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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

CESSATION OF PROVISION OF HOTEL RESERVATION SERVICES TO M&C GROUP

<p>The Group will cease to provide hotel reservation services to M&C Group with effect from 18 October 2005.</p>
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The board of directors (“Board”) of City e-Solutions Limited received written notice dated 5 August 2005 from M&C Group that the 14 hotels owned by M&C Group in the United States of America will not be requiring the Group’s hotel reservations services and hence the Group’s provision of such services will cease with effect from 18 October 2005 in accordance with the terms of the relevant reservation service agreements. The reason for the termination was that they are changing to the central reservation service provider that the other M&C hotels in Europe and Asia will be using.

These 14 hotels are owned and operated by M&C Group. The hotel reservation services to be ceased form part of the Hospitality Related Transactions provided by Group through SWAN, which is indirectly held as to 85% by the Company and 15% by M&C, and its wholly-owned subsidiaries, the details of which are contained in the 2003 Circular. The Hospitality Related Transactions are on-going connected transactions for the Company under the Listing Rules. They were approved by the independent shareholders of the Company at the general meeting on 13 March 2003. The relevant 2003 Waiver obtained for the Hospitality Related Transaction will expire on 31 December 2005.

The revenue recorded by Group from these 14 hotels for the full financial year of 2004 represented 21.0% of the Group’s total turnover. As will be set out in the interim results announcement dated 8 August 2005 to be published by the Company, such revenue for the first half of 2005 represented 19.2% of the Group’s total turnover.

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

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

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requests:

“2003 Circular”	the circular issued by the Company dated 17 February 2003 in respect of, among others, the Hospitality Related Transactions between the Group and the M&C Group
“2003 Waiver”	the waiver from strict compliance with the relevant announcement and shareholders’ approval requirements of the Listing Rules granted by the Stock Exchange in 2003 to the Company in respect of, among others, the Hospitality Related Transactions, subject to certain conditions as set out in the 2003 Circular
“Board”	the board of directors of the Company
“CDL”	City Developments Limited, a company incorporated in the Republic of Singapore, whose shares are listed on the Singapore Exchange Securities Trading Limited, the controlling Shareholder holding approximately 52% of the issued share capital of the Company
“Company”	City e-Solutions Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange and owned as to about 52% by CDL
“Director”	director of the Company
“Group”	the Company and its subsidiaries
“Hospitality Related Transactions”	certain hospitality related services provided by the Group through the SWAN Group to the hotels owned by the M&C Group details of which are described in the 2003 Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&C”	Millennium & Copthorne Hotels plc, a public company incorporated in England and Wales, whose shares are listed on the London Stock Exchange Limited and indirectly owned as to approximately 52% by CDL
“M&C Group”	M&C and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“SWAN” SWAN USA, Inc., a company incorporated in the State of Colorado, United States, whose issued share capital is indirectly held as to 85% by the Company and 15% by M&C

“SWAN Group” SWAN and its wholly-owned subsidiaries

By order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 8 August 2005

As at the date of this announcement, the Board is comprised of 11 Directors, of which 6 are 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. 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.

Please also refer to the published version of this announcement in The Standard.