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**Miscellaneous**

\* Asterisks denote mandatory information

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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 Major Transaction: Investment In Private Equity Fund

Description Please see the attached announcement released by City e-Solutions Limited on 3 June 2013.

**Attachments**

 [E\\_CES.pdf](#)  
 Total size = **44K**  
 (2048K size limit recommended)

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## **City e-Solutions Limited**

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

**(Stock Code: 557)**

### **MAJOR TRANSACTION INVESTMENT IN PRIVATE EQUITY FUND**

The Board is pleased to announce that on 3 June 2013, CES Capital (a wholly-owned subsidiary of the Company) has committed to make the Investment of US\$25 million (approximately HK\$195 million) in the Fund, namely BEA Blue Sky Real Estate Fund L.P., by way of a subscription for a limited partnership interest in the Fund.

The Fund is a closed-ended private equity fund structured as a Cayman Islands exempted limited partnership. It is organized for the sole purpose of subscribing for a limited partnership interest in the China Fund. The China Fund is a real estate private equity fund established for the purpose of making investments in real estate assets and real estate-related assets in Greater China.

The Investment will constitute a major transaction for the Company and is therefore subject to the shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company has received a written approval given by the CDL Controlling Shareholders (holding approximately 52.52% of the issued ordinary share capital of the Company) for the Investment Agreements and the transactions contemplated under them in lieu of holding a general meeting in accordance with Listing Rule 14.44. A circular containing further information about the Investment Agreements and other information required by the Listing Rules is expected to be despatched to the Shareholders on or before 25 June 2013 for information purposes.

## **A. THE INVESTMENT AGREEMENTS**

### **1 Date and parties:**

The Board is pleased to announce that on 3 June 2013 (after trading hours in Hong Kong), CES Capital, a wholly-owned subsidiary of the Company, has committed to make the Investment of US\$25 million (approximately HK\$195 million) in the Fund, namely BEA Blue Sky Real Estate Fund L.P., by way of a subscription for a limited partnership interest in the Fund. The Investment would be made by CES Capital in accordance with the Investment Agreements comprising principally the Subscription Agreement and the Limited Partnership Agreement. BEA Blue Sky Company Limited (which is the General Partner of the Fund) and CES Capital are parties to the Investment Agreements.

The General Partner is a Cayman Islands exempted limited company and wholly owned by the Bank. The General Partner is the sole general partner of the Fund.

The Fund is a closed-ended private equity fund structured as an exempted limited partnership established under the laws of the Cayman Islands. It is a feeder fund whose investment objective is to subscribe for a limited partnership interest in the China Fund. Further details of the Fund and the China Fund are set out in section B of this announcement below.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the counterparties to the Investment Agreements (including, where applicable, the General Partner and the Fund) and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **2 Subscription and capital contributions:**

Under the Subscription Agreement, CES Capital has agreed to become a limited partner in the Fund and subscribe for a limited partnership interest in the Fund with an aggregate capital commitment of US\$25 million (approximately HK\$195 million). The aggregate capital commitment of CES Capital represents approximately 50% of the target capitalization of the Fund of US\$50 million (approximately HK\$390 million), to be raised from the General Partner and Limited Partners from time to time, including those contributed under CES Capital's capital commitment of US\$25 million.

Under the Limited Partnership Agreement, CES Capital as a Limited Partner would contribute its capital commitment to the Fund in such amounts and at such time or times upon capital call notices issued by the General Partner on an “as needed” basis as the General Partner shall determine. Contributions of each partner of the Fund shall be made pro rata according to the aggregate capital commitments of all partners. Capital call notices may only be issued for amounts necessary to satisfy the Fund’s obligations with respect to capital call notices provided by the China Fund GP, payment of China Fund’s management fees or the Fund’s expenses or for such other purposes permitted under the Limited Partnership Agreement. The capital contributions from CES Capital are expected to be made during the Investment Period in accordance with the Limited Partnership Agreement, as referred to below.

The capital contributions by CES Capital to the Fund under its capital commitment of US\$25 million will be funded out of the internal resources of the Group.

3 Term of the Fund:

The term of the Fund shall continue in effect until the earlier of the end of the term of the China Fund or dissolution of the China Fund.

The term of the China Fund will expire on the 6th anniversary of the termination of the investment period of the China Fund (see sub-section 5 below) unless the China Fund dissolves prior to expiry of such term, or such term is otherwise extended by the China Fund GP.

4 The Fund’s investments:

The General Partner will make all decisions on behalf of the Fund with respect to its investment activities.

The Fund is a limited partner of the China Fund. The Fund will serve as an investment holding entity organised to acquire and hold an investment in a limited partnership interest which the Fund has in the China Fund and to share in the profits and losses from such an investment and to engage in incidental and ancillary activities. The Fund may engage in any other lawful acts or activities consistent with the foregoing for which exempted limited partnerships may be organized under the applicable law in the Cayman Islands.

