are kept in line with the level of business activities.

In the face of a high level of sales of hotels in the United States market, the gain and loss of management contracts (due to change of ownership) in Richfield's portfolio will heighten. Richfield is working on several potential contracts and is optimistic of converting some of these into multi-year contracts in the second half of the year. In a competitive electronic distribution market, Sceptre is now moving towards focusing on clients that provide higher transactional volume, rather than the number of clients. To broaden our spectrum of services, the newly created Elise Group has entered into alliances with certain industry partners. We expect to sign revenue management consulting contracts with several upscale hotels in the second half of the year as a result of these alliances.

The Group will continue to pursue investment opportunities to deploy its cash resources. Barring unforeseen circumstances, the Group's performance in respect of its hospitality related operations should remain profitable in the second half of 2006.

## **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 2006.

## **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.

As disclosed in 2005 Annual Report, the Company does not fully comply with the code provisions A.4.1 and A.4.2 in Appendix 14. Amendments to the Articles of Association of the Company (the “Amendments”) have been made to reflect the requirements under the code provision A.4.2 on the retirement of all directors by rotation at least once every three years. The Amendments were approved at the annual general meeting held on 20 April 2006 (“2006 AGM”). Although the current non-executive directors are not appointed for a specific term, they are subject to retirement by rotation and re-election at annual general meeting at least once every three years. Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. However, in the 2006 AGM, our chairman was unable to attend the meeting as he had to attend to an urgent matter. He appointed Mr Kwek Leng Peck to chair the meeting on his behalf. Questions raised by shareholders in the 2006 AGM were answered to the full satisfaction of shareholders by the chairman of the meeting together with 2 executive directors.

## **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**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

## DIRECTORS' INTERESTS IN SHARES

- (a) As at 30 June 2006, 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

<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
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

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Ordinary Shares of S\$0.50 each</b>
Kwek Leng Beng	personal	397,226
Vincent Yeo Wee Eng	personal	18,323
Kwek Leng Joo	personal	65,461
Kwek Leng Peck	personal	43,758
Gan Khai Choon	personal	124,814
	family	60,000
Wong Hong Ren	family	4,950

### City Developments Limited (Cont'd)

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Preference Shares of S\$0.05 each</b>
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.

<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

### Millennium & Copthorne 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
Vincent Yeo Wee Eng	personal	500,000
Wong Hong Ren	personal	2,000,000

*Note:* Millennium & Copthorne 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
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 2006, 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 2006, 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	Notes	Percentage Holding in the Company
eMpire Investments Limited	190,523,819		49.73%
City Developments Limited	200,854,743	(1)	52.43%
Hong Leong Holdings Limited	21,356,085		5.57%
Hong Leong Investment Holdings Pte. Ltd.	230,866,817	(2)	60.26%
Kwek Holdings Pte Ltd	230,866,817	(3)	60.26%
Davos Investment Holdings Private Limited	230,866,817	(3)	60.26%
Kwek Leng Kee	230,866,817	(4)	60.26%
Arnhold and S Bleichroeder Advisors, LLC	38,310,000		10.00%
Farallon Capital Management, LLC	35,232,850	(5)	9.20%
Farallon Capital Offshore Investors, Inc.	35,232,850	(6)	9.20%
Aberdeen Asset Management Plc and its Associates (together "The Group") on Behalf of Accounts Managed by The Group	23,052,000	(7)	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.
- Farallon Capital Management, LLC is interested in these shares in its capacity as the investment manager.
- Farallon Capital Offshore Investors, Inc is interested in these shares in its capacity as the beneficial owner.
- Aberdeen Asset Management Plc is interested in these shares in its capacity as the investment manager and includes shares in which wholly owned controlled corporations of Aberdeen Asset Management Plc are interested.

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 2006.

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

Hong Kong, 7 August 2006