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City e-Solutions Limited

*(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 557)*

PROFIT WARNING ANNOUNCEMENT

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group expects to record a bigger loss for the nine months ended 30 September 2011 subject to the finalisation and necessary adjustments to the financial statements of the Group. The Board considers that the loss was mainly attributable to net unrealised losses arising from fair value readjustments of the Group's trading securities as a result of the adverse movements in the global financial markets.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by City e-Solutions Limited (the "Company", and together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Based on the information currently available, the board of directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that the Group expects to record a bigger loss for the unaudited consolidated results of the Group for the nine months ended 30 September 2011, as compared with a loss of HK\$1.7 million for the first 6 months of 2011 and a profit of HK\$15.2 million for the corresponding period in 2010. The Board considers that the loss was mainly attributable to net unrealised losses arising from fair value readjustments of the Group's trading securities as a result of the adverse movements in global financial markets.

The information contained in this announcement is based on information currently available to the Group and a preliminary assessment of the management accounts of the Group by the management of the Company. It is not based on any figures or information that has been audited or reviewed by the Company's auditors and remains subject to finalisation and necessary adjustments. Subject to the approval of the Board, the unaudited financial statements of the Group for the nine months ended 30 September 2011 is expected to be announced by the Company in November 2011.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 21 October 2011

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 Choong 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.