

MINUTES OF THE FIFTY-SEVENTH (“57TH”) VIRTUAL ANNUAL GENERAL MEETING (“AGM”) OF DUTCH LADY MILK INDUSTRIES BERHAD (“THE COMPANY”) HELD AT THE BROADCAST VENUE GALLERY 3, LEVEL 3, NEW WORLD PETALING JAYA HOTEL, PARADIGM, 1 JALAN SS7/26A, KELANA JAYA, 47301 PETALING JAYA, SELANGOR, MALAYSIA ON THURSDAY, 23 JULY 2020 AT 9 A.M

SHAREHOLDERS : As per Attendance List

PROXYHOLDERS : As per Attendance List

DIRECTORS : Dato’ Zainal Abidin Bin Putih (Chairman)

PRESENT

Mr. Tarang Gupta

Datin Seri Sunita Mei-Lin Rajakumar

Ms. Saw Chooi Lee

Mr. Bernardus Hermannus Maria Kodden (*Remote Participation*)

Dato’ Dr. Rosini Binti Alias

Tengku Nurul Azian Binti Tengku Shahrman

Mr. Jean Serge Krol (*Remote Participation*)

IN ATTENDANCE : Ms. Katina Nurani Abd Rahim, Company Secretary

BY INVITATION : As per Attendance List

CHAIRMAN OF THE MEETING : Dato’ Zainal Abidin Bin Putih (“Dato’ Chairman”), as Chairman of the Company, welcomed everyone joining the Virtual Meeting and introduced the Board Members and the Company Secretary to the shareholders.

QUORUM & NOTICE : The requisite quorum being present, Dato’ Chairman declared the Meeting duly convened at 9.00 a.m.



PROCEDURE FOR MEETING : The Company Secretary explained to the shareholders the procedures to be adhered to in tabling and approving the resolutions at the Virtual Meeting.

The Company Secretary informed the shareholders that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), all resolutions set out in the notice of AGM are to be voted by poll using the electronic polling process (e-polling”) and at least one (1) scrutineer has to be appointed to validate the votes cast at the Meeting.

The Company Secretary then announced that the Company appointed Boardroom Share Registrars Sdn. Bhd., the Company’s Share Registrar as Poll Administrator to conduct the e-polling process and Boardroom Corporate Services Sdn Bhd as the Independent Scrutineers to observe the e-polling process and to verify the poll results.

The Secretary then informed that voting by e-polling for all resolutions will take place after dealing with all the business of the Meeting and that shareholders could also vote on the resolutions prior to the commencement of the e-polling by clicking on the voting icon on the shareholders’ screen. She then invited the Poll Administrator to explain how the electronic/remote poll voting is to be conducted.

The Chairman then proceeded to table all the resolutions in the agenda for the shareholders consideration.



Ordinary Business

Audited Financial Statements and Reports

Dato' Chairman informed the shareholders that pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016, a formal approval from the shareholders for the Audited Financial Statements was not required. Therefore, the Audited Financial Statements tabled was meant for discussion only and not put forward for voting.

RESOLUTION 1 : Directors' fees

Dato' Chairman informed that the second item on the agenda of the Meeting was to approve the proposed increase and payment of Directors' fees of up to RM500,000 for the financial year ending 31 December 2020, to be made payable quarterly.

RESOLUTION 2 : Directors' Benefits (Other than Directors' fees)

Dato' Chairman informed that the third item on the agenda of the Meeting was to approve the payment of Directors' benefits (other than Directors' fees) up to RM100,000 to Non-Executive Directors for the financial year ending 31 December 2020.

RESOLUTIONS 3 & 4 : Re-election of Mr. Tarang Gupta and Dato' Dr. Rosini binti Alias, the Directors who retire by rotation pursuant to Rule 105 of the Company's Constitution

Dato' Chairman informed the shareholders that Ordinary Resolutions 3 and 4 were on the re-election of the Directors, Mr. Tarang Gupta and Dato' Dr. Rosini binti Alias, who would be retiring by rotation pursuant to Rule 105 of the Company's Constitution and being eligible, had offered themselves for re-election to the Board. Each resolution would be taken up separately.



