

City Network, Inc. Announces Financial Results for the Fiscal Year Ended December 31, 2005, Going Concern Qualification, and Resignation of Mr. Lai Tiao-Tsan

TAIPEI, Taiwan – April 24 (SEND2PRESS NEWSWIRE) – City Network, Inc. (Amex: CSN), a company that designs, manufactures, and markets a comprehensive line of broadband and wireless Internet access solutions and consumer electronic products, announced financial results for the year end December 31, 2005. Net sales for the year ended December 31, 2005 totaled \$14,320,409, compared to \$15,674,613 for ten months ended December 31, 2004. The decrease in revenues for the year ended December 31, 2005 was due to a decline in the amount of sales of certain merchandise.

Net loss after tax was \$1,057,476 or \$0.038 per share for the year ended December 31, 2005, compared to net loss after tax of \$964,660 or \$.035 per share for the ten months ended December 31, 2004.

Furthermore, cost of revenue for the year ended December 31, 2005 totaled \$12,881,717, compared to \$14,924,938 for the ten months ended December 31, 2004. The decrease in cost of revenues was due to a decrease in sales.

The Company also announced that gross profit increased due to the higher margin of certain merchandise and their decline in cost but not their sales price for the year ended December 31, 2005.

The Company reported that its independent registered public accounting firm included an explanatory paragraph in their opinion in connection with the 2005 audit, relating to the Company's ability to continue as a going concern.

In addition, Mr. "Andy" Lai Tiao-Tsan announced that he will resign from his positions as the Company's Chairman, President and Chief Executive Officer and will be replaced by Ms. Alice Chen, who currently serves as a member of the board of directors of the Company and who will assume the responsibilities of Mr. Lai's positions immediately.

About City Network Inc.

For more information about City Network, Inc., please visit

Safe Harbor under the Private Securities Litigation Reform Act of 1995:

The statements which are not historical facts contained in this press release are forward-looking statements that involve certain risks and uncertainties including but not limited to risks associated with the uncertainty of future

financial results, regulatory approval processes, the impact of competitive products or pricing, technological changes, the effect of economic conditions and other uncertainties as may be detailed in City Network's filings with the Securities and Exchange Commission.

CONSOLIDATED STATEMENTS OF INCOME

"FISCAL YEAR ENDED DECEMBER 31, 2005 AND TEN MONTHS ENDED DECEMBER 31, 2004"

31-Dec-05	31-Dec-04		
Sales, net	\$14,320,409	\$15,674,613	
Cost of sales	12,881,717	14,924,938	
Gross Profit	1,438,692	749,675	
General and administrative expenses	1,535,808	1,395,388	
Income (loss) from operations	-97,116	-645,713	
Other (Income) Expense			
Interest income	-8,985	-3,785	
Rental income	-187,020	-17,858	
Commission income	-3,846	-281	
(Gain) loss on currency exchange	9,721	-10,720	
Other income (expense)	24,518	-32,120	
Reserve for bad debt	848,517	185,858	
Equity in earnings of investee	38,167	-58,330	
Miscellaneous	12,791	1,303	
Loss on sale of fixed assets	78,247	32,068	
Interest expense	147,914	112,922	
Total Other (Income) Expense	960,024	209,057	
Income (loss) before income taxes	-1,057,140	-854,770	
Provision for income taxes	336	109,890	
Net income (loss)	\$-1,057,476	\$-964,660	
Net income (loss) per share (basic and diluted)			
Basic	\$-0.038	\$-0.035	
Diluted	\$-0.038	\$-0.035	
Weighted average number of shares			
Basic	27,925,720	27,500,000	
Diluted	27,925,720	27,500,000	

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