



FrieslandCampina nir
nourishing by nature

STRONG ME, STRONGER US!

ANNUAL REPORT 2020



Dutch Lady Milk Industries Berhad





STRONG ME, STRONGER US!

It has been a year of growth and achievements amidst unprecedented challenges for Dutch Lady Milk Industries Berhad. Through steadfast focus and investment, the Company has been able to continue serving all its stakeholders well. This year's cover reflects the Company's responsiveness to new norms to ensure business continuity and strengthen the nation with quality products, reliable services, community support and environmental sustainability.

The pictures on the laptop shows the Company's commitment to stakeholder engagement and technology towards building strengths in 2020. These depict uninterrupted and reliable supply to stores; enhancing product quality and innovation; supporting frontliners with nutritious products; and nurturing healthy Malaysian families with products for every age group.

The glass of milk at the foreground puts the focus on Dutch Lady milk, and the view of green fields and blue skies depicts an expanding, fruitful future focused on natural goodness and long-term environmental sustainability.



**ESTABLISHED IN
1963**



**MORE THAN
~600
EMPLOYEES**



**RM97.5
MILLION
2020 PROFIT**



**REV:
>RM1.10
BILLION
MKT CAP:
RM2.40
BILLION**



**MILLIONS
OF CONSUMERS
DAILY**



**HALAL
PRODUCER
>50 YEARS &
IMPLEMENTED
HALAL ASSURANCE
SYSTEM Since 1963**



NO.1

DAIRY COMPANY IN MALAYSIA



85%
**PACKAGING
RECYCLABLE
& CIRCULAR**



**FARMER2FARMER
PROGRAMME HAS
BENEFITTED
466*
DAIRY FARMERS
NATIONALLY**

*from 2013-2019



**DDP HAS
PRODUCED**

**36.5
MILLION
LITRES OF
FRESH MILK
SINCE
2010**



**68
MILLION
PACKS**



**2 MILLION
STUDENTS**



THRIVING IN A NEW NORMAL

As Malaysia's economy reeled under the impact of the COVID-19 crisis, Dutch Lady Milk Industries Berhad harnessing innovative solutions and the resilience of our people to continue enhancing our operations, despite movement restrictions.

Looking back, amidst having to make changes to the way we carry out our day to day operations, we are pleased to have achieved uninterrupted supply of our products to shelves nationwide while going the extra mile to appreciate and serve frontline heroes, consumers, employees, the underprivileged community as well as students stranded in Universiti Malaya during this challenging period.

This outcome would not have been possible without the commitment of our leadership team and employees. We are certain as we journey into the next financial year, we will continue to improve our performance as well as foster business growth to meet stakeholder expectations.





CONTENTS

CORPORATE AND GOVERNANCE

- 12 Notice of Annual General Meeting
- 18 Corporate Information
- 19 5-Year Financial Summary
- 20 Profiles of Board of Directors and Company Secretary
- 26 Management Team Profiles
- 34 Chairman's Statement



- 38 Management Discussion & Analysis
- 48 Corporate Governance Overview Statement
- 66 Audit Committee Report
- 72 Statement of Risk Management and Internal Control
- 82 Sustainability Report



FINANCIAL REPORTS

- 104 Directors' Report
- 108 Statement of Financial Position
- 109 Statement of Profit or Loss and Other Comprehensive Income
- 110 Statement of Changes in Equity
- 111 Statement of Cash Flows
- 113 Notes to the Financial Statements
- 154 Statement by Directors
- 154 Statutory Declaration
- 155 Independent Auditors' Report

ADDITIONAL INFORMATION

- 159 Recurrent Related Party Transactions of a Revenue or Trading Nature
- 160 Analysis of Shareholdings
- Proxy Form



