CITY DEVELOPMENTS LIMITED
COMPETITION POLICY & GUIDELINES

(*All employees of CDL are required to read the full version of the CDL Competition Policy & Guideliness, which is available on CDL's intranet, CDL360)

I. INTRODUCTION AND SCOPE OF POLICY

It is the policy of City Developments Limited ("**CDL**" or the "**Company**") to compete fairly and ethically in the conduct of business in all of our markets. This requires Employees to take personal responsibility for compliance with all applicable competition laws that protect and promote the free exercise of competition by prohibiting unlawful restraints of trade, and for compliance specifically with the provisions of the Competition Act 2004, Chapter 50B of Singapore (the "**Competition Act**").

Scope of Policy: This Competition Policy applies to all directors, officers and employees of CDL and its subsidiaries (the "**Group**") (collectively referred to as the "**Employees**" or "**you**" in this Competition Policy).

As the operations of the Group span multiple jurisdictions, to the extent that any of the Company's listed or key operating subsidiaries have adopted their own competition policies and guidelines specific to the industry, environment and/or countries in which they operate, this Competition Policy should be understood to provide general overarching guidance and is not intended to supersede any provisions of such subsidiaries' policies and guidelines which are more restrictive than set out in this Competition Policy, and the more restrictive or specific set of rules should be complied with by the relevant persons.

Purpose of Policy: The overall purpose of this Competition Policy & Guidelines (the "**Competiton Policy**") is:

i. to set out the Company's policy on compliance with the Competition Act and all applicable competition laws in jurisdictions other than Singapore (together with the Competition Act, "**Competition Laws**") which apply to the Group's business activities;
ii. to educate and improve the knowledge and understanding of all Employees, irrespective of their position, on anti-competitive practices and acts of abuse of dominant position which are prohibited; and
iii. to provide direction and guidance to Employees in their relationships and communications with competitors and customers.

This Competition Policy should be read in conjunction with the CDL Whistle-Blowing Policy.

The Company values the integrity of its Employees and recognizes that they have a key role to play in the prevention, detection and reporting of breaches of this Competition Policy. We therefore ask Employees to be vigilant at all times and to report any concerns that they may have at the earliest opportunity.

All reported cases of such breaches will be investigated. Disciplinary action will be taken against any individual or group who perpetrates any act constituting a breach of this Competition Policy involving the Company and/or its stakeholders and any other parties with a business relationship with the Group.

II. COMPETITION POLICY

1. Policy statement

1.1 In line with the objective of conducting the Group's business in accordance with the legal requirements of the countries in which it operates, the Company has adopted the following policy on compliance with applicable Competition Laws:

(a) It is a fundamental principle within the Group's corporate governance framework that all Employees must comply with the Competition Laws which apply to the Group's business activities.

(b) No Employee should assume that the Group's interests require anything other than strict compliance with the applicable Competition Laws. In particular, no one in the Group has authority to give any order or direction that would result in a violation of this Competition Policy. Any Employee who fails, either intentionally or negligently to take proper care to comply with the applicable Competition Laws will be subject to disciplinary action.

(c) It is the Company's intention and policy to keep all Employees fully informed of the requirements of the applicable Competition Laws and to assist them in complying with such laws.

(d) This Competition Policy is intended to enable the Group to compete effectively in all the markets in which it operates, without exposure to the disruption and expense of competition investigations and litigation which would hinder competitive efforts. The Group can best prosper in an economic environment free from unreasonable restraints on the free play of fair competition.

(e) Significant penalties (including criminal penalties) may be incurred for breach of the applicable Competition Laws, which would be financially damaging to the Company, the Group and to its standing and reputation in the industry and market. Failure to comply with the instructions in this Competition Policy will, therefore, also be subject to disciplinary action.

(f) There may sometimes be doubt as to the proper interpretation of the applicable Competition Laws. If there are any questions or issues, advice should be sought from the CDL Legal Department. Risks should not be taken and advice should be sought promptly before any action is taken that could result in any violation of such laws.

