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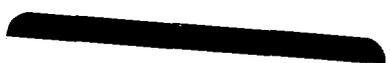
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Tel: 2922-8228 Fax: 2501-0729
OFFICE OF INTERNATIONAL CORPORATE FINANCE

27 February 2006

Securities and Exchange Commission
450 Fifth Street, N. W.
Washington, D. C. 20549
U. S. A

Your Reference: File No. 82-3667



SUPPL

Dear Sir,

We are pleased to enclose a copy of announcement, dated 24 February 2006, for your information:

City e-Solutions Limited
- 2005 Final Results Announcement

If you have any queries, please contact Mr. Lawrence Yip of our office at (852) 29228228.

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Yours faithfully,

Lawrence Yip
Executive Director

Enc.



City e-Solutions Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 557)

2005 FINAL RESULTS — ANNOUNCEMENT
AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

RESULTS

The Directors of City e-Solutions Limited (the "Company") are pleased to announce the following final audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005 together with comparative figures.

Consolidated Profit and Loss Account

| | Note | 2005 | 2004 |
|--|------|--------------|---------------|
| | | HK\$'000 | HK\$'000 |
| Turnover | 1 | 84,518 | 72,147 |
| Cost of sales | | (21,321) | (22,502) |
| Gross profit | | 63,197 | 49,645 |
| Other net (expenses) / income | 2 | (11,807) | 25,919 |
| Administrative expenses | | (44,020) | (48,210) |
| Profit before taxation | 1 | 7,370 | 27,354 |
| Income tax | 4 | — | 15 |
| Profit for the year | | <u>7,370</u> | <u>27,369</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 5,392 | 26,519 |
| Minority interests | | 1,978 | 850 |
| Profit for the year | | <u>7,370</u> | <u>27,369</u> |
| Dividends payable to equity shareholders of the Company attributable to the year: | 5 | | |
| Final dividend proposed after the balance sheet date HK\$ cents per share (2004: HK\$ cents per share) | | 11,494 | 11,494 |
| Earnings per share Basic | 6 | 1.41 cents | 6.92 cents |

Balance Sheet

| | The Group | | The Company | |
|--|-----------|----------|-------------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 4,785 | 3,346 | 3,463 | 2,687 |
| Intangible assets | 343 | 407 | — | — |
| Interests in subsidiaries | — | — | 158,741 | 140,741 |
| Total Non-Current Assets | 5,128 | 3,753 | 162,204 | 143,428 |
| Current Assets | | | | |
| Other financial assets | 118,048 | 118,732 | 114,510 | 117,746 |
| Trade and other receivables | 21,907 | 25,892 | 8,825 | 10,644 |
| Cash and cash equivalents | 497,335 | 499,148 | 314,106 | 329,328 |
| | 637,290 | 643,772 | 437,441 | 457,718 |
| Current Liabilities | | | | |
| Trade and other payables | (23,571) | (24,223) | (8,517) | (10,721) |
| Provision for taxation | (1,025) | (1,025) | (1,025) | (1,025) |
| | (24,596) | (25,248) | (9,542) | (11,746) |
| Net Current Assets | 612,694 | 618,524 | 427,899 | 445,972 |
| Total Assets less Current Liabilities | 617,822 | 622,277 | 590,103 | 589,400 |
| Non-Current Liabilities | | | | |
| Loan owing to a subsidiary | — | — | — | (63) |
| NET ASSETS | 617,822 | 622,277 | 590,103 | 589,337 |
| CAPITAL AND RESERVES | | | | |
| Share capital | 383,126 | 383,126 | 383,126 | 383,126 |
| Reserves | 206,655 | 213,038 | 206,977 | 206,211 |
| Total equity attributable to equity shareholders of the Company | 589,781 | 596,164 | 590,103 | 589,337 |
| Minority interests | 28,041 | 26,113 | — | — |
| TOTAL EQUITY | 617,822 | 622,277 | 590,103 | 589,337 |

Notes:

1. The analysis of the principal activities and geographical location of the operations of the Company and its subsidiaries during the financial year are as follows:

| | Group turnover | | Profit from operations | |
|------------------------------|----------------|----------|------------------------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Business Segments | | | | |
| Investment holding | 20,865 | 9,937 | (2,762) | 22,572 |
| Hospitality related services | 63,653 | 62,210 | 10,132 | 4,782 |
| | 84,518 | 72,147 | 7,370 | 27,354 |
| Geographical Segments | | | | |
| Hong Kong | 15,941 | 7,982 | (6,707) | 21,243 |
| Singapore | 4,463 | 5,282 | 894 | 449 |
| United States | 64,114 | 58,883 | 13,183 | 5,662 |
| | 84,518 | 72,147 | 7,370 | 27,354 |

2. The analysis of Other Net (Expenses) / Income is as follows:-

| | 2005 | 2004 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Exchange (loss) / gain (net) | (8,738) | 4,804 |
| Profit / (loss) on sale of property, plant and equipment (net) | 458 | (9) |
| Net unrealized (loss) / gain on stating securities at fair value | (3,527) | 20,250 |
| Others | — | 874 |
| | (11,807) | 25,919 |

3. Profit before taxation

| | 2005 | 2004 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Profit before taxation has been arrived at after charging: | | |
| Amortisation of intangible assets | 65 | 70 |
| Depreciation of property, plant and equipment | 1,355 | 1,630 |

4. Taxation

| | 2005 | 2004 |
|---|----------|----------|
| | HK\$'000 | HK\$'000 |
| Hong Kong taxation | — | (15) |
| - overprovision in respect of prior years | — | (15) |

The provision for Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year ended 31 December 2005. Taxation for overseas subsidiaries is similarly charged at the appropriate current 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.

