

VITASOY INTERNATIONAL HOLDINGS LIMITED

Corporate Governance Policy

Date of Policy: 28th August, 2012
Issue Number: 03
Date of Policy Review: 25th March, 2024
Approved By: Board of Directors
Reviewed By: Audit Committee

1. INTRODUCTION

Vitasoy International Holdings Limited (the “Company”) is firmly committed to compliance of statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board of Directors (the “Board”) of the Company or its delegated Board Committee will review the corporate governance practices from time to time to ensure their alignment with the Company’s corporate culture as well as interests and expectations from our shareholders, the investing public and the other stakeholders.

2. BOARD OF DIRECTORS

2.1 Objectives

The general management of the Company’s business is vested in the Board. The Board is committed to the Company’s mission to creating value for shareholders and other stakeholders. The Board is responsible for developing the strategic directions for the Company and continuous monitoring of the performance of the general management of the Company.

2.2 Board Composition

The Board, through its Remuneration and Nomination Committee, will act in response to the needs of business development and policies of the Company, reviewing the composition of the Board, including its independence, diversity (including ethnicity, gender and age), board mix of skills, knowledge and experience required by the executive, non-executive and independent non-executive directors.

The number of independent non-executive directors of the Company should be at least one-third of the Board or such proportion as required by the Listing Rules from time to time.

The category, position and brief biographical information of each Director are included in the Company’s annual report. An updated list containing the names of the Directors and their roles and functions is also published on the websites of the Company and The Stock Exchange of Hong Kong Limited.

2.3 Roles of Executive Chairman and Group Chief Executive Officer

The roles of the Executive Chairman and Group Chief Executive Officer of the Company are separate. The Executive Chairman is responsible for providing leadership in the Board to set strategies to achieve the Group's goals. The Group Chief Executive Officer is responsible for overall strategic planning, business development and general management of the Group's operations.

2.4 Board Meetings

The Board meets regularly and the Board meetings will be held at least five times a year to discuss and approve the overall business strategies including its Three/Five Year Strategic Plan; to review and monitor the financial and operating performance of the Group and its business units; and to consider and approve the annual budget for the Group and its Group companies.

Notice and board papers will be distributed in advance of a Board meeting. Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and any Director who is interested in the proposed transaction, shall abstain from voting.

2.5 Availability of Information and Access to Independent Professional Advice

All Directors will have full and timely access to all relevant information in relation to the Company. There are established procedures for Directors to seek independent professional advice for them to discharge their duties and responsibilities, where appropriate, at the Company's expenses.

Group Chief Executive Officer shall provide every Board member with monthly management updates, giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board and each Director to appraise the Company's financial and business performance on a month to month basis.

2.6 Appointment and Re-election

The appointment of a new Director is made on the recommendation by the Remuneration and Nomination Committee of the Company or by shareholders in a general meeting. Shareholders may propose a candidate for election as Director in accordance with the Articles of Association of the Company and the Director Nomination Policy. The procedures for nomination by shareholders are published on the website of the Company. Any person who is appointed by the Board, either to fill a casual vacancy or as an addition to the Board, shall retire at the next General Meeting.

Pursuant to the Company's Articles of Association, all Directors shall be subject to retirement by rotation at least every three years and one-third (or the number nearest to but not exceeding one-third) of Directors shall retire from office every year at the Company's Annual General Meeting.

Induction programs shall be arranged for the newly appointed Directors so as to provide the Directors with all the information and support they need to be confident and productive in their roles and to help them to understand the Company, the business

environment in which it operates and how they could contribute to the success of the Company. On appointment, new Directors will also be given an induction program kit advising them of their responsibilities and duties as Directors under various regulatory requirements and the Board procedures, including the Company's Articles of Association, Schedule of Matters reserved to the Board for Decision and Terms of Reference of the Board Committees. The new Directors will also be provided with Vitasoy publications regarding the Company's history and latest business development.

2.7 Directors' Training

All Directors should participate in continuous professional development placing an appropriate emphasis on the roles, functions and duties of a listed company director to develop and refresh their knowledge and skills. The Company Secretary is responsible for informing Directors any continuous professional development courses/seminars provided by external professional bodies and statutory bodies. Directors are also encouraged to participate in self-directed studies, attending and/giving speeches at conferences, preparing and giving seminars and articles writing etc..

The Company should be responsible for arranging and funding suitable training. Directors should provide a record of the training for review by the Audit Committee on a periodical basis. The Audit Committee will prepare a compliance review report for disclosure in the Corporate Governance Report.

