



CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS DATED 30 MARCH 2022

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE;**

- (2) THE PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**

- (3) THE PROPOSED DISTRIBUTION *IN SPECIE* OF 144,300,000 STAPLED SECURITIES IN CDL HOSPITALITY TRUSTS TO ENTITLED SHAREHOLDERS**

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CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

Board of Directors:

Kwek Leng Beng	(Executive Chairman)
Sherman Kwek Eik Tse	(Executive Director and Group Chief Executive Officer)
Lee Jee Cheng Philip	(Lead Independent Director)
Philip Yeo Liat Kok	(Non-Independent Non-Executive Director)
Ong Lian Jin Colin	(Independent Non-Executive Director)
Daniel Marie Ghislain Desbaillets	(Independent Non-Executive Director)
Chong Yoon Chou	(Independent Non-Executive Director)
Chan Swee Liang Carolina (Carol Fong)	(Independent Non-Executive Director)
Tang Ai Ai Mrs Wong Ai Ai	(Independent Non-Executive Director)

Registered Office:

9 Raffles Place
#12-01 Republic Plaza
Singapore 048619

30 March 2022

To: The Shareholders of City Developments Limited (“Shareholders”)

Dear Sir/Madam

- (I) PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE
- (II) PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS
- (III) PROPOSED DISTRIBUTION *IN SPECIE* OF 144,300,000 STAPLED SECURITIES IN CDL HOSPITALITY TRUSTS TO ENTITLED SHAREHOLDERS

1. INTRODUCTION

We refer to the Notice of the Fifty-Ninth Annual General Meeting of City Developments Limited (“CDL” or the “Company”) (“59th AGM”) issued by the Company on 30 March 2022 (the “Notice of 59th AGM”).

Item 8 of the Notice of 59th AGM is an Ordinary Resolution (“Resolution 8”) to be proposed at the 59th AGM for the renewal of the Company’s Share Purchase Mandate which will empower the Directors to make purchases or otherwise acquire issued ordinary shares of the Company (“Ordinary Shares”) and/or issued non-redeemable convertible non-cumulative preference shares of the Company (“Preference Shares”) from time to time subject to certain restrictions set out in the listing manual of Singapore Exchange Securities Trading Limited (“Listing Manual”). Information relating to Resolution 8 is set out in Annexure I.

Item 9 of the Notice of 59th AGM is an Ordinary Resolution (“Resolution 9”) to be proposed at the 59th AGM for the renewal of the Company’s IPT Mandate for interested person transactions which will facilitate the Company, its subsidiaries and its associated companies, to enter into transactions with its interested persons, the details of which are set out in Annexure II and Appendix A.

Item 10 of the Notice of 59th AGM is an Ordinary Resolution (“Resolution 10”) to be proposed at the 59th AGM for the distribution *in specie* of 144,300,000 stapled securities in CDL Hospitality Trusts to Entitled Shareholders (as defined in Annexure III). Information relating to Resolution 10 is set out in Annexure III.

The purpose of this letter is to provide Shareholders with the reasons for, and information relating to Resolutions 8, 9 and 10.

2. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors in issued Ordinary Shares and Preference Shares, and the interests of the Substantial Shareholders in issued Ordinary Shares based on the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders respectively as at 3 March 2022 (the "**Latest Practicable Date**"), were as follows:

Director	Class of Shares	Number of Shares held	% ⁽¹⁾
Kwek Leng Beng	Ordinary	397,226	0.044
	Preference	144,445	0.044

Substantial Shareholders	Number of Ordinary Shares			% ⁽¹⁾
	Direct Interest	Deemed Interest	Total	
Hong Realty (Private) Limited (" HR ")	34,457,782	30,488,981 ⁽²⁾	64,946,763	7.161
Hong Leong Holdings Limited (" HLH ")	148,787,477	19,546,445 ⁽³⁾	168,333,922	18.561
Hong Leong Investment Holdings Pte. Ltd. (" HLIH ")	168,714,256	271,601,888 ⁽⁴⁾	440,316,144	48.552
Davos Investment Holdings Private Limited (" Davos ")	–	440,316,144 ⁽⁵⁾	440,316,144	48.552
Kwek Holdings Pte Ltd (" KH ")	–	440,316,144 ⁽⁵⁾	440,316,144	48.552

Notes:

⁽¹⁾ Based on 906,901,330 issued Ordinary Shares (excluding treasury shares) and 330,874,257 issued Preference Shares as at the Latest Practicable Date. As at that date, there were 2,400,000 treasury shares and no subsidiary holdings.

"Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

⁽²⁾ HR is deemed under Section 4 of the Securities and Futures Act 2001 ("**SFA**") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

⁽³⁾ HLH is deemed under Section 4 of the SFA to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

⁽⁴⁾ HLIH is deemed under Section 4 of the SFA to have an interest in the 271,601,888 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 64,946,763 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as Ordinary Shares in which HR is also deemed to have an interest in under note ⁽²⁾ above.

⁽⁵⁾ Davos and KH are deemed under Section 4 of the SFA to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

The interests of the Directors in the issued stapled securities of CDL Hospitality Trusts (“**CDLHT Units**”), and the interests of the Substantial Shareholders in the issued CDLHT Units as at the Latest Practicable Date were as follows:

	Number of CDLHT Units			% ⁽¹⁾
	Direct Interest	Deemed Interest	Total	
Director				
Kwek Leng Beng	8,922,000	–	8,922,000	0.725
Substantial Shareholders				
Hong Realty (Private) Limited (“ HR ”)	–	–	–	–
Hong Leong Holdings Limited (“ HLH ”)	–	–	–	–
Hong Leong Investment Holdings Pte. Ltd. (“ HLIH ”)	–	481,531,419 ⁽²⁾	481,531,419	39.109
Davos Investment Holdings Private Limited (“ Davos ”)	–	481,531,419 ⁽²⁾	481,531,419	39.109
Kwek Holdings Pte Ltd (“ KH ”)	–	481,531,419 ⁽²⁾	481,531,419	39.109

Notes:

- ⁽¹⁾ The percentage of CDLHT Units is based on the total number of 1,231,266,225 issued CDLHT Units as at the Latest Practicable Date.
- ⁽²⁾ HLIH, Davos and KH are deemed under Section 4 of the SFA to have an interest in the 481,531,419 CDLHT Units held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the CDLHT Units thereof.

Directors of the Company will abstain from voting their shareholdings in the Company, if any, and have undertaken to ensure that their associates will abstain from voting their respective shareholdings in the Company, if any, on Resolution 9 relating to the proposed renewal of the IPT Mandate at the 59th AGM.

The relevant companies within the Hong Leong Investment Holdings Pte. Ltd. (“**HLIH**”) group (which includes HLIH, a controlling shareholder of the Company and its associates), being Interested Persons under the IPT Mandate, will abstain from voting their respective shareholdings in the Company on Resolution 9 at the 59th AGM.

The Company will disregard any votes cast by Directors and the relevant companies within the HLIH group (which includes HLIH, a controlling shareholder of the Company and its associates) in respect of their shareholdings in the Company, if any, on Resolution 9. The Company will also disregard any votes cast by the associates of Directors in respect of their shareholdings in the Company, if any.

3. ACTIONS TO BE TAKEN BY SHAREHOLDERS

As a precautionary measure due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the 59th AGM in person. The 59th AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Letter, together with the Notice of 59th AGM and the accompanying Proxy Form have been made available on the website of the Company at <https://www.cdl.com.sg/agm>, and on the website of SGX at <https://www.sgx.com>.

Alternative arrangements have been put in place to allow Shareholders to participate at the 59th AGM by:

- (i) observing and/or listening to the 59th AGM proceedings via 'live' audio-visual webcast or 'live' audio-only stream;
- (ii) submitting questions to the Chairman of the 59th AGM in advance of, or 'live' at, the 59th AGM; and/or
- (iii) (a) voting at the 59th AGM 'live' via electronic means; (b) appointing a proxy(ies) (other than the Chairman of the 59th AGM) to vote 'live' via electronic means on their behalf at the 59th AGM; or (c) appointing the Chairman of the 59th AGM as proxy to vote on their behalf at the 59th AGM.

Details of the steps for pre-registration, submission of questions and voting at the 59th AGM by Shareholders, including CPFIS Members (as defined below) and SRS Investors (as defined below), will be separately announced by the Company.

CPFIS Members and SRS Investors should note that they (1) may vote 'live' via electronic means at the 59th AGM if they are appointed as proxies by their respective CPF Agent Banks (as defined below) or SRS Approved Banks (as defined below), and should contact their respective CPF Agent Banks or SRS Approved Banks if they have any queries regarding their appointment as proxies; or (2) may appoint the Chairman of the 59th AGM as proxy to vote on their behalf at the 59th AGM in which case they should approach their respective CPF Agent Banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 18 April 2022.

The Proxy Form must be submitted to the Company in the following manner: (A) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or (B) if submitted electronically, be submitted via email to the Company's Share Registrar at GPD@mncsingapore.com or via the pre-registration website at <https://www.cdl.com.sg/agm2022>, in each case not less than 72 hours before the time appointed for the 59th AGM. A Shareholder who wishes to submit a Proxy Form by post or via email must first download (where necessary), complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Alternatively, a Shareholder may download, complete and authorise the Proxy Form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

Persons who hold Ordinary Shares through relevant intermediaries (as defined under section 181 of the Companies Act 1967), other than CPFIS Members and SRS Investors, and who wish to participate in the 59th AGM by:

- (I) observing and/or listening to the 59th AGM proceedings via 'live' audio-visual webcast or 'live' audio-only stream;
- (II) submitting questions to the Chairman of the 59th AGM in advance of, or 'live' at, the 59th AGM; and/or
- (III) voting at the 59th AGM (a) 'live' via electronic means; or (b) by appointing the Chairman of the 59th AGM as proxy to vote on their behalf at the 59th AGM,

should contact the relevant intermediary through which they hold such shares as soon as possible so that necessary arrangements can be made for their participation in the 59th AGM.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter (including the Annexures and Appendix A) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the renewal of the IPT Mandate and the Proposed Distribution (as defined in Annexure III), and the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading.

Where information contained in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this letter in its proper form and context.

Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

Yours faithfully

CITY DEVELOPMENTS LIMITED

KWEK LENG BENG

Executive Chairman

Note:

Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Letter to Shareholders.

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. BACKGROUND

At the Annual General Meeting of the Company held on 30 April 2021 (the “**58th AGM**”), Ordinary Shareholders had approved, *inter alia*, the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Letter to Shareholders dated 15 April 2021 and Ordinary Resolution 8 set out in the Notice of 58th AGM.

The Share Purchase Mandate was expressed to take effect from the passing of the Ordinary Resolution at the 58th AGM and will expire on the date of the forthcoming Fifty-Ninth Annual General Meeting to be held on 28 April 2022 (the “**59th AGM**”). Accordingly, Ordinary Shareholders’ approval will be sought for the renewal of the Share Purchase Mandate at the 59th AGM.

2. DEFINITIONS

In this Annexure I, the following definitions shall apply throughout unless otherwise stated:

“ CDP ”	:	The Central Depository (Pte) Limited
“ Company ”	:	City Developments Limited
“ Companies Act ”	:	The Companies Act 1967, as amended or modified from time to time
“ Constitution ”	:	The Constitution of the Company, as amended or modified from time to time
“ EPS ”	:	Earnings per Ordinary Share
“ Group ”	:	The Company and its subsidiaries
“ HLIH ”	:	Hong Leong Investment Holdings Pte. Ltd.
“ HLIH Group ”	:	HLIH and its subsidiaries
“ Income Tax Act ”	:	Income Tax Act 1947, as amended or modified from time to time
“ Latest Practicable Date ”	:	3 March 2022, being the latest practicable date prior to the printing of this Letter to Shareholders
“ Listing Manual ”	:	The Listing Manual of SGX-ST, as amended or modified from time to time
“ Market Day ”	:	A day on which SGX-ST is open for trading in securities
“ Market Purchase ”	:	An on-market purchase of Shares by the Company effected on SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose
“ NAV ”	:	Net Asset Value

“Off-Market Purchase”	:	An off-market purchase of Shares by the Company effected in accordance with an equal access scheme
“Ordinary Shareholders”	:	Registered holders of Ordinary Shares, except where the registered holder is CDP, the term “Ordinary Shareholders” shall in relation to such Ordinary Shares, mean the Depositors whose securities accounts maintained with CDP are credited with the Ordinary Shares
“Ordinary Shares”	:	Ordinary shares of the Company
“Preference Shares”	:	Non-redeemable convertible non-cumulative preference shares of the Company
“SFA”	:	Securities and Futures Act 2001, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	The mandate to enable the Company to purchase or otherwise acquire its issued Shares
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary Shares and Preference Shares
“SIC”	:	Securities Industry Council of Singapore
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Annexure I to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Income Tax Act, the SFA, the Listing Manual or Take-over Code or any statutory modification thereof and not otherwise defined in this Annexure I shall have the same meaning assigned to it under the Companies Act, the Income Tax Act, the SFA, the Listing Manual or Take-over Code or any statutory modification thereof, as the case may be.