QR FEATURE IN THIS ANNUAL REPORT

Follow the steps to scan the QR code reader in 3 easy steps



Download the "QR Code Reader" on App Store or Google Play



Run the QR Code Reader app and point your camera to the QR Code



Get access to the soft copy of our reports and contact information



Soft copy version of Dutch Lady Malaysia Annual Report 2020



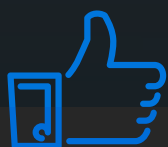
OUR PURPOSE

NOURISHING MALAYSIANS
WITH QUALITY DAIRY
NUTRITION TO HELP THEM
MOVE FORWARD IN LIFE





OUR BRAND PORTFOLIO



**TRUSTED BY
GENERATIONS
FOR**

**150
YEARS**

* Dutch dairy heritage



25

**PRODUCTS WITH
HEALTHIER
CHOICE LOGO**

* HCL membantu pengguna
mengenal pasti produk yang lebih
sihat dalam kategori yang sama

#DLStrongMeStrongerUs



DLM
PRIHATIN

**MOVING FORWARD TO
ENSURE NUTRITION FOR ALL**



#NourishingOurNation

We act on our purpose to provide better nutrition for the world. As demand was hit by the pandemic in 2020, we escalated our commitment to the community and stepped up to nourish our stakeholders with nutritious milk products.



Disclaimer: Please do not attempt this act under any circumstance.
Visuals displayed are for metaphorical purposes only.



STRONG ME, STRONGER US

PACKED WITH PROTEIN AND EVEN MORE CALCIUM*

*Increase in value of Calcium is only applicable to Dutch lady UHT Full Cream and milk powder variants of plain, honey flavoured and chocolate flavoured.

www.dutchlady.com.my DUTCH LADY® MILK INDUSTRIES BERHAD (196301000165/5063-V1 (is part of Royal FrieslandCampina N.V.))



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth Annual General Meeting of the Company will be carried out fully virtual through live streaming and online remote voting from the Broadcast Venue at Gallery 3, Level 3, New World Petaling Jaya Hotel, Paradigm, 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia on Tuesday, 25 May 2021 at 10 a.m. for the purpose of transacting the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020, together with the Reports of the Directors and Auditors thereon (Please refer to Explanatory Note to the Agenda (i)).
2. To approve the proposed increase and payment of Directors' fees of up to RM500,000 for the financial year ending 31 December 2021, to be made payable quarterly (Please refer to Explanatory Note to the Agenda (ii)).
3. To approve the payment of Directors' benefits of up to RM100,000 to Non-Executive Directors for the financial year ending 31 December 2021 (Please refer to Explanatory Note to the Agenda (ii)).
4. To re-elect the following Directors who retire by rotation pursuant to Rule 105 of the Constitution of the Company:
 - (a) Tengku Nurul Azian binti Tengku Shahriman; and
 - (b) Datin Seri Sunita Mei-Lin Rajakumar
5. To re-appoint Mr Darren Kong Kam Seong who was appointed during the year and retires pursuant to Rule 86.3 of the Constitution of the Company.
6. To re-appoint PricewaterhouseCoopers PLT (LLP0014401-LCA & AF: 1146) as the Company's auditors and to authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

Resolutions 3 and 4

Resolution 5

Resolution 6

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolution:

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

Resolution 7

"**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 26 April 2021 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 favourable 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 authorised 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 authorised by the Proposed Shareholders' Mandate."

- 8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act, 2016.

By Order of the Board

KATINA NURANI BINTI ABD RAHIM
(L.S. No. 9652)

SSM Practising Certificate No. 201908001190
Company Secretary
Petaling Jaya
26 April 2021

Notes:

1. In light of the COVID-19 pandemic, in the interest of our stakeholders' health and safety, the Fifty-Eighth Annual General Meeting ("58th AGM") will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at <https://www.boardroomlimited.my>. With RPEV facilities, members may exercise their rights to participate and vote at the 58th AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to finance.dept@frieslandcampina.com prior to the Virtual Meeting. The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator for the 58th AGM to facilitate the Virtual Meeting. Please follow the procedures set out in the Administrative Guide for the 58th AGM below to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue of the 58th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the 58th AGM. Members will not be allowed to attend the 58th AGM in person at the Broadcast Venue on the day of the 58th AGM.
3. A Member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a Member to speak at the Meeting.



