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## City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

### 2009 FINAL RESULTS — ANNOUNCEMENT AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

#### RESULTS

The Directors of City e-Solutions Limited (the “Company”) announce the following final audited consolidated results of the Company, its subsidiaries and its jointly controlled entity (the “Group”) and the Group’s interest in an associate for the year ended 31 December 2009 together with comparative figures.

#### Consolidated income statement for the year ended 31 December 2009

	<i>Note</i>	<b>2009</b> <i>HK\$’000</i>	<b>2008</b> <i>Re-presented</i> <i>HK\$’000</i>
<b>Continuing operations</b>			
<b>Turnover</b>	2	65,270	75,539
Cost of sales		<u>(18,130)</u>	<u>(13,623)</u>
<b>Gross profit</b>		47,140	61,916
Other net income/(losses)	3	49,337	(106,976)
Administrative expenses		<u>(44,516)</u>	<u>(43,534)</u>
<b>Profit/(Loss) from operations</b>		51,961	(88,594)
Share of losses of an associate		<u>(544)</u>	<u>(1,065)</u>
<b>Profit/(Loss) before taxation</b>		51,417	(89,659)
Income tax	4	<u>(119)</u>	<u>(6,014)</u>
<b>Profit/(Loss) from continuing operations</b>		51,298	(95,673)
<b>Discontinued operations</b>			
Profit/(Loss) from discontinued operations, net of tax	5	<u>5,105</u>	<u>(43,005)</u>
<b>Profit/(Loss) for the year</b>	6	<u><u>56,403</u></u>	<u><u>(138,678)</u></u>
<b>Attributable to :</b>			
Equity shareholders of the Company		55,865	(138,991)
Minority interests		<u>538</u>	<u>313</u>
<b>Profit/(Loss) for the year</b>		<u><u>56,403</u></u>	<u><u>(138,678)</u></u>
<b>Earnings/(Losses) per share</b>			
Basic earnings/(losses) per share	8	HK cents <u>14.61</u>	HK cents <u>(36.32)</u>
<b>Continuing operations</b>			
Basic earnings/(losses) per share	8	HK cents <u>13.28</u>	HK cents <u>(25.08)</u>

**Consolidated statement of comprehensive income  
for the year ended 31 December 2009**

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>Profit/(Loss) for the year</b>		56,403	(138,678)
<b>Other comprehensive income for the year (after taxation and reclassification adjustments):</b>			
Exchange differences on translation of:			
- financial statements of foreign operations		(155)	(1,951)
- monetary items forming part of net investment in a foreign operation		(11)	(173)
Exchange differences realised on disposal of a jointly controlled entity	5	(273)	—
Exchange differences realised on disposal of an associate		895	—
		<u>456</u>	<u>(2,124)</u>
<b>Total comprehensive income for the year</b>		<u><u>56,859</u></u>	<u><u>(140,802)</u></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		56,324	(140,870)
Minority interest		<u>535</u>	<u>68</u>
<b>Total comprehensive income for the year</b>		<u><u>56,859</u></u>	<u><u>(140,802)</u></u>

## Balance sheets as at 31 December 2009

	<i>Note</i>	<b>The Group</b>		<b>The Company</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>					
Plant and equipment		2,472	7,612	1,853	3,251
Intangible assets		103	3,651	—	—
Interests in subsidiaries		—	—	220,859	220,859
Interest in an associate	9	—	30,039	—	—
Deferred tax assets		12,814	12,940	—	—
<b>Total non-current assets</b>		<b>15,389</b>	<b>54,242</b>	<b>222,712</b>	<b>224,110</b>
<b>Current assets</b>					
Properties held for resale		—	11,609	—	—
Trading securities		95,340	59,856	89,140	53,956
Trade and other receivables	10	22,745	27,622	10,922	46,029
Current tax recoverable		395	163	—	—
Cash and cash equivalents		489,219	438,954	263,017	216,276
		<u>607,699</u>	<u>538,204</u>	<u>363,079</u>	<u>316,261</u>
<b>Current liabilities</b>					
Trade and other payables	11	(20,127)	(44,785)	(10,941)	(8,077)
Provision for taxation		(880)	(2,439)	(818)	(1,584)
		<u>(21,007)</u>	<u>(47,224)</u>	<u>(11,759)</u>	<u>(9,661)</u>
<b>Net current assets</b>		<b>586,692</b>	<b>490,980</b>	<b>351,320</b>	<b>306,600</b>
<b>Total assets less current liabilities</b>		<b>602,081</b>	<b>545,222</b>	<b>574,032</b>	<b>530,710</b>
<b>NET ASSETS</b>		<b><u>602,081</u></b>	<b><u>545,222</u></b>	<b><u>574,032</u></b>	<b><u>530,710</u></b>
<b>CAPITAL AND RESERVES</b>					
Share capital		382,450	382,450	382,450	382,450
Reserves		183,368	127,044	191,582	148,260
<b>Total equity attributable to equity shareholders of the Company</b>		<b>565,818</b>	<b>509,494</b>	<b>574,032</b>	<b>530,710</b>
Minority interests		36,263	35,728	—	—
<b>TOTAL EQUITY</b>		<b><u>602,081</u></b>	<b><u>545,222</u></b>	<b><u>574,032</u></b>	<b><u>530,710</u></b>

