

RESPONSE TO SGX REGCO'S QUERY IN RELATION TO THE COMPANY'S ANNUAL REPORT 2021

The Board of Directors of City Developments Limited ("CDL" or the "Company") refers to the query raised by Singapore Exchange Regulation ("SGX Regco") on 13 April 2022 in relation to the Company's Annual Report 2021 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 FY2021 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 43 and 45 of the Annual Report 2021 which set out, *inter alia*, the following:

- the remuneration policy for its KMP, 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 KMP's remuneration, which link the KMP's incentive plans against the key performance indicators as measured by the pre-set targets of the GET (Growth, Enhancement and Transformation) strategy of the Group;
- the KMP's 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 and long-term objectives; and
- the alignment of KMP's compensation with the interests of shareholders.

The Company has identified its KMP (who are not directors or the Group CEO) and provided disclosure of the aggregate remuneration paid to these KMP for FY 2021. The Company has maintained its view that it is not in its interest to disclose the remuneration of each of its KMP, excluding the Group CEO, 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 with requisite knowledge, expertise and experience in the Company's business activities and that such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Company had also carefully considered the need to balance the interests of all stakeholders, including the shareholders and the Company and its employees, the Company and its employees, and 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 2021 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.

By Order of the Board
Yeo Swee Gim, Joanne
Enid Ling Peek Fong
Company Secretary

Date: 14 April 2022