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Miscellaneous

* Asterisks denote mandatory information

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Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
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Announcement Title * Announcement by Subsidiary Company, City e-Solutions Limited on Unaudited Consolidated Results for the Six Months ended 30 June 2013

Description Please see the attached announcement released by City e-Solutions Limited on 26 July 2013.

Attachments

 [CES_1H2013.pdf](#)
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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

2013 INTERIM RESULTS — ANNOUNCEMENT UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

RESULTS

The Directors of City e-Solutions Limited (the “Company”) announce the following unaudited consolidated results of the Company, its subsidiaries, jointly-controlled entity and associates (the “Group”) for the six months ended 30 June 2013 together with comparative figures.

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2013 — unaudited

	<i>Note</i>	Six months ended	
		30 June	
		2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(restated)</i>
Turnover	2	52,795	48,628
Cost of sales		<u>(9,441)</u>	<u>(9,876)</u>
Gross profit		43,354	38,752
Other net gains	3	2,274	5,991
Administrative expenses	4	<u>(45,877)</u>	<u>(48,356)</u>
Loss from operating activities		(249)	(3,613)
Finance costs	5	(264)	—
Share of profit/(losses) of a joint venture		1,605	(1,065)
Share of losses of associates		<u>(265)</u>	<u>—</u>
Profit/(Loss) before taxation		827	(4,678)
Income tax (expense)/credit	6	<u>(574)</u>	<u>1,388</u>
Profit/(Loss) for the period	7	<u><u>253</u></u>	<u><u>(3,290)</u></u>
Attributable to:			
Equity shareholders of the Company		1,148	8
Non-controlling interests		<u>(895)</u>	<u>(3,298)</u>
Profit/(Loss) for the period		<u><u>253</u></u>	<u><u>(3,290)</u></u>
Earnings per share			
		HK cents	HK cents
Basic earnings per share	8	<u><u>0.30</u></u>	<u><u>—</u></u> *

* *Less than HK 0.01 cents.*

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2013 — unaudited**

	Six months ended	
	30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(restated)</i>
Profit/(Loss) for the period	253	(3,290)
Other comprehensive income for the period (after taxation):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	____(592)	____ 213
Total comprehensive income for the period	<u><u>(339)</u></u>	<u><u>(3,077)</u></u>
Attributable to:		
Equity shareholders of the Company	547	227
Non-controlling interests	____(886)	____(3,304)
Total comprehensive income for the period	<u><u>(339)</u></u>	<u><u>(3,077)</u></u>

**Consolidated Statement of Financial Position
at 30 June 2013 - unaudited**

	<i>Note</i>	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000 (restated)	As at 1 January 2012 HK\$'000 (restated)
Non-current assets				
Property, plant and equipment		42,665	43,602	43,282
Intangible assets		14,945	16,289	361
Available-for-sale financial assets		33,015	—	—
Goodwill		8,942	8,938	1,694
Interest in a joint venture		10,391	10,404	12,492
Interest in associates		8,297	1,550	—
Deferred tax assets		22,762	23,270	21,927
Total non-current assets		141,017	104,053	79,756
Current assets				
Trading securities		98,795	93,150	79,900
Trade and other receivables	10	32,940	58,452	53,153
Current tax recoverable		1,518	1,452	357
Cash and cash equivalents		<u>388,874</u>	<u>376,452</u>	<u>397,702</u>
		<u>522,127</u>	<u>529,506</u>	<u>531,112</u>
Current liabilities				
Trade and other payables	11	(32,256)	(34,731)	(31,673)
Interest-bearing borrowings	12	<u>(915)</u>	<u>(39)</u>	<u>—</u>
		<u>(33,171)</u>	<u>(34,770)</u>	<u>(31,673)</u>
Net current assets		<u>488,956</u>	<u>494,736</u>	<u>499,439</u>
Total assets less current liabilities		629,973	598,789	579,195
Non-current liabilities				
Interest-bearing borrowings	12	<u>(31,611)</u>	<u>(88)</u>	<u>—</u>
NET ASSETS		<u><u>598,362</u></u>	<u><u>598,701</u></u>	<u><u>579,195</u></u>
CAPITAL AND RESERVES				
Share capital		382,450	382,450	382,450
Reserves		<u>170,685</u>	<u>170,138</u>	<u>162,064</u>
Total equity attributable to equity shareholders of the Company		553,135	552,588	544,514
Non-controlling interests		<u>45,227</u>	<u>46,113</u>	<u>34,681</u>
TOTAL EQUITY		<u><u>598,362</u></u>	<u><u>598,701</u></u>	<u><u>579,195</u></u>

Notes: -

1. Accounting policies

The interim financial results for the six months ended 30 June 2013 are unaudited, but have been reviewed by KPMG LLP in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Federation of Accountants. In addition, these financial results have been reviewed by the Company's Audit Committee.