Notes: -

1. The annual result for the year ended 31 December 2009 has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes as set out below.

The Hong Kong Institute of Certified Public Accountants (HKICPA) has issued one new Hong Kong Financial Reporting Standards (“HKFRS”), a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company.

Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to HKFRSs (2008)
- Amendments to HKFRS 7, *Financial instruments: Disclosures — improving disclosures about financial instruments*
- Amendments to HKAS 27, *Consolidated and separate financial statements — cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*

The amendments to HKAS 23 and HKAS 27 have no material impact on the Group’s financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirement specifically applicable to the final results announcement. The impact of the remainder of these developments on the final results announcement is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions’ about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group’s most senior executive management. Corresponding amounts have been provided on a basis consistent with the revised segment information.
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

2. Included in reportable segment revenue are dividends and interest income amounting to HK\$13.2 million (2008: HK\$16.4 million). Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments for the year is set out below:

	Investment Holding		Hospitality Related Services		Property Investment		Total continuing operations		Education (Discontinued)		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	10,286	2,047	39,553	49,364	12,547	9,851	62,386	61,262	7,837	46,830	70,223	108,092
Interest income	2,146	13,125	734	1,152	4	—	2,884	14,277	5	110	2,889	14,387
<b>Reportable segment revenue</b>	<b>12,432</b>	<b>15,172</b>	<b>40,287</b>	<b>50,516</b>	<b>12,551</b>	<b>9,851</b>	<b>65,270</b>	<b>75,539</b>	<b>7,842</b>	<b>46,940</b>	<b>73,112</b>	<b>122,479</b>
<b>Reportable segment profit/(loss)</b>	<b>49,612</b>	<b>(101,241)</b>	<b>1,619</b>	<b>9,154</b>	<b>730</b>	<b>3,493</b>	<b>51,961</b>	<b>(88,594)</b>	<b>(558)</b>	<b>(41,509)</b>	<b>51,403</b>	<b>(130,103)</b>
Depreciation and amortisation	1,104	1,118	568	615	—	—	1,672	1,733	604	1,762	2,276	3,495
Impairment losses on												
- plant and equipment	—	—	—	—	—	—	—	—	—	902	—	902
- intangible assets	—	—	—	—	—	—	—	—	—	37,302	—	37,302
Unrealised (gains)/losses on trading securities	(30,549)	44,393	(1,771)	3,261	—	—	(32,320)	47,654	—	—	(32,320)	47,654
Unrealised foreign exchange (gains)/losses	(15,430)	59,421	—	—	—	—	(15,430)	59,421	—	(107)	(15,430)	59,314
Additions to non-current assets segment	12	20	140	500	—	—	152	520	187	5,573	339	6,093
<b>Reportable segment assets</b>	<b>529,570</b>	<b>437,714</b>	<b>77,205</b>	<b>78,663</b>	<b>3,104</b>	<b>11,796</b>	<b>609,879</b>	<b>528,173</b>	<b>—</b>	<b>21,131</b>	<b>609,879</b>	<b>549,304</b>
<b>Reportable segment liabilities</b>	<b>6,423</b>	<b>6,533</b>	<b>13,644</b>	<b>17,478</b>	<b>60</b>	<b>32</b>	<b>20,127</b>	<b>24,043</b>	<b>—</b>	<b>20,742</b>	<b>20,127</b>	<b>44,785</b>

(a) **Reconciliations of reportable segment profit or loss, assets and liabilities**

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>Profit</b>			
Reportable segment profit/(loss)		51,403	(130,103)
Share of losses of an associate		(544)	(1,065)
Elimination of discontinued operations	5	<u>558</u>	<u>41,509</u>
Consolidated profit/(loss) before taxation from continuing operations		<u>51,417</u>	<u>(89,659)</u>
<b>Assets</b>			
Reportable segment assets		609,879	549,304
Interest in an associate		—	30,039
Deferred tax assets		12,814	12,940
Current tax recoverable		<u>395</u>	<u>163</u>
Consolidated total assets		<u>623,088</u>	<u>592,446</u>
<b>Liabilities</b>			
Reportable segment liabilities		20,127	44,785
Provision for taxation		<u>880</u>	<u>2,439</u>
Consolidated total liabilities		<u>21,007</u>	<u>47,224</u>

