

Resignation of Mr Kwek Leng Peck as a Non-Executive and Non-Independent Director of the Company

The Board of Directors of City Developments Limited (the “Company” or “CDL”) wishes to announce that regrettably Mr Kwek Leng Peck has given notice of his resignation as a Non-Executive and Non-Independent Director of the Company with effect from 19 October 2020. Based on his letter of resignation, Mr Kwek’s primary reasons for his resignation are (i) that there are disagreements with the Board and management in relation to the Group’s investment in Sincere Property Group (“Sincere”) as well as its continuing provision of financial support to Sincere; and (ii) his reservations with the Group’s approach in the management of Millennium & Copthorne Hotels Limited (“M&C”).

The Group’s total investment in Sincere includes a 51% joint venture equity investment in Sincere of RMB 4.4 billion, US\$230 million subscription of bonds issued by Sincere and a working capital loan of RMB 650 million. In addition, the Group also provided a liquidity support undertaking totalling RMB 1.5 billion relating to the bonds issued by Sincere that are maturing on 26 October 2020 and a RMB 1.5 billion corporate guarantee in relation to an external bank loan obtained by Sincere. The total of these investments is \$1.9 billion.

The liquidity position at Sincere is challenging, being severely impacted by the COVID-19 pandemic and property cooling measures which caused the further tightening of liquidity for real estate companies in China, the most recent being China’s Three Red Lines. The intended asset divestment plan for some of Sincere’s retail, hospitality, office and business parks assets, to lighten its debt load on investment properties exposure and to shore up its residential development plans as a key strategy to transform this platform, is now expected to take place over a longer period of time due to the current climate.

The Board is in the process of identifying and appointing an External Financial Advisor to assist with further evaluation and review of the Group’s investment in Sincere. The impact on the Group or its financial reporting will be prepared and calibrated together with the External Financial Advisor.

M&C is a wholly-owned subsidiary of CDL which owns, manages and operates over 145 hotels globally. Listed on the London Stock Exchange in 1996, M&C was delisted on 11 October 2019 following a successful privatisation exercise launched by CDL.

2020 has been a difficult year for the hospitality and tourism sector. In 1H 2020, the Group’s hotel operations segment recorded a substantial pre-tax loss of \$208.2 million, which included \$33.9 million of impairment losses made in view of the current pandemic.

Additional information on Mr Kwek’s resignation which is required to be disclosed pursuant to Rule 704(7) of the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST”) has been released concurrently with this announcement to SGX-ST.

The revised composition of the Board and Board Committee with effect from 19 October 2020 are set out as follows:

Board:

Mr Kwek Leng Beng (Chairman)	-	Executive Director
Mr Sherman Kwek Eik Tse	-	Executive Director
Ms Lim Yin Nee Jenny	-	Lead Independent Director
Mr Philip Yeo Liat Kok	-	Non-Executive and Independent Director
Mr Tan Poay Seng	-	Non-Executive and Independent Director
Ms Tan Yee Peng	-	Non-Executive and Independent Director
Mr Koh Thiam Hock	-	Non-Executive and Independent Director
Mr Ong Lian Jin Colin	-	Non-Executive and Independent Director

Board Committee:

Mr Kwek Leng Beng	-	Executive Director
Ms Lim Yin Nee Jenny	-	Lead Independent Director
Ms Tan Yee Peng	-	Non-Executive and Independent Director
Mr Koh Thiam Hock	-	Non-Executive and Independent Director

The Board would like to take this opportunity to thank Mr Kwek Leng Peck for his contributions during his tenure as a Director of the Company.

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

21 October 2020