The interim financial results for the six months ended 30 June 2013 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the annual report for the year ended 31 December 2012, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out below.

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new Hong Kong Financial Reporting Standards ("HKFRS") and amendments to HKFRS 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:

- Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- HKAS 28, *Investments in associates and joint ventures*
- Revised HKAS 19, *Employee benefits*
- *Annual Improvements to HKFRSs 2009 — 2011 Cycle*
- Amendments to HKFRS 7, *Financial Instruments: Disclosures — Offsetting financial assets and financial liabilities*

The adoption of the above new standards and amendments did not have any significant effect on the financial statements, except for the adoption of HKFRS 11.

HKFRS 11, which replaces HKAS 31 *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent

of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

The adoption of HKFRS 11 has changed the Group's accounting policy for its joint venture which was previously accounted for using proportionate consolidation. The financial effects on the Group's consolidated statement of financial position as at 1 January 2012 and 31 December 2012 and its consolidated statement of profit or loss for the six months ended 30 June 2012 as restated comparatives in the Group's unaudited consolidated financial results for the six months ended 30 June 2013, are as follows:

Impact on financial position as at 1 January 2012

	As previously reported	Retrospective effect of change in accounting policy	As restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	117,499	(37,743)	79,756
Current assets	533,485	(2,373)	531,112
Current liabilities	(34,350)	2,677	(31,673)
Non-current liabilities	(37,439)	37,439	—
Net assets	<u>579,195</u>	<u>—</u>	<u>579,195</u>

Impact on financial position as at 31 December 2012

	As previously reported	Retrospective effect of change in accounting policy	As restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	139,984	(35,931)	104,053
Current assets	533,313	(3,807)	529,506
Current liabilities	(37,565)	2,795	(34,770)
Non-current liabilities	(37,031)	36,943	(88)
Net assets	<u>598,701</u>	<u>—</u>	<u>598,701</u>

**Impact on results for the
six months ended 30 June 2012**

	As previously reported	Retrospective effect of change in accounting policy	As restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	65,947	(17,319)	48,628
Gross profit	48,400	(9,648)	38,752
Share of losses of a joint venture	—	(1,065)	(1,065)
Loss before taxation	(4,678)	—	(4,678)
Loss for the period	<u>(3,290)</u>	<u>—</u>	<u>(3,290)</u>

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Segment reporting

Included in reportable segment revenue are dividends and interest income amounting to HK\$3.2 million (2012: HK\$4.9 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 period is set out below:

	Investment Holding		Hospitality		Total	
	2013	2012	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(restated)</i>		<i>(restated)</i>
<i>For the six months ended 30 June:</i>						
Revenue from external customers	1,513	2,997	49,623	43,682	51,136	46,679
Interest income	<u>981</u>	<u>890</u>	<u>678</u>	<u>1,059</u>	<u>1,659</u>	<u>1,949</u>
Reportable segment revenue	<u>2,494</u>	<u>3,887</u>	<u>50,301</u>	<u>44,741</u>	<u>52,795</u>	<u>48,628</u>
Reportable segment (loss)/profit	<u>(624)</u>	<u>3,248</u>	<u>1,451</u>	<u>(7,926)</u>	<u>827</u>	<u>(4,678)</u>
Depreciation and amortisation	1	206	2,599	2,028	2,600	2,234
Net realised and unrealised valuation gains/(losses) on trading securities	8,493	9,561	(479)	(32)	8,014	9,529
Net realised and unrealised foreign exchange losses	(6,283)	(3,476)	—	—	(6,283)	(3,476)
Additions to non-current assets	33,034	—	7,791	572	40,825	572
<i>As at 30 June / 31 December:</i>						
Reportable segment assets	450,652	464,957	188,212	143,880	638,864	608,837
Reportable segment liabilities	7,832	6,901	56,950	27,957	64,782	34,858

3. **Other net gains**

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised and unrealised foreign exchange losses	(6,283)	(3,476)
Net realised and unrealised valuation gain on trading securities	8,014	9,529
Gain on disposal of property, plant and equipment	518	—
Others	<u>25</u>	<u>(62)</u>
	<u><u>2,274</u></u>	<u><u>5,991</u></u>

4. **Administrative expenses**

Administrative expenses comprise mainly expenses incurred by the Group's Hospitality segment, which include expenses incurred by Sheraton Chapel Hill Hotel, North Carolina, U.S., a hotel jointly operated by the Group's subsidiary.

