



華潤萬象生活有限公司

China Resources Mixc Lifestyle Services Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1209)

(the “Company”)

TERMS OF REFERENCE OF THE BOARD OF DIRECTORS

With effective from 9 December 2020
(adopted at the Board meeting held on 19 November 2020)

General

1. The authority, functions and meeting procedures of the board of directors shall be regulated by the articles of association of the Company. These terms of reference are only used for the promotion of good corporate governance within the Company.

Members

2. The board of directors is composed of the directors of the Company, among which at least three must be independent non-executive directors (accounting for at least one-third of the members of the board of directors), and one of the non-executive directors must have professional qualifications or accounting or related financial management experience.
3. If at any time the number of independent non-executive directors of the Company reduces to less than three, or accounts for less than one-third of the board of directors, the Company shall immediately notify the Stock Exchange and announce the related details and reasons. The Company shall appoint a sufficient number of independent non-executive directors within three months after it fails to meet the relevant requirements.
4. When performing his/her duties, each of directors shall:
 - (a) perform the responsibilities of good faith and due skill, care and diligence jointly and individually, and the performance of the above responsibilities shall at least meet the standards established by Hong Kong laws;
 - (b) at least actively care about the affairs of the Company and have a comprehensive understanding of the business of the Company;
 - (c) make decisions objectively and act for the best interests of the Company.

Number of meetings

5. The number of board meetings shall be no less than four times a year. If the director considers it necessary, he/she may request a meeting at any time.
6. The quorum for board meetings shall be two persons.
7. If there are the same number of votes for and against, the chairman of the board of directors shall have an additional or deciding vote.
8. Regular board meetings shall be held in accordance with the notice period specified in the articles of association of the Company, or by giving at least 7 days notice, so that all of the directors have the opportunity to attend. For all other board meetings, a reasonable notice shall be given.
9. If a director has a conflict of interest that the board of directors considers to be significant among the matters to be considered by the board of directors, such director shall make a declaration of such conflict of interest to the board of directors in advance and abstain from voting on such matter and shall not be counted as a quorum. Independent non-executive directors who neither themselves nor their associates have material interests in the transaction shall attend relevant board meetings.

Authorities and functions

10. The powers and responsibilities of the board of directors shall include the responsibilities and powers set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) (as amended from time to time) contained in Appendix 14 of the Listing Rules, including but not limited to:
- (a) being jointly responsible for the management and operation of the business of the Company;
 - (b) being responsible for leading and monitoring the Company, and being collectively responsible for the management and supervision of company affairs to promote the success of the Company;
 - (c) formulating the strategies, long-term goals and business model of the Company;
 - (d) regularly reviewing the contribution of directors to the Company in performing their duties, and whether the directors have spent enough time to perform their duties;
 - (e) conducting a formal review of the overall performance of the board of directors and the performance of board committees annually;
 - (f) ensuring that the internal control system of the Company is sound, proper and effective to protect the investments of the shareholders and the assets of the Company:
 - (i) reviewing the effectiveness of the internal control system of the Company and its subsidiaries at least once a year, and reporting to shareholders in the “Corporate Governance Report” that the review has been completed. The review shall cover all significant monitoring aspects, including financial monitoring, operational monitoring and compliance monitoring, and risk management functions;
 - (ii) considering whether the resources, staff qualifications and experience of the Company in accounting and financial reporting functions, as well as the training courses and budgets received by its staff are sufficient;
 - (g) performing corporate governance responsibilities:
 - (i) formulating and reviewing the corporate governance policies and practices of the Company;
 - (ii) reviewing and monitoring the training and continuous professional development of directors and senior management;
 - (iii) reviewing and monitoring the policies and practices of the Company in compliance with legal and regulatory requirements;

- (iv) formulating, reviewing and monitoring the code of conduct and compliance manuals, if any, for its employees and directors; and
- (v) reviewing the compliance of the Company with the corporate governance code and its disclosure in the corporate governance report;
- (h) formulating shareholder communication policies and reviewing such policies regularly to ensure their effectiveness.