2. General understanding of competition law

2.1 Lawful competition leads to innovation, lower (fair) prices, and ultimately to consumer welfare. The purpose of competition law is to ensure free market and fair competition.

2.2 Violation of Competition Laws can have serious consequences, not only for the company, but also for individuals whose career and jobs can be negatively affected. In Singapore, infringement of the Competition Act can trigger:

(a) fines of up to 10% of a company's revenues for up to 3 years;
(b) damage to the company's image and reputation;
(c) searches and additional sanctions;

(d) possible third party damage claims; and
(e) the nullity of contracts.

2.3 Ignorance of Competition Laws will not shield businesses and undertakings from the consequences of breaking them. Moreover, awareness of the law, rules and regulations is always a precondition for effective adherence to the same.

2.4 Compliance reduces the costs related to fines, litigation and adverse publicity. Besides, a company and its employees who are aware of what constitutes illegal behaviour will be more alert to wrongdoing by competitors or other commercial partners. Hence, they will be in a position:

(a) to inform the Competition Commission of Singapore ("**CCS**") and/or other competition authorities of any suspected infringement which comes to its attention;
(b) to apply for leniency if it has been involved inadvertently in any cartel activity; or
(c) to lodge a complaint to the CCS and/or other competition authorities and to seek damages before the courts if it is the victim of an infringement by other companies.

3. Brief overview of the Competition Act

3.1 Singapore's competition law regime is governed by the Competition Act. The CCS is the statutory body established under the Competition Act to administer the Act. It comes under the purview of the Ministry of Trade and Industry. Besides the CCS, the regulatory bodies which administer Singapore competition law are the Competition Appeal Board and the national courts of Singapore.

Prohibition against agreements that restrict competition

3.2 Section 34 of the Competition Act prohibits agreements that restrict competition within Singapore ("**anticompetitive agreements**").

3.3 What is an agreement? The concept of agreement encompasses agreements between undertakings, decisions by associations of undertakings (such as trade and other associations) or concerted practices: all that is required is that the parties arrive at a consensus on the actions each party will, or will not, take. Thus, the form of the agreement is irrelevant: the prohibition extends to both legally enforceable and non-enforceable agreements, whether written or oral, and to informal co-operation reached whether via a physical meeting of the parties or through an exchange of correspondence or telephone calls.

3.4 When is an agreement anticompetitive? An agreement will be deemed to be anticompetitive in the following circumstances:
(a) It is reached between undertakings operating, for the purposes of the agreement, at the same level of the production or distribution chain;
(b) It has an anticompetitive object (no implementation necessary) or effect within Singapore. Thus, the parties to an anticompetitive agreement cannot escape the prohibition merely because the agreement is made or executed outside Singapore or because they are based outside Singapore; and

(c) The prevention, restriction or distortion of competition within Singapore triggered by the agreement is appreciable.[1]

3.5 Please note that any agreement involving price-fixing, bid-rigging, market-sharing or output limitations (e.g. the limit or control of the quantity of goods and services sold) will always be deemed to have an appreciable adverse effect on competition.

3.6 With which business partners do we need to exercise caution? In general, the imposition of maximum resale prices and recommendations[2] as to resale prices is permitted, as vertical agreements are exempted from the prohibition of anticompetitive agreements (although it is still subject to the prohibition against the abuse of a dominant position, see below). Please note that vertical agreements may not be permitted outside Singapore, under other Competition Laws. As such, you should exercise caution when dealing with matters which involve other countries.

Prohibition against the abuse of a dominant position

3.7 Any conduct by one or more undertakings which amounts to an abuse of a dominant position and which may have an appreciable adverse effect on competition in Singapore is prohibited by Section 47 of the Competition Act ("**abuse of dominance**"). Whilst the holding of a dominant position is a recognised business objective and as such, not illegal, the abuse of such a position is prohibited. Abuses of dominance can be unilateral (single undertaking) or joint (more than one undertaking, i.e. by parties who are collectively dominant).

3.8 When is there an abuse of dominance? There is a two-step test to assess whether there is an abuse of dominance:

(a) Whether one or several undertaking(s) is (are) dominant in a relevant market,[3] either in Singapore or elsewhere, and

(b) If it is (they are), whether it is (they are) abusing that dominant position in a market in Singapore.