Any discrepancies in the tables in this Annexure I between the listed amounts and the totals thereof are due to rounding.

3. RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Rationale for the Share Purchase Mandate

The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire its Shares, if and when circumstances permit, with a view to enhancing the EPS and/or the NAV per Ordinary Share. The Directors believe that share purchases also provide the Company and its Directors with an alternative to facilitate the return of surplus cash over and above its ordinary capital requirements and exercise greater control over the Company's share capital structure.

The Directors further believe that share purchases or acquisitions may bolster confidence of Ordinary Shareholders and/or holders of Preference Shares. With the Share Purchase Mandate, the Directors will have the ability to purchase Shares on SGX-ST, where appropriate, to stabilise the demand for the Shares and to buffer against short-term share price volatility due to market speculation.

Purchases of Shares by the Company will be made only in circumstances where it is considered to be in the best interests of the Company. Further, the Directors do not propose to carry out share purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from SGX-ST.

3.2 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the purchase or acquisition of issued Shares by the Company under the Share Purchase Mandate are summarised below:

3.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid may be purchased or acquired by the Company under the Share Purchase Mandate.

Subject to the Companies Act, the Share Purchase Mandate will authorise the Company, from time to time, to purchase such number of Shares which represents up to:

- (i) in the case of Ordinary Shares, a maximum of 10% of the total number of issued Ordinary Shares (excluding any Ordinary Shares which are held as treasury shares and subsidiary holdings (as defined in the Listing Manual)); and
- (ii) in the case of Preference Shares, a maximum of 10% of the total number of issued Preference Shares,

as at the date of the 59th AGM at which the renewal of the Share Purchase Mandate is approved.

Treasury shares or subsidiary holdings will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company had 2,400,000 treasury shares and no subsidiary holdings.

For illustrative purposes only, based on 906,901,330 issued Ordinary Shares (excluding 2,400,000 treasury shares) and 330,874,257 issued Preference Shares as at the Latest Practicable Date, and assuming that no further Ordinary Shares and Preference Shares are issued on or prior to the 59th AGM, not more than 90,690,133 Ordinary Shares and 33,087,425 Preference Shares (representing 10% of the issued Ordinary Shares and 10% of the Preference Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate. There are no subsidiary holdings in the share capital of the Company.

3.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company from the date of the 59th AGM, at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

3.2.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of Market Purchases and/or Off-Market Purchases.

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act or the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) the offers for the purchase or acquisition of shares under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;
 - (bb) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, *inter alia*:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed share purchases;
- (4) the consequences, if any, of share purchases by the listed company that will arise under the Take-over Code or other applicable take-over rules;

- (5) whether the share purchases, if made, could affect the listing of the listed company's shares on SGX-ST;
- (6) details of any share purchases made by the listed company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the shares purchased by the listed company will be cancelled or kept as treasury shares.

3.2.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed, in the case of both Market Purchases and Off-Market Purchases, 105% of the Average Closing Price (as defined below) (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the Closing Market Prices of the Ordinary Shares or Preference Shares (as the case may be) over the last five Market Days on SGX-ST, on which transactions in the Ordinary Shares or Preference Shares (as the case may be) were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such 5-Market Day period;

"**Closing Market Price**" means the last dealt price for an Ordinary Share or a Preference Share (as the case may be) transacted on SGX-ST as shown in any publication of SGX-ST or other sources; and

"**day of the making of the offer**" means the day on which the Company makes an offer for the Off-Market Purchase of Ordinary Shares or Preference Shares (as the case may be) from Ordinary Shareholders or holders of Preference Shares (as the case may be), stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase, calculated on the foregoing basis) for each Ordinary Share or Preference Share (as the case may be) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.3 Source of Funds

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution and applicable laws in Singapore. Payment may be made by the Company in consideration of the purchase or acquisition of its own Shares out of the Company's capital as well as from its profits.

The Company intends to use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares under the Share Purchase Mandate. The Directors do not intend to exercise the Share Purchase Mandate to such extent as would have a material adverse effect on the working capital requirements or the gearing levels of the Group. In determining whether to undertake any purchases or acquisitions of Shares under the Share Purchase Mandate, the Directors will take into account, *inter alia*, the prevailing market conditions, the financial position of the Group and other relevant factors.

3.4 Status of Purchased or Acquired Shares

Under the Companies Act, Preference Shares which are purchased or acquired by the Company will be deemed cancelled immediately on purchase or acquisition. Ordinary Shares purchased or acquired by the Company may be held or dealt with as treasury shares or cancelled. As such, Shares cancelled upon purchase or acquisition by the Company will be automatically delisted by SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as practicable following settlement of any such purchase or acquisition.

Some of the provisions on treasury shares under the Companies Act are summarised below:

3.4.1 Maximum Holdings

The number of Ordinary Shares held as treasury shares (including shares held by a subsidiary under Sections 21(4B) and 21(6C) of the Companies Act) cannot at any time exceed 10% of the total number of issued Ordinary Shares.

3.4.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote in respect of treasury shares and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.4.3 Disposal and Cancellation

Where Ordinary Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on SGX-ST before and after the usage and the value of the treasury shares of the usage.

3.5 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital or profits of the Company, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group based on the audited financial statements of the Group for the financial year ended 31 December 2021 are based on the assumptions set out below:

3.5.1 Purchase or Acquisition out of Capital or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The purchases or acquisitions of Shares by the Company will reduce the cash reserves and/or increase the borrowings of the Company and the Group, thereby reducing the working capital and shareholders' funds of the Company and the Group. As a result of this, the gearing ratio of the Company and the Group will increase and the current ratios will decrease on the assumption that the additional external borrowings obtained, if any, are classified as current liabilities.

3.5.2 Maximum Price Paid for Shares Purchased or Acquired

As at the Latest Practicable Date, the Company has 906,901,330 issued Ordinary Shares (excluding treasury shares and subsidiary holdings) and 330,874,257 Preference Shares.

Based on the existing number of issued Ordinary Shares and Preference Shares of the Company as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate would result in the purchase of 90,690,133 Ordinary Shares (representing 10% of the total number of issued Ordinary Shares of the Company) and 33,087,425 Preference Shares (representing 10% of the total number of issued Preference Shares of the Company).

In the case of Market Purchases and Off-Market Purchases by the Company and assuming that the Company purchases or acquires 90,690,133 Ordinary Shares at the Maximum Price of S\$7.46 for one Ordinary Share (being the price equivalent to 105% of the Average Closing Price as at the Latest Practicable Date) and 33,087,425 Preference Shares at the Maximum Price of S\$1.10 for one Preference Share (being the price equivalent to 105% of the Average Closing Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 90,690,133 Ordinary Shares and 33,087,425 Preference Shares is approximately S\$676.5 million and S\$36.4 million respectively.

3.5.3 Whether the underlying Shares are cancelled or held in treasury

The financial effects on the Group arising from purchases or acquisitions of Shares will also depend on whether the Shares purchased or acquired are cancelled or held in treasury.

For illustrative purposes only, on the basis that the Company purchases or acquires 90,690,133 Ordinary Shares and 33,087,425 Preference Shares by way of Market Purchases made out of profits and/or capital and held in treasury for Ordinary Shares purchased or acquired and cancelled for Preference Shares purchased or acquired, and that the Share Purchase Mandate had been effective on 1 January 2021, the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2021 would have been as follows:

	GROUP		COMPANY	
	Before Purchase of Ordinary Shares and Preference Shares	After Purchase of Ordinary Shares and Preference Shares ⁽¹⁾	Before Purchase of Ordinary Shares and Preference Shares	After Purchase of Ordinary Shares and Preference Shares ⁽¹⁾
As at 31 December 2021	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital and Reserves ⁽¹⁾	8,413,560	8,378,454	6,332,406	6,297,300
Treasury Shares	-	(676,548)	-	(676,548)
NAV	8,413,560	7,701,906	6,332,406	5,620,752
Total Equity	9,332,029	8,620,375	6,332,406	5,620,752
Current Assets ⁽²⁾	10,310,995	9,624,673	7,109,553	6,423,231
Current Liabilities ⁽²⁾	7,874,869	7,900,201	5,838,783	5,864,115
Working Capital	2,436,126	1,724,472	1,270,770	559,116
Net Borrowings ^{(2),(3)}	9,231,474	9,943,128	6,476,849	7,188,503
Number of Ordinary Shares ⁽⁷⁾	906,901,330	816,211,197	906,901,330	816,211,197
Financial Ratios				
NAV per Ordinary Share (S\$)	9.28	9.44	6.98	6.89
Basic EPS (Ordinary) (cents) ⁽⁴⁾	9.3	10.5	1.7	2.1
Net Gearing (times) ⁽⁵⁾	0.99	1.15	1.02	1.28
Current Ratio (times) ⁽⁶⁾	1.31	1.22	1.22	1.10

Notes:

- (1) Assuming no Preference Shares are converted.
- (2) Assuming the purchases or acquisitions of Ordinary Shares and Preference Shares are funded using all available cash and cash equivalents (excluding amounts held under project accounts which withdrawals are restricted to payment for expenditure incurred on development projects) of the Company estimated to be S\$687.6 million and the balance of S\$25.3 million funded via short term bank borrowings. For the purpose of this calculation, we have not taken into account any interest foregone on the utilised cash and cash equivalents, or any interest payable on the additional borrowings.
- (3) Net borrowings refer to the aggregate borrowings from banks and financial institutions, and lease liabilities, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.
- (4) Basic EPS is based on the net profit attributable to Ordinary Shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends and the number of Ordinary Shares.
- (5) Net gearing is computed based on the ratio of net borrowings to total equity.
- (6) Current ratio is computed based on the ratio of current assets to current liabilities.
- (7) Number of Ordinary Shares refers to number of issued and paid-up Ordinary Shares (excluding 2,400,000 treasury shares) as at the Latest Practicable Date as well as the weighted average number of Ordinary Shares outstanding during the year.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustrative purposes only.

In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Group for the financial year ended 31 December 2021, and is not necessarily representative of the future financial performance of the Group or the Company. In addition, the actual impact will depend on the actual number and price of Shares that may be acquired or purchased by the Company as well as how the purchase or acquisition is funded, and the Company may not carry out the Share Purchase Mandate to the full 10% mandated and may cancel or hold in treasury all or part of the Ordinary Shares purchased or acquired.

3.6 Taxation

Purchase or Acquisition of Ordinary Shares

The proceeds received by the shareholder from the buyback will be treated as proceeds from the disposal of Ordinary Shares. Whether or not such proceeds are taxable in the hands of such shareholder will depend on whether such proceeds are receipt of an income or capital nature.

Any gains from the disposal of the Ordinary Shares considered to be capital in nature will not be taxable in Singapore. However, any gains derived by any person from the disposal of the Ordinary Shares which are considered as revenue income from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable in Singapore.

Holders of the Ordinary Shares who apply or are required to apply Singapore Financial Reporting Standard 109 - Financial Instruments ("FRS 109") or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) ("SFRS(I) 9") (as the case may be), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Ordinary Shares, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be).

Holders of the Ordinary Shares should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Ordinary Shares.

Purchase or Acquisition of Preference Shares

The tax consequences of the purchase or acquisition of Preference Shares are as per those stated under "Purchase or Acquisition of Ordinary Shares".

Holders of the Preference Shares should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Preference Shares.