5. Dividends

Dividends attributable to the previous financial year were approved and paid during the year.

| | 2005 | 2004 |
|--|----------|----------|
| | HK\$'000 | HK\$'000 |
| Final dividends in respect of the previous financial year, approved and paid during the year, of HK\$ cents (2004: HK\$ cents) per share | 11,494 | 11,494 |

The directors of the Company have proposed a final dividend for the year ended 31 December 2005 of HK\$ cents per share (2004: HK\$ cents). The final dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.

No interim dividend was paid for the year ended 31 December 2005 (2004: Nil cents).

6. Earnings per share

a) Basic Earnings Per Share

The calculation of basic earnings per share is based on profit after taxation attributable to shareholders of HK\$5.4 million (2004: HK\$26.5 million) and on 383,125,524 (2004: 383,125,524) ordinary shares in issue during the year.

b) Diluted Earnings Per Share

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group, through its 85% subsidiary, SWAN Holdings Limited Group ("SWAN"), has most of its activities in the United States. The hospitality industry in the US has remained robust with continued strong rebound in demand compared over the past few years. Many of our client hotels are performing well with their revenues and operating profits for 2005 exceeding prior year. This improvement in business environment has benefited SWAN's hotel management business unit, Richfield, as its fee income is aligned to revenue and profits of its hotel customers.

In the year under review, the Group recorded a turnover of HK\$84.5 million comprising mainly revenue contribution of HK\$64.1 million from SWAN and investment related income of HK\$20.4 million. The Group achieved growth of 17.1% in its turnover in 2005 over 2004 mainly due to higher interests received and fee income from SWAN.

The Group's total investment income increased by 110.0% from previous year to HK\$20.9 million from HK\$9.9 million. In line with the higher prevailing interest rates during the year under review, interest income increased to HK\$15.4 million, up 156.1% from HK\$6.0 million received in the previous year. On the other hand, the Company recorded a net other expense of HK\$11.8 million, a decline of HK\$37.7 million, compared to net other income of HK\$25.9 million recorded in the previous year. This decline is mainly attributed to unrealized losses arising from remeasuring the Group's investment securities at fair value as at financial year end as well as unfavourable exchange translation losses.

For 2005 as a whole, the Group recorded a net profit attributable to its equity shareholders of the Company of HK\$5.4 million, representing a decline of 79.7% from the previous year's of HK\$26.5 million.

SWAN continued to focus its business development efforts on Richfield (hotel management services) and Sceptre (electronic reservation and revenue management services) in 2005. During the year in review, Richfield was successful in signing several new contracts to manage upscale larger hotels that will generate higher annual fees. As announced on 8 August 2005, the 14 hotels in US owned by Millennium & Copthorne Hotels plc ("M&C"), ceased procuring hotel reservation services from Sceptre in 4th quarter of 2005. M&C is a subsidiary of City Developments Limited, a substantial shareholder of the Company. Excluding the 14 M&C hotels, Sceptre as at year end is providing services to more than 150 properties. Sceptre will be stepping up its business development efforts to replace this loss of revenue stream.

Basic earnings per share for the year under review was HK\$1.41 cents calculated on 383,125,524 ordinary shares in issue during the year.

The Group's Net Tangible Assets (net assets less intangible assets and minority interests) backing per share as at 31st December 2005 decreased marginally to HK\$1.54 from HK\$1.55 as at the end of the previous financial year end. The Board proposed a final dividend of HK\$ cents per share for the year under review.

BUSINESS REVIEW AND OUTLOOK

Despite the uncertainty over the price of crude oil and the pace of interest rate increases, the United States economy is expected to continue to grow steadily in 2006. Consequently, the hospitality industry in the US is projected to record another year of healthy growth in 2006. Therefore, SWAN's business units should benefit from the improving economy and industry in the coming 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. Richfield is working on many potential contracts and is optimistic of converting some of these into multi-year contracts in 2006.

With the retention of our significant cash resources, the Group will be able to capitalize on any good investment opportunities that arise in 2006. We intend to be more active in evaluating opportunities to take advantage of the current favourable global economic environment. Barring unforeseen circumstances, the Group's performance in respect of its current hospitality related operations should remain profitable in 2006.

DIVIDENDS

The directors of the Company have proposed a final dividend for the year ended 31 December 2005 of HK\$ cents per share (2004: HK\$ cents). No interim dividend was paid for the year ended 31 December 2005 (2004: Nil cents).

AUDIT COMMITTEE

The members of the Audit Committee of the Company comprise two independent non-executive directors and one non-executive director of the Company. It has reviewed the annual results of the Group for the year ended 31 December 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 year under review.

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 at regular intervals. 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

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

STATUTORY INFORMATION

The Annual General Meeting of the Company will be held on 20 April 2006.

The register of members will be closed from 18 April 2006 to 20 April 2006, both dates inclusive, and the dividend cheques are expected to be despatched on or about 19 May 2006.

By Order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 23 February 2006

As at the date of this announcement, the Board is comprised of 11 Directors, of which 6 are non-executive Directors, namely Mr. Kwek Leng Beng, Mr. Vincent Yeo Wee Eng, Mr. Kwek Leng Joo, Mr. Kwek Leng Peck, Mr. Gan Khai Choon and Mr. Lawrence Yip Wai Lam. 2 are non-executive Directors, namely Mr. Wong Hong Ren and Mr. Chen 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. Toeh Teik Kee.