NOTICE OF ANNUAL GENERAL MEETING

4. Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, a Member (including an authorised nominee) shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. In any case, where more than one (1) proxy is appointed, such appointment shall not be valid unless the proportion of the holdings represented by each proxy is specified.
5. The instrument appointing the proxy must be signed by the Member or his attorney duly authorised in writing, or if the appointer is a corporation, the instrument must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. For the purpose of determining members who shall be entitled to attend the 58th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 18 May 2021 ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at 18 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.
7. To be valid, the original instrument appointing a proxy, duly completed (and if applicable, the power of attorney or other authority under which it is originally signed or notarially certified copy of that power of authority) must be deposited at the office of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof (or in the case of poll, not less than 24 hours before the time appointed for the taking of the poll); or by electronic means using the Boardroom Smart Investor Portal at <https://www.boardroomlimited.my> by logging in and selecting "E-PROXY LODGEMENT" not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to Administrative Guide below.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Fifty-Eighth AGM will be put to vote by way of poll.

Explanatory Notes to the Agenda

(i) First item of the Agenda

This item of the Agenda is meant for discussion only in accordance with the provision of Section 340(1)(a) of the Companies Act, 2016. As such this item on the Agenda is not put forward for voting.

(ii) Resolutions 1 and 2:

The Company is seeking for shareholders' approval for the proposed increase and payment of the Directors' fees and the payment of benefits for the financial year ending 31 December 2021, as follows:

Directors' Fees and Benefits	2020 (per annum)	2021 (per annum)
Chairperson's Fees	RM118,846	RM122,411
Non-Executive Directors' fees (other than FC DLMI's Nominee Directors)	RM67,745	RM69,777
Chairperson of Audit Committee	RM8,343	RM8,593
Member of Audit Committee (other than FC DLMI's Nominee Directors)	RM5,562	RM5,729
Chairperson of Nominating & Remuneration Committee	RM1,669	RM1,719
Meeting Attendance	RM1,300 per meeting	RM1,300 per meeting

The calculation is based on the estimated number of scheduled and/or special Board and Board Committees' Meetings and on the assumption that all the Directors will remain in office until the financial year ending 31 December 2021.

(iii) Resolution 7: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the Circular to Shareholders dated 26 April 2021.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Details of individuals who are standing for election as Directors

(Pursuant to Paragraph 8.27(2) of the Bursa Securities Listing Requirements)

No individual is seeking election as a Director at the forthcoming Fifty-Eighth Annual General Meeting of the Company.

The candidate recommended by the Board to be re-appointed as a Director at the 58th AGM pursuant to Rule 86.3 of the Company's Constitution is:

Name	Position	Age	Nationality
Darren Kong Kam Seong	Director	43	Malaysian

Profile of Mr Darren Kong Kam Seong

Mr Darren Kong is currently Managing Director, Corporate Strategy & Alliance of Fusionex International, an established multi-award winning data technology provider that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence. Prior to venturing into the ICT sector, he has held senior management positions in industries covering property development, property management and the automotive industry. His area of work involves various organisations from enterprises to small businesses, establishing partnership with trade and industrial associations and government agencies. Mr Kong is a fellow member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants (MIA) and an associate member of the Association of Certified Fraud Examiners (ACFE). He graduated from Oxford Brookes University, United Kingdom with a BSc (Hons) in Applied Accounting and a professional qualification from the Association of Chartered Certified Accountants.

He does not have any direct or deemed interests in the shares of DLMI or its subsidiaries and does not hold any directorships in any public companies. There are no family relationships with any other director or substantial shareholder of the Company nor any personal interest in any business arrangement involving the Company. Save and except for traffic offences, if any, he has not been convicted for any offences within the past 10 years.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No general mandate to issue securities in the Company is being sought at the forthcoming Fifty-Eighth Annual General Meeting of the Company.

