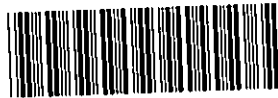




28 February 2007

Securities and Exchange Commission
450 Fifth Street, N. W.
Washington, D. C. 20549
U. S. A

Your Reference: File No. 82-3667



07021653

SUPPL

Dear Sir,

We are pleased to enclose copy of announcement, dated 27 February 2007, for your information:

--- City e-Solutions Limited – 2006 Final Results

If you have any queries, please contact Mr. Lawrence Yip of our office at (852) 29228228.

Yours faithfully,

Lawrence Yip
Executive Director

PROCESSED

MAR 13 2007

**THOMSON
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Enc.

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Your reference = File No = 82-3

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Tuesday, February 27, 2007 The

Ces.
City e-Solutions Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 557)

2006 FINAL RESULTS — ANNOUNCEMENT
AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

RESULTS

The Directors of City e-Solutions Limited (the "Company") are pleased to announce the following final audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with comparative figures.

Consolidated Profit and Loss Account

	2006	2005
	HK\$ '000	HK\$ '000
Turnover	84,518	84,518
Cost of sales	(79,010)	(79,010)
Gross profit	5,508	5,508
Other net income / (expenses)	46,717	(11,807)
Administrative expenses	(42,537)	(44,020)
Profit before taxation	7,370	7,370
Income tax	(20,871)	—
Profit for the year	95,452	7,370
Attributable to:		
Equity shareholders of the Company	90,152	5,392
Minority interests	5,300	1,978
Profit for the year	95,452	7,370
Dividends payable to equity shareholders of the Company attributable to the year:		
Final dividend proposed after the balance sheet date HK\$ cents per share (2005: HK\$ cents per share)	22,988	11,494
Earnings per share		
Basic	HK23.53 cents	HK14.11 cents

Consolidated Balance Sheet

	2006	2005
	HK\$ '000	HK\$ '000
Non-current assets		
Property, plant and equipment	181,641	118,048
Intangible assets	25,739	21,907
Interests in subsidiaries	422,249	497,335
Deferred tax assets	694,649	432,290
Total non-current assets	1,324,278	1,069,580
Current assets		
Trading receivables	181,641	118,048
Trade and other receivables	25,739	21,907
Cash and cash equivalents	422,249	497,335
Current liabilities	(19,512)	(23,571)
Trade and other payables	(19,512)	(23,571)
Provision for taxation	—	—

Income tax

Current tax — Hong Kong Profits Tax Provision for the year	2006
Current tax — Overseas Provision for the year	HK\$ '000
Over-provision in respect of prior years	217
Deferred tax Origination and reversal of temporary differences	(139)
	178
	(21,049)
	(20,871)

The provision for Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year ended 31 December 2006. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the countries.

The Company is exempted from taxation in the Cayman Islands for a period of twenty years from 1989 under the provisions of the Tax Concessions Law (Revised) of the Cayman Islands.

Dividends

a) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company have proposed a final dividend for the year ended 31 December 2006 of HK\$6 cents per share (HK\$3 cents per share). The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

Final dividends in respect of the previous financial year, approved and paid during the year, of HK\$3 cents per share (2005: HK\$3 cents per share)

Earnings per share

a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company HK\$90.2 million (2005: HK\$5.4 million) and on 343,125,524 (2005: 383,125,524) ordinary shares in issue during the year.

b) Diluted earnings per share

Diluted earnings per share is not applicable as there are no dilutive potential ordinary shares during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group reported a very significant improvement in net profit attributable to equity shareholders of the Company of HK\$5.4 million as compared with a net profit attributable to equity shareholders of HK\$3.4 million in the previous year. The improvement was due to higher profit contribution of HK\$66.9 million from its investment activities comprising mainly deposits, trading securities, up by HK\$309.7 million as compared to a loss of HK\$2.8 million in the previous year. This, together with the reduction of deferred tax benefits amounting to HK\$21.0 million, further boosted the Group's net profit for the current year. The latter is in line with the Group's accounting policy as it is probable that future taxable profits will be generated by the hospitality related services businesses and will be available to utilise against the benefits as recognised in the current year review.

The Group, through its 85% subsidiary, SWAN Holdings Limited Group ("SWAN"), has most of its activities in the United States. The United States economy has continued to grow steadily throughout 2006 which translated into another year of healthy en-