Matters to be decided by the board of directors

11. The following matters shall be decided by the board of directors:

(a) Corporate and capital structure:

(i) the following matters shall be decided by shareholders' approval:

(A) amendment of the memorandum and articles of association of the Company and submission of such amendments to shareholders for their approval;

(B) change of the share capital (including share repurchases, issuance of new shares and securities), share premium accounts or reserves of the Company, cancellation of existing or new types of shares, or change of the rights of existing types of shares, and submission of such changes to shareholders for their approval;

(C) adoption of a new share option plan or change of any terms of the existing share option plan terms of the Company;

(ii) issuance or application for listing of any shares or securities of the Company;

(iii) change of the listing status of the Company;

(iv) major changes to the corporate structure;

(v) dividend matters;

(vi) issuance of new shares, except for new shares issued in accordance with a commitment approved by the board of directors or a stock option plan approved by shareholders;

(vii) mergers with other persons (regardless of whether through mergers, reorganization plans or other means) and acquisition of any assets or securities with total value accounting for 5% or more of the total asset value of the Group at that time, from other persons;

(viii) any bankruptcy initiated by the Company;

(b) Corporate strategies:

- (i) expansion of the business of the Group to new regions or new businesses, and the related matters shall be carried out in a material way;
- (ii) termination of all or part of the major businesses of the Group;
- (iii) investment of securities or assets and reduction of investment of securities or assets, the relevant value of which is 5% or more of the total asset value of the Group at that time, or HK\$300 million or more (whichever is lower);
- (iv) establishment of subsidiaries or joint ventures, and the asset value contributed by the Group accounts for 5% or more of the total asset value of the Group at that time;

(c) Policies:

- (i) major policies affecting the Company as a whole;
- (ii) major changes to the policies adopted by the board of directors;

(d) Business and management:

- (i) any annual business plan, operating and capital expenditure budget of the Company and any subsequent major changes;
- (ii) publication of quarterly, interim and annual results announcements, interim and annual reports, stock price sensitive announcements, and financial and other information disclosed in accordance with the Listing Rules or other legal requirements;
- (iii) matters referred to the board of directors by committees under the board of directors;

(e) Financial matters:

- (i) adoption of any major changes in accounting policies or procedures;
- (ii) issuance or creation of any single bond or debt with an amount accounting for 5% or more of the total asset value of the Group at the time, except for borrowings between members of the Group (regardless of the amount of such debt);
- (iii) entering into of any transaction required to be disclosed in accordance with the Listing Rules;
- (iv) entering into of any connected transaction required to be disclosed in accordance with the Listing Rules;
- (v) change of the financial year of the Company;
- (vi) declaration of any interim dividends and recommendation of the distribution of final dividends (if any) to shareholders and approval of the payment of such dividends;
- (vii) annual budgets;

- (f) Board members, senior management and auditors:
 - (i) change of the structure, number and composition of the board of directors;
 - (ii) appointment or removal of any directors or company secretary of the Company;
 - (iii) appointment, reappointment or removal of external auditors of the Company or members of the Group according to the recommendation of the audit committee;
- (g) Remuneration:
 - (i) adoption of a remuneration policy;
 - (ii) approval of the remuneration policy of directors and senior management according to the recommendation of the remuneration committee;
- (h) Communication:
 - (i) resolutions and related documents proposed to shareholders at general meetings;
 - (ii) all circulars, listing details and transactions required to be reported to the Hong Kong Stock Exchange (except for routine documents approved by members delegated by the board of directors).

Delegation of authorities

12. The board of directors may delegate its powers to others, and the board of directors may approve:
- (a) the terms of reference of the board committees and their subsequent changes;
 - (b) the delegated powers of the board committees (except for those powers specified by the committee and approved by the board of directors according to its terms of reference);
 - (c) appointment or removal of any members of any committee; and
 - (d) change of authorities delegated to the chairman.
13. The board of directors shall adopt a set of established principles when delegating its powers. Such principles may include the following concepts:
- (a) power shall be delegated only when needed;
 - (b) power shall be delegated to relevant positions instead of individuals;
 - (c) the scope of delegated power shall be commensurate with the scope of delegated responsibilities;

- (d) the power delegated shall be related to existing duties of the delegated person;
- (e) no employee may approve his/her own expenses;
- (f) modification or exemption of delegated powers can only be made by the original authorizer;
- (g) the authority delegated by the board of directors to its committees, executive directors or management shall not materially hinder or reduce the ability of the board of directors to perform its duties as a whole;
- (h) when the board of directors delegates its management and administrative functions to the management, it shall give a clear guidance on the powers of the management, especially the circumstances under which the management shall report to the board of directors and obtain its approval in advance before making any decisions or undertakings on behalf of the Company;
- (i) assigning functions to others, but not exempting directors from their duties or responsibilities for exercising the required skills, prudence and diligence.