Shareholders should note that the foregoing does not constitute, and should not be regarded as constituting, advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or any tax implications, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

3.7 Listing Manual

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to SGX-ST, in such reporting format as prescribed by SGX-ST or the Listing Manual, not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. The Listing Manual restricts a listed company from purchasing shares by way of a Market Purchase at a price which is more than 105% of the Average Closing Market Price (as defined in Section 3.2.4 of this Annexure I). Hence, the Maximum Price for the purchase or acquisition of Shares by the Company by way of a Market Purchase complies with this requirement.

Although the Listing Manual does not prescribe a maximum price in relation to purchase or acquisition of shares by way of an Off-Market Purchase, the Company has set a cap of 105% of the Average Closing Price of an Ordinary Share or a Preference Share (as the case may be) as the Maximum Price for an Ordinary Share or a Preference Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with Listing Rule 1207(19)(c) of the Listing Manual and the Company's Internal Code on Securities Trading, the Company will not purchase or acquire any Shares during the period commencing one month before the announcement of the Company's financial statements for the half year and full financial year (as the case may be).

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares and subsidiary holdings (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. Under the Listing Manual, "public" is defined as persons other than the directors, substantial shareholders, chief executive officer or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons.

Based on information available to the Company as at the Latest Practicable Date, approximately 51.31% of the issued Ordinary Shares were held by public Ordinary Shareholders. In the event that the Company purchases the maximum of 10% of its issued Ordinary Shares from such public Ordinary Shareholders, the resultant percentage of the issued Ordinary Shares held by public Ordinary Shareholders would be reduced to approximately 45.90%. Accordingly, the Directors are of the view that there is, at present, a sufficient number of Ordinary Shares in issue held by public Ordinary Shareholders that would permit the Company to potentially undertake purchases or acquisitions of the Ordinary Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Ordinary Shares on SGX-ST, and that the number of Ordinary Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect orderly trading of the Ordinary Shares.

3.8 Obligation to Make a Take-Over Offer

- (i) As the Preference Shares do not carry general voting rights, there will be no Take-over Code implications arising from the purchase or acquisition by the Company of Preference Shares pursuant to the Share Purchase Mandate.
- (ii) If, as a result of any purchase or acquisition of Ordinary Shares made by the Company under the Share Purchase Mandate, an Ordinary Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. Consequently, an Ordinary Shareholder or group of Ordinary Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert: (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other, and (c) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Ordinary Shareholders, including Directors, and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer after a purchase or acquisition of Ordinary Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of a purchase or acquisition of Ordinary Shares by the Company:

- (aa) the percentage of voting rights held by such Directors and their concert parties in the Company increase to 30% or more; or
- (bb) if the Directors and their concert parties hold 30% or more but less than 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, an Ordinary Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing its Ordinary Shares, the voting rights of such Ordinary Shareholder would increase to 30% or more, or, if such Ordinary Shareholder holds 30% or more but less than 50% of the Company's voting rights, the voting rights of such Ordinary Shareholder would increase by more than 1% in any period of six months. Such Ordinary Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a takeover offer under the Take-over Code as a result of any purchase or acquisition of Ordinary Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC at the earliest opportunity.

3.9 Certain General Take-Over Code Implications Arising from the Share Purchase Mandate

Based on information available to the Company as at the Latest Practicable Date, HLIH and its concert parties ("**HLIH Concert Parties**") hold approximately 49.21% of the total number of issued Ordinary Shares.

Assuming that there is no change in the said shareholding interests of the HLIH Concert Parties in the Company, the purchase or acquisition by the Company of the maximum 90,690,133 Ordinary Shares (being 10% of the total number of issued Ordinary Shares of the Company as at the Latest Practicable Date) from Ordinary Shareholders other than the HLIH Concert Parties, will result in their collective shareholding interests increasing from 49.21% to 54.68%. In addition, if the Company were to exercise its right to convert the Preference Shares into Ordinary Shares, the percentage shareholding of the HLIH Concert Parties may also increase (depending on whether and the extent to which, the Company converts the Preference Shares into Ordinary Shares).

Based on the above information as at the Latest Practicable Date, the percentage of voting rights held by the HLIH Concert Parties in the Company may be increased by more than 1% in any 6-month period as a result of acquisition of Ordinary Shares by the Company pursuant to the Share Purchase Mandate and/or the conversion of the Preference Shares.

The HLIH Concert Parties has made an application to SIC and it has been confirmed by SIC, *inter alia*, that:

- (i) the HLIH Concert Parties will not be obliged under the Take-over Code to make a take-over offer for the Ordinary Shares even if their aggregate shareholdings were to so increase by more than 1% in any 6-month period, provided that their collective shareholdings amount to more than 49% for at least six months prior to such increase. As at the Latest Practicable Date, the HLIH Concert Parties have collectively held more than 49% of the Company for more than six months; and
- (ii) no take-over obligation will arise even if any individual member or sub-group within the HLIH Concert Parties group increases its holding to 30% or more, or if already holding between 30% and 50%, acquires further voting rights in the Company sufficient to increase its holding by more than 1% in any 6-month period.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any substantial Shareholder (together with persons acting in concert with it) who would become obliged to make a mandatory take-over offer for the Company under the Take-over Code in the event that the Company purchases the maximum 90,690,133 Ordinary Shares pursuant to the Share Purchase Mandate.

3.10 No Previous Purchase

The Company has not undertaken any purchase or acquisition of its issued Ordinary Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 58th AGM.

4. DIRECTORS' RECOMMENDATION

For the reasons set out in Section 3 of Annexure I, the Directors recommend that Ordinary Shareholders vote in favour of the Ordinary Resolution 8 for the renewal of the Share Purchase Mandate at the forthcoming 59th AGM.

PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. BACKGROUND

On 29 May 2003, the Company obtained shareholders' approval at an Extraordinary General Meeting of the Company ("**2003 EGM**") for the Company, its subsidiaries and its associated companies not listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**") or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control (collectively "**CDL EAR Group**"), to enter into transactions within the categories of Interested Person Transactions set out in the Company's circular to shareholders dated 28 April 2003, with such persons within the class or classes of Interested Persons as described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular (the "**IPT Mandate**"). The IPT Mandate was renewed at each of the Company's Annual General Meetings since 2004, including the Annual General Meeting held on 30 April 2021 (the "**58th AGM**"). Given that such Interested Person Transactions are expected to occur with some degree of frequency and may arise at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the forthcoming 59th AGM of the Company for the renewal of the IPT Mandate.

2. RENEWAL OF THE IPT MANDATE

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The IPT Mandate approved at the 58th AGM was expressed, unless revoked or varied by the Company in general meeting, to continue in force until the next Annual General Meeting of the Company, being the 59th AGM, which is to be held on 28 April 2022. Accordingly, it is proposed that the IPT Mandate be renewed at the 59th AGM, to take effect until the conclusion of the next Annual General Meeting of the Company to be held in 2023.

The nature of the Interested Person Transactions and the classes of Interested Persons in respect of which the IPT Mandate is sought to be renewed remain unchanged.

Particulars of the IPT Mandate, including the rationale for, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix A.

3. INTERESTED PERSON TRANSACTIONS CONDUCTED IN THE YEAR ENDED 31 DECEMBER 2021

Particulars of Interested Person Transactions conducted by the CDL EAR Group under the IPT Mandate during the year ended 31 December 2021 (“FY2021”) were as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted in FY2021 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000	
Subsidiaries of Hong Leong Investment Holdings Pte. Ltd.	Hong Leong Investment Holdings Pte. Ltd. is a controlling shareholder of the Company. Its subsidiaries are interested persons being associates of a controlling shareholder.	<u>Property-Related Transactions</u>	2,025
		Provision of house keeping services and lease of premises to Interested Persons	
		<u>Management and Support Services</u>	620
		Provision of management and consultancy services by Interested Persons	
		Total:	2,645
Directors and their immediate family members			Nil

4. AUDIT & RISK COMMITTEE’S STATEMENT

The Audit & Risk Committee of the Company confirms that:

- (a) the methods or procedures for determining the transaction prices of the Interested Person Transactions conducted under the IPT Mandate remain appropriate since the Shareholders approved the renewal of the IPT Mandate at the 58th AGM of the Company held on 30 April 2021; and
- (b) the methods or procedures referred to in (a) above continue to be sufficient to ensure that these Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

5. DIRECTORS’ RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Mr Lee Jee Cheng Philip, Mr Philip Yeo Liat Kok, Mr Ong Lian Jin Colin, Mr Daniel Marie Ghislain Desbaillets, Mr Chong Yoon Chou, Ms Chan Swee Liang Carolina (Carol Fong) and Ms Tang Ai Ai Mrs Wong Ai Ai.

They are of the opinion that the entry into of the Interested Person Transactions (as described in Section 6 of Appendix A) between the CDL EAR Group (as defined in Section 2 of Appendix A) and the Interested Persons (as described in Section 5 of Appendix A) in the ordinary course of business will be entered into to enhance the efficiency of the Group and are in the best interests of the Company. For the reasons set out in Sections 2 and 4 of Appendix A, they recommend that Shareholders vote in favour of Resolution 9 for the renewal of the IPT Mandate at the forthcoming 59th AGM.

THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Chapter 9**”) applies to transactions between a party that is an entity at risk and a counter party that is an interested person. The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders. The aforementioned terms “entity at risk”, “interested person” and “associated companies” are defined below.

1.2 Main terms used in Chapter 9:

- (a) An “**entity at risk**” means
- (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has or have control over the associated company.
- (b) An “**associated company**” of a listed company means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or the listed group.
- (c) An “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9.
- (d) An “**interested person**”, in the case of a company, means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.
- (e) An “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder of the listed company (being an individual) means an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder; the trustees of any trust of which the director and/or his immediate family, or the chief executive officer and/or his immediate family or the controlling shareholder and/or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the director and/or his immediate family, or the chief executive officer and/or his immediate family or the controlling shareholder and/or his immediate family has or have an aggregate interest (directly or indirectly) of 30 per cent. or more; and, where a controlling shareholder of the listed company is a corporation, its “associate” means its subsidiary or holding company or fellow subsidiary or a company in which it and/or such other companies taken together have (directly or indirectly) an interest of 30 per cent. or more.
- (f) A “**chief executive officer**” of a listed company means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.

- (g) A “**controlling shareholder**” of a listed company means a person who holds directly or indirectly 15 per cent. or more of the total voting rights in the company; or a person who in fact exercises control over a company.
- (h) An “**interested person transaction**” means a transaction between an entity at risk and an interested person.

1.3 Materiality thresholds, announcement requirements and shareholders’ approval

When Chapter 9 applies to a transaction with an interested person (except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from certain requirements of Chapter 9) and the value of the transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)¹), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction.

In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5 per cent. of the listed group’s latest audited NTA²; or
- (b) 5 per cent. of the listed group’s latest audited NTA, when aggregated with other transactions entered into with the same interested person (such term as construed under Chapter 9) during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

1.4 Shareholders’ general mandate

Chapter 9 allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, which may be carried out with the listed company’s interested persons.

2. INTRODUCTION AND RATIONALE FOR THE IPT MANDATE

2.1 Hong Leong Investment Holdings Pte. Ltd. (“**HLIH**”), the controlling shareholder of the Company and its associates (the “**HLIH Group**”) are interested persons of the Company.

2.2 Due to the size of the HLIH Group and the diversity of the activities of CDL and its subsidiaries (the “**Group**”), it is anticipated that:

- (a) CDL;
- (b) subsidiaries of CDL that are not listed on SGX-ST or an approved exchange; and
- (c) associated companies of CDL that are not listed on SGX-ST or an approved exchange, provided that the Group or the Group and its interested person(s), has or have control over the associated companies,

¹ Based on the audited financial statements of the Group for the financial year ended 31 December 2021, the annual NTA of the Group was S\$8,411,681,000.

² In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time that the annual financial statements of the Group for the year ending 31 December 2022 are published by the Company, 5 per cent. of the latest annual audited NTA of the Group would be S\$420,584,050.

