

# **KOWLOON DEVELOPMENT COMPANY LIMITED**

**(“the Company”)**

## **Terms of Reference of REMUNERATION COMMITTEE**

### **1. Constitution**

- 1.1 The Board of Directors of the Company (“the Board”) resolved on 20 July 2005 to establish a committee of the Board known as the Remuneration Committee (hereinafter referred to as “the Committee”).
- 1.2 The Committee is established under delegation from the Board pursuant to Article 135 of the Company’s Articles of Association.

### **2. Membership**

- 2.1 Members of the Committee must be appointed by the Board and the Committee must comprise a minimum three members. The majority of the Committee members must be Independent Non-executive Directors.
- 2.2 The Board must nominate one of the Independent Non-executive Directors as the chairman of the Committee (“the Chairman”).

### **3. Secretary**

- 3.1 The Company Secretary or such other person with appropriate qualification and experience as appointed by the Committee from time to time shall act as the Secretary of the Committee.

### **4. Frequency and proceedings of meetings**

- 4.1 The Committee must meet at least once a year. Additional meetings should be held as the work of the Committee demands.
- 4.2 The Chairman may convene additional meetings at his/her discretion.
- 4.3 The quorum of a meeting shall be two members of the Committee.
- 4.4 The Committee may, from time to time, invite advisers to attend meetings, including but not limited to external independent professional advisers or consultants to advise its members.
- 4.5 Proceedings of meetings of the Committee shall be governed by the provisions of Article 137 of the Articles of Association of the Company.

## **5. General Meetings**

- 5.1 Members of the Committee should attend the Company's general meetings and be available to respond to questions and enquiries in relation to their work at the general meetings.

## **6. Responsibilities, powers and functions**

- 6.1 The Committee should formulate remuneration policy for approval by the Board, which shall consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group, and implement the remuneration policy laid down by the Board.

- 6.2 The Committee should, without prejudice to the generality of the foregoing:

- (i) make recommendations to the Board on the Company's policy and structure for all Directors and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. Remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary;
- (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (iii) make recommendations to the Board on the remuneration packages of individual Executive Directors and Senior Management, which should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). A significant proportion of Executive Directors' remuneration should link rewards to corporate and individual performance;
- (iv) make recommendations to the Board on the remuneration of Non-executive Directors;
- (v) review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (vi) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (vii) ensure that no Director or any of their associates is involved in deciding that Director's own remuneration;

- (viii) review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”);
- (ix) consult the chairman of the Board and/or Chief Executive about their remuneration proposals for other Executive Directors. The Committee should have access to independent professional advice if necessary;

*Note: Arrangement to seek professional advice could be made through the Company Secretary.*

- (x) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation;
- (xi) be provided with sufficient resources to perform its duties;
- (xii) advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders’ approval under the Listing Rules; and
- (xiii) delegate such of its powers as the Committee deems appropriate to management.

## **7. Reporting procedures**

- 7.1 Draft and final versions of minutes of the Committee meetings should be sent to all members for their comment and records respectively, within a reasonable time after the meeting is held.
- 7.2 Minutes of the Committee meetings should be kept by the Secretary and should be open for inspection at any reasonable time on reasonable notice by any Director.
- 7.3 The Secretary should circulate the minutes of the Committee meetings to other members of the Board.
- 7.4 The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

## **8. Disclosures in the Annual Report to Shareholders**

- 8.1 The role and function of the Committee.
- 8.2 The composition of the Committee and whether it comprises Independent Non-executive Directors, Non-executive Directors and Executive Directors (including their names and identifying the Chairman).

- 8.3 The number of meetings held by the Committee during the year to discuss matters and the record of attendance of members, by name, at meetings held during the year.
- 8.4 A summary of the work during the year, including determining the policy for the remuneration of Executive Directors, assessing performance of Executive Directors, approving the terms of Executive Directors' service contracts, and reviewing and/or approving matters relating to share schemes under Chapter 17 (see Rule 17.07A) of the Listing Rules, performed by the Committee. Disclose which of the two models of remuneration committee described in Code Provision E.1.2(c) under Appendix C1 (Corporate Governance Code) of the Listing Rules was adopted.
- 8.5 The Directors' remuneration policy, details of any remuneration payable to members of Senior Management by band and other remuneration related matters.

## **9. Publication of the Terms of Reference**

- 9.1 The terms of reference explaining the Committee's role and the authority delegated to it by the Board will be posted on both the websites of "HKEXnews" ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kdc.com.hk](http://www.kdc.com.hk)). A copy of the terms of reference will be made available to any person without charge upon request.

*Note: In these terms of reference, "Senior Management" refers to the same persons referred to in the Company's Annual Report and required to be disclosed under paragraph 12 of Appendix D2 (Disclosure of Financial Information) to the Listing Rules.*

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(These Terms of Reference were approved by the Board on 27 June 2025)