

RESPONSE TO SGX REGCO'S QUERY IN RELATION TO THE COMPANY'S ANNUAL REPORT 2020

The Board of Directors of City Developments Limited ("CDL" or the "Company") refers to the query raised by Singapore Exchange Regulation ("SGX Regco") on 26 April 2021 in relation to the Company's Annual Report 2020 and wishes to provide the following information:

SGX Query:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to the disclosure of the amounts of remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and no explanations were provided for in the Company's FY2020 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company's response:

The Company has disclosed on pages 44 and 46 of the Annual Report 2020 which set out, *inter alia*, the following:

- the remuneration policy for its KMPs, comprising distinct objectives to reward its employees for achieving corporate and individual performance targets and ensure that the remuneration reflects the employees' duties and responsibilities;
- the Remuneration Committee's review of the KMPs' remuneration, which link their key performance indicators against pre-set targets of the Growth, Enhancement and Transformation strategy of the Group;
- the KMPs' remuneration packages, which are further reviewed along with the Group's performance, taking into consideration specific key performance indicators (involving financial and non-financial indicators) using the Company's balanced scorecard system, based on short term and long term objectives; and
- the alignment of KMPs' compensation with the interests of shareholders.

The Company has identified its KMPs (who are not directors or the Group CEO) and provided disclosure of the aggregate remuneration paid to these KMPs for FY 2020. The Company has maintained its view that it is not in its interest to disclose the remuneration of each of its KMP, whether in bands of \$250,000 or to the nearest thousand dollars, having taken into consideration the highly competitive human resource environment for such personnel, and that such disclosure of specific remuneration information may give rise to recruitment and retention issues. The Company believes that shareholders' interest will not be prejudiced by the non-disclosure of the KMPs' individual remuneration.

Taking into consideration the disclosures in the Annual Report 2020 as described above, the Company is of the view that there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code. Nevertheless, the Company will continue to enhance its transparency to balance the interests of all stakeholders, including the shareholders and the Company and its employees.

By Order of the Board
Enid Ling Peek Fong
Company Secretary
Date: 28 April 2021