3.9 What is dominance? An undertaking may be dominant if it possesses a substantial level of market power. The essence of dominance is the power to behave independently of competitive pressures by, for example, profitably sustaining prices above competitive levels or restricting outputs or quality below competitive levels.

3.10 The Act does not set any market share thresholds for defining dominance. Market share is an important factor but does not, on its own, determine whether an undertaking is dominant. The CCS has stated, however, that it considers it unlikely that an undertaking will be individually dominant if its market share is *below 60 per cent*, although dominance could be established below that figure if other relevant factors provide strong evidence of dominance. Other determinants of competition, such as entry barriers, the degree of innovation, product differentiation, the price responsiveness of competitors and of buyers, may need to be considered as well.

[1] As regards the third condition, an agreement is generally not deemed to have an appreciable adverse effect on competition in the following circumstances: (i) if the aggregate market share of the parties to the agreement does not exceed 20% on any of the relevant markets affected by the agreement where the agreement is made between competing undertakings; (ii) if the market share of each of the parties to the agreement does not exceed 25% on any of the relevant markets affected by the agreement, where the agreement is made between non-competing undertakings; or (iii) if the parties to the agreement are all small or medium enterprises ("SMEs"). SMEs in Singapore are defined as follows: For manufacturing SMEs, if they have Fixed Assets Investment ("FAI") of less than S$15 million; and for services SMEs, if they have less than 200 workers.

[2] N.B Only recommendations in the true sense of the word will be permitted. For instance, any attempts to force or even incentivise a customer to sell at a specified price will not be permitted.

[3] A collective dominant position may be held where two or more undertakings are linked in such a way that they adopt a common policy in the relevant market. Where there has been no explicit agreement on price between undertakings, this is sometimes called tacit collusion.

3.11 What kind of behaviour is abusive? Where it is established that an undertaking is dominant in the relevant market, the second part of the test is to assess whether the undertaking's behaviour qualifies as an abuse of its dominant position. The rule of thumb is whether or not the behaviour is fair. The CCS has provided an illustrative list of abusive conduct, which is always assessed based on the particular facts of the case: (i) predatory behaviour towards competitors, (ii) limiting production, markets, or technical development to the prejudice of consumers, (iii) pricing below cost, (iv) certain discount schemes, (v) price discrimination, (vi) margin squeeze, (vii) vertical restraints or (viii) refusals to supply. These are dealt with more comprehensively in Part III.

Penalties / consequences for infringement of the Competition Act

CCS general investigatory powers

3.12 The CCS can carry out an investigation if there are reasonable grounds to suspect a breach of either the Section 34 or Section 47 prohibition. Examples of information that may be a source of reasonable grounds of suspicion include information provided by disaffected members of a cartel, statements from employees or ex-employees, or a complaint.

3.13 The CCS has extensive investigative powers. It can informally request information from a company, in which event the company is not obliged to reply.

3.14 If the company should fail to cooperate with an informal request, the CCS may require a person to produce specified documents or information pursuant to Section 63 of the Competition Act. This power may be used before the CCS carries out an inspection of premises or either during or after an inspection to clarify facts that have emerged. Fines can be imposed for refusing to supply information or supplying false or misleading information to the competition authorities; this is also a criminal offence punishable by up to 12 months imprisonment.

3.15 The CCS has three specific powers at their disposal if there are reasonable grounds to suspect a breach of either of the prohibitions:

(a) the power to require a person to produce specified documents or specified information;

(b) the power to enter premises without a warrant. Under this power, the CCS can require a person on the premises to produce documents, and to provide explanations of those documents. The investigating officer also has the power to take copies or extracts from documents relevant to the investigation and take necessary steps to preserve documents.

(c) the power to enter and search premises with a warrant, using reasonable force if required. However, this power is only available in the following circumstances after the first two powers have been exhausted:

- where documents have not been produced although the CCS has required production either by written notice or in the course of an inspection without a warrant,
- where an investigating officer was unable to effect entry into the premises in the course of an inspection without a warrant, or
- where documents would be concealed, removed or tampered with or destroyed if the CCS were to require their production by written notice. The last ground is the only means by which the CCS is able to carry out

an inspection of any premises with a warrant without using one of the other powers.

