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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

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 three months ended 31 March 2009.

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 three months ended 31 March 2009 was approximately HK\$12.8 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 three months ended 31 March 2009 (the “Period”).

CONSOLIDATED INCOME STATEMENT

		For the	
		three months ended	three months ended
	<i>Note</i>	31 March	31 March
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	2	24,387	38,946
Cost of sales		<u>(10,912)</u>	<u>(13,027)</u>
Gross profit		13,475	25,919
Other net (losses)/income	3	(15,945)	2,745
Gain on disposal of a jointly controlled entity		3,968	—
Administrative expenses		<u>(14,299)</u>	<u>(16,184)</u>
(Loss)/Profit from operations		(12,801)	12,480
Share of losses of an associate		<u>(92)</u>	<u>(203)</u>
(Loss)/Profit before taxation		(12,893)	12,277
Income tax		<u>(321)</u>	<u>(1,171)</u>
(Loss)/Profit for the period	4	<u><u>(13,214)</u></u>	<u><u>11,106</u></u>
Attributable to:			
Equity shareholders of the Company		(12,846)	10,776
Minority interests		<u>(368)</u>	<u>330</u>
(Loss)/Profit for the period		<u><u>(13,214)</u></u>	<u><u>11,106</u></u>
(Losses)/Earnings per share			
Basic		<u><u>(3.36)</u></u>	<u><u>2.81</u></u>

CONSOLIDATED BALANCE SHEET (unaudited)

	The Group	
	As At	As At
	31 March	31 December
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Plant and equipment	4,012	7,612
Intangible assets	155	3,651
Interest in an associate	29,417	30,039
Deferred tax assets	12,673	12,940
Total non-current assets	46,257	54,242
Current assets		
Properties held for resale	5,368	11,609
Trading securities	51,726	59,856
Trade and other receivables	23,374	27,622
Current tax recoverable	388	163
Cash and cash equivalents	<u>428,335</u>	<u>438,954</u>
	<u>509,191</u>	<u>538,204</u>
Current liabilities		
Trade and other payables	(23,145)	(44,785)
Provision for taxation	<u>(1,316)</u>	<u>(2,439)</u>
	(24,461)	(47,224)
Net current assets	<u>484,730</u>	<u>490,980</u>
Total assets less current liabilities	<u>530,987</u>	<u>545,222</u>
NET ASSETS	<u>530,987</u>	<u>545,222</u>
CAPITAL AND RESERVES		
Share capital	382,450	382,450
Reserves	<u>113,164</u>	<u>127,044</u>
Total equity attributable to equity		
shareholders of the Company	495,614	509,494
Minority interests	<u>35,373</u>	<u>35,728</u>
TOTAL EQUITY	<u>530,987</u>	<u>545,222</u>

Notes:-

- The Group's unaudited consolidated financial results for the three months ended 31 March 2009 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the annual report for the year ended 31 December 2008 and have not been reviewed by the Company's auditors.

2. **Turnover**

	Three months ended	
	31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Hospitality related services	9,532	12,216
Investment holding		
- Interest income	795	5,047
Property investment	<u>6,218</u>	<u>9,873</u>
	<u>16,545</u>	<u>27,136</u>
Discontinued operations		
Education related services	<u>7,842</u>	<u>11,810</u>
	<u>24,387</u>	<u>38,946</u>

3. **Other net (losses)/income**

	Three months ended	
	31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Membership fees from education advisors	368	1,020
Net realised and unrealised losses on trading securities	(8,504)	(6,083)
Net realised and unrealised foreign exchange (losses)/gains	(7,891)	7,722
Others	<u>82</u>	<u>86</u>
	<u>(15,945)</u>	<u>2,745</u>

4. (Loss)/Profit for the period

	Three months ended	
	31 March	
	2009	2008
	HK\$'000	HK\$'000
Continuing operations	<u>(16,624)</u>	<u>8,645</u>
Discontinued operations		
(Loss)/Profit from discontinued operations	(558)	2,461
Gain on disposal of a jointly controlled entity	<u>3,968</u>	<u>—</u>
	<u>3,410</u>	<u>2,461</u>
	<u>(13,214)</u>	<u>11,106</u>

BUSINESS REVIEW AND PROSPECTS

The Group recorded a net loss attributable to the equity shareholders of the Company for the three months ended 31 March 2009 of HK\$12.8 million as compared with a net profit of HK\$10.8 million in the previous corresponding period.

The continuing challenging economic environment, volatile securities and foreign currency markets had negatively impacted the Group's result for the period under review. Consequently, lower revenue from the Group's operating units and interest income were recorded. The Group also suffered unrealised loss resulted from the revaluation of the Group's trading securities to fair value as at 31 March 2009 as well as unrealised translation exchange loss arising from the Sterling Pound denominated trading security and cash deposits denominated in Sterling Pound, Euro and Singapore Dollar.

Development of the two "no frills" Tune branded hotels in Bali by the Group's 40% associate company, Tune Hospitality Investments FZCO is proceeding on schedule and is expected to open by the end of the year.

On 23 March 2009, the Group has successfully completed the sale of its 50% equity interest in MindChamps Holdings Pte. Limited ("MindChamps"). Following the completion date, the Group no longer consolidates the financial results of MindChamps. At completion date, the Group received the initial consideration of HK\$3.8 million (S\$0.75 million) pursuant to the MindChamps Disposal Agreement and recorded a net gain of HK\$4.0 million for the period under review. The Group would record additional gains as and when the agreed deferred considerations are received.

Besides the MindChamps disposal, the Group has also completed the sale of one unit of its residential property held for resale on 26 March 2009 realising a small profit of HK\$0.3 million for the period under review. On 9 April 2009, the Group sold the last residential property unit held for resale at a consideration of approximately HK\$5.9 million which will give rise to a small profit of approximately HK\$0.5 million on completion around 21 May 2009.

The Group continues to hold some trading securities while its cash reserves are in a basket of currencies. From time to time, there could be continued adjustments attributable to unrealised gains or losses arising from the fair value readjustments of the Group's trading securities and unrealised gains or losses on revaluation of foreign currency cash deposits.

As the global recession continues and the credit environment remains tight, investment opportunities may become available at attractive valuations. The Group still has significant cash reserves to capitalize on such price dislocation that may arise in the current environment.

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, 11 May 2009

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 Choon 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.