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<b>Miscellaneous</b>	
* Asterisks denote mandatory information	
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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 Renewal of Continuing Connected Transaction: Provision of Property Management Services

Description Please refer to the attached announcement issued by City e-Solutions Limited on 15 January 2013.

**Attachments** 
 [15012013\\_CES.pdf](#)  
 Total size = **35K**  
 (2048K size limit recommended)

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## **City e-Solutions Limited**

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

**(Stock Code: 557)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION: PROVISION OF PROPERTY MANAGEMENT SERVICES**

The Board wishes to announce that Richfield, an indirect non-wholly owned subsidiary of the Company, had on 15 January 2013 entered into three supplemental agreements, pursuant to which Richfield will continue to provide the Property Management Services to the Owners in relation to the three Hotels. The Property Management Services will be provided as per the terms and conditions set out in the Management Agreements and as renewed by the Supplemental Agreements for a further period of three years, commencing from 1 January 2013.

The Company is held as to approximately 52% by CDL, a controlling shareholder of the Company. CDL also holds about 55% in M&C. The Owners of the three Hotels, being indirect wholly-owned subsidiaries of M&C, are accordingly associates of CDL under the Listing Rules and hence connected persons of the Company for the purpose of the Listing Rules. The provision of the Property Management Services constitutes continuing connected transaction for the Company under the Listing Rules.

As the percentage ratios (other than the profit ratio) represented by the Annual Cap in each of the following three financial years ending 31 December 2015 are less than 5%, the provision of the Property Management Services is subject to announcement, reporting and annual review requirements, but are exempt from independent shareholders' approval.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 8 January 2007 whereby it was announced that Richfield, an indirect non-wholly owned subsidiary of the Company, had entered into four property management agreements with its connected persons, pursuant to which Richfield agreed to provide certain property management services to such connected persons on the terms and subject to the conditions as set out therein. Such property management agreements had an initial term of three years, all of which had expired on 31 December 2009. To regulate the continued provision of such services, supplemental agreements were entered into on 31 December 2009 to extend the Managements Agreements for a further period of three years and the same has also come to an end on 31 December 2012.

As Property Management Services will continue to be required by the Owners for the three Hotels, three supplemental agreements were entered into by Richfield on 15 January 2013 whereby it was agreed that Property Management Services will continue to be provided by Richfield to the Owners of the three Hotels for a further period of three years, commencing from 1 January 2013. The Property Management Services will be provided on the same terms and conditions set out in the Management Agreements and as renewed by the Supplemental Agreements, the material terms of which are summarised below.

## **PROPERTY MANAGEMENT SERVICES**

Date of Supplemental

Agreements: 15 January 2013

Parties: (i) Richfield  
(ii) Lakeside Operating Partnership, L.P., Avon Wynfield LLC and RHM Aurora LLC (collectively, the "Owners")

The Owners are registered owners of the Hotels and indirect wholly-owned subsidiaries of M&C. M&C is in turn held as to approximately 55% by CDL, a controlling shareholder of the Company. Accordingly, the Owners are associates of CDL under the Listing Rules and hence connected persons of the Company for the purpose of the Listing Rules.

Term: Three years from 1 January 2013

- The Hotels: The Property Management Services will be provided to the following hotels (collectively, the “Hotels”):
- (i) Maingate Lakeside Resort (formerly known as Best Western Lakeside) in Florida;
  - (ii) Comfort Inn Avon in Colorado; and
  - (iii) Pine Lake Trout Club in Ohio.
- Service fee: The Property Management Services will be provided at the rate of 2% of the gross revenue of the Hotels, to be invoiced by Richfield on a monthly basis.
- The service fee has been arrived at after arm’s length negotiations between the parties taking into account the internal resources and costs required of the Group to deliver the Property Management Services.