(together, the “**CDL EAR Group**”), or any of them, would, in the ordinary course of its businesses, enter into certain transactions with its interested persons. It is likely that such interested person transactions will occur with some degree of frequency and may arise at any time. Thus, the IPT Mandate is intended to facilitate transactions in the normal course of business of the CDL EAR Group falling within the categories of interested person transactions as set out in Section 6 below (the “**Interested Person Transactions**”), that are transacted from time to time with the interested persons as specified in Section 5 below (the “**Interested Persons**”) provided that they are carried out at arm’s length and on the Group’s normal commercial terms and which are not prejudicial to the interests of the Company and its minority Shareholders.

3. SCOPE OF THE IPT MANDATE

- 3.1 The IPT Mandate will not cover any Interested Person Transaction which has a value below S\$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual of SGX-ST do not apply to such transactions.
- 3.2 Transactions with interested persons, which do not fall within the ambit of the IPT Mandate (including any renewal thereof), will be subject to the applicable provisions of Chapter 9 and/or any other applicable provisions of the Listing Manual.

4. BENEFITS OF THE IPT MANDATE

- 4.1 The Directors are of the view that it will be beneficial to the CDL EAR Group to transact or continue to transact with the Interested Persons, especially since the Interested Person Transactions are undertaken on an arm’s length basis, on normal commercial terms consistent with the Group’s usual business practices and policies and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 4.2 Where the Interested Person Transactions relate to the provision to, and the obtaining from, Interested Persons of products or services as contemplated in Sections 6(a), (b) and (d), the CDL EAR Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons as well as from unrelated third parties, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The provision of products and services to Interested Persons are also an additional source of revenue for the CDL EAR Group, provided that such products and services are provided on arm’s length basis and on normal commercial terms. Where the Interested Person Transactions relate to financial and treasury transactions as contemplated in Section 6(c), the CDL EAR Group will benefit from the competitive quotes received from its Interested Persons, thus leveraging on the financial strength and credit standing of the Interested Persons.
- 4.3 The adoption of the IPT Mandate and the renewal of the same on an annual basis would eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders’ approval as and when such Interested Person Transactions with the Interested Persons arise, thereby reducing substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group. This would also enable the Group to maximise its business opportunities especially in commercial transactions which are time-sensitive in nature. At the same time, the Group would be able to channel the significant amount of administrative resources, including time and expenses, saved towards its other corporate objectives.

5. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to transactions with the following classes of Interested Persons:

- (a) the HLIH Group; and
- (b) Directors, chief executive officer(s) and controlling shareholders of the Company (other than entities who fall under the HLIH Group described in paragraph (a) above) and their respective associates.

6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions between the CDL EAR Group and Interested Persons which will be covered by the IPT Mandate relate to recurrent transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, and are set out as follows:

(a) Property-related Transactions

Transactions within the ambit of this category comprise the leasing or rental of properties; the award of contracts to main contractors, suppliers and consultants for property development projects; the provision and/or receipt of project management services; marketing and property agency services; cleaning, security and building maintenance services; property and estate management services including serviced apartments and serviced offices management services; and carpark management services.

(b) Management and Support Services

This category comprises transactions in relation to the receipt or provision of management services; legal; and financial advisory and consultancy services.

(c) Financial and Treasury Transactions

This category comprises transactions in relation to the placement of funds with Interested Persons, the borrowing of funds from Interested Persons, and the entry into foreign exchange, swap and option transactions with Interested Persons that do not fall under the exceptions to interested person transactions pursuant to Rule 915(6) and Rule 915(7) of Chapter 9³; and the subscription by the CDL EAR Group of debt securities issued by any Interested Person and the issue of debt securities by the CDL EAR Group to any Interested Person.

Pursuant to Rule 916(3) of Chapter 9, the provision of a loan by the CDL EAR Group to a joint venture with an Interested Person does not require the seeking of shareholders' approval provided that such loan is extended by all joint venture partners on the same terms and in proportion to their equity interest in the joint venture; the Interested Person does not have an existing equity interest in the joint venture prior to the participation of the CDL EAR Group in the joint venture; and the Company has announced that its Audit & Risk Committee (as defined herein) is of the view that: (i) the provision of the loan is not prejudicial to the interests of the Company and its minority Shareholders; (ii) the risks and rewards of the joint venture are in proportion to the equity of each of the joint venture partners; and (iii) the terms of the joint venture are not prejudicial to the interests of the Company and its minority Shareholders.

(d) General Transactions

This category comprises transactions in relation to the purchase and sale of goods including building materials, electronic and engineering equipment, building automation systems, computer systems (hardware and software), vehicles, parts and accessories, and the provision and receipt of after-sales services.

³ Pursuant to Rule 915(6) and Rule 915(7) of Chapter 9, the provision or receipt of financial assistance or services by or from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business does not constitute an interested person transaction which would require compliance with Rules 905, 906 and 907 of Chapter 9. Rule 905 relates to requirements for immediate announcement of interested person transactions, Rule 906 relates to requirements for seeking shareholders' approval for interested person transactions, and Rule 907 relates to requirements for disclosure of the aggregate value of interested person transactions in the listed company's annual report.

7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

7.1 In general, there are procedures established by the Group to ensure that Interested Person Transactions, which are reviewed and approved by the management, are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, are not prejudicial to the interests of the Company and its minority Shareholders, and on terms which are generally no more favourable to the Interested Persons than those extended to or received from unrelated third parties.

7.1.1 Property-related Transactions, Management and Support Services, and General Transactions

All Interested Person Transactions (other than the Financial and Treasury Transactions covered in Section 7.1.2 below) are to be carried out at the published or prevailing rates/prices of the service or product providers (including, where applicable, preferential rates/prices/discounts accorded to a class or classes of customers or for bulk purchases where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry and may be similarly extended to unrelated third parties), on the service or product provider's usual commercial terms which may also be similarly extended to unrelated third parties, or otherwise in accordance with other applicable industry norms.

In addition, the CDL EAR Group will monitor the Interested Person Transactions (other than the Financial and Treasury Transactions covered in Section 7.1.2 below) as follows:

- (a) Property-related Transactions comprising the award of contracts to main contractors, suppliers and consultants for property development projects
 - (i) an Interested Person Transaction under this sub-paragraph (a) with a value in excess of S\$10 million shall be reviewed and approved by the audit & risk committee of the Company (the "Audit & Risk Committee") prior to the entry into of such Interested Person Transaction, or if it is expressed to be conditional on Shareholders' approval, prior to the completion of such Interested Person Transaction;
 - (ii) an Interested Person Transaction under this sub-paragraph (a) with a value below or equal to S\$10 million but in excess or equal to S\$100,000 shall be reviewed by the Audit & Risk Committee at its quarterly meetings; and
 - (iii) Interested Person Transactions under this sub-paragraph (a) shall be undertaken based on tenders which may be conducted for the award of such contracts with at least two bids from unrelated third parties to be obtained for comparison purposes. In the absence of tenders or the ability to obtain at least two bids for any tender, an Interested Person Transaction under this sub-paragraph (a) shall be undertaken based on comparison of rates/prices and terms offered by the Interested Person with the rates/prices and terms offered or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products.
- (b) Property-related Transactions comprising the leasing or rental of properties
 - (i) an Interested Person Transaction under this sub-paragraph (b) with a value in excess of S\$5 million shall be reviewed and approved by the Audit & Risk Committee prior to the entry into of such Interested Person Transaction, or if it is expressed to be conditional on Shareholders' approval, prior to the completion of such Interested Person Transaction;
 - (ii) an Interested Person Transaction under this sub-paragraph (b) with a value below or equal to S\$5 million but in excess or equal to S\$100,000 shall be reviewed by the Audit & Risk Committee at its quarterly meetings; and

- (iii) Interested Person Transactions under this sub-paragraph (b) shall be entered into after comparison of rates quoted to at least two unrelated third parties (in the case of leases granted to Interested Persons) or comparison of rates quoted by or obtained from at least two unrelated third parties (in the case of leases granted by Interested Persons) and after taking into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.
- (c) Property-related Transactions (other than those covered under sub-paragraphs (a) and (b) herein), Management and Support Services and General Transactions
- (i) an Interested Person Transaction under this sub-paragraph (c) with a value in excess of S\$3 million shall be reviewed and approved by the Audit & Risk Committee prior to the entry into of such Interested Person Transaction, or if it is expressed to be conditional on Shareholders' approval, prior to the completion of such Interested Person Transaction;
 - (ii) an Interested Person Transaction under this sub-paragraph (c) with a value below or equal to S\$3 million but in excess or equal to S\$100,000 shall be reviewed by the Audit & Risk Committee at its quarterly meetings; and
 - (iii) Interested Person Transactions under this sub-paragraph (c) shall be entered into, where applicable:
 - (1) in the case of the provision of services or products by an Interested Person, based on tenders (with at least two bids from unrelated third parties to be obtained for comparison purposes) or comparison of rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products; and
 - (2) in the case of the provision of services or products to an Interested Person, based on comparison of rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity and taking into account the availability of resources, expertise or manpower for the performance of such services or provision of such goods and the existence of any cost and/or time saving factors.
- (d) In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions covered under sub-paragraphs (a), (b) and (c) above (for example, where there are no unrelated third party providers or users of such services or products, or where the service or product is a proprietary item or due to the nature, speciality or confidentiality of the service or product to be supplied), such Interested Person Transactions shall be entered into only after the senior management staff of the relevant company in the CDL EAR Group (having no interest, direct or indirect, in the interested person transaction and having the authority in such company to approve the entering into of transactions of such nature and value), has evaluated and weighed the benefits of, and rationale for, transacting with the Interested Person and in their report submitted to the Audit & Risk Committee, confirmed that the price and terms offered to or by the Interested Person are fair and reasonable. In such evaluation and confirmation, the factors which may be taken into account include, but shall not be limited, to the following:

- (i) in relation to the sale of goods or services to the Interested Person and as determined by the senior management staff of the relevant company in the CDL EAR Group and reported to the Audit & Risk Committee, the terms of supply should be in accordance with the CDL EAR Group's usual business practice and consistent with the margins obtained by the CDL EAR Group in its business operations or the margins obtained for the same or substantially the same type of transactions;
- (ii) in relation to the purchase of goods or services from the Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Interested Person and unrelated third parties. The review procedures in such cases may include where applicable, reviewing the standard price lists provided by the Interested Person to its customers for such products or services;
- (iii) the efficiencies and flexibilities derived by the CDL EAR Group in transacting with the Interested Person as compared with transacting with unrelated third parties; and
- (iv) prevailing industry norms.

7.1.2 Financial and Treasury Transactions

(a) Placement of Funds

In relation to the placement with any Interested Person by the CDL EAR Group of its funds, the Company will require that quotations be obtained from such Interested Person and at least two principal bankers or financial institutions of the Group ("**Principal Bankers**") for rates offered by such Principal Bankers for deposits of an amount and currency and for a period equivalent to that of the funds to be placed by the CDL EAR Group. The CDL EAR Group will only place its funds with such Interested Person provided that the interest rate quoted is not less than the highest of the rates quoted by such Principal Bankers and after evaluating and taking into account any factor that may materially and adversely affect the credit standing of the Interested Person with whom the funds are to be placed by the CDL EAR Group or the risks associated in the placement of such funds with the Interested Person, and such other factors relevant for consideration.

(b) Borrowing of Funds

In relation to the borrowing of funds from any Interested Person by a company within the CDL EAR Group, the Company will require that quotations be obtained from such Interested Person and at least two bankers of the borrowing company within the CDL EAR Group for rates offered by such bankers for loans of an amount and currency and for a period equivalent to that of the funds to be borrowed by such borrowing company within the CDL EAR Group. The CDL EAR Group will only borrow funds from such Interested Person provided that the interest rate quoted is not more than the lowest of the rates quoted by such bankers.

(c) Foreign Exchange, Swaps and Options

In relation to foreign exchange, swap and option transactions with any Interested Person by the CDL EAR Group, the Company will require that rate quotations be obtained from such Interested Person and at least two Principal Bankers. The CDL EAR Group will only enter into such foreign exchange, swap and option transactions with such Interested Person provided that such rates quoted are no less favourable than the rates quoted by such Principal Bankers.

(d) Subscription of Debt Securities

In relation to the subscription by the CDL EAR Group of debt securities issued by the Interested Persons, the CDL EAR Group will only enter into the subscription of such debt securities provided that the price(s) at which the CDL EAR Group subscribes for such debt securities will not be higher than the price(s) at which such debt securities are subscribed for by unrelated third parties.