2.8 Disclosure Compliance Mechanism

The Board reviews and monitors from time to time the appropriateness and effectiveness of the Group's disclosure compliance systems and procedures and to ensure any material information which comes to the knowledge of the Company's Senior Management be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure. This would require a timely and structured flow to the Board of information arising from the development or occurrence of events and circumstances so that the Board can decide whether disclosure is necessary.

2.9 Evaluation of the Board and Chairman of the Board

The evaluation is mainly to assess the adequacy and efficiency of the practices and procedures of the Board and their decision making processes, including but not limited to the adequacy of information and discussion by the Board, the Board composition and structure; recognise the contributions and achievements of the Board and recommend areas for improvement of Board performance.

A separate Chairperson evaluation is also conducted to assess the Chairman's performance in providing leadership for an effective Board and the upholding of a high standard of corporate governance.

Such evaluation will usually be done once a year either internally or by an independent consultant.

3. BOARD COMMITTEES

The Board has established a few Board Committees, mainly are Remuneration and Nomination Committee, Audit Committee, ESG Committee, and Executive Committee with specific terms of reference.

3.1 Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee shall be appointed by the Board consisting of a majority of independent non-executive directors whose terms shall run concurrently with their terms as directors. Three members shall constitute a quorum provided that at least a majority of independent non-executive directors shall be present throughout each meeting. The chairman of the Committee shall be an independent non-executive director.

The Remuneration and Nomination Committee is mainly responsible for reviewing and approving the remuneration packages of Executive Directors and Senior Management of the Group, including salaries, benefits in kind and bonuses; bonus schemes and other long-term incentive schemes, including equity based awards and the other plans. The Remuneration and Nomination Committee also reviews the structure, size and composition of the Board at least annually and recommends to the Board on any appointment of Directors and Group Chief Executive Officer.

The Remuneration and Nomination Committee is also responsible for assisting the Board in developing a desired culture to support the Company's success and ensure the related policies, procedures and actions are in alignment with the Corporate Culture, and to review the effectiveness of the overall culture initiatives with the support of Group Internal Audit.

3.2 Audit Committee

Members of the Audit Committee shall be appointed by the Board consisting of a majority of independent non-executive directors whose terms shall run concurrently with their terms as directors. Two members shall constitute a quorum provided that at least one independent non-executive director shall be present throughout each meeting. The chairman of the Committee shall be an independent non-executive director.

The Audit Committee is mainly responsible for liaising and communicating with the External Auditors, reviewing and monitoring the financial reporting procedures, risk management and internal control systems which cover all material financial, operational, compliance and all aspects of risks (including ESG risks) of the Company, conducting an annual review of the adequacy of staffing of the financial reporting functions, reviewing arrangements the employees of the Company can use, in confidence, to raise concerns about the possible improprieties in financial reporting, risk management, internal control or other matters; ensuring proper arrangements are in place for fair and independent investigation of those matters and for appropriate follow up action.

The Audit Committee is responsible for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and Senior Management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing,

reviewing and monitoring the code of conduct and compliance manual applicable to Directors and employees; and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

3.3 Executive Committee

Members of the Executive Committee shall be appointed by the Board from amongst the Executive Directors and Group Senior Directors of the Company and shall consist of not less than three members, whose terms shall run concurrently with their terms as directors and employees. Two members shall be a quorum.

The Executive Committee operates as a general management committee under the direct authority of the Board to deal with certain operational matters of the Group.

3.4 ESG Committee

Members of the ESG Committee shall be appointed by the Board from amongst the independent non-executive directors, non-executive directors and executive directors of the Company and shall consist of not fewer than four members, one of which must be an independent non-executive director. The members' terms shall run concurrently with their terms as members of the Board. Two members shall constitute a quorum provided that at least one executive director shall be present throughout each meeting.

The ESG Committee is mainly responsible for overseeing the Company's sustainability issues and advising the Board on a range of strategy ESG topics which present risks and opportunities for the Company. The ESG Committee also provides strategic long-term guidance on sustainability performance, goals and priorities.

4. RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. To achieve this, the Board ensures that there is an effective framework of risk governance and ongoing risk management process to promote the long-term success of the Company.

The Board is entrusted with the overall responsibility on an ongoing basis for ensuring that appropriate and effective risk management and internal controls are maintained to provide reasonable assurance against material misstatement of information.

Directors, through the Audit Committee, should have conducted an annual review of the effectiveness of the risk management and internal control systems of the Group to cover all material controls, including financial, operational and compliance controls and risk management functions.

