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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

PROFIT WARNING ANNOUNCEMENT

The Board wishes to announce that the Group is expected to record:

- unaudited net unrealised foreign exchange losses and unrealised losses on trading securities of a total amount of about HK\$59.1 million for the nine months ended 30 September 2008; and
- based on a preliminary assessment, a further loss of about HK\$35.9 million arising from unrealised foreign exchange losses and unrealised losses on trading securities of the Group for October 2008.

These losses are based on information currently available to the Group subject to finalisation and necessary adjustments. Further information relating to such losses and financial information of the Group would be included in the announcement of the Company about the unaudited financial statements of the Group for the nine months ended 30 September 2008 scheduled to be made on 12 November 2008 after trading hours.

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”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors of the Company (“Board”) wishes to announce that the Group is expected to record the following losses:

- (a) The Group is expected to record unaudited net unrealised foreign exchange losses and unrealised losses on trading securities of a total amount of about HK\$59.1 million for the nine months ended 30 September 2008.
- (b) Based on a preliminary assessment, a further loss of about HK\$35.9 million arising from unrealised foreign exchange losses and unrealised losses on trading securities for October 2008 is also expected to be recorded by the Group.

The abovementioned unaudited losses of the Group for the respective periods were mainly contributed by unrealised losses arising from the fair value remeasurements of the Group’s trading securities, and unrealised exchange loss on revaluation of foreign currency cash deposits. These debit adjustments have resulted from the exceptionally volatile global financial markets during such periods, which are essentially beyond the control of the management of the Group.

The losses are based on information currently available to the Group subject to finalisation and necessary adjustments. The information contained in this announcement is only based on preliminary assessment of the management accounts of the Group, and is not based on any figures or information that has been audited or reviewed by the Company’s auditors.

The unaudited financial statements of the Group for the nine months ended 30 September 2008 are scheduled to be announced by the Company subject to approval by the Board on 12 November 2008 after trading hours. Further information relating to such losses and financial information of the Group would be included in that announcement.

Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Group for the nine months ended 30 September 2008. Furthermore, the Company and the Board would advise them to exercise caution when dealing in the securities of the Company and seek advice from their professional advisers where appropriate.

By order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 6 November 2008

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 Hon. 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.