3.16 The CCS has extensive search powers and officers will have the power to go through all potentially relevant documents. This includes documents recorded in any form such as records of invoices or sales figures, stored in any form, electronic or otherwise. The CCS also has the power to search any premises (including vehicles). This does not include domestic premises unless they are used in connection with the affairs of an undertaking or where the documents relating to the affairs of the undertakings are kept there.

3.17 The CCS's powers as set out above do not extend to privileged communications, i.e. any communication between a professional legal adviser and his client, or which has been made in connection with or in contemplation of legal proceedings and for the purposes of those proceedings. Please note however that the privilege against self-incrimination is not applicable under the Competition Act.

3.18 Information on how to respond to a "dawn raid" by the CCS is contained in Section V of this Competition Policy.

Civil penalties

3.19 Agreements which fall within the Section 34 prohibition are void and unenforceable. However, if the restrictive parts are severable from the remainder of the agreement, the remainder may continue to be executed, subject to the provision of any severability clause contained in the agreement.

3.20 Where the CCS makes a decision that either the Section 34 prohibition or the Section 47 prohibition has been intentionally or negligently infringed, it may require the parties to the agreement to pay a penalty. The Competition Act provides that the penalty cannot exceed 10% of the turnover of the undertaking concerned in Singapore for each year of infringement, for a maximum period of three years.

3.21 The CCS has published guidelines as to the appropriate amount of any penalty levied. These guidelines set out the way in which the CCS will calculate penalties, taking account of the seriousness of the infringement, its duration, any aggravating or mitigating factors and other relevant matters. Separate Guidelines on Lenient Treatment for Undertakings Coming Forward with Information on Cartel Activities, also published by the CCS, provide for the reduction of the level of financial penalties imposed when undertakings come forward with information about cartel activities.

Damages actions by third parties

3.22 The Competition Act provides for the rights of private action by third parties. Any person who has suffered loss or damages directly as a result of an infringement of the Competition Act has a right to seek relief in the courts of Singapore.

3.23 Claimants can bring a claim against the party where an infringement has been established and when the period for appealing against the decision to either the Competition Appeal Board or the Court of Appeal has expired.

3.24 The limitation period for a third party to bring an action is the end of 2 years after the relevant period as set out above.

Criminal sanctions

3.25 The Competition Act provides that where offences by a body corporate is proved to have been committed with the consent or connivance of an officer of the company or attributable to his negligence, the officer shall also be guilty of the offence and be liable for a fine not exceeding $10,000 or to imprisonment not exceeding 12 months or both.

Final warning

3.26 As should be apparent from the summary above, Competition Laws are broad and complex, covering many activities across the Group's businesses and markets. Violations of Competition Laws can have severe consequences for both the Company and individual employees. This means that all Employees should make an effort to become sufficiently familiar with the principles of competition law, and in particular the Competition Act, summarised in this Competition Policy in order to know when to raise questions with their superiors or the CDL Legal Department.

III. STANDARDS OF CONDUCT / DOs and DON'Ts

1.1 The Section 34 and Section 47 prohibitions establish a framework of general principles. This section of the Compliance Policy describes some of the specific situations which you may come across and gives guidance on how to deal with them. Please note the following is not an exhaustive list: it includes types of activities which generally will fall within the Section 34 and Section 47 prohibitions, although the particular circumstances surrounding the activity may mean that an activity of one of these types does not. Alternatively, there will be instances of activities not listed which are prohibited. In cases of doubt, you should refer to the CDL Legal Department.

a. Relationships with competitors

1.2 The most frequent violations of the Competition Act involve relationships between competitors. These relationships are particularly suspect because of the possibility that competitors may attempt to increase profit by fixing the terms on which they will compete or by agreeing not to compete against one another in some way.

1.3 **The golden rule is to make all business decisions on the basis of independent judgement** and not on the basis of direct or indirect illegal agreements with competitors.