In relation to the issue of debt securities by the CDL EAR Group to Interested Persons, the CDL EAR Group will only issue such debt securities to Interested Persons provided that the price(s) at which the CDL EAR Group issues such debt securities will not be lower than the price(s) at which such debt securities are issued to unrelated third parties.

In addition to the foregoing, the following threshold limits will be applied to ensure further monitoring by the Group of the Financial and Treasury Transactions entered into by the CDL EAR Group:

Placement of Funds and Subscription of Debt Securities

Where the aggregate of the outstanding principal amount of funds placed with, and debt securities subscribed from, the same Interested Person (as such term is construed under Chapter 9) shall at any time exceed the equivalent of 10 per cent. of the consolidated shareholders' funds of the Group (based on its latest audited financial statements), each subsequent placement of funds with, or subscription of debt securities from, the same Interested Person shall require the prior approval of the Audit & Risk Committee.

Where the aggregate of the outstanding principal amount of funds placed with, and debt securities subscribed from, the same Interested Person does not at any time exceed the limit set out above, the placement of funds with, and subscription of debt securities from, that Interested Person will not require the prior approval of the Audit & Risk Committee but shall be reviewed by the Audit & Risk Committee at its quarterly meetings.

- 7.2 A register will be maintained by the Group to record all Interested Person Transactions (and the basis including the quotations, if any and where relevant, obtained to support such basis on which they are entered into) which are entered into pursuant to the IPT Mandate.

The Company shall, on a quarterly basis, report to the Audit & Risk Committee on all Interested Person Transactions, and the basis of such transactions, entered into with Interested Persons during the preceding quarter. The Audit & Risk Committee shall review such Interested Person Transactions at its quarterly meetings except where such Interested Person Transactions are required under the review procedures to be approved by the Audit & Risk Committee prior to the entry thereof.

- 7.3 The annual internal audit plan shall incorporate a review of the established review procedures for the monitoring of Interested Person Transactions entered into pursuant to the IPT Mandate.

The Audit & Risk Committee shall review the internal audit report on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. If, during a review by the Audit & Risk Committee, the Audit & Risk Committee is of the view that the established review procedures are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the CDL EAR Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh mandate based on new review procedures for transactions with Interested Persons.

For the purpose of the review process, if a member of the Audit & Risk Committee has an interest in the transaction to be reviewed by the Audit & Risk Committee, he will abstain from any decision making by the Audit & Risk Committee in respect of that transaction. For example, where two members of the Audit & Risk Committee have an interest each in the transaction to be reviewed by the Audit & Risk Committee, the review of that transaction will be undertaken by the remaining member(s) of the Audit & Risk Committee.

8. EXPIRY AND RENEWAL OF THE IPT MANDATE

The IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in General Meeting) continue in force until the next Annual General Meeting of the Company and will apply to Interested Person Transactions entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent Annual General Meeting, subject to review by the Audit & Risk Committee of its continued application to the Interested Person Transactions.

If the Audit & Risk Committee is of the view that the review procedures under the IPT Mandate are not sufficient to ensure that the Interested Person Transactions are transacted on normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new review procedures for Interested Person Transactions.

9. DISCLOSURE

In accordance with Chapter 9, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate during the financial year (as well as in the Company's annual reports for subsequent financial years that the IPT Mandate continues to be in force). In addition, the Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

**THE PROPOSED DISTRIBUTION *IN SPECIE* OF
144,300,000 STAPLED SECURITIES IN CDL HOSPITALITY
TRUSTS TO ENTITLED SHAREHOLDERS**

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

The circulation of this Annexure III and the distribution of the CDLHT Units (as defined herein) may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Shareholders (as defined herein) are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without any liability of the Company. It is the responsibility of Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

Further details on the distribution of and the entitlement of Overseas Shareholders (as defined herein) to the CDLHT Units pursuant to the Proposed Distribution (as defined herein) are set out in paragraph 6.7 of this Annexure III.

Notice to Australian Shareholders

This Annexure III is not a prospectus, product disclosure statement or other disclosure document under the Australian Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and it has not been registered, filed with or approved by an Australian regulatory authority under or in accordance with the Australian Corporations Act or any other relevant law in Australia. This Annexure III may not contain all of the information that a prospectus, product disclosure statement or other disclosure document under Australian law is required to contain.

The relevant CDLHT Units are not being offered or sold to the public within Australia and no member of the public in Australia may receive the relevant CDLHT Units pursuant to the Proposed Distribution, other than persons, being Shareholders of CDL, to whom it is permissible for the Proposed Distribution to be made under Australian law.

Notice to Canadian Shareholders

The Proposed Distribution of CDLHT Units is expected to constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities laws and exempt from or otherwise not subject to the registration requirements of Canadian securities laws. Any resale of CDLHT Units by a holder in Canada must be made pursuant to an exemption from prospectus requirements and in compliance with, or in a transaction that is not subject to, the registration requirements of applicable Canadian securities laws. Recipients of CDLHT Units in Canada are advised to seek legal advice prior to the resale of any such CDLHT Units.

The receipt of CDLHT Units pursuant to the Proposed Distribution may have tax consequences under applicable Canadian law and the tax laws of other jurisdictions. Each Shareholder is urged to consult its independent professional advisor regarding the tax consequences to it of the Proposed Distribution.

Notice to German Shareholders

Nothing in this Annexure III constitutes an offer of any securities or any solicitation or invitation with respect to the purchase of any securities, nor does it constitute an advertisement for an offer or issue of any securities or proposed issue of any securities. This Annexure III is not a prospectus or product disclosure statement. Nothing in this Annexure III shall be taken to be any type of legal, financial, tax or other professional advice. Shareholders should seek legal, financial, tax or other professional advice appropriate to their respective jurisdictions.

Notice to Indonesian Shareholders

The Proposed Distribution does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Markets (and the relevant implementing regulations). The relevant CDLHT Units may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offering under the laws and regulations of Indonesia.

This Annexure III, together with any further information which may be provided to Shareholders, is made available on the condition that it is for exclusive use by the Shareholders and shall not be passed on or further distributed to any other person, or reproduced in whole or in part without the prior written consent of the Company (which consent may be withheld at the Company's sole discretion).

Notice to Malaysian Shareholders

The purpose of this Annexure III is to set out information pertaining to the Proposed Distribution, to seek the approval of Shareholders for the Proposed Distribution and to give Shareholders notice of the 59th AGM.

Nothing in this Annexure III constitutes an offer for the subscription or purchase, or invitation to subscribe for or purchase, or sale, of the relevant CDLHT Units in Malaysia. No approval of, or recognition by, the Securities Commission of Malaysia has been or will be obtained for the making available, offer for subscription or purchase, or invitation to subscribe for or purchase, or sale, of the relevant CDLHT Units to Shareholders in Malaysia on the basis that the relevant CDLHT Units will only be made available, offered or sold (where applicable) exclusively outside Malaysia.

Neither this Annexure III nor any prospectus or other offering material or document has been or will be registered with the Securities Commission of Malaysia as a prospectus under the Capital Markets and Services Act 2007 on the basis that the relevant CDLHT Units will not be sold, issued or offered for subscription or purchase, or be made the subject of an invitation for subscription or purchase, in Malaysia. This Annexure III may not be circulated or distributed in Malaysia, whether directly or indirectly, for the purpose of making available, or offer for subscription or purchase, or invitation to subscribe for or purchase, or sale, of the relevant CDLHT Units.

Notice to PRC Shareholders

This Annexure III is not, and does not constitute part of, an offer to sell, solicitation of an offer, marketing or consultancy on CDLHT, its units or any related securities in PRC. This Annexure III is for CDL's Shareholders' reference only, and it should not be by any means deemed as a public offering under the laws and regulations of PRC. This Annexure III or any part hereof, shall not form the basis of, or be relied on in connection with, any investment decision relating to any securities of CDLHT. Shareholders in PRC should consult their own professional advisers as to whether or not they are permitted to receive the dividend in the form of the Proposed Distribution or if any governmental or other consent or registration including foreign exchange is required.

Shareholders in PRC are recommended to obtain their own advice from their professional tax advisers on the tax consequences of the Proposed Distribution, and the taxation implications of receiving, holding and dealing in the CDLHT Units. It is emphasised that the Company does not accept responsibility for any taxation effects on, or liabilities of, any persons in relation to the Proposed Distribution.

Notice to UK Shareholders

This Annexure III does not constitute and is not intended as an offer, invitation or inducement to Shareholders to acquire CDLHT Units or engage in investment activity in connection therewith. The contents of this Annexure III have not been reviewed by any regulatory authority in the United Kingdom and no action has been taken in the United Kingdom to authorise or register this Annexure III or to permit the distribution of this Annexure III or any document issued in connection with it.

Shareholders are advised to exercise caution in relation to the transactions contemplated in this Annexure III. If any Shareholder is in any doubt about any of the contents of this Annexure III, such Shareholder should obtain independent professional advice.

Notice to US Shareholders

This Annexure III is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction. This Annexure III shall not constitute an offer to sell or a solicitation of an offer to sell, subscribe for or buy securities in any jurisdiction, including in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"). The securities described herein have not been and will not be, and are not required to be, registered with the U.S. Securities and Exchange Commission (the "**U.S. SEC**") under the U.S. Securities Act or the securities laws of any state of the United States. The relevant CDLHT Units will be distributed in reliance on the position taken by the Division of Corporation Finance of the U.S. SEC, set forth in Staff Legal Bulletin No. 4, that shares distributed in a spin-off do not require registration under the U.S. Securities Act, if, as is the case with respect to the Proposed Distribution, certain conditions are satisfied, and there are available exemptions from such state law registration requirements. Neither the U.S. SEC nor any other United States federal or state securities commission or regulatory authority has approved or disapproved of the CDLHT Units or passed an opinion on the adequacy of this Annexure III. Any representation to the contrary is a criminal offence in the United States. Overseas Shareholders, including but not limited to those in the United States, are advised to read this section and paragraph 6.7 of this Annexure III.

DEFINITIONS

In this Annexure III, the following definitions shall apply throughout unless otherwise stated:

“59th AGM”	: The 59th annual general meeting of the Company to be convened and held by electronic means at 11.00 a.m. on Thursday, 28 April 2022 (and any adjournment thereof)
“Board”	: The board of Directors of the Company
“Brokers”	: OCBC Securities, Phillip Securities, UOB Kay Hian and CGS-CIMB
“CDL” or “Company”	: City Developments Limited
“CDL FY2021 Financial Results”	: The audited consolidated financial statements of the CDL Group for FY2021
“CDL Group” or “Group”	: The Company and its subsidiaries
“CDLHT”	: CDL Hospitality Trusts
“CDLHT FY2021 Financial Results”	: The audited consolidated financial statements of CDLHT for FY2021
“CDLHT Units”	: Stapled securities in CDLHT, with each CDLHT Unit consisting of one unit in CDL H-REIT and one unit in CDL HBT
“CDL H-REIT”	: CDL Hospitality Real Estate Investment Trust
“CDL HBT”	: CDL Hospitality Business Trust
“CDP”	: The Central Depository (Pte) Limited
“CGS-CIMB”	: CGS-CIMB Securities (Singapore) Pte. Ltd.
“Companies Act”	: The Companies Act 1967
“Completion Date”	: Has the meaning given to it in paragraph 1.1 of this Annexure III
“Concession Period”	: Has the meaning given to it in paragraph 6.8.1 of this Annexure III
“Concessionary Brokerage Rate”	: Has the meaning given to it in paragraph 6.8.1 of this Annexure III
“CPF”	: Central Provident Fund
“CPF Agent Banks”	: Agent banks included under the CPFIS
“CPFIS”	: CPF Investment Scheme
“CPFIS Members”	: Has the meaning given to it in paragraph 6.4 of this Annexure III
“Directors”	: The directors of the Company

