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### Miscellaneous

\* Asterisks denote mandatory information

Name of Announcer *	CITY DEVELOPMENTS LIMITED
Company Registration No.	196300316Z
Announcement submitted on behalf of	CITY DEVELOPMENTS LIMITED
Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
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### >> Announcement Details

The details of the announcement start here ...

Announcement Title \* Announcement by Subsidiary Company, City e-Solutions Limited on Continuing Connected Transaction: Provision of Hotel Reservation Services

Description Please refer to the attached announcement issued by City e-Solutions Limited on 5 March 2014.

#### Attachments

 [05032014\\_CES.pdf](#)  
 Total size = **36K**  
 (2048K size limit recommended)

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## **City e-Solutions Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 557)**

### **CONTINUING CONNECTED TRANSACTION: PROVISION OF HOTEL RESERVATION SERVICES**

The Board wishes to announce that Sceptre, an indirect non-wholly owned subsidiary of the Company, had on 3 March 2014 entered into the Master Services Agreement and the Reservation Services Schedule with M&C RSL, pursuant to which Sceptre agrees to provide the Reservation Services to M&C RSL on the terms and conditions set out therein.

The Company is held as to approximately 52% by CDL, a controlling shareholder of the Company, which also holds about 59% in M&C. M&C RSL, being an indirect wholly-owned subsidiary of M&C, is accordingly an associate of CDL under the Listing Rules and hence a connected person of the Company for the purpose of the Listing Rules. The provision of the Reservation Services constitutes continuing connected transaction for the Company under the Listing Rules.

As all of the applicable percentage ratios in respect of the Continuing Connected Transactions calculated with reference to the Revised Annual Cap are less than 25% and the Revised Annual Cap is less than HK\$10,000,000, the provision of the Reservation Services is subject to announcement, reporting and annual review requirements only, but are exempt from independent shareholders' approval.

## **MASTER SERVICES AGREEMENT AND RESERVATION SERVICES SCHEDULE**

- Date of signing of the agreements : 3 March 2014
- Parties : (i) Sceptre, an indirect non-wholly owned subsidiary of the Company, as the service provider.
- (ii) M&C RSL, an indirect wholly-owned subsidiary of M&C, as the customer. M&C RSL, through itself or its affiliates, owns, manages, or is franchisor of over 100 hotels worldwide under various hotel brands.
- Services to be provided : Pursuant to the Reservation Services Schedule, Sceptre shall provide the following Reservation Services to M&C RSL:
- (i) grant a non-exclusive right to use and permit the Participating Hotels to use the Windsurfer CRS;
- (ii) initial database setup and migration;
- (iii) enterprise-wide training;
- (iv) booking services via Internet, mobile Facebook, Global Distribution Systems, Online Travel Agencies; and
- (v) client service and support.
- Service fees : While the training fee, the migration fee and the monthly maintenance fee are fixed, a material part of the service fees is dependent on the number of reservations booked through the Windsurfer CRS which are not cancelled.

Similar reservation services are currently provided by a third party service provider to the M&C Group. Based on their track record as provided by M&C RSL, it is estimated that the total service fees payable to Sceptre for each of the three years ending 31 December 2016 will not exceed HK\$5,500,000. Such service fees are payable monthly in arrears.

The service fees have been arrived at after arm's length negotiations between the parties and are comparable to those offered by the Group to independent third party hotel chain owners and operators.

The date from which  
the Reservation  
Services will start to be  
provided

: 4 March 2014

Term of the agreements

: From 28 February 2014 until 27 February 2016 unless earlier terminated pursuant to the terms of the agreements. Thereafter, the term shall automatically be renewed for additional, successive one year term unless either party provides written notice to the other of its intent to terminate the agreements.

## **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE MASTER SERVICES AGREEMENT AND THE RESERVATION SERVICES SCHEDULE**

The Group's principal business includes investment holding, provision of hospitality solutions, hotel management services, reservation services, risk management services, revenue management consulting, accounting and payroll services and procurement services. Sceptre is the division mainly responsible for reservation distribution and has been in the industry for over twenty years. It is the hospitality industry's leading expert for reservations connectivity and revenue/channel-management services.

M&C, on the other hand, is a global hospitality management and real estate group, currently serving customers at over 100 hotels in over 60 destinations in Asia, Australasia, Europe, the Middle East and North America. The provision of the

Reservation Services is in line with the Group's ordinary and usual course of business. Further, the Directors believe that by extending its services to such leading hotel group, it would enhance the Group's brand image and thereby strengthen its core business. Moreover, the entering into of the Master Services Agreement and the Reservation Services Schedule would broaden the Group's income base.