RESOLUTION 5 : Re-appointment of Mr. Jean Serge Krol who was appointed during the year and retire pursuant to Rule 86.3 of the Company's Constitution

Dato' Chairman informed the shareholders that Ordinary Resolution 5 was on the re-appointment of Mr. Jean Serge Krol who was appointed as Director during the year and retires pursuant to Rule 86.3 of the Company's Constitution and being eligible, had offered himself for re-appointment to the Board.

RESOLUTION 6 : Re-Appointment of Auditors

Dato' Chairman informed the shareholders that the retiring auditors, PricewaterhouseCoopers PLT, had indicated their willingness to continue in office for the ensuing financial year ending 31 December 2020. Ordinary Resolution 6 is to re-appoint PricewaterhouseCoopers PLT as the Company's auditors and to authorise the Directors to fix their remuneration.

As all items under Ordinary Business have been tabled, Dato' Chairman then proceeded to deal with the items under Special Business.

Special Business

RESOLUTION 7 : Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Dato' Chairman informed the shareholders that the first item under special business was to approve the Proposed Shareholders' Mandate to allow the Company to enter into recurrent related party transactions necessary for the day-to-day operations of the Company.



The Proposed Shareholders' Mandate, if approved, would remain in force until the conclusion of the next AGM of the Company.

The Circular to Shareholders dated 23 June 2030 containing the relevant information in respect of the Proposed Shareholders' Mandate had been circulated to the shareholders.

Dato' Chairman advised that for the avoidance of doubt, Mr. Tarang Gupta, Mr. Bernardus Hermannus Maria Kodden and Mr. Jean Serge Krol, the Directors who were deemed interested to the Proposed Shareholders' Mandate, have abstained from Board deliberations on this matter. The proxies of Royal FrieslandCampina N.V., being the interested party to the transaction, would abstain from voting on Ordinary Resolution 7.

RESOLUTION 8 : Retention of Dato' Zainal Abidin Bin Putih as Independent Director of the Company

Dato' Chairman informed the shareholders that the second item under Special Business was related to his retention as Independent Director of the Company. As such he handed over the Chairmanship to Mr. Tarang Gupta, the Managing Director of the Company.

Mr. Tarang informed that shareholders' approval is sought for the retention of Dato' Zainal Abidin Bin Putih, who had served as Independent Non-Executive Director for a cumulative term of more than nine (9) years.

Mr. Tarang further informed the shareholders that the Nominating & Remuneration Committee and the Board have assessed the independence of Dato' Zainal Abidin Bin Putih and recommended that he continues to act as the Senior



Independent Director of the Company based on justifications as set out in the Notice of AGM.

Dato' Chairman then took over the chair to continue with the remaining agenda of the Meeting.

RESOLUTION 9 : Proposed Acquisition of Land in Mukim of Bandar Baru Enstek, District of Seremban, State of Negeri Sembilan

Dato' Chairman informed the shareholders that the last item under Special Business was for the approval for the Company to acquire three (3) parcels of freehold land held under Geran 270934 Lot No 61320, Geran 270935 Lot No 61321 and Geran 270936 Lot No 61322 in Mukim of Bandar Baru Enstek, District of Seremban, State of Negeri Sembilan from Pelaburan Hartanah Berhad for a total cash sum of RM56,790,320 on the terms stipulated in the Sale and Purchase Agreement dated 18 March 2020 entered into between the Company and the Vendor ("Proposed Acquisition").

Dato' Chairman further informed that the Circular to Shareholders dated 23 June 2020 containing the necessary information on the Proposed Acquisition had been circulated to the shareholders.

Next, Dato' Chairman invited Mr. Tarang Gupta to provide an overview of the Company's performance for the financial year ended 31 December 2019.

Following the presentation by Mr. Tarang, Dato' Chairman informed that the Company had received a list of questions from the Minority Shareholders Watch Group ("MSWG").



Ms. Katina Nurani Abd Rahim ("Ms Katina"), the Company Secretary and Mr. Tarang presented the questions raised by MSWG and the corresponding replies from the Management/Board at the Meeting.

Dato' Chairman then addressed questions received from shareholders prior to the day of the Meeting and which have been posted on the Q&A portal on the Company's performance and Audited Financial Statements.

The questions raised by the MSWG and the shareholders/proxies, as well as the corresponding replies by the Management/Board are set out in **Appendix 1** herewith.

Dato' Chairman then informed that shareholders had a further 10 minutes to cast their votes before the polls were closed.