“EPS”	: Earnings per Ordinary Share
“Entitled Shareholders”	: Shareholders who hold Ordinary Shares as at the Record Date that will be entitled to the Proposed Distribution
“FY2021”	: The financial year ended 31 December 2021
“HHPL”	: Hospitality Holdings Pte. Ltd., a wholly-owned subsidiary of CDL
“Latest Practicable Date”	: 3 March 2022, being the latest practicable date prior to the printing of this Letter
“Letter”	: This letter dated 30 March 2022
“Listing Manual”	: The listing manual of the SGX-ST
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“NAV”	: Net asset value
“Notice of 59th AGM”	: The notice of the 59th AGM dated 30 March 2022
“NTA”	: Net tangible assets
“OCBC Securities”	: OCBC Securities Private Limited
“Ordinary Shares”	: Ordinary shares of the Company
“Overseas Shareholders”	: Has the meaning given to it in paragraph 6.7 of this Annexure III
“Phillip Securities”	: Phillip Securities Pte Ltd
“Preference Shares”	: Non-redeemable convertible non-cumulative preference shares of the Company
“Proposed Distribution”	: Has the meaning given to it in paragraph 1.1 of this Annexure III
“PRS”	: Has the meaning given to it in paragraph 3 of this Annexure III
“Record Date”	: Has the meaning given to it in paragraph 4.1 of this Annexure III
“Register of CDL”	: The register of members of CDL, as maintained by the Share Registrar
“Register of CDLHT”	: The register of unitholders of CDLHT, as maintained by the Unit Registrar
“Restructuring Exercise”	: Has the meaning given to it in paragraph 4.1 of this Annexure III
“RNAV”	: Revalued net asset value

“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	: The Securities and Futures Act 2001
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	: Ordinary Shares and Preference Shares
“Share Registrar”	: M & C Services Private Limited, with its registered office at 112 Robinson Road, #05-01, Singapore 068902, the share registrar of the Company
“SRS”	: Supplementary Retirement Scheme
“SRS Approved Banks”	: Approved banks in which SRS Investors hold their accounts under the SRS
“SRS Investors”	: Has the meaning given to it in paragraph 6.5 of this Annexure III
“Substantial Shareholders”	: A Shareholder who holds directly or indirectly 5% or more of the total issued and voting share capital of the Company
“S\$” or “cents”	: Singapore dollar, and cents respectively, unless otherwise stated
“Unit Registrar”	: Boardroom Corporate & Advisory Services Pte. Ltd. with its registered office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, the unit registrar of CDLHT
“UOB Kay Hian”	: UOB Kay Hian Private Limited
“%” or “per cent.”	: Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Annexure III to any enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Annexure III shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Annexure III shall be a reference to Singapore time unless otherwise stated.

INDICATIVE TIMETABLE

For illustrative purposes, the following are indicative dates and times for the Proposed Distribution⁽¹⁾:

<i>Expected date of announcement of the conditional Record Date</i>	:	<i>On or about 22 April 2022</i>
Last date and time for lodgement of Proxy Forms for the 59th AGM ⁽²⁾	:	25 April 2022 at 11.00 a.m.
Date and time of the 59th AGM	:	28 April 2022 at 11.00 a.m.
<i>Expected Record Date for the Proposed Distribution</i>	:	<i>On or about 5 May 2022 at 5.00 p.m.</i>
<i>Expected date for crediting the CDLHT Units to the Entitled Shareholders pursuant to the Proposed Distribution</i>	:	<i>On or about 26 May 2022</i>

Notes:

⁽¹⁾ Save for the date and time by which the Proxy Forms must be lodged and the date and time of the 59th AGM, the timetable above is only indicative and the actual dates of the events in italics will be announced by the Company in due course by way of SGXNET announcements released on the SGX-ST.

⁽²⁾ Due to the current COVID-19 situation in Singapore, Shareholders will not be allowed to attend the 59th AGM in person. Shareholders (whether individual or corporate) may instead participate in the 59th AGM by:

- observing and/or listening to the 59th AGM proceedings via 'live' audio-visual webcast or 'live' audio-only stream;
- submitting questions to the Chairman of the 59th AGM in advance of, or 'live' at, the 59th AGM; and/or
- (i) voting at the 59th AGM 'live' via electronic means; (ii) appointing a proxy(ies) (other than the Chairman of the 59th AGM) to vote 'live' via electronic means on their behalf at the 59th AGM; or (iii) appointing the Chairman of the 59th AGM as proxy to vote on their behalf at the 59th AGM.

This Annexure III, together with the Notice of 59th AGM and the accompanying Proxy Form, have been made available on SGXNET and the website of the Company at <https://www.cdl.com.sg/agm>. CPFIS Members and SRS Investors may vote 'live' via electronic means at the 59th AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Approved Banks, or may appoint the Chairman of the 59th AGM as proxy to vote on their behalf at the 59th AGM, in which case they should approach their respective CPF Agent Banks or SRS Approved Banks to submit their votes by 5.00 p.m. on 18 April 2022. The Proxy Form must be submitted to the Company in the following manner: (i) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at GPD@mncsingapore.com or via the pre-registration website at <https://www.cdl.com.sg/agm2022>, in each case not less than 72 hours before the time appointed for the 59th AGM. A Shareholder who wishes to submit a Proxy Form by post or via email must first download (where necessary), complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Alternatively, a Shareholder may download, complete and authorise the Proxy Form by way of the affixation of an electronic signature, before sending it by email to the email address provided above.

1. INTRODUCTION

1.1 Background

We refer to:

- (i) the announcement dated 25 February 2022 issued by the Company in relation to the proposed distribution *in specie* of 144,300,000 stapled securities in CDL Hospitality Trusts (“**CDLHT**”, and the stapled securities, the “**CDLHT Units**”) to Entitled Shareholders (as defined below) on a *pro rata* basis (the “**Proposed Distribution**”), a copy of which is available on the website of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) at <https://www.sgx.com> and on the website of the Company at <https://cdl.com.sg>;
- (ii) the Notice of the 59th Annual General Meeting of the Company dated 30 March 2022 (the “**Notice of 59th AGM**”) convening the 59th Annual General Meeting of the Company to be held on 28 April 2022 (the “**59th AGM**”); and
- (iii) Ordinary Resolution 10 relating to the Proposed Distribution, as proposed in the Notice of 59th AGM.

The Proposed Distribution is subject to various conditions, including, but not limited to, the approval of Shareholders as set out in paragraph 4.4 below.

No payment will be required from Shareholders for the CDLHT Units to be received from the Proposed Distribution. The CDLHT Units will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is completed (the “**Completion Date**”).

1.2 Purpose of this Annexure III

The purpose of this Annexure III is to provide Shareholders with relevant information relating to the Proposed Distribution, including the rationale and the pro forma financial effects of the Proposed Distribution on the Group, and to seek Shareholders’ approval for the resolution relating to the Proposed Distribution to be proposed at the 59th AGM.

1.3 Legal Adviser

Allen & Gledhill LLP is the legal adviser to the Company in relation to the Proposed Distribution.

2. INFORMATION ON CDLHT

2.1 General

CDLHT is one of Asia’s leading hospitality trusts with assets under management of about S\$2.9 billion as at 31 December 2021. CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“**CDL H-REIT**”), a real estate investment trust, and CDL Hospitality Business Trust (“**CDL HBT**”), a business trust. CDLHT was listed on the SGX-ST on 19 July 2006. M&C REIT Management Limited is the manager of CDL H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of CDL HBT.

CDLHT’s principal investment strategy is to invest in a diversified portfolio of real estate which is or will be primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes (including, without limitation, hotels, serviced apartments, resorts, motels, other lodging facilities and properties used for rental housing, co-living, student accommodation and senior housing).

2.2 Financial Information

Based on the audited consolidated financial statements of CDLHT for the financial years ended (i) 31 December 2021 (the “**CDLHT FY2021 Financial Results**”), (ii) 31 December 2020 and (iii) 31 December 2019, the key financial information of CDLHT for the past three financial years is set out below.

	Financial year ended 31 December 2021	Financial year ended 31 December 2020	Financial year ended 31 December 2019
Revenue (S\$'000)	157,724	117,558	196,872
Net Profit / (Loss) Before Tax (S\$'000)	71,642	(185,077)	125,505
Net Asset Value attributable to its unitholders (S\$'000)	1,635,334	1,619,908	1,854,171

2.3 Further Information on CDLHT

Further information on CDLHT can be found at the website of CDLHT at <http://www.cdlht.com> and at the website of the SGX-ST at <https://www.sgx.com>.

3. BACKGROUND TO, AND RATIONALE FOR, THE PROPOSED DISTRIBUTION

The COVID-19 pandemic which spread across the globe in 2020 and 2021, had a material impact on the Group's financial performance across its various segments and geographies. The business outlook for the Group is expected to improve as the world adjusts to living alongside COVID-19, with Singapore and several countries making the transition from pandemic to endemic. As evidenced in the Group's audited consolidated financial statements for the full year ended 31 December 2021 (“**CDL FY2021 Financial Results**”), its business segments are making steady progress and on a stable recovery trajectory.

In conjunction with its “Growth, Enhancement and Transformation” (“**GET**”) strategy, the Group has been actively reviewing its real estate portfolio to extract value by recycling and reallocating capital, in favour of assets well-positioned to generate resilient returns for Shareholders.

Since the Group's privatisation of Millennium & Copthorne Hotels Limited (“**M&C**”) in November 2019, it has been holistically evaluating its hotel operations segment to drive operational efficiency and enhance Shareholder value. It has since successfully executed several strategic divestments including the sizable sale of Millennium Hilton Seoul which will result in a substantial gain of S\$528.83 million.

Improving Hospitality Outlook

The hospitality industry is among the sectors hardest hit by COVID-19. Today, with increasing vaccination rates globally, the resumption of international travel, a gradual reopening of borders and the easing of restrictions, the sector is on the cusp of a strong recovery and well-positioned for growth. The Board therefore considers now to be an opportune time to rebalance the Group's asset and investment portfolio, and at the same time, with the Proposed Distribution, unlock value for Shareholders by providing them with the opportunity to participate in the post-pandemic recovery and growth of the hospitality industry.

Reward Shareholders

The Board wishes to express appreciation to Shareholders for their confidence and support through the challenging periods and to reward Shareholders with a special dividend in the form of the Proposed Distribution. This is in addition to the Final Ordinary Dividend of 8 Singapore cents and the Special Final Ordinary Dividend of 1 Singapore cent per Ordinary Share (as defined below) proposed by CDL Group.¹ The Proposed Distribution will be beneficial to Shareholders to own CDLHT Units at no additional cost.

Strengthen Financials and Unlock Value

The Group currently has an interest of approximately 38.72% in CDLHT. Following the Proposed Distribution, the Group's interest in CDLHT will be reduced by approximately 11.72%. This would result in an accounting deconsolidation of CDLHT from the Group as a subsidiary, and the Group will recognise its retained interest of approximately 27% in CDLHT as an associate. Following the accounting deconsolidation of CDLHT, based on the assumptions set out in paragraph 5 below and on a pro forma basis, the Group is expected to recognise an estimated gain in the statement of profit or loss of approximately S\$467.5 million.^{2,3} The Group's NAV per Ordinary Share as of 31 December 2021 would also be expected to improve from S\$9.28 to S\$9.66 on a pro forma basis. Please refer to paragraph 5 below for further details on the pro forma financial effects of the Proposed Distribution.

Going forward, resulting from the accounting deconsolidation, the Group would also have the potential to book gains on any future sale of assets from the Group to CDLHT if the transaction value exceeds the carrying book value of the assets. Hence, the Proposed Distribution will strengthen the Group's financials and provide opportunities to unlock further value from the Group's hospitality portfolio in the years ahead.

Strategic Alignment and Continued Support for CDLHT

The Group remains fully committed as a sponsor of CDLHT. Following the Proposed Distribution, the Group will continue to be the largest unitholder of CDLHT with an interest of approximately 27%. For the avoidance of doubt, there will be no change to the managers of CDLHT. The current managers of CDLHT, being M&C REIT Management Limited (as manager of CDL H-REIT) and M&C Business Trust Management Limited (as trustee-manager of CDL HBT), are indirect wholly-owned subsidiaries of the Company and will remain as the managers of CDLHT post-Proposed Distribution.

In July 2021, CDLHT announced that it had broadened its investment mandate to include more asset types, including rental housing, also known as the private rented sector ("**PRS**"). Similarly, the Group has built up a portfolio of PRS assets, which may be considered potential pipeline assets for CDLHT when stabilised, subject to evaluation and negotiations between both parties. This strategic alignment with CDLHT offers even greater possibilities for the Group and allows for synergies to be reaped with the Group's diversified portfolio, which includes a strong portfolio of PRS assets in the UK and Japan.