5. **Finance costs**

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of transaction costs capitalised	23	—
Interest expenses on borrowings	<u>241</u>	<u>—</u>
	<u><u>264</u></u>	<u><u>—</u></u>

6. **Income tax (expense)/credit**

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax - Overseas		
Provision for the period	(47)	(186)
(Under)/Over-provision in respect of prior years	<u>(8)</u>	<u>484</u>
	<u>(55)</u>	<u>298</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(519)</u>	<u>1,090</u>
Income tax (expense)/credit from continuing operations	<u><u>(574)</u></u>	<u><u>1,388</u></u>

The provision for Hong Kong Profits Tax is calculated at the rate of 16.5% (2012: 16.5%) of the estimated assessable profits for the period ended 30 June 2013. 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 2 June 2009.

As at 30 June 2013, the Group has not recognised deferred tax assets in respect of tax losses of approximately HK\$4.1 million (31 December 2012: HK\$4.1 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.

7. Profit/(Loss) for the period

Profit/(Loss) for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(restated)</i>
Depreciation of property, plant and equipment	1,250	1,328
Amortisation of intangible assets	1,350	906
Operating lease charges — rental of properties	916	891
Dividends and interest income	<u>(3,172)</u>	<u>(4,946)</u>

8. Earnings per share

a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to ordinary equity shareholders of the Company of HK\$1.1 million (six months ended 30 June 2012: profit of less than HK\$0.1 million) and the weighted average number of ordinary shares of 382,449,524 (2012: 382,449,524) in issue during the period.

b) Diluted earnings per share

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

9. Dividends

a) Dividend 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 2013 (2012: nil).

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

There were no dividends attributable to the previous financial year, approved and paid during the interim period of 2013 and 2012.

10. Trade and other receivables

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

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(restated)</i>	As at 1 January 2012 <i>HK\$'000</i> <i>(restated)</i>
Current or less than 1 month overdue	9,175	8,378	9,735
1 to 3 months overdue	3,350	7,575	4,773
3 to 12 months overdue	<u>3,418</u>	<u>929</u>	<u>488</u>
Total trade receivables, less impairment losses	15,943	16,882	14,996
Other receivables and deposits	9,198	7,581	5,300
Amount owing by a joint operation	—	23,255	23,912
Amounts owing by affiliated companies	<u>620</u>	<u>1,481</u>	<u>478</u>
Loans and receivables	25,761	49,199	44,686
Prepayments	<u>7,179</u>	<u>9,253</u>	<u>8,467</u>
	<u><u>32,940</u></u>	<u><u>58,452</u></u>	<u><u>53,153</u></u>

Trade receivables are due within 30 days from the date of billing. Receivables 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

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(restated)</i>	As at 1 January 2012 <i>HK\$'000</i> <i>(restated)</i>
Trade payables	3,920	2,276	1,607
Other payables and accrued charges	21,098	21,185	20,651
Deferred income	6,723	10,953	9,265
Amounts owing to affiliated companies	<u>515</u>	<u>317</u>	<u>150</u>
	<u><u>32,256</u></u>	<u><u>34,731</u></u>	<u><u>31,673</u></u>

Trade and other payables have the following ageing analysis as of the reporting date:

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000 (restated)	As at 1 January 2012 HK\$'000 (restated)
Due within 1 month or on demand	18,818	13,351	19,602
Due 1 to 3 months	4,273	6,882	2,768
Due 3 to 12 months	<u>9,165</u>	<u>14,498</u>	<u>9,303</u>
	<u><u>32,256</u></u>	<u><u>34,731</u></u>	<u><u>31,673</u></u>

12. Interest-bearing borrowings

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000 (restated)	As at 1 January 2012 HK\$'000 (restated)
Term loan (secured)	32,077	—	—
Finance lease liabilities	<u>449</u>	<u>127</u>	<u>—</u>
	<u><u>32,526</u></u>	<u><u>127</u></u>	<u><u>—</u></u>
Repayable:			
- Within 1 year	915	39	—
- Between 1 and 5 years	4,715	88	—
- After 5 years	<u>26,896</u>	<u>—</u>	<u>—</u>
	<u><u>32,526</u></u>	<u><u>127</u></u>	<u><u>—</u></u>

On 26 April 2013, the Group, through its indirect subsidiary, SWAN Carolina Investor, LLC, and SFI Carolina TIC SPE, LLC entered into a ten-year term loan of US\$8.6 million (approximately HK\$66.7 million) to primarily re-finance its joint operation, Sheraton Chapel Hill Hotel.