Discussion of price-fixing, market allocation, boycotts, communication with competitors, price announcements, etc

Pricing

Likely to be illegal

- Contacting a competitor to ask whether, if you were to raise your prices, he would do the same.
- Discussing with a competitor about a component of price that a customer will be charged, e.g., the charge for credit, particular services, etc.
- Consulting with competitors before submitting quotes to customers.
- Furnishing a price list to a competitor.
- Attempting to coordinate price announcements with the price announcements of competitors.

Prior clearance by CDL Legal Department needed

- Suggesting that you and a competitor increase leverage with a supplier of non-key items by purchasing jointly.
- Making a unilateral announcement of price changes (without any consultation with competitors) in advance of the effective date (and retracting it when other companies do not follow suit).

Generally permissible

- Obtaining a competitor's price list from a customer or other third party, unless the customer or third party serves as a regular vehicle for sharing price lists. In that case, the third party may be viewed as an element of an overall agreement amongst competitors to share price information.

Supply

Likely to be illegal

- Discussing a supply arrangement with a competitor in order to get a feel for selling prices in the market.
- Agreeing with a competitor about the customers to whom the Group will sell or rent its properties.
- Entering into product-swap arrangements with a competitor's product.

Trade associations

Likely to be illegal

- Discussing at a trade association meeting product prices, terms of sale, product or marketing plans, or business relations with suppliers or customers.

  Note: if you are at a trade association meeting where unlawful behaviour is discussed you should (a) ask the meeting to stop discussing the topic; (b) if the meeting does not do so, leave; (c) make sure that the official minutes of the meeting contain a note of what you say and do; and (d) make your own notes of what you say and do.

Prior clearance by CDL Legal Department needed

- Joining a trade association.

Generally permissible

- Attending trade association meetings generally. (Review agendas in advance with CDL Legal Department if possible.)
- Discussing health and safety issues at a trade association meeting.
- Discussing proposed changes in the law relevant to the industry.

Technological co-operation

Likely to be illegal

- Agreeing with a competitor the exact introduction time of new technology which you are both developing independently.

Prior clearance by CDL Legal Department needed

- Discussing the possibility of carrying out joint R&D with a competitor.
- Entering into technology licensing arrangements.

Generally permissible

- Undertaking joint R&D with a non-competitor, where all parties participating are free to exploit the results.

Information gathering

Likely to be illegal

- Exchanging historical information on sales, prices, discounts, terms of business etc. directly with a competitor.

Generally permissible

- Participating in a scheme approved by competition law counsel in which sales volumes are supplied to an independent third party which aggregates the figures and distributes the aggregated industry-wide sales figures to participants.
- Obtaining information on competitors' sales and prices from publicly available sources, such as the media.

Dealing with competitors generally

1.4 As soon as you are dealing with a competitor, alarm bells should ring. Do not have any discussion with a competitor concerning prices, price changes, discounts, pricing methods, costs, warranties, transportation charges, terms of sale, marketing initiatives or product plans without first consulting in-house counsel. See also the sections above on Pricing, Supply, Trade associations, Technological Co-operation and Information gathering.

Likely to be illegal

- Dividing up different projects between you and a competitor, for example by agreeing to bid for different contracts.
- Having discussions or making plans with a competitor to keep a new arrival out of the market.
- Warning a competitor or new market entrant to stay off your patch.
- Discussing with a competitor possible investments that a competitor is considering making in a particular country.
- Agreeing to boycott particular customers or suppliers.
- Agreeing with a competitor enjoying market power on the price that you are prepared to pay, or with whom you will deal.
- Making an agreement or acting with a competitor in such a way as to allocate sales, territory, customers or products between you and the competitor.

Prior clearance by Legal Section needed

- Discussing a joint venture proposal.

b. Relationships with customers

1.5 While a dominant position in itself is perfectly legal, dominant companies have a special responsibility to behave fairly. They have to comply with special rules that are designed to protect competitors, customers and market structure from abusive behaviour. Thus, many of the commercial policies and tools that are legal for a non-dominant company may be abusive if carried out by a dominant company. As a result, you should act carefully when enjoying a dominant position (unilateral or collective) or generally speaking market power, so to avoid any abuse of such

dominant position, especially in your relationships with your professional customers (such as real estate agencies).