[The shareholders/proxies proceeded to vote using the e-Polling platform. The Share Registrars proceeded to generate the Poll Results. Scrutineers then verified the results generated by the e-Polling system.]

After the poll results were generated by the Share Registrars and verified by the Scrutineers, Dato' Chairman announced the results of the poll for all resolutions set out in the Notice of 57th AGM dated 23 July 2020 as follows:

ORDINARY RESOLUTION 1

- **PROPOSED INCREASE AND PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**



	Number of shares held	%
FOR	48,026,003	99.9398
AGAINST	28,925	0.0602
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman therefore declared that the Ordinary Resolution 1 was passed, and it was RESOLVED:

THAT the proposed increase and payment of Director's fees of up to RM500,000 to the Non-Executive Directors for the financial year ending 31 December 2020, to be made payable quarterly, be hereby approved.

ORDINARY RESOLUTION 2

- **PROPOSED PAYMENT OF DIRECTORS' BENEFITS (OTHER THAN DIRECTORS' FEES) OF UP TO RM100,000 TO THE NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**

	Number of shares held	%
FOR	48,027,503	99.9408
AGAINST	28,425	0.5092
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman therefore declared that the Ordinary Resolution 2 was passed, and it was RESOLVED:

THAT the proposed payment of Directors' benefits (other than



Directors' fees) of up to RM100,000 for the financial year ending 31 December 2020, be hereby approved for payment to the Non-Executive Directors of the Company.

ORDINARY RESOLUTION 3

- **RE-ELECTION OF MR. TARANG GUPTA**

	Number of shares held	%
FOR	48,054,441	99.9954
AGAINST	2,187	0.0046
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman therefore declared that the Ordinary Resolution 3 was passed, and it was RESOLVED:

THAT Mr. Tarang Gupta, the Director who retired by rotation pursuant to Rule 105 of the Company's Constitution, be and is hereby re-elected to office as a Director of the Company.

ORDINARY RESOLUTION 4

- **RE-ELECTION OF DATO' DR. ROSINI BINTI ALIAS**

	Number of shares held	%
FOR	48,050,957	99.9882
AGAINST	5,671	0.0118
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman therefore declared that the Ordinary Resolution 4 was passed, and it was



RESOLVED:

THAT Dato' Dr. Rosini binti Alias, the Director who retired by rotation pursuant to Rule 105 of the Company's Constitution, be and is hereby re-elected to office as a Director of the Company.

ORDINARY RESOLUTION 5

• **RE-APPOINTMENT OF MR. JEAN SERGE KROL**

	Number of shares held	%
FOR	48,048,039	99.9884
AGAINST	5,589	0.0116
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman declared that the Ordinary Resolution 5 was passed, and it was RESOLVED:

THAT Mr. Jean Serge Krol, the Director who was appointed during the year and retired pursuant to Rule 86.3 of the Company's Constitution, be and is hereby re-appointed to office as a Director of the Company.

ORDINARY RESOLUTION 6

• **RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS PLT AS THE COMPANY'S AUDITORS**

	Number of shares held	%
FOR	48,056,108	99.9981
AGAINST	920	0.0019
TOTAL	48,054,928	100.0000



Based on the results of the poll, Dato' Chairman declared that the Ordinary Resolution 6 was passed, and it was RESOLVED:

THAT PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) be and are hereby re-appointed as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.

ORDINARY RESOLUTION 7

- **PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

	Number of shares held	%
FOR	15,440,165	99.9866
AGAINST	2,063	0.0134
TOTAL	15,442,228	100.0000

Based on the results of the poll, Dato' Chairman declared that the Ordinary Resolution 9 was passed, and it was RESOLVED:

THAT approval be and is hereby given to the Company to enter into and to give effect to the Recurrent Related Party Transactions of a Revenue or Trading Nature with the specified classes of Related Parties as stated in Sections 2.4 and 2.3 of the Circular to Shareholders dated 23 June 2020 which are necessary for the Company's day-to-day operations subject to the following:



(i) the transactions are in the ordinary course of business and are on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

(ii) the aggregate value of such transactions conducted pursuant to the Shareholders' Mandate during the financial year will be disclosed in the Annual Report for the said financial year;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorized by the Proposed Shareholders' Mandate.