Personal Data Privacy:

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the processing of the member's personal data by the Company (or its agents) for the Meeting and matters related thereto, including but not limited to: (a) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof); (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and (c) for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) undertakes and warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Company (or its agents) processing of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will fully indemnify the Company in respect of any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

ADMINISTRATIVE GUIDE FOR THE FIFTY-EIGHTH ANNUAL GENERAL MEETING

Meeting Platform	: https://web.lumiagm.com/
Day and Date	: Tuesday, 25 May 2021
Time	: 10.00 a.m.
Broadcast Venue	: Gallery 3, Level 3, New World Petaling Jaya Hotel, Paradigm, 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor
Mode of Communication	: 1) Typed text in the Meeting Platform 2) E-mail questions to finance.dept@frieslandcampina.com prior to the Meeting

Broadcast Venue

- Shareholders/proxies are not allowed to present and participate at Dutch Lady Milk Industries Berhad's 58th AGM via the Broadcast Venue as the venue is only meant to facilitate the conduct of the Virtual Meeting.



NOTICE OF ANNUAL GENERAL MEETING




Annual Report 2020

1. Members are encouraged to download a digital copy of the Annual Report 2020 from the Company's website in the interest of preserving the environment. The Annual Report 2020 can be downloaded from the Company's website www.dutchlady.com.my.
2. If you need a copy of the printed Annual Report 2020, kindly complete the enclosed Request Slip and send the same to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.
3. Any request for the Annual Report 2020 would be forwarded to the requestor within four (4) market days from the date of receipt of the written request.

Proxy

1. Shareholders who are unable to remote participate in Dutch Lady Milk Industries Berhad's 58th AGM are encouraged to appoint the Chairman of the Meeting to vote on their behalf.
2. You may deposit the Proxy Form electronically with the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd using Boardroom Smart Investor Portal at <https://www.boardroomlimited.my> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Kindly follow the link at <https://www.boardroomlimited.my> to login and select "E-PROXY LODGEMENT" to deposit your Proxy Form electronically.
3. If you wish to remote participate the Virtual Meeting yourself, please do not submit any Proxy Form. You will not be allowed to participate the Virtual Meeting together with a proxy appointed by you.
4. If you have submitted Proxy Form prior to the Virtual Meeting and subsequently decide to appoint another person or wish to participate in the Virtual Meeting by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the Meeting.

Poll Voting (For Virtual Meeting)

1. The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-Voting).
2. For the purposes of this AGM, the remote participation and e-voting will be carried out via the following voting devices:
 - a. Personal smart mobile phones ,
 - b. tablets  or
 - c. Laptops 
3. There are 2 methods for members and proxies who wish to use their personal voting device to vote as follows:
 - a. Using QR Scanner Code given in the email to you **OR**
 - b. Using website URL <https://web.lumiagm.com/>
4. The polling will only commence after the announcement of poll voting session open by the Chairman and until such time when the Chairman announces the closure of poll.
5. The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman. Scrutineers will announce the results thereafter and the Chairman will declare whether the resolutions put to vote were successfully carried or not.

Remote Participation and Electronic Voting

6. Please note that this option is available to **(i) individual members; (ii) corporate shareholder; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**
7. If you choose to participate in the meeting online, you will be able to view a live webcast of the Meeting, post questions to the Board and submit your votes in real time whilst the meeting is in progress.
8. Kindly follow the steps below on how to request for login ID and password.

Step 1 - Register Online with Boardroom Smart Investor Portal (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password.]

- a. Access website <https://boardroomlimited.my>.
- b. Click <<Login>> and click <<Register>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format.
- d. Please enter a valid email address and wait for Boardroom's email verification.
- e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.



Step 2 – Submit Request for Remote Participation User ID and Password

[Note: The registration for remote access will be opened on 26 April 2021]

Individual Members

- Login to <https://boardroomlimited.my> using your user ID and password above.
- Select “Virtual Meeting” from main menu and select the correct Corporate Event “Dutch Lady Milk Industries Berhad 58th Annual General Meeting”.
- Read and agree to the terms & conditions.
- Enter your CDS account and thereafter submit your request.