3. **Other net income/(losses)**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Net realised and unrealised foreign exchange gains/(losses)	15,452	(58,959)
Net realised and unrealised gains/(losses) on trading securities	32,376	(47,589)
Gain on disposal of investment in an associate	819	—
Gain on disposal of plant and equipment	216	—
Others	<u>474</u>	<u>(428)</u>
	<u>49,337</u>	<u>(106,976)</u>

#### 4. Income tax

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Current tax - Overseas</b>		
Provision for the year	173	741
(Over)/Under-provision in respect of prior years	<u>(179)</u>	<u>1,506</u>
	<u>(6)</u>	<u>2,247</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,089)	47
Utilisation of deferred tax assets previously recognised	1,214	2,895
Reduction in tax rate	<u>—</u>	<u>825</u>
	<u>125</u>	<u>3,767</u>
Income tax expense from continuing operations	119	6,014
Income tax expense from discontinued operations	<u>—</u>	<u>1,496</u>
	<u>119</u>	<u>7,510</u>

The provision for Hong Kong Profits Tax is calculated at the rate of 16.5% (2008: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries has been provided on estimated assessable profits at the rates of taxation ruling in the relevant countries.

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 tax concession was renewed for a further period of twenty years from 2nd June 2009.

As at 31 December 2009, the Group has not recognised deferred tax assets in respect of tax losses of approximately HK\$4.0 million (31 December 2008: HK\$3.9 million) as it is not probable that there will be sufficient future taxable profits against which the Group can utilise the benefits. The tax losses do not expire under the current tax legislations.

#### 5. Discontinued Operations

On 13 March 2009, the Group entered into an agreement to dispose of its 50% shareholding interest in MindChamps Holdings Pte. Limited (“MindChamps”), a jointly controlled entity for a total consideration of S\$3.5 million (about HK\$19.0 million). The disposal was completed on 23 March 2009. Accordingly, the Group no longer proportionately consolidates the financial results of MindChamps from that date. The comparative income statement has been re-presented to show the results of the discontinued operations separately from those of the continuing operations.

The total consideration of S\$3.5 million (about HK\$19.0 million) shall be settled by cash in the following manner:

- (a) S\$0.75 million (HK\$3.84 million) paid on 23 March 2009;
- (b) S\$0.25 million (HK\$1.33 million) by 5 equal monthly instalments of S\$0.05 million (HK\$0.27 million) each payable on or before the 4th business day of each month, with the first instalment paid in May 2009;

(c) The remaining S\$2.5 million (about HK\$13.8 million) in March 2011.

Pursuant to the agreement dated 13 March 2009, the Group had received a total of S\$1.0 million (HK\$5.17 million) during the year 2009.

Following a settlement arrangement in December 2009, the remaining balance of S\$2.5 million (about HK\$13.8 million), was received/will be received by the Group in the following manner:

- (a) US\$0.05 million (about HK\$0.39 million) was received in December 2009;
- (b) US\$1.05 million (about HK\$8.14 million) payable by 14 December 2010; and
- (c) The remaining of about HK\$5.27 million payable by March 2011.

The Group would record additional gains as and when the deferred consideration is received.

The results of the discontinued operations are set out below:

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Turnover	7,842	46,940
Expenses	<u>(8,400)</u>	<u>(88,449)</u>
Loss before taxation	(558)	(41,509)
Income tax	<u>—</u>	<u>(1,496)</u>
Loss after taxation	(558)	(43,005)
Gain on disposal of discontinued operations	<u>5,663</u>	<u>—</u>
Profit/(Loss) from discontinued operations	<u><u>5,105</u></u>	<u><u>(43,005)</u></u>
Basic earnings/(losses) per share (cents)	<u><u>1.33</u></u>	<u><u>(11.24)</u></u>
<b>Cash flows used in discontinued operations</b>		
Operating activities	(3,592)	(4,650)
Investing activities	<u>403</u>	<u>(5,573)</u>
	<u><u>(3,189)</u></u>	<u><u>(10,223)</u></u>



The effect of the disposal on the assets and liabilities of the Group is as follows:

	<b>2009</b> <i>HK\$'000</i>
Non current assets	(5,972)
Current assets	(8,715)
Current liabilities	<u>15,480</u>
Net identifiable assets and liabilities	793
Gain on disposal of discontinued operations	(5,663)
Realisation of exchange differences arising from the disposal of discontinued operation	<u>273</u>
Cash consideration received, satisfied in cash (net of expenses incurred) <sup>(1)</sup>	(4,597)
Cash disposed of	<u>4,015</u>
Net cash flows	<u><u>(582)</u></u>

<sup>(1)</sup> This represents the cash consideration received to-date of HK\$5,561,000, net of expenses incurred of HK\$964,000.

