

DUTCH LADY MILK INDUSTRIES BERHAD ("DLMI")

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("RRPT")

1. INTRODUCTION

Pursuant to Paragraph 10.09(1)(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Dutch Lady Milk Industries Berhad ("DLMI") wishes to announce that DLMI had, in the ordinary course of business entered into the RRPT disclosed below and the consideration of such RRPT is 1.6% of the Percentage Ratio for the period from 28th November 2018 to 17th January 2019:

| Related Party | Nature of Transaction | Consideration |
|-------------------------------|---|-----------------|
| Engro Foods Limited, Pakistan | Purchase of Olpers Full Cream Milk Powder ("Olpers FCMP") from DLMI | RM 1,667,620.18 |

2. RATIONALE

The RRPT is necessary for day to day operations and is made in the ordinary course of business at arm's length basis and on competitive commercial terms not more favourable to the related party than those generally available to the public.

3. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

| Related Party | Interested Major Shareholder |
|---------------------|---|
| Engro Foods Limited | Royal FrieslandCampina N.V ("RFC") is the ultimate holding company of Engro Foods Limited with a shareholding of 51%. RFC is also the ultimate holding company of DLMI with a shareholding of 32,624,800 shares, representing 50.96% equity interest via its wholly owned subsidiary, FrieslandCampina DLMI Malaysia Holding B.V. |

Save as disclosed above, none of the other Directors, and/or major shareholders of DLMI and/or persons connected with them, have any interest, directly or indirectly, in the RRPT.

4. FINANCIAL EFFECTS OF THE PROPOSED RRPT

The RRPT has no effect on the share capital and substantial shareholders' shareholdings of DLMI and is not expected to have any material effect on the earnings per share, net assets per share and gearing of DLMI.

5. APPROVAL REQUIRED

The RRPT is not subject to the approval of the shareholders of DLMI or any relevant authorities.

6. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the terms of the RRPT and is satisfied that they are:

- (i) In the best interest of DLMI;
- (ii) Fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of DLMI's minority shareholders.

7. STATEMENT BY THE BOARD

The Board of Directors of DLMI (with the exception of Mr. Tarang Gupta, Ms. Saw Chooi Lee, Mr. Bernardus Hermannus Maria Kodden and Mr. Jurgen Sandmann, who have abstained and will continue to abstain from deliberating and voting on the RRPT at all relevant Board meetings), having considered all aspects of the RRPT, is of the opinion that the RRPT is established under normal commercial terms and is in the best interest of DLMI and not to the detriment of the minority shareholders of DLMI.

This announcement is dated 17 January 2019.