#### **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE SUPPLEMENTAL AGREEMENTS**

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. In connection with the hotel management services, the Group currently operates 22 hotels in the United States representing in excess of 4,600 rooms under brand names from the leading hotel franchise companies including Hilton, Starwood, Intercontinental, Marriott, Hyatt and Choice. It also operates several independent (non-brand affiliated) properties.

In line with its stated principal business mentioned above, the Group has been providing property management services to the M&C Group since the beginning of 2002. For the two years ended 31 December 2011 and the six months ended 30 June 2012, service fee receivable by the Group in connection with the provision of property management services to the M&C Group amounted to approximately HK\$1.9 million, HK\$1.5 million and HK\$0.7 million respectively. Such revenues fall within the annual cap (i.e. HK\$4.0 million for each financial year) as set out by the Company in its announcement dated 6 January 2010 and represent about 2.3%, 1.4% and 1.1% of the turnovers of the Group for the relevant periods.

The Board considers it to be in the interests of the Group to continue to provide the Property Management Services to the M&C Group as it enables the Group to strengthen its core business by enhancing its reputation as a superior multi-property operator through the provision of these hotel management services to this wider range of non-branded and branded properties and, also broaden its income base.

The Annual Cap for the provision of the Property Management Services is HK\$4.0 million for each of the three financial years ending 31 December 2015. The Annual Cap is determined by reference to the service fee payable by the M&C Group to Richfield for the year ended 31 December 2011 and the six months ended 30 June 2012, and the estimated revenue growth of the Hotels in the forthcoming years.

The Directors (including the independent non-executive Directors) consider that the Management Agreements (as renewed by the Supplemental Agreements) are on normal commercial terms and the provision of the Property Management Services is in the ordinary and usual course of business of the Group. They are also of the view that the terms of the Management Agreements (as renewed by the Supplemental Agreements) as well as the amount of the Annual Cap are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As no Director has any material interest in the Management Agreements, none of them was required to abstain from voting on the Board resolutions approving the Management Agreements and the Annual Cap.

## **CONTINUING CONNECTED TRANSACTION**

The Company is held as to approximately 52% by CDL, a controlling shareholder of the Company. CDL also holds about 55% in M&C. The Owners of the three Hotels, being indirect wholly-owned subsidiaries of M&C, are accordingly associates of CDL and hence connected persons of the Company under the Listing Rules.

The Property Management Services will be provided on a recurring basis under the Management Agreements (as renewed by the Supplemental Agreements), thus constituting continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules. As the percentage ratios (other than the profit ratio) represented by the Annual Cap in each of the following three financial years ending 31 December 2015 are less than 5%, the provision of the Property Management Services is subject to announcement, reporting and annual review requirements, but are exempt from independent shareholders' approval.

Details of such continuing connected transaction will also be disclosed in the annual reports of the Company in compliance with the Listing Rules and other applicable regulatory requirements.

If the service fee received by Richfield for any particular financial year during the term of the Management Agreements (as renewed by the Supplemental Agreements) exceeds the Annual Cap, the Company must re-comply with Rules 14A.35(3) and (4) of the Listing Rules.

## **DEFINITIONS**

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

“Annual Cap”	in relation to any financial year of the Company, the maximum annual amount of service fee expected to be received by the Group from the M&C Group in connection with the provision of the Property Management Services
“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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“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 55% is held by CDL

“M&C Group”	M&C and its subsidiaries
“Management Agreements”	the management agreements entered into between Richfield and the Owners all dated 27 December 2006
“Property Management Services”	the property management services to be provided by Richfield to the Owners in relation to the Hotels as contemplated under the Management Agreements (as renewed by the Supplemental Agreements)
“Richfield”	Richfield Hospitality, Inc., a Colorado corporation and an indirect non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the supplemental agreements to the Management Agreements entered into between Richfield and the Owners all dated 15 January 2013
“United States”	the United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 15 January 2013

*As at the date of this announcement, the Board is comprised of 8 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, 1 is a non-executive Director, namely Mr. Chan Bernard Charnwut 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.*