The Fund acts as an investment holding entity and will not be actively involved in the investment of Fund capital other than investments in the China Fund and interim investments of cash, reserves or other liquid assets of the Fund prior to their use or distribution to the partners of the Fund.

## 5 Investment Period:

The Investment Period will correspond to the investment period of the China Fund, which is expected to be a period of up to four (4) years commencing from the due date of the first capital call made by the China Fund GP to fund its investment.

After the expiration of the Investment Period, no further capital contributions will be called from Limited Partners except to the extent necessary to cover, among other things, operating expenses of the Fund, to fund the payment of the management fees payable by the Fund and to fund draw down requests from the China Fund to cover its operating expenses and organizational expenses and to fund committed investments and follow-on investments of the China Fund. During the Investment Period, the General Partner may, in its sole discretion (a) reinvest all or any portion of any proceeds received by the Fund from the China Fund that represent a return of the Fund's invested capital; and (b) to the extent that any such proceeds have been distributed to the partners, recall all or any portion of such proceeds for reinvestment.

## 6 Management of the Fund:

The Limited Partnership Agreement provides that the General Partner shall have full and complete authority and responsibility for the management and control of the affairs of the Fund. The management and control of the Partnership's operations shall rest exclusively with the General Partner, subject to the terms of that agreement save for certain administrative functions and duties relating to the operation of the Partnership delegated to the administrator of the Fund or otherwise provided in that agreement. The rights and powers of the General Partner with respect to the management and control of the Fund include the rights and powers to cause the Fund to subscribe for or transfer its limited partnership interest in the China Fund and exercise any voting rights or other rights accorded to the Fund (as a limited partner of the China Fund) on account of its limited partnership interest in the China Fund.

The General Partner may delegate certain administrative functions and duties relating to the operation of the Partnership to the administrator(s) of the Fund. The administrator of the Fund, currently an affiliated company of the Bank, is responsible for providing day-to-day administrative services.

7 Distributions:

All proceeds received by the Fund from the China Fund shall first be applied to Fund's expenses or to any reserves that the General Partner reasonably determines should be funded and the balance will then be distributed as soon as possible to the partners pro rata based on their respective participation percentages, which are generally in proportion to their respective capital contributions, subject to re-investments in accordance with the Limited Partnership Agreement.

The net cash available for distribution to the Fund from the China Fund with respect to each investment of the China Fund (after the payment of expenses and the establishment and maintenance of any reserves) will be distributed at such times as determined by the China Fund GP and apportioned among the partners of the China Fund such that the distributions of the amounts apportioned to the Fund, as a limited partner of the China Fund, are to be arranged in a manner to give the Fund a right to receive both (i) a preferred return of 10% on its unreturned capital contributions with respect to the investment in question and all other investments previously disposed of (in whole or in part); and (ii) a return of its aggregate capital contributions to the China Fund with respect to the investment in question and all other investments previously disposed of (in whole or in part). The Fund is entitled to such distributions in priority to the payment of any amount remaining thereafter being: (x) a "carried interest" as may be made to the China Fund GP and an affiliate of the Bank; and (y) the distribution of any amounts remaining to the partners in the China Fund (including the limited partners).

8 Transfers of partnership interests:

A Limited Partner shall not sell, assign, transfer, exchange, pledge, encumber or otherwise dispose of all or any of its interests in the Fund, directly or indirectly, except with prior written consent of the General Partner. Such consent may be given or withheld in the General Partner's sole discretion.

The General Partner shall not voluntarily withdraw from the Fund or transfer all or any portion of its interest as a General Partner without the written consent of Limited Partners holding at least a majority of the aggregate participation percentages (by reference to the capital contributions made) of the Limited Partners at such time, except for such transfers to any of its affiliates and by which the transferee assumes all of the General Partner's interest in and obligations to the Fund.

## **B. FURTHER INFORMATION OF THE FUND AND REASONS FOR AND BENEFITS OF THE INVESTMENT**

1. The Group's principal business includes investment holding, provision of hotel management, hotel reservation and revenue management services, risk management services and procurement services to the hospitality industry.
2. The Fund is structured as Cayman Islands exempted limited partnership. It is a closed-ended private equity fund organised for the sole purpose of acquiring a limited partnership interest in the China Fund. The Fund is a feeder fund whose investment objective is to achieve long term capital growth through investing, as a limited partner, in the China Fund. The China Fund is a real estate private equity fund established for the purpose of making investments in real estate assets and real estate-related assets in Greater China. Other than holding a limited partnership interest in the China Fund, the Fund is expected to have no other operations or investments.
3. Based on the information provided by the General Partner, the Fund had not yet commenced operations before CES Capital entered into the Investment Agreements. The Fund had no material assets or liabilities other than capital commitments made from its partners, and in particular not yet made any capital contributions to the China Fund prior to CES Capital entering into the Investment Agreements.
4. The China Fund GP is an affiliate of a leading international investment management firm with expertise in private equity, capital markets and real estate. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the China Fund GP and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.
5. The Investments offers an opportunity to the Group to invest through CES Capital as a limited partner of the Fund, which in turn invests as a limited partner in the China Fund, a real estate private equity fund investing in real estate assets and real estate-related assets in Greater China. The management of the Group believes that the Investment provides a conservative way to deploy the significant cash reserves of the Group to earn a high, risk-adjusted return in the real estate sector in Greater China.