Distinction between the roles of chairman and chief executive officer

14. The operation and management of the board of directors and the day-to-day management of the business of the Company shall be clearly distinguished to ensure a balanced distribution of powers and authorizations, so that powers are not concentrated in the same person.
15. The roles of chairman and chief executive officer shall be separate and shall not be performed by the same person.
16. The chairperson shall:
 - (a) monitor the long-term strategies, goals and directions of the Company;
 - (b) ensure that all of directors at board meetings are properly informed of current matters;
 - (c) be responsible for ensuring that directors receive sufficient, complete and reliable information in a timely manner;
 - (d) lead the board of directors;
 - (e) ensure that the board of directors operates effectively and performs its due duties;
 - (f) be responsible for determining and approving the agenda of each board meeting, and where appropriate, take into account any matter proposed by other directors for the addition of the agenda;
 - (g) take the primary responsibility to ensure that the Company has established good corporate governance practices and procedures;

- (h) encourage all directors to devote themselves to the board of directors and set an example to ensure that the board of directors acts in the best interests of the Company;
- (i) encourage dissenting directors to express their concerns, allow sufficient time to discuss such matters, and ensure that any decisions of the board of directors fairly reflect the consensus of the board of directors;
- (j) ensure that appropriate steps are taken to maintain effective contact with shareholders and opinions of shareholders can be communicated to the board of directors as a whole;
- (k) promote a culture of open and active discussion, encourage directors (in particular non-executive directors) to make effective contributions to the board of directors, and ensure that a constructive relationship between executive directors and non-executive directors is maintained;
- (l) attend the annual general meeting and arrange for the chairman of the audit committee, remuneration committee and nomination committee (if applicable), or another member to answer questions at the annual general meeting when the chairman of such committees is absent;
- (m) hold a meeting with non-executive directors (including independent non-executive directors) at least once a year without executive directors attending;
- (n) make decisions based on the principle of good faith, and allow resolutions purely related to procedures or administrative matters to be voted on by a show of hands at general meetings.

17. The chief executive officer shall:

- (a) lead the management to implement the strategies of the Company and report to the board of directors;
- (b) monitor the implementation of the goals of the Company set by the board of directors;
- (c) provide the board of directors with the required information to enable the board of directors to monitor the performance of the management;
- (d) formulate plans for the development and succession of management;
- (e) work with the chief financial officer to develop and maintain appropriate internal control system and controls and procedures of disclosure;
- (f) perform other responsibilities and powers granted by the board of directors;
- (g) be responsible to the board of directors for the development and operation of the Company, including profits, cash and costs of all businesses;

- (h) ensure that necessary actions are taken to ensure that the goals, policies and strategies set by the board of directors, and other decisions made by the board of directors (or on behalf of the board of directors) can be implemented in a timely and effective manner;
- (i) suggest to the chairman the assignment of duties to any individual directors and the temporary duties or special tasks assigned to any directors;
- (j) play a leading role in the communication and consultation with its employees;
- (k) lead the public relations works of the Company, including relations with its shareholders, the government, other public institutions, other companies and the general public;
- (l) regularly report to the chairman all matters that may be important to the Company, including the prevailing performance and progress of the Company.

Procedures for seeking independent professional advices by directors

18. A director may seek independent professional advices to assist him/her in performing his/her duties, and the related expenses shall be borne by the Company. Before seeking independent professional advices:
- (a) such director shall make a request to the chairman;
 - (b) the chairman may convene a board meeting to discuss relevant matters if he considers it necessary;
 - (c) the chairman shall appoint management to arrange the appointment of any consultant and confirm to such director that the above arrangements have been made.

Reporting procedures

19. All directors have the right to access documents and related information of the board of directors.
20. The secretary of the meeting shall keep the minutes of the board of directors. If any director gives a reasonable notice, the minutes of the meeting shall be available for public inspection at any reasonable time.
21. The minutes of the board of directors shall record in sufficient detail of the matters considered at the meeting and the decisions reached, which shall include any doubts or objections raised by any directors. Upon the conclusion of the board meeting, the first draft and final draft of the meeting minutes shall be sent to all of directors within a reasonable period of time. The first draft shall be submitted to directors for their opinions, and the final draft shall be submitted for their records.