

# **VITASOY INTERNATIONAL HOLDINGS LIMITED**

## **DIRECTOR NOMINATION POLICY**

Date of Policy: 29<sup>th</sup> March, 2012

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Approved By: Board of Directors

Reviewed by: Remuneration and Nomination Committee

### **Background**

Under the existing terms of reference of Remuneration and Nomination Committee, the Committee is vested with the authority to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorship; assess the independence of independent non-executive directors; and make recommendations to the Board to the appointment or re-appointment of directors.

The Committee will also review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes.

The new code provision B.3.1 of Part 2 of Appendix 14 “Corporate Governance Code” of the Listing Rules of The Stock Exchange of Hong Kong Limited (“Listing Rules”) requires the Committee to review the structure, size and composition of the board at least annually to complement the Company’s corporate strategy.

The purpose of this Director Nomination Policy of Vitasoy International Holdings Limited (the “Company”) is to describe the procedures by which candidates for potential inclusion in the Company’s recommended list of director nominees are identified, evaluated and selected. The Policy is approved, administered and reviewed by the Remuneration and Nomination Committee from time to time.

### **This policy is intended to guide the Remuneration and Nomination Committee**

When recommending new Directors and when deciding whether to recommend that current Directors be re-elected. It is the policy of the Committee that, while a current Director may NOT be subject to the exact same level of scrutiny as a new Director when considering re-election recommendations, the Committee will carefully consider the qualifications, skills, experience, independence, gender diversity, time commitments and contributions of any currently sitting Director before making a re-election recommendation to the Company’s shareholders.

## **Director Qualifications**

The Remuneration and Nomination Committee (the “Committee”) is delegated by the Board of Directors of the Company to nominate directors of the Board “in accordance with this Policy, Terms of reference and other regulatory requirements”. The Committee would annually review the “appropriate skills, knowledge, experience and gender diversity required of Board members as well as the structure, size and composition of the Board as a whole.”

This Policy further states that such review will include the Board members’ independence under applicable regulatory requirements, Listing Rules and standards as well as consideration of diversity, skills, experience, time commitment and the general needs of the Board to complement the Company’s corporate strategy. The Committee shall ensure that the Board is properly constituted to meet its fiduciary obligations to the Company and its shareholders and recommending to the Board qualified candidates to be nominated for election or re-election as directors.

The Committee believes that it is prudent and advisable for Board candidates to possess the following minimum qualifications:-

- ◆ Each Board candidate must be committed to the Company’s long-term business success consistent with the highest standards of responsibility and ethics and must represent the best interests of the Company’s shareholders as a whole.
- ◆ Each Board candidate shall conscientiously prepare for, attend and participate in Board and any sub-board committee meetings and must ensure that he/she does not have such other personal or professional commitments as would limit or interfere with his or her ability to properly discharge, or which would otherwise conflict with, his or her obligations to the Company and its shareholders.
- ◆ Each Board candidate shall have an established record of professional or business accomplishment in his/her chosen field.
- ◆ No Board candidate or his/her “close associates” as defined in the Listing Rules, of a Board candidate shall have any material personal, financial or professional interest in any competitor of the Company which, in the judgment of the Board, would limit or interfere with his or her ability to properly discharge, or which would otherwise conflict with, his or her obligations to the Company and its shareholders. In addition, the Committee also considers it desirable that Board candidates possess the following qualities or skills:-
  - should possess a strong reputation for integrity, personal and professional ethics, mature judgment and an ability to work collegially with the other members of the Board.
  - should contribute to the Board’s overall diversity, with diversity being broadly construed to mean a variety of personal, business and professional experiences, education, opinions, perspectives, gender, age and ethnic backgrounds.

- should possess professional, business and personal experience and expertise relevant to the Company's mission and vision of "*Promoting consumer well-being as number one priority through the provision of a variety of high-quality, nutritious food and beverages. Being an innovative company, a reliable employer, a responsible corporate citizen and is dedicated to creating value for the shareholders.*" Relevant experiences might include (but are not limited to) executive-level/directorship experience at a listed company; experience in the manufacturing and retail industry; experience in the areas of the Company's core business or businesses; senior level international experience; and functional expertise in one or more of the following areas - finance; accounting; legal, sales and marketing; corporate development; organizational development; innovative technology; production and project management; ESG experience; and public relations.

