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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**

This announcement is made by City e-Solutions Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers.

Reference is made to the announcements of the Company dated 15 April 2016 and 29 April 2016 (the “**Announcements**”) in relation to a possible offer for the issued shares of the Company. Unless otherwise specified in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

#### **UPDATE ON THE POSSIBLE TRANSACTION**

The Company understands that discussions in relation to the Possible Transaction are still ongoing and the Potential Purchaser is carrying out due diligence review in relation to the Company and its subsidiaries. The Company is not aware of any formal and legally binding sale and purchase agreement having been entered into in respect of the Possible Transaction up to the date of this announcement and there is no assurance that a binding sale and purchase agreement will be entered into.

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.**

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

Hong Kong, 27 May 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.*