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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

CLARIFICATION ON PROFIT WARNING ANNOUNCEMENT

Reference is made to the announcement of City e-Solutions Limited (the “Company”) in relation to a possible offer for the issued shares of the Company dated 15 April 2016 (the “Rule 3.7 Announcement”) and the profit warning announcement of the Company dated 26 April 2016 (the “Profit Warning Announcement”). Capitalised terms used herein shall have the same meaning as those defined in the Rule 3.7 Announcement. This clarification announcement is published in accordance with Practice Note 2 of the Takeovers Code.

The Board would like to clarify that as the Profit Warning Announcement was issued after the Rule 3.7 Announcement and therefore during the offer period, the Profit Warning Announcement is regarded as a profit forecast under Rule 10 of the Takeovers Code and would need to be reported on by the Company’s financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code, and their reports must be included in the next document to be sent to the shareholders of the Company (the “Shareholders”) under Rule 10.4 of the Takeovers Code.

Since the Profit Warning Announcement is required to be made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO, which requires the Company to issue a profit warning announcement as soon as practicable and given the time constraint, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code. The Company would like to draw the attention of the Shareholders and potential investors that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on such forecast when assessing the merits and demerits of the possible offer contemplated under the Rule 3.7 Announcement and when dealing in the securities of the Company.

Under Practice Note 2 of the Takeovers Code, the reports from the Company's financial advisers and auditors or accountants on the Profit Warning Announcement are required to be included in the next document to be sent to the Shareholders. As the unaudited quarterly results announcement of the Company for the three months ended 31 March 2016 is expected to be published on or around 10 May 2016, the requirement of "reporting on" under Rule 10 of the Takeovers Code for the Profit Warning Announcement is expected to be superseded by the publication of the unaudited quarterly results of the Company.

Save for the clarification stated in this announcement, all information in the Profit Warning Announcement remains unchanged.

WARNING:

Shareholders and/or potential investors of the Company should note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus are advised to exercise caution in placing reliance on the Profit Warning Announcement when assessing the merits and demerits of the possible offer contemplated under the Rule 3.7 Announcement and when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

By order of the Board
Kwek Leng Beng
Chairman and Managing Director

Hong Kong, 27 April 2016

As at the date of this announcement, the Board is comprised of 8 directors, of which 3 are executive directors, namely Mr. Kwek Leng Beng, Mr. Gan Khai Choon and Mr. Lawrence Yip Wai Lam, 2 are non-executive directors, namely Mr. Chan Bernard Charnwut and Mr. Ronald Nathaniel Issen 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.