¹ Please refer to the announcement dated 25 February 2022 released by the Company for further information in relation to the proposed Final Ordinary Dividend and Special Final Ordinary Dividend, which is available on the website of the SGX-ST at <https://www.sgx.com> and on the website of the Company at <https://cdl.com.sg>.

² The estimated gain in the statement of profit or loss arising from the accounting deconsolidation of CDLHT is purely for illustrative purposes only, and is arrived at based on several assumptions set out in paragraph 5 of this Annexure III including but not limited to, the price of S\$1.20 per CDLHT Unit, the number of CDLHT Units in issue as at 25 February 2022, and is based on the audited financial positions of CDL and CDLHT as at 31 December 2021. In addition, the estimated gain does not include any adjustment to the Group's estimated retained interest of 27% in CDLHT that may arise from the measurement of the net identifiable assets and liabilities of CDLHT at Completion Date. The actual gain upon completion of the Proposed Distribution may differ from the estimated gain.

³ The estimated gain is attributed to the realisation of the fair value gains on the Group's entire 38.72% interest in CDLHT based on the market price of CDLHT Units, following the deconsolidation of CDLHT as a subsidiary of the Group. For the purposes of this Annexure III, this market price of each CDLHT Unit is assumed to be at an illustrative price of S\$1.20 per CDLHT Unit. CDL Group's share of CDLHT's NAV recorded in CDL Group's books is significantly lower than CDLHT's NAV as: (i) CDL accounts for its investment properties and property, plant and equipment at cost less accumulated depreciation and impairment losses ("**Cost Model**"), whereas CDLHT accounts for its investment properties and property, plant and equipment at fair value; and (ii) certain properties held by CDLHT were previously sold by CDL to CDLHT. These properties are still recorded at their historic cost to CDL Group when CDLHT was consolidated by CDL. Over the years, the fair values of the properties held by CDLHT have appreciated significantly since they were acquired by CDLHT but the fair value gains have not been accounted for in CDL Group's books as it adopts the Cost Model for its properties (as described herein).

4. DETAILS OF THE PROPOSED DISTRIBUTION

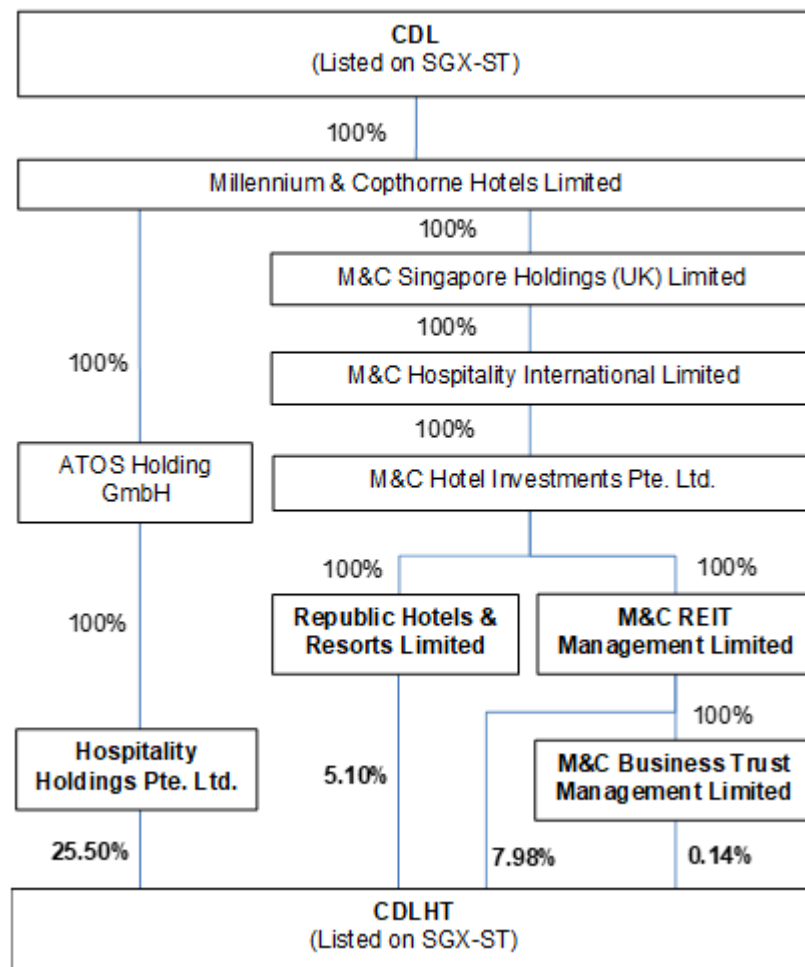
4.1 Method of Distribution and Distribution Ratio

As at the Latest Practicable Date, the Company does not have any direct interest in CDLHT but holds 476,731,419 CDLHT Units, representing approximately 38.72% of the total number of CDLHT Units in issue as at the Latest Practicable Date, through the following indirect wholly-owned subsidiaries:

- (i) Hospitality Holdings Pte. Ltd. (“**HHPL**”), which directly holds 313,950,000 CDLHT Units, representing approximately 25.50% of the total number of CDLHT Units in issue;
- (ii) Republic Hotels & Resorts Limited, which directly holds 62,790,000 CDLHT Units, representing approximately 5.10% of the total number of CDLHT Units in issue;
- (iii) M&C REIT Management Limited, which directly holds 98,285,648 CDLHT Units, representing approximately 7.98% of the total number of CDLHT Units in issue; and
- (iv) M&C Business Trust Management Limited, which directly holds 1,705,771 CDLHT Units, representing approximately 0.14% of the total number of CDLHT Units in issue.

The unitholding percentages of the Company and its wholly-owned subsidiaries in CDLHT as at the Latest Practicable Date are set out below.

CDL Group's Unitholding in CDLHT



To facilitate the Proposed Distribution, the Company will enter into a sale and purchase agreement with HHPL to acquire 144,300,000 CDLHT Units, representing approximately 11.72 per cent. of the total number of CDLHT Units in issue as at the Latest Practicable Date (the “**Restructuring Exercise**”). For illustrative purposes only, the consideration payable by the Company to HHPL is S\$173.2 million, based on the assumption that the market price of each CDLHT Unit is S\$1.20. The actual consideration payable by the Company to HHPL will be based on the closing market price of the CDLHT Units on the day immediately preceding the completion of the acquisition of the CDLHT Units.

Subject to the satisfaction of the conditions set out in paragraph 4.4 below, the Proposed Distribution will be effected by way of a dividend *in specie* to Shareholders *pro rata* to their respective shareholdings in the Company, on the basis of 0.159 CDLHT Unit for each ordinary share in the issued share capital of the Company (“**Ordinary Share**”) held by Shareholders or on their behalf as at a record date to be determined by the Company (the “**Record Date**”), fractional entitlements to be disregarded.

Entitled Shareholders will receive the CDLHT Units free of cash outlay. The CDLHT Units will be distributed free of encumbrances and together with all rights attaching thereto on and from the Completion Date.

4.2 Entitled Shareholders

Shareholders who hold Ordinary Shares as at the Record Date will be entitled to the Proposed Distribution (the “**Entitled Shareholders**”).

4.3 Appropriation from Retained Profits

To effect the Proposed Distribution as a dividend *in specie* (characterized as a one-tier dividend), the Company will appropriate an amount out of the retained profits of the Company to meet the amount of dividend to be declared. The final appropriated amount will be based on the value of the CDLHT Units on the Completion Date. For illustrative purposes, assuming that CDLHT is trading at S\$1.20 per CDLHT Unit on the Completion Date, the amount to be appropriated would be approximately S\$173.2 million.

4.4 Conditions to the Proposed Distribution

The Proposed Distribution is subject to and conditional upon, *inter alia*, the satisfaction or waiver of the following conditions precedent:

- (i) the completion of the Restructuring Exercise (as defined in paragraph 4.1 above);
- (ii) the approval of Shareholders by way of an ordinary resolution for the Proposed Distribution at a general meeting of the Company to be convened; and
- (iii) all other necessary waivers, consents and approvals from, *inter alia*, the SGX-ST and other third parties in connection with the Proposed Distribution being obtained.

4.5 Effects of the Proposed Distribution

On completion of the Proposed Distribution, the Company will continue to only indirectly hold 332,431,419 CDLHT Units, representing approximately 27.00% of the total number of CDLHT Units in issue as at the Latest Practicable Date, through the following indirect wholly-owned subsidiaries:

- (i) HHPL, which will directly hold 169,650,000 CDLHT Units, representing approximately 13.78% of the total number of CDLHT Units in issue as at the Latest Practicable Date;
- (ii) Republic Hotels & Resorts Limited, which will continue to directly hold 62,790,000 CDLHT Units, representing approximately 5.10% of the total number of CDLHT Units in issue as at the Latest Practicable Date;

- (iii) M&C REIT Management Limited, which will continue to directly hold 98,285,648 CDLHT Units, representing approximately 7.98% of the total number of CDLHT Units in issue as at the Latest Practicable Date; and
- (iv) M&C Business Trust Management Limited, which will continue to directly hold 1,705,771 CDLHT Units, representing approximately 0.14% of the total number of CDLHT Units in issue as at the Latest Practicable Date.

The Proposed Distribution will result in a decrease in CDL Group's unitholding in CDLHT by approximately 11.72%, from approximately 38.72% to approximately 27.00%.

Entitled Shareholders will hold both Ordinary Shares and CDLHT Units immediately after the Proposed Distribution. **The Proposed Distribution will not result in any change to the issued and paid-up share capital of the Company after the Proposed Distribution or to the number of Ordinary Shares held by each Entitled Shareholder.**

4.6 Date of Crediting the CDLHT Units

Subject to the conditions in paragraph 4.4 above being satisfied, it is currently expected that the Securities Accounts of Shareholders who are Depositors will be credited with CDLHT Units on or about 26 May 2022. Shareholders who are not Depositors will be credited with CDLHT Units on or about 26 May 2022 by the entry of their names on the Register of CDLHT. Please refer to paragraph 6 below for further details.

4.7 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Proposed Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

4.7.1 Tax Implications for the Shareholders

As the Company is tax resident in Singapore, dividends paid by the Company (whether paid in the form of cash or by way of distribution *in specie* of the Company's assets) are tax exempt (one-tier) dividends which are exempt from Singapore income tax in the hands of the Shareholders. Accordingly, as the Proposed Distribution is a payment of a dividend *in specie* by the Company, it will be exempt from Singapore income tax when received by Shareholders.

4.7.2 Stamp Duty

The Company will bear stamp duty, if any, chargeable for the transfer of the CDLHT Units by the Company to Shareholders pursuant to the Proposed Distribution.

5. FINANCIAL EFFECTS

5.1 Bases and Assumptions

The pro forma financial effects of the Proposed Distribution on selected financial measures of the Group have been prepared based on the CDL FY2021 Financial Results and the CDLHT FY2021 Financial Results, and are purely for illustrative purposes only and do not reflect the future actual financial position of the Group following the completion of the Proposed Distribution.