**6. Profit/(Loss) for the year is arrived at after charging/(crediting):**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Depreciation of plant and equipment	2,023	3,433
Amortisation of intangible assets	253	62
Dividends and interest income	(13,175)	(16,434)
Gain on disposal of investment in a jointly controlled entity	(5,663)	—
Gain on disposal of investment in an associate	(819)	—
Gain on disposal of plant and equipment	(216)	—
Impairment losses on		
- trade receivables	364	222
- plant and equipment	—	902
- intangible assets	<u>—</u>	<u>37,302</u>

**7. Dividends**

a) *Dividends payable to equity shareholders of the Company attributable to the year*

The Directors of the Company have resolved not to propose any final dividend for the year ended 31 December 2009 (2008: HK Nil cents).

No interim dividend was paid for the year ended 31 December 2009 (2008: HK Nil cents)

- b) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year*

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Final dividends in respect of the previous financial year, approved and paid during the year, of HK Nil cents per share (2008: HK3 cents per share)	<u>—</u>	<u>11,494</u>

## 8. Earnings/(Losses) per share

- a) *Basic earnings/(losses) per share*

The calculation of basic earnings/(losses) per share is based on profit attributable to equity shareholders of the Company of HK\$55.9 million (2008: Loss of HK\$139.0 million) and on the weighted average number of ordinary shares of 382,449,524 (2008: 382,692,688) in issue during the year.

For the year ended 31 December 2009, earnings/(losses) per share for continuing and discontinued operations have been calculated using the profit relating to continuing operations of HK\$50.8 million (2008: Loss of HK\$96.0 million) and the profit relating to discontinued operations of HK\$5.1 million (2008: Loss of HK\$43.0 million).

- b) *Diluted earnings per share*

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

## 9. Interest in an associate

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Unlisted shares, at cost	—	—*
Share of net liabilities	—	(3,653)
Loan to associate	<u>—</u>	<u>33,692</u>
	<u>—</u>	<u>30,039</u>

\* Less than HK\$1,000.

In 2009, the Group has completed the sale of its 40% equity interest in Tune Hospitality Investment FZCO (“Tune”) and shareholder loan to associate for a total consideration of US\$4 million (about HK\$31.0 million) which was received on 2 September 2009.

#### 10. Trade and other receivables

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

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Current or less than 1 month overdue	4,907	9,959
1 to 3 months overdue	1,576	5,111
3 to 12 months overdue	<u>261</u>	<u>387</u>
Total trade receivables, less impairment losses	6,744	15,457
Other receivables, deposits and prepayments	14,824	10,713
Amounts owing by affiliated companies	1,177	782
Amounts owing by other shareholder of jointly controlled entity	<u>—</u>	<u>670</u>
	<u><u>22,745</u></u>	<u><u>27,622</u></u>

Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from its customers.

#### 11. Trade and other payables

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Due within 1 month or on demand	13,668	44,075
Due 1 to 3 months	3,142	110
Due 3 to 12 months	<u>3,317</u>	<u>600</u>
	<u><u>20,127</u></u>	<u><u>44,785</u></u>

### MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net profit attributable to the equity shareholders of the Company of HK\$55.9 million as compared with a net loss of HK\$139.0 million in the previous year.

For year ended 31 December 2009, the profit is contributed mainly by the investment holding business segment with a pre-tax profit of HK\$49.6 million as compared with a pre-tax loss of HK\$101.2 million in the previous year. This segment recorded unrealised profit of HK\$30.5 million as a result of the revaluation of the Group's trading securities to fair value as at 31 December 2009 as well as a net unrealised translation exchange gain of HK\$15.4 million arising mainly from the Sterling Pound denominated trading security and cash deposit. The total amount of HK\$45.9 million compares favourably to the total net unrealised losses of HK\$103.8 million reported in the previous year.

The Group recorded higher dividend income amounting to HK\$10.3 million as compared with HK\$2.0 million in the previous year. However, with the decline in interest rates globally, interest income was lower at HK\$2.9 million as compared with HK\$14.4 million in the previous year.