ORDINARY RESOLUTION 8

- **RETENTION OF DATO' ZAINAL ABIDIN BIN PUTIH AS AN INDEPENDENT DIRECTOR**

	Number of shares held	%
FOR	48,022,056	99.9283



AGAINST	344,742	0.0717
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman declared that the Ordinary Resolution 8 was passed, and it was RESOLVED:

THAT approval be and is hereby given to Dato' Zainal Abidin Bin Putih, who has served as an Independent Non-Executive Director of the Company for cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.

ORDINARY RESOLUTION 9

- **Proposed Acquisition of Land in Bandar Baru Enstek ("Proposed Acquisition")**

	Number of shares held	%
FOR	48,055,762	99.9984
AGAINST	766	0.0016
TOTAL	48,054,928	100.0000

Based on the results of the poll, Dato' Chairman declared that Ordinary Resolution 9 was passed, and it was RESOLVED:

THAT approval be and is hereby given for the Company to acquire three (3) parcels of freehold land held under Geran 270934 Lot No 61320, Geran 270935 Lot No 61321 and Geran 270936 Lot No 61322 in Mukim of Bandar Baru Enstek, District of Seremban, State of Negeri Sembilan from Pelaburan Hartanah Berhad for a total cash sum of RM56,790,320 on the terms stipulated in the Sale and Purchase Agreement dated 18 March





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2020 entered into between the Company and the Vendor ("Proposed Acquisition").

AND THAT the Directors of the Company be and are hereby authorized to do all acts, deeds, things and to execute all necessary documents as they may consider necessary or expedient or in the best interest of the Company to give full effect to the Proposed Acquisition with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by any relevant authorities and to deal with all matters relating thereto or deemed necessary by the Directors, and to take all steps and do all such acts and matters as they may consider necessary or expedient to implement, finalize and give full effect to the Proposed Acquisition.

CONCLUSION

Dato' Chairman then moved to the last item on the agenda, which was to transact any other business of the Company for which due notice shall have been given.

There being no further business, the Meeting came to a close at 11.00 a.m., with a vote of thanks to the Chair.



APPENDIX 1

SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTY-SEVENTH VIRTUAL ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE BROADCAST VENUE GALLERY 3, LEVEL 3, NEW WORLD PETALING JAYA HOTEL, PARADIGM, 1 JALAN SS7/26A, KELANA JAYA, 47301 PETALING JAYA, SELANGOR, MALAYSIA ON THURSDAY, 23 JULY 2020 AT 9 A.M

QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

No.	Key Matters raised by MSWG	Responses from the Managing Director, Mr Tarang Gupta
Strategy & Financial Matters		
1(i)	<p><i>Current Economic Conditions and the impact of Covid-19</i></p> <p>From 2018, the Company’s ultimate holding company, Royal Friesland Campina N.V. (“RFC”) has implemented the Fast Forward programme to support its Route 2020 Strategy (Page 39 of the Annual Report). The Company also described in its Management Discussion & Analysis that the outlook for 2020 looks volatile and uncertain, driven by the current development of the COVID-19 pandemic. The Company anticipates an economic slowdown</p>	<p>The current global and local economic volatility due to the pandemic are inevitable. Nevertheless, the Company is staying steadfast on 3 key principles:</p> <ul style="list-style-type: none"> • Focus on driving penetration of milk- as there is opportunity to further increase per capita consumption, the Company will focus on providing nutrition for every occasion and maintaining affordability of milk • Staying agile and leveraging technology both internally and commercially - e.g. by accelerating e-commerce channel • Focus on reducing costs everywhere <p>DLMI has been able to operate continuously during the Movement Control</p>

	<p>in the rest of 2020 which could have impact on the purchasing power of Malaysians. In addition, global uncertainty could further impact foreign exchange and milk prices (Page 44 of the Annual Report).</p> <p>How will the current challenges presented by Covid-19 affect the Company's activities/operations and business strategies going forward?</p>	<p>Order (MCO) period to nourish the nation and we will stay focused on increasing the penetration of milk to Malaysians as a long-term strategy. In the short term we have been impacted due to the slow-down in the food service business and also due to the increase in input costs driven by forex and relatively high global dairy prices.</p>
1(ii)	<p>What are the measures taken to ensure that business operations are not significantly disrupted due to COVID-19 related restrictions?</p>	<p>DLMI obtained all the necessary approvals to operate continuously during the MCO and has at all material times, been following the necessary SOPs so that we can keep providing nourishment to Malaysians. These efforts ensured that there was no major disruption in our operations and kept us agile to the volatility in consumer demand both at in the retail and food service businesses.</p>
1(iii)	<p>What is the impact on the Company's supplies, distribution, trade receivables as well as the labor force due to the pandemic?</p>	<p>DLMI has been proactive in dealing with the situation by obtaining all necessary approvals in the end-to-end supply chain to ensure production, distribution and supply of our products across Malaysia. Moreover,</p>

