

## Schedule of Corporate Matters reserved for the Board

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Below is a list of corporate matters reserved for the Board of the Company:

### 1. General

- 1.1 Long term objectives and strategies
- 1.2 Extension/diversification of the Group's activities into new business or geographic areas
- 1.3 Any decision to cease to operate all or any material part of the Group's business
- 1.4 Merge or consolidate with any other entity or take any step with a view to dissolution, liquidation or winding up in respect of the Company

### 2. Structure and capital

- 2.1 Capital management framework and policy
- 2.2 Material changes to the Group's capital or liability structure including : reduction of capital, distribution of assets or other capital distribution, material changes to the Group's corporate structure, material share issues and material share buy backs **(See Note 1)**
- 2.3 Changes to the Company's listing status

### 3. Annual budgets, financial reporting and controls

- 3.1 Preliminary announcements of interim and final results
- 3.2 Annual report and accounts, including the corporate governance related statement/report and remuneration related report
- 3.3 Dividend Policy; Declaration of the interim dividend and recommendation of the final dividend
- 3.4 Significant changes to the Company's accounting policies or practices
- 3.5 Treasury policies (including liquidity and funding management); annual funding plan and annual treasury investment plan
- 3.6 Material banking facilities and material treasury investment transactions **(See Notes 1 & 3)**
- 3.7 Tax Policy
- 3.8 Annual operating and capital expenditure budgets
- 3.9 Material acquisitions/disposals of fixed assets
- 3.10 (Other than acquisitions covered in 3.9 above) The commitment to capital expenditure (including investment) in respect of any single item or project in excess of size determined by the Group's capital expenditure policy
- 3.11 Connected transactions (as described and being non-exempt under the Hong Kong Listing Rules) whether or not it is of a revenue nature within the ordinary course of business of the relevant group company **(See Note 2)**

#### **4. Risk management and internal control systems**

- 4.1 Ensuring maintenance of sound systems of risk management and internal control
- 4.2 Receiving reports on, and reviewing the effectiveness (at least annually) of, the Group's risk management and internal control systems to support its strategy and objectives
- 4.3 Undertaking regular assessment (at least annually) as to the Group's risk management and internal control processes and systems, including risks
- 4.4 Approving an appropriate statement for inclusion in the annual report

#### **5. Communication**

- 5.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting
- 5.2 Approval of all circulars and listing particulars

#### **6. Board membership and other appointments**

- 6.1 Changes to the structure, size and composition of the Board, following recommendations by the Nomination Committee
- 6.2 Appointments and re-appointments to the Board, following recommendations by the Nomination Committee
- 6.3 Selection of the Chairman of the Board and the Chief Executive Officer, and the division of responsibilities between them
- 6.4 Membership and Chairmanship of Board Committees
- 6.5 Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit and Risk Management Committee
- 6.6 Appointment or removal of the Company Secretary

#### **7. Remuneration**

- 7.1 Determining the remuneration policy for Chairman, Executive Directors and designated senior management, following recommendations by the Remuneration Committee
- 7.2 Determining the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate
- 7.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval, following recommendations by the Remuneration Committee
- 7.4 Major changes to the rules of the Group's pension scheme, or changes of trustees or changes in the fund management arrangements
- 7.5 Key terms of new compensation and benefit plans (including separation programme), with a material financial, reputational or strategic impact **(See Note 4)**

## **8. Delegation of Authority**

- 8.1 Approval of terms of reference and membership of Board Committees
- 8.2 Receiving reports from Board Committees on their activities

## **9. Corporate governance and Sustainability matters**

- 9.1 Determining the independence of Directors
- 9.2 Review of the Group's overall corporate governance arrangements including:
  - to develop and review policies and practices on corporate governance and sustainability, and make recommendation to the Board
  - to review and monitor training and continuous professional development of Directors and senior management
  - to review and monitor policies and practices on compliance with legal and regulatory requirements
  - to receive report from the Audit and Risk Management Committee, develop, review and monitor code of conduct applicable to employees and Directors
  - to review compliance with the applicable Listing Rules, Code on Corporate Governance, and disclosure in statutory reports
  - to evaluate the Board's and committees' performance and effectiveness
  - to approve material changes to policies and practices on corporate governance
- 9.3 Recommendation of changes to the Company's constitutional documents

## **10. Others**

- 10.1 Major prosecution, defence or settlement of litigation
- 10.2 Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational
- 10.3 This Schedule of Matters reserved for the Board's decisions

Notes:

1. Applicable “Materiality” threshold measuring size of the transaction will be determined by the Board from time to time and at least on an annual basis. The relevant size tests will be determined by reference to asset value, profits, revenue, (monetary or equity issuance), consideration paid as measured by the tests set out in Chapter 14 of the Hong Kong Listing Rules.
  2. Board approval is required under the Listing Rules.
  3. Based on annual treasury policies and funding plans approved by the Board, management will make recommendation to the Board on size and nature of:
    - (a) material banking facilities; and
    - (b) material treasury investments that require full Board approval.
  4. Materiality determined by Executive Committee (consulting Group HR) in consideration of financial, reputational or strategic impact.
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**Definitions:**

“**Board**” shall mean the board of directors of the Company.

“**Company**” shall mean Hysan Development Company Limited.

“**Group**” shall mean the Company and its subsidiaries.

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