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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

SUMMARY

To provide the market with updated information, the Board of City e-Solutions Limited announces the unaudited consolidated financial results of the Company, its subsidiaries and its jointly controlled entity (the “Group”) and the Group’s interest in an associate for the nine months ended 30 September 2008. It is the intention of the Company to publish the Group’s financial results quarterly thereafter as good corporate governance.

This announcement is made in accordance with Rule 13.09(1) of the Listing Rules.

The unaudited consolidated loss attributable to equity shareholders of the Company for the nine months ended 30 September 2008 was approximately HK\$48.5 million.

Shareholders of the Company and potential investors should note that all figures contained herein are unaudited and are advised to exercise caution when dealing in the shares of the Company.

This announcement is made in accordance with Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

To provide the market with updated information, the board (“Board”) of directors (“Directors”) of City e-Solutions Limited (the “Company”) announces the unaudited consolidated financial results of the Company, its subsidiaries and its jointly controlled entity (the “Group”) and the Group’s interest in an associate for the nine months ended 30 September 2008 (the “Period”). It is the intention of the Company to publish the Group’s financial results quarterly thereafter as good corporate governance.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the nine months ended 30 September 2008

	Nine months ended	
	30 September	
	2008	2007
	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	101,611	77,096
Cost of sales	<u>(31,367)</u>	<u>(14,803)</u>
Gross profit	70,244	62,293
Other net losses	(57,381)	(11,333)
Administrative expenses	<u>(56,732)</u>	<u>(42,214)</u>
(Loss)/Profit from operations	(43,869)	8,746
Share of losses of associate	<u>(484)</u>	<u>(2,326)</u>
(Loss)/Profit before taxation	(44,353)	6,420
Income tax	<u>(3,825)</u>	<u>(803)</u>
(Loss)/Profit for the period	<u>(48,178)</u>	<u>5,617</u>
Attributable to:		
Equity shareholders of the Company	(48,474)	4,039
Minority interests	<u>296</u>	<u>1,578</u>
(Loss)/Profit for the period	<u>(48,178)</u>	<u>5,617</u>

CONSOLIDATED BALANCE SHEET

As at 30 September 2008 – unaudited

	The Group	
	At 30	At 31
	September	December
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Plant and equipment	9,051	7,626
Intangible assets	39,512	39,032
Investment in associate	30,653	10,045
Deferred tax assets	14,587	17,906
Total non-current assets	93,803	74,609
Current assets		
Properties held for resale	11,798	17,473
Trading securities	73,559	114,226
Trade and other receivables	23,026	28,254
Current tax recoverable	178	328
Cash and cash equivalents	471,410	513,833
	<u>579,971</u>	<u>674,114</u>
Current liabilities		
Trade and other payables	(37,270)	(50,509)
Provision for taxation	(496)	—
	<u>(37,766)</u>	<u>(50,509)</u>
Net current assets	<u>542,205</u>	<u>623,605</u>
Total assets less current liabilities	<u>636,008</u>	<u>698,214</u>
NET ASSETS	<u>636,008</u>	<u>698,214</u>
CAPITAL AND RESERVES		
Share capital	382,450	383,126
Reserves	217,838	279,428
Total equity attributable to equity shareholders of the company	600,288	662,554
Minority interests	35,720	35,660
TOTAL EQUITY	<u>636,008</u>	<u>698,214</u>

The Group's unaudited consolidated financial results for the nine months ended 30 September 2008 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the Interim Financial Report for the six months ended 30 June 2008 and have not been reviewed by the Company's auditors.

BUSINESS REVIEW AND PROSPECTS

The Group reported an improvement in revenue to HK\$101.6 million, up 32.0% from HK\$77.1 million in the previous corresponding period. However, the Group recorded a net loss attributable to the equity shareholders of the Company of HK\$48.5 million as compared with a net profit attributable to the equity shareholders of the Company of HK\$4.0 million in the previous corresponding period.

The loss can be attributed mainly to the unrealized loss as a result of remeasuring the Group's trading securities to fair value as at 30 September 2008, unrealized translation exchange losses arising mainly on the Sterling Pound, Euro and Singapore Dollar denominated time deposits, lower dividend and interest income as well as accounting for the Group's share of 50% pre-tax loss from the education business.

In line with the highly volatile global securities market, the fair values of the trading securities continued to decline in the third quarter of 2008. Consequently, for the period under review, an unrealized loss of HK\$40.3 million was recorded arising from the remeasurement of fair value as at 30 September 2008, compared with a loss of HK\$21.5 million in the previous corresponding period.

Extreme volatility in the foreign currency markets led to an unrealized exchange loss on revaluation of foreign currency cash deposits and trading securities of HK\$18.5 million due mainly to the weaker Sterling Pound, Euro and Singapore Dollars as at 30 September 2008, compared with a gain of HK\$9.4 million in the previous corresponding period.

The volatile securities and forex currency markets may continue to adversely affect the Group's results. In October, based on a preliminary assessment, a further loss of HK\$35.9m arising from unrealized exchange loss on revaluation of foreign currency cash deposits and trading securities of HK\$29.5 million as well as unrealized losses on the revaluation of the trading securities of HK\$6.4 million is also expected to be reported by the Group. The October losses are based on information currently available to the Group and subject to any necessary adjustments.

The contraction in the global economy will negatively impact on the operating units of the Group in both the hospitality and education sector.

Notwithstanding the global financial turbulence, the Group has significant cash resources to capitalize on any good investment opportunities that may arise.

As previously reported, during the 1st half 2008, the Company repurchased a total of 582,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$588,820. The Company had repurchased another 94,000 ordinary shares in July 2008 at a consideration of HK\$104,107. The repurchases were effected with a view to enhancing the net asset value of the Company and earnings per share.

Shareholders of the Company and potential investors should note that all figures contained herein are unaudited and are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kwek Leng Beng
Chairman

Hong Kong, 12 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.