5. INTERNAL AUDIT

Group Internal Audit plays a critical role in monitoring the internal governance of the Company. Using risk assessment methodology and taking into account the Company structure, management's concern, nature and complexity of operation, and operating environment, Group Internal Audit prepares its annual audit plan which is reviewed and approved by the Audit Committee. The risk assessment methodology assists in identifying business and ESG risks and determining audit frequencies. Based on the approved audit plan, Group Internal Audit schedules its internal audit programs to conduct an independent review of different financial, business, functional operations, ESG performance and activities with resources focusing on areas with higher risk.

6. EXTERNAL AUDITORS

The Audit Committee is responsible for considering the appointment of the external auditors and also reviews any non-audit functions performed by the external auditors for the Group. The appointment of external auditors shall be approved by shareholders in the annual general meeting. The management should ensure the external auditors attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Audit Committee must meet, at least thrice a year, with the external auditors regarding the review of the Company's financial statements.

7. SHAREHOLDERS' RIGHTS

The Board and Senior Management shall ensure the shareholders of the Company enjoy their rights and all shareholders are treated equitably and fairly. The shareholders should have the rights to obtain all available information of the Company, make proposals at shareholders meetings, nominate a person for election as a director, and make enquiries about the Company.

8. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board has adopted a formal Shareholders Communication Policy to ensure that shareholders are provided with ready, equal and timely access to the Company's information. The Shareholders Communication policy is posted on the Company corporate website.

Corporate Communications are available on the Company corporate website (www.vitasoy.com) ensuring the effective and timely dissemination of information to the shareholders.

The Company's Annual General Meeting is one of the important forums to communicate with its shareholders. Separate resolutions in respect of each substantial issue, including the appointment and re-election of Directors shall be proposed by the Chairman at the Annual General Meeting and be voted by poll.

The Company maintains regular bilateral communications with existing and potential investors. A formal Investor Relations Policy has been adopted by the Company to ensure that the investment community will be kept abreast of the Company's business and financial performance information in a fair, timely and appropriate manner. .

9. SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

The Board recognises its corporate and social responsibilities to its shareholders, customers, suppliers, employees and other stakeholders and is strongly committed to the safety, health and well being of the employees, the communities and the environment in which the Company operate. The Board aims to achieve our business objectives in a caring and responsible manner which achieves sustainable growth whilst fulfilling legal and moral obligations.

10. COMPLIANCE WITH CODE OF CONDUCT, RULES AND REGULATIONS

The Company's Directors, Senior Management and employees are required to comply with all laws and regulations applicable to the Company's business in the areas where they operate. Furthermore, they are expected to observe the code of conduct and compliance manual applicable to the Directors and employees so as to uphold the highest ethical standards.

10.1 Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted its own Code for Securities Transactions by Directors ("Securities Dealing Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix C3 of the Listing Rules.

To ensure directors' dealing in the securities of the Company is conducted in accordance with the Securities Dealing Code, a Securities Dealing Committee was set up to deal with such transactions. Prior to any dealing in the securities of the Company, a director is required to notify one of the committee members in writing and after obtaining a written acknowledgement from the Committee to proceed with the said dealing. The Securities Dealing Code has also applied to relevant employees of the Company who has access to price sensitive information of the Company.

10.2 Code of Conduct

The Company has adopted a code of conduct outlining the responsibilities of or proper practices for the Company, its Directors and employees.

Directors shall act honestly and in a bona fide manner under the common law duties to act in the best interests for the Company and in so doing and they shall exercise reasonable skill and diligence based on their experience in the performance of their duties. Directors and employees of the Company shall avoid any conflict of interest and must place the interests of the Company above their personal interest in the performance of their duties.

Each employee has a responsibility for protecting the Company's interest and reputation for integrity by engaging in fair and honest dealings with customers, suppliers, agents, contractors during the course of the business.

All employees shall strictly avoid engaging any activity which could be construed as a bribery. Employees shall preserve the confidentiality of information obtained in their performance of duties.

All employees and applicants for employment are to be treated fairly and equally. The Company will provide equal employment opportunity on the basis of ability and aptitude without regard to nationality, sex, age, national origin, disability, family status or other protected group. The Company shall use its best endeavours to ensure equal employment opportunity in all matters covering recruitment, promotion, demotion, transfers, dismissal, compensation, fringe benefits and selection for training and development.

11. REVIEW OF THE POLICY

This policy provides a framework for the Company's policies, guidelines, practices manual on corporate governance. The Audit Committee is responsible for reviewing this Policy and make any recommended changes to the Board for approval.

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