Discussion of vertical price-fixing, sales restrictions, tying, exclusive dealing, discount practices, refusal to supply, etc

Pricing

Likely to be illegal

- If you have a dominant market position, making sales below average variable cost to drive competitors out of the market.
- If you have a dominant market position and want to offer an extra discount to customers who buy exclusively from you.

Generally permissible

- Offering customers discounts related to the volume of their individual orders.

Supply

Prior clearance by CDL Legal Department needed

- Entering into exclusive distribution agreements.

Generally permissible

- Recommending resale prices or conditions of resale to a distributor.

Refusing to deal

Likely to be illegal

- If you are in a dominant position, refusing without any objective justification to deal with an existing customer.

Generally permissible

- Making an independent decision not to deal with a certain party on credit because of justified concerns about creditworthiness.
- Charging a lower price to one customer if the customer performs certain functions or responsibilities that other customers do not perform.

c. Examples

1.6 *Section 34 prohibition*

Agreements that directly or indirectly fix purchase or selling prices or any other trading conditions:

- If at a trade show, a trade association meeting, a convention or any other formal or informal meeting with people from the industry, a competitor attempts to discuss what the industry should set as minimum prices, rents or

rates for residences, commercial properties and/or hotel rooms, or as maximum discounts to be given to customers, you should immediately state explicitly that the Company does not want to receive any commercially sensitive information, walk away from the conversation and protest in writing in case you receive the information. You should also report the incident to CDL Legal Department. Don't assume the topic is permissible just because it is being discussed as part of a formal panel.

- If a trade association recommends that all members send statistical information to it in relation to prices, terms or conditions of sale or of rental, choice of customers, territorial markets, upcoming bids, production quotas, capacity levels, or costs, you should require the trade association to comply with a confidential collection system. You should also make sure that only information that is aggregated (in a way that does not permit recipients to identify individual data such as individual market shares of other players) and historical (at least 12-months old) will be published, or refuse to share data if there is a doubt as to the way it will be published.

Agreements to share markets or sources of supply:

- If a competitor offers or asks you to stay out of a particular area, or away from a particular group of customers, you should immediately walk away from the discussion and report it to the CDL Legal Department.

Certain agreements amongst competitors limiting the output or controlling production or investment:

- If a competitor attempts to discuss the quantity of residential or commercial sales or leases that should be available on the market during a particular period, or inquires about your future investment plans, you should immediately walk away from the discussion and report it to the CDL Legal Department.

1.7 *Section 47 prohibition*

Predatory pricing:

- If you are worried about a competitor that markets its residences, commercial properties or hotel rooms at prices lower than you, do not try to enter into a price war in order to squeeze it out. In particular, never implement prices below average variable costs.

Discriminatory practices vis-à-vis distributors/suppliers:

- When two customers are in equivalent situations (they belong to the same class of customers, buy the same product), do not charge them significantly different prices, rents or rates for the same products, unless the price differentials could be commercially objectively justified (cost saving, volume of purchase, promotional services, contractual conditions, duration of the commercial contract). If you have doubts about the possibility to charge different prices to different customers, seek legal advice before doing so.

Limiting production, markets or technical development to the prejudice of consumers:

- If you decide to stop supplying an existing customer with the Group's properties, make sure such a refusal could be objectively justified or seek legal advice before doing so. Do not refuse to serve a particular group of customers for any reason other than credit or the failure to reach agreement on the terms and conditions.

Tying and bundling:

- If you market different properties at the same time, do not require from your customers to purchase one (less desirable) property in order to obtain another (more desirable) property. Customers should always be able to buy or rent properties individually.

Fidelity rebates / Discounts

- If you wish to implement a fidelity rebates or discounts policy, make sure it is transparent, written and objective. The granting of rebates or discounts should be based on cost saving or services offered by the customer, never on the condition that the customer purchases all or a large portion of its requirements from you.