

CITY DEVELOPMENTS LIMITED
(Co. Reg. No. 196300316Z)

ANNOUNCEMENT ON THE ESTABLISHMENT OF SYSTEMATIC HOLDINGS PTE. LTD. IN CONNECTION WITH THE ACQUISITION OF INTERESTS IN THE FOLLOWING COMPANIES:

- (I) SYSTEMATIC LAUNDRY & HEALTHCARE SERVICES PTE. LTD.**
 - (II) SYSTEMATIC LAUNDRY & UNIFORM SERVICES PTE. LTD.**
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The Board of Directors of City Developments Limited (the “**Company**” or “**CDL**”) wishes to announce that Systematic Holdings Pte. Ltd. (“**Systematic**”), a company incorporated in the Republic of Singapore on 10 December 2014 as a wholly-owned subsidiary of CBM Pte. Ltd. (“**CBM**”), which is in turn an indirect wholly-owned subsidiary of the Company, had on 11 December 2014 entered into sale and purchase agreements (the “**SPAs**”):

- (i) to acquire the entire issued share capital of Systematic Laundry & Healthcare Services Pte. Ltd. (“**SLHS**”), comprising 1,500,000 ordinary shares in SLHS, from Laundry Network Pte Ltd (“**LN**”) and other individual shareholders of SLHS, and to acquire certain identified assets from LN (“**LN Assets**”); and
- (ii) to acquire the entire issued share capital of Systematic Laundry & Uniform Services Pte. Ltd. (“**SLUS**”), comprising 1,963,000 ordinary shares in SLUS, from Laundry Network Pte Ltd, GB Chemicals Pte. Ltd. and an individual shareholder of SLUS (“**SLUS Sale Shares**”),

(collectively, the “**Transactions**”).

The completion of the Transactions have occurred on 1 January 2015.

The aggregate cash consideration for the Transactions comprises (i) a sum of approximately S\$7.33 million subject to such post-completion adjustments as may be necessary under the SPAs and (ii) a deferred sum of up to approximately S\$792,000 which payment is conditional upon the satisfaction of certain profit before tax targets set for SLUS in respect of the financial years of 2015, 2016 and 2017 (collectively, the “**Aggregate Consideration**”). The Aggregate Consideration will be funded through internal resources. In addition, an allotment and issuance of 30% of the total number of the issued shares in the share capital of Systematic was made to LN upon completion of the SLUS Sale Shares. The Aggregate Consideration was arrived at on a willing buyer-willing seller basis, taking into account the net tangible assets value attributable to the shares of SLHS and SLUS as at the agreed balance sheet date of 30 June 2014 as well as the agreed value of the LN Assets.

Following the completion of the Transactions:

- (i) LN and CBM hold 30% and 70% respectively of the total number of the issued shares in the share capital of Systematic; and
- (ii) SLHS and SLUS have become wholly-owned subsidiaries of Systematic, and indirect subsidiaries of the Company.

The principal businesses of Systematic and its subsidiaries, SLHS and SLUS, are investment holding and laundry and dry cleaning services.

The Transactions are not expected to have any material impact on the net tangible assets or earnings of the CDL Group for the financial year ending 31 December 2014.

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect in the Transactions.

Copies of the SPAs will be made available for inspection during normal business hours at the Company's registered office for a period of 3 months from the date of this announcement.

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Company Secretary
2 January 2015