		we place greatest importance on the safety of our people and have duly taken steps to care for our employees' health and safety. As an e.g., DLMI organized for all of its staff to carry out Covid testing before they returned back to office during at the beginning of the RMCO.
2(i)	<p><i>Volatile Global Dairy Conditions</i></p> <p>During the year 2019, the global dairy prices increased, especially for Skimmed Milk Powder, Butter Milk Powder and Lactose driven by a decrease in global supply and stocks, disappearance of intervention stocks on Skimmed Milk Powder in Europe and continued strong global demand. (Page 41 of the Annual Report).</p> <p>To what extent have the increase in dairy prices impacted the margin of Dutch Lady's products?</p>	There was significant impact on DLMI profitability in 2019 vs. 2018, as on-costs could only be partially offset by the company-wide saving initiatives, combined with our pricing strategy to keep milk affordable (and driving penetration for long term growth by increasing consumption of milk)
2(ii)	What are the initiatives taken to mitigate the impact from the increased input cost?	<p>The initiatives taken are as follows:</p> <ul style="list-style-type: none"> • A globally led, operational efficiency program in the factory to optimize people, process and systems • Hedging of forex exposure related to dairy raw materials purchased in USD

		<ul style="list-style-type: none"> Value engineering initiatives to optimize recipes and packaging materials <p>Commercial and overhead overhead spend optimization program (also mitigating the 6% SST of local/imported services)</p>
3	<p>Sugar Sweetened Beverages Tax</p> <p>The Malaysian Government introduced the Sugar Sweetened Beverages tax and Digital tax in 2019 and is revising the school milk programme. In order to address this adverse position, Dutch Lady took steps to ensure availability of choices for its consumers in the form of product variety and different pack sizes, at competitive prices, amongst other steps. (Page 41 of the Annual Report).</p> <p>What has been the impact of this new tax on the Company's manufacturing and costs of production? How will this affect business strategies, going-forward?</p>	<ul style="list-style-type: none"> Sugar Sweetened Beverages tax (SSB) has only impacted a small part of our portfolio i.e. the flavored Ready-to-Drink milk products only Cost of production increased due to these SSB tax payments. However, these costs have mostly been offset by price increase and optimizing of commercial terms In addition, DLMI has, in 2019, started further improving the relevant recipes to bring down sugar-levels below the 7g/100 ml threshold. These new products will be available in market place in July/August 2020

4(i)	<p>Acquisition of Industrial Land</p> <p>The Company is acquiring an industrial land within the industrial park of Bandar Enstek, Negeri Sembilan known as Techpark@enstek which has the HALMAS status from the Halal Industry Development Corporation. This acquisition is seen as advantageous for the Company's long-term expansion plans in Malaysia and its future corporate earnings (Page 35 of the Annual Report). The acquisition is to support future manufacturing activities and is expected to be completed by the fourth quarter of 2020 (Page 44 of the Annual Report).</p> <p>With the various restrictions imposed by the Government in the efforts to curb the spread of COVID-19, will there be a delay in the completion of the acquisition?</p>	<p>The Sale and Purchase Agreement for the land was signed on 18 March 2020 which is the 1st day of the MCO. Due to the restriction of movement and closure of most offices during the MCO period, there has been some delay in the process for obtaining the approvals required (as set out in paragraph 11 of the Circular to Shareholders). However, we do not expect the delays to be significant and estimate that the Proposed Acquisition can be completed in Q4 2020.</p>
4(ii)	<p>What is the timeline for the development of the land?</p>	<p>At this stage, it is too preliminary to ascertain when the construction works for the new manufacturing facilities will commence since multiple scenarios are being evaluated. Subject to finalization of</p>