### **Structure, Size and Composition of the Board**

The number of directors will be determined from time to time by resolution of the Board, PROVIDED ALWAYS THAT the Board consists of at least TWO members under the Company's Articles of Association.

Under the Company's Articles of Association and the Listing Rules, any vacancy occurring on the Board, whether caused by resignation, death and other reasons under the Company's Articles of Association, increase in the number of directors or otherwise, may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy or by reason of an increase in the number of directors shall retire and be re-elected in the forthcoming general meeting.

The criteria above, and evaluation processes below, apply to all vacancies, including those to be filled by interim appointments by the Board.

The Committee will also review and ensure that the Board should have a balance of skills and experience appropriate for the requirements of the Company's business and a balanced composition of Executive and Non-executive directors (including Independent Non-executive directors) which can effectively exercise independent judgment. The Committee will make recommendation to the Board the changes in number of directors, the Board structure, size and composition (including gender diversity) in light of changes in business needs or regulatory requirements.

## **Tenure of Services**

At each annual general meeting of the Company, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but NOT exceeding one-third, or such number as determined by the other manner of rotation, as may be required by the Companies Ordinance or the Listing Rules or other codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time, shall retire from office. Under the Listing Rules every director, should be subject to retirement by rotation at least once every three years.

An independent non-executive Director who serves the Company for more than NINE years, his/her further appointment should be subject to a separate resolution to be approved by the shareholders. The Board does not believe it should establish limited term of services because Directors who have developed increasing insight into the Company and its operations over time provide an increasing contribution to the Board as a whole. To ensure the Board continues to generate new ideas and to operate effectively, the Committee shall monitor performance of each Director by regularly reviewing the contribution required from such Director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing them. The Committee would take steps as necessary regarding continuing Director's tenure of services.

## **Director's Independence and Other Change**

At least one-third of directors on the Board will be independent as required by the Listing Rules. The Board also believes that it is in the best interest of the Company as a whole and its shareholders to have Non-executive Directors, including current and (in some cases) former members of management, serve as directors.

Each Independent Non-executive Director is required to confirm its independence at least annually. If he/she experiences a change in circumstances that could affect such Director's independence should experiences a material change in his/her job responsibilities or the position he/she held when he/she came on the Board should deliver a notice of such change in status to the Chairman of the Committee. If such independent non-executive Director is the Chairman of the Committee, he/she should notify the Chairman of the Board. The Committee will then evaluate whether the individual continues to satisfy the Board's membership or independence criteria in light of his/her new occupational status and shall recommend to the Board the action, if any, to be taken with respect to such individual.

Each Director should report to the Company Secretary at the time of his/her appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organizations and other significant commitments. The identity of the public companies or organizations and if there will be any significant change in time commitment with the Company. The Company Secretary would report to the Committee who would also determine for itself how frequently this disclosure should be made.

### **Number and Composition of Sub-board Committees/Committees**

The Board has set up the following committees with specific terms of reference determined by the Board: Audit Committee, Remuneration and Nomination Committee, Executive Committee, ESG Committee, Share Award Committee, Share Allotment Committee - Employee Share Incentive Schemes, Stock Exchange Enquires Dealing Committee, Securities Dealing Committee and Shares Repurchase Committee. From time to time the Board may form a new committee or disband a current committee depending on the circumstances. Each committee complies with the independence and/ other requirements established by applicable law and regulations, including the Listing Rules.

### **Committee Member Appointments**

Members of all sub-board committees are appointed by the Board. The Board determines the exact number of members and the appointment of the Chairman and its members in accordance with the Listing Rules and can at any time remove or replace a committee member.

### **Identification/Nomination of Candidates**

#### **a) Internal Process for Identifying Candidates**

The Committee solicits ideas for possible Board candidates from a variety of sources including, without limitation: members of the Board, Company executives, or individuals personally known to the members of the Board or Company executives through personal or professional relationships, and research.

The Committee may also from time to time use its sole authority under its terms of reference to “engage and terminate an independent consultants, search firms, or other advisors, as the Committee deems advisable, to carry out its responsibilities” at the Company’s expense. If the Committee retains any such search firm(s), they may, at the Committee’s sole discretion, be asked, among other tasks, to identify possible Board

candidates who meet the qualifications set forth in this Policy; to interview such candidates; to conduct appropriate background and reference checks; and to be available for consultation as required by the Committee and the Board.