The Group's Hospitality Related Services business segment recorded lower revenue and profit for the year under review. The continuing challenging economic environment has resulted in lower revenue of HK\$39.6 million for the current year, down by HK\$9.8 million, from HK\$49.4 million in the previous year. This is mainly due to lower revenue contributed by Richfield Hospitality, Inc. ("Richfield"), the Group's hotel management arm. The current recession in the US economy has caused most of Richfield's managed hotels to record lower revenues and operating profits compared to the previous year, which in turn resulted in lower management fees.

During the year 2009, the Group rationalised that it would be more prudent to participate in investments where it can exercise greater management control in order to be able to respond more quickly to changes in the operating environment. Furthermore, the Group felt it would best maximise returns by exiting investments that performed below expectation and redeploying the capital to other higher-yielding investment opportunities. Accordingly, the Group disposed of the following investments:-

1. On 23 March 2009, the Group completed the sale of its 50% equity interest in MindChamps Holdings Pte. Limited ("MindChamps"). In view of the losses incurred in year 2008 as a result of the reduction in consumer discretionary spending caused by the economic recession and the uncertainty of the macroeconomic environment, the Group deemed that it would be prudent to divest its interest in this education-related venture. The Group recognised a profit of HK\$5.1 million as compared with a loss of HK\$43.0 million in the previous year. Following the sale, the Group no longer proportionately consolidates the financial results of MindChamps and the result has been reported as discontinued operations. As per the sale and purchase agreement between the Group and the buyer, payments by the buyer will continue until March 2011 when the total consideration is expected to be fully paid off.
2. In March and April 2009, the Group completed the sale of the remaining two units of residential properties in Singapore held for resale at a total revenue of HK\$12.5 million as compared with revenue of HK\$9.9 million on the sale of one unit in the previous year. Accordingly, a smaller pre-tax profit of HK\$0.7 million was realised for the current year as compared with a pre-tax profit of HK\$3.5 million recorded in the previous year.

3. On 2 September 2009, the Group completed the sale of its 40% equity interest in Tune Hospitality Investments FZCO for a total consideration of US\$4 million (about HK\$31.0 million) and recorded a disposal gain of HK\$0.8 million for the year under review. The delay in the development of the acquired land sites due to the economic slowdown had negatively impacted the expected returns of this investment.

Basic earnings per share for the year under review amounted to HK\$14.61 cents, calculated on the weighted average number of 382,449,524 ordinary shares in issue during the year. The Group's Net Tangible Assets per share increased to HK\$1.48 as at 31 December 2009, up from HK\$1.32 as at 31 December 2008. The Board is not proposing a final dividend for the year under review.

## **PROSPECTS**

Business conditions continue to remain challenging in the coming year and Management will adopt a cost-conscious approach towards managing its current business. The Group continues to hold some trading securities while its cash reserves are in a basket of currencies. From time to time, there could be continued adjustments attributable to unrealised gains or losses arising from the fair value readjustments of the Group's trading securities and unrealised gains or losses on revaluation of foreign currency cash deposits.

As the global recession continues and the credit environment remains tight, investment opportunities may become available at attractive valuations. The Group still has significant cash reserves to capitalise on any such price dislocation that may arise in the current environment.

## **DIVIDENDS**

The directors of the Company have resolved not to propose any final dividend for the year ended 31 December 2009 (2008: HK Nil cents). No interim dividend was paid for the year ended 31 December 2009 (2008: HK Nil cents).

## **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 annual results of the Group for the year ended 31 December 2009.

## **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.

Under the code provision E.1.2, the Chairman of the board should attend the annual general meeting. However, in the annual general meeting held on 22 April 2009, our chairman was unable to attend the meeting as he had to attend to an urgent matter. He appointed Mr. Gan Khai Choon to chair the meeting on his behalf.

## **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 year 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 ended 31 December 2009.

## **STATUTORY INFORMATION**

The Annual General Meeting of the Company will be held on 21 April 2010.

In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:00 p.m. on 16 April 2010, as the register of members of the Company will be closed from 19 — 21 April 2010, both dates inclusive.

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

Hong Kong, 23 February 2010

*As at the date of this announcement, the Board is comprised of 8 directors, of which 4 are executive directors, namely Mr. Kwek Leng Beng, Mr. Kwek Leng Joo, Mr. Gan Khai Choon and Mr. Lawrence Yip Wai Lam, 1 is a non-executive director, namely Mr. Chan Bernard Charnwut and 3 are independent non-executive directors, namely Dr. Lo Ka Shui, Mr. Lee Jackson a.k.a. Li Chik Sin and Mr. Teoh Teik Kee.*