		construction plans for the new manufacturing facilities, it is planned for construction to commence following the completion of the Proposed Acquisition and for construction to be completed around 3 years thereafter.
4(iii)	What is the estimated CAPEX for the development of the land?	At this stage, it is too preliminary to ascertain the construction cost for the new manufacturing facilities since multiple scenarios are being evaluated.
Corporate Governance Matters		
1.	<p>Independence of the Audit Committee and Risk Committee</p> <p>Practice 8.4 - Step Up of the MCGG requires an audit committee to comprise solely of independent directors. The Audit Committee comprises 5 members, 2 of whom are non-independent non-executive directors (Page 66 of the Annual Report).</p> <p>As a Large Company, as defined in the MCGG, does the Company plan to have its Audit Committee comprised solely of independent members?</p>	<p>Currently the Audit Committee consists of 2 non-independent directors. Of the 2 non-independent directors, 1 is a nominee of Royal FrieslandCampina N.V (RFC), and 1 is a nominee of Permodalan Nasional Berhad. The Board considers that the current composition of the Audit Committee fairly reflects the foreign direct investment and the investment of the minority shareholders. The higher proportion of independent directors ensures effective checks and balances on the Audit Committee and the independent directors effectively safeguard the interest of the minority shareholders.</p>

2.	<p>The Board did not establish a Risk Management Committee as required under Practice 9.3- Step Up. (Page 34 of the CG Report). Instead, the role is taken by the Audit Committee. (page 32 of the CG Report). The primary role of the Audit Committee relates to financial information risks. The Board is responsible for all other risks too.</p> <p>As such, will the Board consider a separate Risk Management Committee as required in Practice 9.3-Step Up of the MCCG?</p>	<p>The Company adopts the Enterprise Risk Management program based on the framework that was developed and issued by RFC, which is based on COSO framework model. The program establishes an Enterprise Risk Assessment (ERA) for identifying, evaluating, monitoring, reporting and managing significant business risks. The Audit Committee is tasked with reviewing the risk management framework and controls on a quarterly basis including Enterprise Risk Assessment updates, mitigating controls and action plans to mitigate identified business risks which enables the Company to update key risks direction, identify emerging risks and to define an adequate and practical mitigation action plan where necessary. As such the Board does not consider that a separate Risk Management Committee is necessary.</p>
3.	<p><i>Sustainability Statement</i></p> <p>Materiality Assessment Process The Bursa’s Sustainability Guide provides guidance on assessing materiality matters by considering both internal and external sources (Page 23 of the Guide). The Company in its Sustainability Report states that, in order to</p>	<p>The Company shall consider using an external source or engage with external stakeholders to assess its sustainability matters at an appropriate time.</p>

	<p>achieve the Company's sustainability objectives, a comprehensive risk materiality assessment was conducted internally in 2019. This was done through a series of workshops with various internal stakeholders where issues were identified by internal stakeholders and survey results from employees were considered. (Page 82 of the Annual Report).</p> <p>Considering the 4 areas of the Company's commitment to sustainability, i.e. marketplace, environment, community and workplace, involve external stakeholders, does the Company plan to consider external sources or engage with external stakeholders in assessing its sustainability matters, going forward?</p>	
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QUESTIONS FROM SHAREHOLDERS

No.	Key Matters raised by the shareholders	Responses from the Board of Directors and Management Team
1.	<p>On the new land acquisition and future business expansion - what is the "current" production capacity? This is to understand if there is any limitation of production, and will it cause any bottleneck for sales expansion, and the purpose of new lands purchase.</p>	<ul style="list-style-type: none"> • The manufacturing capabilities of the whole plant is currently at around 75% utilization rate. • The Proposed Acquisition is for DLMI's future manufacturing activities and business operations and is in line with DLMI's long-term plans of nourishing Malaysians by providing innovative solutions for different occasions. The plan is to improve our manufacturing capabilities so we can accelerate the growth dairy category in line with the new consumer lifestyle & trends. • DLMI intends to construct manufacturing facilities on the Lands that is expected to strengthen its ability to provide the goodness and nutritional value of milk to its consumers
2.	<p>How soon can the new facility/production be ready at new lands? Any target dates?</p>	<ul style="list-style-type: none"> • At this stage, it is too preliminary to ascertain when the construction works for the new manufacturing facilities will commence since multiple scenarios are being evaluated. • Subject to finalisation of construction plans for the new manufacturing