#### **b) Candidates Nominated by Qualified Shareholders**

Any shareholder of the Company who is qualified to be present and vote at the general meeting, may nominate one or more persons for election as a director of the Company at any general meeting if the shareholder complies with the director nomination provisions, including without limitation the notice, information and consent provisions under the Company's Articles of Association or the Listing Rules. The qualified shareholder may propose a Board candidate for evaluation by the Committee, by delivering a written notice to the Committee subject to the requirements set forth below (the "Notice"). The Notice must be received by the Committee within the SEVEN days period commencing the day after the despatch of the Notice of the general meeting appointed for such election and in no event ending no later than SEVEN DAYS prior to the date appointed for such meeting.

The Notice shall also contain or be accompanied by the following information or documentation:-

- a written statement that the shareholder intends to continue to own the shares of the Company through the date of the general meeting with respect to which the Board candidate is proposed to be nominated.
- The name or names of the shareholder/s submitting the proposal, the name of the Board candidate, and the written consent of each such shareholder and the Board candidate to be publicly identified.
- The nominating shareholder's business and residence address and contact information and all other information that would be required to be disclosed in a shareholders' circular or proxy form or announcement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Listing Rules or other regulatory requirements.

With respect to the proposed Board candidate, the following information must be provided:

- name, age, gender, business and residence addresses;
- principal occupation or employment;
- number of shares of the Company's shares/securities beneficially owned (if any);
- a written resume of academic, professional and business experiences;
- directorship in other companies, including listed companies and commitments with other organizations;

- any information on all civil judgments of fraud, breach of duty, or other misconduct involving dishonesty;
- all other information relating to the proposed Board candidate that would be required to be disclosed in a shareholders' circular or proxy form or announcement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Listing Rules or other regulatory requirements;
- information, documents or affidavits demonstrating to what extent the proposed Board candidate meets the required minimum criteria, and the desirable qualities or skills, described in this Policy;
- a written statement that the nominating shareholder and the proposed Board candidate will make available to the Committee all information reasonably requested in furtherance of the Committee's evaluation.

The signature of the proposed Board candidate and of each shareholder submitting the proposal.

The Notice must be delivered in writing, by register or courier, to the following address:

Chairperson, Remuneration and Nomination Committee  
 Vitasoy International Holdings Limited  
 c/o Company Secretary,  
 No. 1 Kin Wong Street,  
 Tuen Mun, N.T.,  
 Hong Kong

A Notice and supporting materials, complete and properly constituted as specified under this Policy, shall be forwarded by the Company Secretary to the Chairperson of the Committee. Except as may be required by applicable law, rule or regulation, the Committee will have no obligation to acknowledge receipt of the Notice or otherwise communicate with the shareholder/s submitting the Notice.

### **Evaluation of Candidates**

The Committee will consider all candidates properly identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria. If, based on the Committee's initial evaluation, a Board candidate continues to be of interest to the Committee, the Chairperson of the Committee will interview the candidate and communicate his or her evaluation to the other Committee members, or the Board. If the Chairperson's initial evaluation is favourable, the candidate will be interviewed by the other Committee members, other Board members as the Chairperson deems appropriate or preferable. If the results of these interviews are favorable, the Chairperson of the Committee will arrange to have appropriate

reference and background checks conducted and the Chairperson will report the findings from such checks to the other Committee members, other Board members as the Chairperson deems appropriate or preferable.

The Committee will then meet to consider and finalize its list of recommended Board candidates for the Board's consideration. Except as may be required by applicable law, rule or regulation, the Committee will have no obligation to discuss the outcome of the evaluation process or the reasons for the Committee's recommendations, with any shareholder who made a proposal. All Board candidates (whether identified internally, by a Qualified Shareholder or otherwise) who, after evaluation, are then recommended by the Committee and approved by the Board will be published on the website of The Stock Exchange of Hong Kong Limited by way of announcement and/or included in the Company's shareholders' circular and proxy form in relation to election and re-election of the Board candidates in the general meeting, whatever applicable.

### **Periodic Review of Policy**

This Director Nomination Policy is intended to provide a set of flexible guidelines for the effective and efficient functioning of the Company's director nominations process. The Committee intends to review this Policy regularly and anticipates that amendments will be required from time to time to complement the Company's corporate strategy and needs, and as applicable legal or Listing Rules change. The Committee may modify or amend this Policy at any time.

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