The term loan is secured by:

- a first priority mortgage of Sheraton Chapel Hill Hotel, its improvements, equipment and fixtures with a carrying amount of HK\$39.8 million as at 30 June 2013;
- assignments of all rights and benefits to sale, lease, agreements, trademarks and insurance proceeds in respect of Sheraton Chapel Hill Hotel;
- pledge of monies held in specific bank accounts of HK\$1.4 million as at 30 June 2013; and
- guarantee by Richfield Hospitality, Inc, an indirect subsidiary of the Group.

13. Capital commitments contracted but not provided for

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Commitment to make an investment in BEA Blue Sky Real Estate Fund L.P.	<u>160,869</u>	<u>—</u>

On 3 June 2013, the Group's direct wholly-owned subsidiary, CES Capital Limited, has committed to make an investment of US\$25.0 million (approximately HK\$193.9 million) in BEA Blue Sky Real Estate Fund L.P. (the "Fund"), by way of a subscription for a limited partnership interest in the Fund. As at 30 June 2013, CES Capital Limited has contributed US\$4.3 million (approximately HK\$33.0 million) to the Fund.

The Fund is a closed-ended private equity fund structured as a Cayman Islands exempted limited partnership, organised for the sole purpose of subscribing for a limited partnership interest in the China Fund. The China Fund is a real estate private equity fund established for the purpose of making investments in real estate assets and real estate-related assets in Greater China.

14. Establishment of SWAN Carolina Investor, LLC as joint operator of Sheraton Chapel Hill

On 1 January 2013, the Group, through its newly incorporated indirect subsidiary, SWAN Carolina Investor, LLC ("SCI"), entered into a tenant-in-common agreement with SFI Carolina TIC SPE, LLC to own an equal 50% tenant-in-common interest in Sheraton Chapel Hill Hotel (the "Property") for the purpose of owning and operating the Property as a hotel and as an investment. Following the tenant-in-common agreement, SCI became a joint operator of the Property and is entitled to 50% of all income, expenses and increases or decreases in value of the Property with effect from 1 January 2013.

15. Acquisition of interest in Doubletree Burlington Hotel through investment in a new associate, S-R Burlington Partners, LLC

On 30 January 2013, the Group, through its indirect subsidiary, SWAN USA, Inc ("SWAN USA"), invested in a new associate, S-R Burlington Partners, LLC ("SRBP"). SWAN USA contributed US\$0.9 million (approximately HK\$7.0 million) to obtain an equity interest of 31.83% in SRBP. On the same day, SRBP entered into an agreement to acquire 59.83% equity interest in RBH Venture, LLC, a company incorporated in USA, which indirectly owns 100% interest in Doubletree Burlington Hotel, USA. Following the investment, the Group holds an effective interest of approximately 16% in the hotel property.

The share of results of SRBP from 30 January 2013 to 30 June 2013, including share of acquisition-related costs of HK\$0.6 million, was included in the "Share of losses of associates" in the consolidated statement of profit or loss for the six months ended 30 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group reported an improvement in revenue to HK\$52.8 million, an increase of HK\$4.2 million or 8.6% from HK\$48.6 million in the previous corresponding period due to higher revenues from the Group's Hospitality segment. Consequently, the Group's Hospitality segment reported pre-tax profit of HK\$1.5 million for the period under review as compared with a pre-tax loss of HK\$7.9 million in the previous corresponding period.

The Group's U.S. hotel management arm, Richfield Hospitality, recorded higher management fee of HK\$17.3 million, up by HK\$1.6 million or 10.2% from HK\$15.7 million in the previous corresponding period due mainly from a new contract secured with a full service property. Overall, with good cost controls and measures, Richfield contributed an improved profit before tax of about HK\$0.1 million as compared with a loss of HK\$3.5 million in the previous corresponding period.