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		facilities, it is planned for construction to commence following the completion of the Proposed Acquisition and for construction to be completed around 3 years thereafter.
3.	With the new facility setup at the new lands, would Dutch Lady Malaysia introduce any other new products from parent company FrieslandCampina for local sales & export?	<ul style="list-style-type: none"> With the changing consumer trends DLMI has been leveraging the global dairy expertise within the Friesland Campina group to bring innovations that provide nutritious solutions for different occasions. We will continue to do so.
4.	Will there be any physical AGM in future?	<ul style="list-style-type: none"> The Board will decide on the procedure for the future AGMS (physical or virtual) based on circumstances at the relevant time.
5.	Will the company kindly give out vouchers to those who participate in the meeting?	<ul style="list-style-type: none"> As this is a full virtual AGM, there will not be any vouchers given. We appreciate your understanding on this matter.
6.	First of all, I would like to thank Dutch Lady for assisting and contributing to the health promotion projects held by my students in Ranau, Sabah. I hope that Dutch Lady will continue to support our community-based projects in future. The people in the rural districts of Sabah had	<ul style="list-style-type: none"> Thank you. We will continue to contribute to CSR in accordance with our CSR policy, taking into account the SOPs imposed by the Government at all times.



	benefited a lot from your presences and contributions. My question: How far will Dutch Lady continue to contribute to the CSR based activities in Malaysia in times of COVID-19 ?	
7.	Did revenue and profit go up during the MCO period?	<ul style="list-style-type: none"> Revenue was impacted during the MCO due to the restricted retail business hours.
8.	Why is dividend pay-out reduced significantly over the year?	<ul style="list-style-type: none"> Net Dividend pay-out for FY2019 (RM64 million) was lower than the preceding years. DLMI aims for strong cash position to enable future investments, following accelerated dividend pay-outs over the previous years.
9.	The profit of the company has been in a gradual reduction since a few years ago. What pragmatic actions have the company taken to improve the profit in the next few financial years?	<ul style="list-style-type: none"> There was significant impact on DLMI's profitability in 2019 vs. 2018, as Dairy Raw Material and Forex costs was only partially offset by the company-wide saving initiatives, combined with the Company's pricing strategy to keep milk affordable (and driving penetration for long term growth by increasing consumption of milk). DLMI will stay focused on its purpose of 'nourishing Malaysians' by continuously providing nutritional dairy products for all ages and multiple occasion. We also continue to put efforts to improve

		operational efficiencies to stay agile and have a hedging strategy to deal with the volatility of Dairy Raw Material and Forex prices.
10.	Referring to "Investment in strategic pricing to keep milk affordable" which is mentioned on page 42 of Annual Report: a) Can management elaborate more on what is this strategic pricing, and how will it help the company in long-term? b) Did we reduce our products selling price? Which products do this strategy applying to?	<ul style="list-style-type: none"> • Strategic pricing means pricing which is based on how much consumers are able to pay for our nutritional products, keeping affordability in mind. This means that costs such as SST for services are not compensated by price increase, but through operational efficiencies and company-wide saving initiatives. • We did not lower our selling prices.
11.	Do you plan to venture outside Malaysia since there is not much growth here already and are you hindered by the presence of related companies in neighbouring countries or so? How do you plan to increase milk consumption among Malaysians?	<ul style="list-style-type: none"> • Our plan is to focus on Malaysia as the average milk consumption of Malaysians households is still relatively low and there is room for growth. • We plan to increase milk consumption in Malaysia through education on the goodness and nutritional value of milk and making it affordable.
12.	The CEO mentioned the direct to consumer platform as accelerating e-commerce action. Is this being done via third party platform like Lazada and Shopee? Does the company have its own e-	<ul style="list-style-type: none"> • DLMI products are available to consumers on a few third-party e-commerce platform including Lazada and Shopee.

	commerce platform?	
13.	Does our company experience collection issues and increases in bad debt due to covid-19 impact?	<ul style="list-style-type: none"> • Collection remains strong despite the COVID-19 pandemic and we do not foresee increase in bad debts as the receivable ageing is healthy.
14.	When will Dutch Lady plan to move the factory to Bandar Enstek? Will the factory in Petaling Jaya be closed or be used for other purposes?	<ul style="list-style-type: none"> • As a Company, we are focused on improving our factory utilization and efficiency to ensure that we are able to meet consumer needs and remain competitive in the market. • The decisions relating to the PJ factory are still being studied and considered.