The Directors (including the independent non-executive Directors) consider that the provision of the Reservation Services is on normal commercial terms and in the ordinary and usual course of business of the Group. They are also of the view that the terms of the Master Services Agreement and the Reservation Services Schedule are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **CONTINUING CONNECTED TRANSACTION**

The Company is held as to approximately 52% by CDL, a controlling shareholder of the Company, which also holds about 59% in M&C. M&C RSL, being an indirect wholly-owned subsidiary of M&C, is accordingly an associate of CDL under the Listing Rules and hence a connected person of the Company for the purpose of the Listing Rules. The Reservation Services will be provided on a recurring basis under the Master Services Agreement and the Reservation Services Schedule, thus constituting continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

### **LISTING RULES IMPLICATIONS**

In addition to the Reservation Services, the Group is also providing the Property Management Services to certain subsidiaries of M&C, particulars of which are set out in the Announcement. Under Rule 14A.27 of the Listing Rules, continuing connected transactions with a single connected person will be aggregated in order to determine in which category the aggregated transactions fall. As disclosed in the Announcement, the service fees payable by the M&C Group to the Group for the Property Management Services are not expected to exceed HK\$4,000,000 for each of the two years ending 31 December 2015. Therefore, the total service fees payable by the M&C Group to the Group for the Continuing Connected Transactions will not exceed HK\$9,500,000 for each of the three years ending 31 December 2016 (the "**Revised Annual Cap**").

As all of the applicable percentage ratios in respect of the Continuing Connected Transactions calculated with reference to the Revised Annual Cap are less than 25% and the Revised Annual Cap is less than HK\$10,000,000, the provision of the Reservation Services is subject to announcement, reporting and annual review requirements only, but are exempt from independent shareholders' approval.

Details of the provision of the Reservation Services will be disclosed in the annual reports of the Company in compliance with the Listing Rules and other applicable regulatory requirements.

If the service fees received by the Group from the M&C Group for any particular year exceeds the Revised Annual Cap, the Company must re-comply with Rules 14A.35(3) and (4) of the Listing Rules.

As no Director has any material interest in the Master Services Agreement and the Reservation Services Schedule, none of them was required to abstain from voting on the Board resolutions approving the Master Services Agreement and the Reservation Services Schedule and the Revised Annual Cap.

## **DEFINITIONS**

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requests:

“Announcement”	the announcement issued by the Company in relation to the Property Management Services dated 15 January 2013
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CDL”	City Developments Limited, a company incorporated in the Republic of Singapore, whose shares are listed on the Singapore Exchange Securities Trading Limited, and a controlling shareholder holding about 52% of the issued share capital of the Company
“Company”	City e-Solutions Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange and of which approximately 52% is held by CDL
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Continuing Connected Transactions”	the provision of the Property Management Services and the Reservation Services by the Group to the M&C Group
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&C”	Millennium & Copthorne Hotels plc, a public company incorporated in England and Wales, whose shares are listed on the London Stock Exchange Limited and of which approximately 59% is held by CDL
“M&C Group”	M&C and its subsidiaries
“M&C RSL”	M & C Reservations Services Limited, a company organised and existing under the laws of England and Wales and an indirect wholly-owned subsidiary of M&C
“Master Services Agreement”	the master services agreement entered into between Sceptre and M&C RSL on 3 March 2014
“Participating Hotels”	hotels which M&C RSL, through itself or one or more of its affiliates, owns, manages, or is a franchisor of a hotel brand, and currently comprise over 100 hotels located in Asia, Australasia, Europe, the Middle East and North America
“Property Management Services”	the property management services provided by the Group to the M&C Group as more particularly described in the Announcement
“Reservation Services”	the reservation services to be provided by Sceptre to M&C RSL in relation to the Participating Hotels as contemplated under the Master Services Agreement and the Reservation Services Schedule
“Reservation Services Schedule”	the reservation services schedule to the Master Services Agreement entered into between Sceptre and M&C RSL on 3 March 2014
“Revised Annual Cap”	as defined in the paragraph headed “Listing Rules Implications” in this announcement
“Sceptre”	Sceptre Hospitality Resources, LLC, a Delaware limited liability company and an indirect non-wholly owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Windsurfer CRS”

a central reservation system called “Windsurfer Central Reservations System” owned by Sceptre

By order of the Board

**Kwek Leng Beng**

*Chairman*

Hong Kong, 5 March 2014

*As at the date of this announcement, the Board is comprised of 9 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, 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.*