The Sheraton Chapel Hill Hotel, North Carolina, U.S. continued to enjoy good room occupancy and contributed a total revenue of HK\$13.4 million, up by HK\$1.8 million or an increase by 15.5% from HK\$11.6 million in the previous corresponding period. Accordingly, the profit contribution improved to HK\$2.5 million up from HK\$1.4 million in the previous corresponding period.

The Group's 51% equity interest in Sceptre Hospitality Resources ("SHR"), the hospitality industry's leading expert for reservations connectivity, online channel marketing and revenue/channel-management services, recorded a full 6 months of revenue amounting to HK\$17.1 million, up from HK\$11.5 million being revenue recorded for approximately four months of operation as SHR commenced operation around end February 2012. However, the increase of HK\$5.6 million in revenue from SHR was offset by a decrease of HK\$3.0 million from the in-house reservations management and distribution arm which had since ceased operation as a result of the merger with SHR at end February 2012. For the period under review, SHR incurred a lower loss at HK\$2.5 million as compared with HK\$4.6 million in the previous corresponding period.

The Group's jointly-controlled entity which owns the Crowne Plaza Syracuse Hotel reported improved trading result and contributed a share of profit of HK\$1.6 million for the period under review as compared with a share of loss of HK\$1.1 million in the previous corresponding period. On the other hand, the Group recognised share of losses from its associates of HK\$0.3 million, which included the Group's share of acquisition-related costs of HK\$0.6 million arising from Group's investment in S-R Burlington Partners, LLC ("SRBP") on 30 January 2013.

On the Group's Investment Holding segment, the net realised and unrealised valuation gains of HK\$8.5 million was recognised from the Group's securities holding as at 30 June 2013. This was offset by net realised and unrealised foreign exchange losses of HK\$6.3 million which mainly arose from the Sterling Pound denominated trading securities and cash deposits. Overall, the total net realised and unrealised gains of HK\$2.2 million was recorded for the period under review as compared with total net realised and unrealised gains of HK\$6.1 million in the previous corresponding period.

Overall, the Group recorded a net profit attributable to the equity shareholders of the Company of HK\$1.1 million as compared with a net profit attributable to the equity shareholders of the Company of less than HK\$0.1 million in the previous corresponding period due mainly to the profit from the Group's Hospitality segment as discussed above.

PROSPECTS

The Group remains cautious in the midst of the global uncertainty, though there are signs of improvement in the U.S. real estate and hospitality market.

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 the revaluation of foreign currency cash deposits.

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 2013.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code ("CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2013.

Under the CG Code provision E.1.2, the chairman of the board should attend the annual general meeting and invite the chairmen of audit, remuneration, nomination and any other committees (as appropriate) to attend. However, in the annual general

meeting held on 19 April 2013 (“2013 AGM”), our chairman was unable to attend the meeting as he had to attend to other commitments. He appointed Mr. Gan Khai Choon to chair the 2013 AGM on his behalf. Further Mr. Chan Bernard Charnwut, a non-executive director and member of the Audit Committee and Nomination Committee, was invited to attend the 2013 AGM to answer any question from the shareholders concerning the Company’s corporate governance. As provided for in the CG Code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The 3 independent non-executive directors were unable to attend the 2013 AGM.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

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 (“Model Code”). All directors have confirmed that they have complied with the Model Code throughout the period under review.

CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes of information on Directors are as follows:-

Mr. Lee Jackson a.k.a. Li Chik Sin, an independent director of Hong Fok Corporation Limited (“Hong Fok”), was appointed as the lead independent director of Hong Fok on 1 April 2013.

Mr. Teoh Teik Kee was appointed as a non-independent & non-executive director of Hwang-DBS (Malaysia) Berhad on 1 April 2013.

Dr. Lo Ka Shui was appointed as the chairman and non-executive director of Langham Hospitality Investments Limited and LHIL Manager Limited (in the capacity as Trustee-Manager of Langham Hospitality Investments Limited) on 29 January 2013 and 25 February 2013, respectively. He also stepped down as the chairman and was appointed as the vice chairman of The Chamber of Hong Kong Listed Companies on 27 June 2013.

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 six months ended 30 June 2013.

By Order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 26 July 2013

As at the date of this announcement, the Board is comprised of 9 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, 2 are non-executive directors, namely Mr. Chan Bernard Charnwut and Mr. Ronald Nathaniel Issen, 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.