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City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND RESUMPTION OF TRADING

This announcement is made by City e-Solutions Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

EXECUTION OF MEMORANDUMS OF UNDERSTANDING

Reference is made to the announcement of the Company in relation to a possible offer for the issued shares of the Company (the “**Shares**”) dated 15 April 2016. The Company was informed by Citydev Investments Pte. Ltd., Educado Company Limited and eMpire Investments Limited (which are subsidiaries of City Developments Limited) (collectively, the “**CDL Subsidiaries**”) that the CDL Subsidiaries entered into a memorandum of understanding with a third party (the “**Potential Purchaser**”) on 27 April 2016 (after trading hours) which was superseded by an amended and restated memorandum of understanding (the “**MOU**”) entered into between the same parties on 29 April 2016. To the best of the knowledge, information and belief of the directors of the Company having made reasonable enquiry, the Potential Purchaser is

a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company. The MOU contemplates a possible sale by the CDL Subsidiaries of all the Shares held by the CDL Subsidiaries comprising an aggregate of 200,854,743 Shares (the “**Sale Shares**”), and representing approximately 52.52% of the issued share capital of the Company as at the date of this announcement for a consideration of HK\$2.82 per Sale Share (the “**Possible Transaction**”). In addition, the Company was informed that the Potential Purchaser has (i) paid a deposit of HK\$57,880,217, which is refundable under certain circumstances; and (ii) been granted an exclusivity period of 45 days from 27 April 2016, which may be extended by 15 days at either the discretion of the CDL Subsidiaries or the Potential Purchaser or such later date as the parties may agree in writing.

The Possible Transaction, if it materialises, may lead to a change in control of the Company and will then give rise to an obligation on the part of the Potential Purchaser (and any parties acting in concert with it) to make a mandatory unconditional general offer for all the Shares (other than those already owned or agreed to be acquired by the Potential Purchaser or parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

The MOU does not legally bind the CDL Subsidiaries or the Potential Purchaser to proceed with the Possible Transaction. No formal and legally binding sale and purchase agreement has been entered into in respect of the Possible Transaction as at the date of this announcement and there is no assurance that a binding sale and purchase agreement will be entered. The discussions are still in progress and the Possible Transaction may or may not proceed.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid discussions will be made until the announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities of the Company comprised 382,449,524 Shares in issue as at the date of this announcement. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

The associates of the Company (including shareholders of the Company having interests of 5% or more in the relevant securities of the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

Warning: There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated, or that if consummated, will be at the price indicatively stated in the MOU as it is not binding at this stage. Shareholders and potential investors of the Company should be aware that the completion of the Possible Transaction is subject to entering into of a formal agreement and the satisfaction (or waiver as applicable) of such conditions precedent as may be specified therein. The discussion in relation to the Possible Transaction may or may not proceed, and the terms of the Possible Transaction are subject to negotiation between the CDL Subsidiaries and the Potential Purchaser. As such, the discussions may or may not lead to the

Possible Transaction taking place. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on Thursday, 28 April 2016 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 3 May 2016.

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

Hong Kong, 29 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.