6. The terms of the Investment Agreements were negotiated on an arm's length basis between the relevant parties and are based on normal commercial terms. After taking into account all factors, including the considerations as mentioned above, the Directors believe that the terms of the Investment Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **C. LISTING RULES REQUIREMENTS**

1. The highest applicable percentage ratio in respect of the Investment exceeds 25% but is still under 100%. Accordingly, the Investment will constitute a major transaction for the Company and is subject to the shareholders' approval requirements under Chapter 14 of the Listing Rules.
2. The CDL Controlling Shareholders are currently holding in aggregate 200,854,743 Shares representing approximately 52.52% of the issued ordinary share capital of the Company. These Shares are held by three wholly-owned subsidiaries of CDL, namely eMpire Investments Limited (holding 190,523,819 Shares (approximately 49.82%)), Educado Company Limited (holding 7,927,703 Shares (approximately 2.07%)) and Citydev Investments Pte. Ltd. (holding 2,403,221 Shares (approximately 0.63%)). The Company has received a written approval given by the CDL Controlling Shareholders for the Investment Agreements and the transactions contemplated under them in lieu of holding a general meeting in accordance with Listing Rule 14.44. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company was to convene a general meeting to seek Shareholders' approval to the Investment Agreements and the transactions contemplated under them.
3. A circular containing further information of the Investment Agreements and other information required by the Listing Rules is expected to be despatched to the Shareholders on or before 25 June 2013 for information purposes only.



## D. DEFINITIONS

In this announcement, the following expressions have the meanings ascribed to them unless the context otherwise requires:

“Affiliated Fund”	each investment fund or other pooled vehicle or managed account, that is in each case an affiliate of the China Fund GP or managed or advised by the China Fund GP or its affiliates
“Bank”	The Bank of East Asia, Limited, a licensed bank in Hong Kong
“Board”	board of the Directors
“Business Day”	any day (other than a Saturday and Sunday) when banks in Hong Kong are open for the transaction of normal business
“CDL”	City Developments Limited, a company incorporated in the Republic of Singapore and whose shares are listed on the Singapore Exchange Securities Trading Limited
“CDL Controlling Shareholders”	CDL and its relevant wholly-owned subsidiaries, namely eMpire Investments Limited, Educado Company Limited and Citydev Investments Pte. Ltd., which constitute a closely allied group of Shareholders for the purposes of Listing Rule 14.44 and hold in aggregate approximately 52.52% of entire issued share capital of the Company
“CES Capital”	CES Capital Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“China Fund”	the real estate fund structured as a Cayman Islands exempted limited partnership (in which the Fund is a limited partner)
“China Fund GP”	the general partner of the China Fund, which is an affiliate of a leading international investment management firm with expertise in private equity, capital markets and real estate.

“Company” or “CES”	City e-Solutions Limited (Stock Code: 557), a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Fund” or “Partnership”	BEA Blue Sky Real Estate Fund L.P., an exempted limited partnership established and registered under the laws of the Cayman Islands
“General Partner”	BEA Blue Sky Company Limited which is a company incorporated in the Cayman Islands and is wholly owned by the Bank
“Greater China”	mainland China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment”	the subscription for a limited partnership interest in the Fund by CES Capital with a capital commitment of US\$25 million (approximately HK\$195 million) pursuant to the Investment Agreements
“Investment Agreements”	collectively the Subscription Agreement and the Limited Partnership Agreement
“Investment Period”	the investment period of the Fund, as described in section A.5 of this announcement
“Limited Partner”	a limited partner of the Fund
“Limited Partnership Agreement”	the Second Amended and Restated Agreement of Limited Partnership of the Fund expected to be dated on or about the same date of the Subscription Agreement between, among others, the General Partner (as general partner of the Fund) and each Limited Partner, including CES Capital

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 3 June 2013 between, among others, the General Partner and CES Capital
“USA” or “United States”	The United States of America
“US\$”	United States dollars, the lawful currency of the USA
“%”	percent

*For the purpose of illustration only, US\$ is translated into HK\$ at an exchange rate of US\$1 to HK\$7.8. Such translation should not be construed as a representation that any amounts in US\$ or HK\$ have been, could have been or could be converted at the above or any other rates or at all.*

**By order of the Board**  
**Kwek Leng Beng**  
*Chairman*

Hong Kong, 3 June 2013

*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.*

*\* For identification purposes only*