The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Distribution will result in the de-recognition of CDLHT as a subsidiary of the Group and the Group will recognise its remaining interest in CDLHT as an associate post the Proposed Distribution;
- (ii) the Company will acquire 144,300,000 CDLHT Units from HHPL and the Proposed Distribution of such CDLHT Units will be based on the value of the CDLHT Units on the Completion Date. For the pro forma financial purposes, assuming that CDLHT is trading at S\$1.20 per CDLHT Unit on the Completion Date, the amount of the Proposed Distribution is approximately S\$173.2 million;
- (iii) the net borrowings, net gearing, net tangible assets (the “**NTA**”), NAV and revalued NAV (the “**RNAV**”) per Ordinary Share of the Group have been prepared on the assumption that the Proposed Distribution had been completed on 31 December 2021, being the end of the most recently completed financial year of the Group and of which the statement of financial position of the Group has been publicly announced;
- (iv) the earnings per Ordinary Share (the “**EPS**”) of the Group has been prepared on the assumption that the Proposed Distribution had been completed on 1 January 2021, being the beginning of the most recently completed financial year of the Group and of which the statement of profit or loss of the Group has been publicly announced, and the distribution had been made at CDLHT’s unit price of S\$1.27 as at 1 January 2021; and
- (v) the financial effects do not include any adjustment to the Group’s estimated retained interest of 27% in CDLHT that may arise from the measurement of the net identifiable assets and liabilities of CDLHT.⁴

5.2 NTA and NAV

For illustrative purposes only, assuming that the Proposed Distribution had been completed on 31 December 2021, the pro forma financial effects of the Proposed Distribution on the NTA, NTA per Ordinary Share, NAV, NAV per Ordinary Share and RNAV per Ordinary Share of the Group are as follows:

	Before the Proposed Distribution	After the Proposed Distribution
NTA (S\$ million)	8,412	8,756
NTA per Ordinary Share ⁽¹⁾ (S\$)	9.28	9.65
NAV (S\$ million)	8,414	8,758
NAV per Ordinary Share ⁽¹⁾ (S\$)	9.28	9.66
RNAV per Ordinary Share ⁽¹⁾⁽²⁾ (S\$)	15.70	16.04

⁴ The Group does not expect any significant impairment to be recognised arising from the measurement of the net identifiable assets and liabilities, having considered that as at the Latest Practicable Date, each CDLHT Unit is trading at a price which is below its NAV per unit of S\$1.33 (based on the audited consolidated financial statements of CDLHT for its financial year ended 31 December 2021), and assuming this remains the case on the Completion Date.

Notes:

(1) The figures are based on the issued share capital of 906,901,330 Ordinary Shares (excluding treasury shares) as at 31 December 2021.

(2) The Group accounts for its investment properties at cost less accumulated depreciation and impairment losses. The RNAV per Ordinary Share is for illustrative purposes only, taking into consideration the fair values of the Group's investment properties and its share of the fair values of the investment properties of its equity-accounted investees.

5.3 EPS

For illustrative purposes only, assuming that the Proposed Distribution had been completed on 1 January 2021, the pro forma financial effects of the Proposed Distribution on the EPS of the Group are as follows:

	Before the Proposed Distribution	After the Proposed Distribution
Net profit attributable to ordinary shareholders (S\$ million)	97.7	554.2
EPS ⁽¹⁾ (S\$ cents)	9.3	59.7

Note:

(1) The figures are based on the weighted average of 906,901,330 Ordinary Shares (excluding treasury shares) as at 31 December 2021.

5.4 Leverage Ratios

For illustrative purposes only, assuming that the Proposed Distribution had been completed on 31 December 2021, the pro forma financial effects of the Proposed Distribution on the leverage ratios of the Group are as follows:

	Before the Proposed Distribution	After the Proposed Distribution
Total net borrowings (S\$ million)	9,232	8,176
Net Gearing (%)	99	90
Net Gearing (including the fair value of investment properties ⁽¹⁾) (%)	61	55

Note:

(1) Taking into consideration the fair values of the Group's investment properties and its share of the fair values of the investment properties of its equity-accounted investees.

5.5 Share Capital

The Proposed Distribution will not have any impact on the number of Ordinary Shares held by Shareholders after the Proposed Distribution or on the share capital of the Company.

6. ADMINISTRATIVE PROCEDURES FOR THE PROPOSED DISTRIBUTION

6.1 Record Date and Entitlements

Persons registered in the Register of CDL and Depositors whose Securities Accounts are credited with Ordinary Shares as at the Record Date would be entitled to receive 0.159 CDLHT Units for each Ordinary Share held by them or on their behalf as at the Record Date.

The Company will announce the conditional Record Date in due course in order to determine the entitlements of each Shareholder to the CDLHT Units.

6.2 Depositors

In the case of Shareholders being Depositors, entitlements to the CDLHT Units will be determined on the basis of the number of Ordinary Shares standing to the credit of their respective Securities Accounts as at the Record Date. Following the Record Date, CDP will credit their Securities Accounts with the relevant number of CDLHT Units on the credit date to be announced by the Company in due course and CDP will send to each such Depositor a notification letter confirming the number of CDLHT Units that has been credited to his Securities Account.

6.3 Scrip Shareholders

In the case of Shareholders who hold Ordinary Shares registered in their own names in the Register of CDL, entitlements to the CDLHT Units will be determined on the basis of their holdings of Ordinary Shares in the Register of CDL as at the Record Date. Following the Record Date, the names of such Shareholders as well as the relevant number of CDLHT Units to be distributed to such Shareholders will be entered into the Register of CDLHT and the confirmation note in respect of the CDLHT Units will be sent to them by registered post to their address as stated in the Register of CDL. Shareholders should note that they will not be able to trade in such CDLHT Units on the SGX-ST unless they have a Securities Account and make appropriate arrangements for the CDLHT Units to be deposited with CDP for crediting into said Securities Account.

Shareholders holding their Ordinary Shares in scrip form and who wish to have the CDLHT Units credited to their Securities Accounts pursuant to the Proposed Distribution or wish to trade the CDLHT Units on the SGX-ST on or immediately after the Proposed Distribution should deposit with CDP their existing share certificates in respect of their Ordinary Shares, together with the duly executed instruments of transfer in favour of CDP, no later than 5.00 p.m. on the date falling 12 Market Days prior to the Record Date so as to enable CDP to credit their Securities Accounts with the relevant Ordinary Shares by the Record Date and thereafter for CDP to credit their Securities Accounts with the CDLHT Units.

6.4 CPFIS Members

In the case of investors who have purchased Ordinary Shares using their CPF funds ("**CPFIS Members**"), entitlements to the CDLHT Units will be determined on the basis of the number of Ordinary Shares held by the CPF Agent Banks on behalf of each CPFIS Member as at the Record Date. Following the Record Date, CDP will credit the CDLHT Units attributable to CPFIS Members pursuant to the Proposed Distribution to the respective Securities Accounts of the relevant CPF Agent Banks, and the CPF Agent Banks will update their records accordingly.

6.5 SRS Investors

In the case of investors who have purchased Ordinary Shares using their SRS funds (“**SRS Investors**”), entitlements to the CDLHT Units will be determined on the basis of the number of Ordinary Shares held by the SRS Approved Banks on behalf of each such SRS Investor as at the Record Date. Following the Record Date, CDP will credit the CDLHT Units attributable to such SRS Investors pursuant to the Proposed Distribution to the Securities Accounts of the SRS Approved Banks, and the SRS Approved Banks will update their records accordingly.

6.6 Investors whose Ordinary Shares are held through a finance company and/or a Depository Agent

In the case of investors who hold Ordinary Shares through a finance company and/or Depository Agent, entitlements to the CDLHT Units will be determined on the basis of the number of Ordinary Shares held by the finance companies and/or the Depository Agents on behalf of such investors as at the Record Date. Following the Record Date, CDP will credit the CDLHT Units attributable to such investors pursuant to the Proposed Distribution to the Securities Accounts of the finance companies and/or the Depository Agents.

6.7 Overseas Shareholders

You will be regarded as an overseas shareholder if your registered address for the service of the notices and/or documents on the Register of CDL or the Depository Register (as the case may be) is not in Singapore as at the Record Date (the “**Overseas Shareholder**”). Shareholders who wish to change their registered address on the Register of CDL or the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the Record Date may do so by sending a notice in writing to the Share Registrar (in the case of a change of address on the Register of CDL) or CDP (in the case of a change of address on the Depository Register), respectively not later than three Market Days prior to the Record Date.

The distribution of this Annexure III to Overseas Shareholders and the Proposed Distribution may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without any liability of the Company. It is the responsibility of Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the Directors reserve the discretion not to distribute the CDLHT Units to any Overseas Shareholder and to deal with such CDLHT Units in the manner set out below.

In the event the Directors decide not to distribute the CDLHT Units to any Overseas Shareholders, arrangements will be made for the distribution of the CDLHT Units which would otherwise be distributed to such Overseas Shareholders pursuant to the Proposed Distribution to such person(s) as the Directors may appoint to sell such CDLHT Units and thereafter the net proceeds of such sale, after deducting for all dealings and other expenses in connection therewith, shall be distributed proportionately among such Overseas Shareholders according to their respective entitlements to the CDLHT Units as at the Record Date in full satisfaction of their rights to the CDLHT Units which they would otherwise have become entitled to under the Proposed Distribution.

Please also refer to the section entitled “**Important Notice to Overseas Shareholders**” of this Annexure III for further details.

6.8 Odd-Lot Trading

6.8.1. Odd Lots Trading for up to 99 CDLHT Units

Entitled Shareholders should note that they may receive odd lots of CDLHT Units pursuant to the Proposed Distribution. Some Entitled Shareholders may currently also own odd lots of Ordinary Shares, and as such will receive odd lots of CDLHT Units. Entitled Shareholders who receive odd lots of CDLHT Units pursuant to the Proposed Distribution and who wish to trade such odd lots of CDLHT Units on the SGX-ST are able to trade with a minimum size of one CDLHT Unit on the Unit Share Market of the SGX-ST. Entitled Shareholders should note that the market for trading of odd lots of CDLHT Units may be illiquid and trading in odd lots of CDLHT Units may also incur a proportionately higher brokerage cost than trading in board lots of CDLHT Units.

In this regard, the Company has arranged for OCBC Securities, Philip Securities, UOB Kay Hian and CGS-CIMB, (collectively, the “**Brokers**”) to offer concessionary brokerage rates for the trading in odd lots of CDLHT Units (the “**Concessionary Brokerage Rate**”) for a period of one calendar month from the date that the CDLHT Units are credited to the Securities Accounts of the Entitled Shareholders (the “**Concession Period**”), which is expected to be from 26 May 2022 to 26 June 2022. Any changes to the Concession Period will be announced by the Company on the SGXNET.

The brokerage fee payable by those who trade on the Unit Share Market of the SGX-ST during the Concession Period through the Brokers will be as follows:

	OCBC Securities	Philip Securities	UOB Kay Hian	CGS-CIMB
Minimum brokerage fee, provided the number of CDLHT Units traded in aggregate does not exceed 99 CDLHT Units in a single day	S\$15.00 per contract	S\$10.00 per contract	S\$5.00 per contract	S\$5.00 per contract

For trades of 100 CDLHT Units or more in aggregate in a single day, the usual brokerage fee applies. After the Concession Period, Entitled Shareholders who hold odd lots of CDLHT Units can continue to trade in odd lots on the Unit Share Market of the SGX-ST but the Concessionary Brokerage Rate will no longer be applicable to any trades of the CDLHT Units in odd lots undertaken via the Brokers.

Entitled Shareholders should note that notwithstanding the Concessionary Brokerage Rate for trades executed on the Unit Share Market of the SGX-ST during the Concession Period, holders of CDLHT Units will be required to continue to bear clearing fees and other regular trading fees imposed by the SGX-ST (including any goods and services tax relating to such fees), which shall be based on customary rates imposed from time to time.

6.8.2. Account with Brokers

Entitled Shareholders who intend to trade any odd lots of CDLHT Units via the Brokers, or who intend to use the online trading platforms of the Brokers, should note that if they do not have an existing account with the relevant Broker, they must personally apply to open such an account with such Broker.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE PROPOSED DISTRIBUTION

Save as disclosed in this Letter, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Distribution, other than through their respective direct or indirect shareholdings and/or unitholdings (if any) in the Company and CDLHT.

8. DIRECTORS' RECOMMENDATION

Having considered the terms of and the rationale for the Proposed Distribution, the Directors are of the opinion that the Proposed Distribution is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 10 in relation to the Proposed Distribution at the forthcoming 59th AGM.

9. CONSENT

Allen & Gledhill LLP has given and has not withdrawn its written consent to the issue of this Annexure III with the inclusion of its name and all references to itself in the form and context in which they appear in this Annexure III.

10. ADDITIONAL INFORMATION

The following documents are available for inspection at the registered office of the Company at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619, during normal business hours from the date of this Letter up to the date of the 59th AGM. In view of the COVID-19 situation, prior appointment by email to enquiries@cdl.com.sg is required for the inspection of the following documents:

- (i) the annual report of the Company for FY2021;
- (ii) CDL FY2021 Financial Results;
- (iii) the Constitution of the Company; and
- (iv) the letter of consent referred to in paragraph 9 above.