Corporate Shareholders

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.

Please also provide a copy of Corporate Representative’s MyKad (Front and Back) or Passport in JPEG, PNG or PDF format as well as his/her email address.

Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request.
 - **Authorised Nominee and Exempt Authorised Nominee** must also provide a copy of the Proxy Holder’s MyKad (Front and Back) or Passport in JPEG, PNG or PDF format as well as his/her email address.
- a. You will receive a notification from Boardroom that your request has been received and is being verified.
 - b. Upon system verification against the General Meeting Record of Depositors as at 18 May 2021, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
 - c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
 - d. Please note that the closing time to submit your request is at 10:00 a.m. on 23 May 2021 (48 hours before the Virtual Meeting).

Step 3 – Login to Virtual Meeting Portal

[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

- a. The Virtual Meeting portal will be open for login starting one (1) hour before the commencement of Virtual Meeting at 9:00 a.m. on 25 May 2021.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above)
- c. The steps will also guide you how to view live web cast, ask questions and vote.
- d. The live web cast will end and the Messaging window will be disabled the moment The Chairman announces the closure of the Virtual Meeting.
- e. You can now logout from Virtual Meeting Portal.

Live Webcast, Question and Voting at the Virtual Meeting

The Login User Guide for participation, posing questions and voting at the 58th AGM, will be emailed to the shareholders together with the remote access user ID and password once their registration have been approved.

Shareholders who participate the Virtual Meeting are able to view the Company’s presentation or slides via the live web-streaming.

The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 58th AGM, as well as financial performance/prospect of the Company.

Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 58th AGM, after the Chairman has opened the poll voting session on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.

No recording or photography of the virtual AGM proceedings is allowed without the prior written permission of the Company.

Shareholders/Proxies must ensure that you are connected to the internet at all times in order to participate and vote when the virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

Enquiry

Please email to the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at bsr.helpdesk@boardroomlimited.com if you have queries pertaining to the remote participation and electronic voting, prior to the virtual Meeting.



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Dato' Zainal Abidin bin Putih

Senior Independent Non-Executive Director
(appointed 27.05.2009)

DIRECTORS

Tarang Gupta

Non-Independent Executive Director
Managing Director
(appointed 1.01.2018)

Saw Chooi Lee

Independent Non-Executive Director
(appointed 1.01.2014)
Re-designated from Non-Independent
Non-Executive Director to Independent
Non-Executive Director on 15.01.2020

Bernardus Hermannus Maria Kodden

Non-Independent Non-Executive Director
(appointed 1.01.2018)

Dato' Dr Rosini binti Alias

Non-Independent Non-Executive Director
(appointed 16.03.2018)

Tengku Nurul Azian binti Tengku Shahrman

Independent Non-Executive Director
(appointed 25.06.2018)

Datin Seri Sunita Mei-Lin Rajakumar

Independent Non-Executive Director
(appointed 27.02.2019)

Jean Serge Krol

Non-Independent Non-Executive Director
(appointed 19.07.2019)

Kong Kam Seong

Independent Non-Executive Director
(appointed 14.04.2021)

COMPANY SECRETARY

Katina Nurani binti Abd Rahim

Licensed Secretary
(L.S. No. 9652)

AUDIT COMMITTEE

CHAIRPERSON

Datin Seri Sunita Mei-Lin Rajakumar

MEMBERS

Dato' Zainal Abidin bin Putih
Dato' Dr Rosini binti Alias
Tengku Nurul Azian binti Tengku Shahrman
Jean Serge Krol
Kong Kam Seong

NOMINATING & REMUNERATION COMMITTEE

CHAIRMAN

Dato' Zainal Abidin bin Putih

MEMBERS

Saw Chooi Lee
Bernardus Hermannus Maria Kodden
Tengku Nurul Azian binti Tengku Shahrman
Datin Seri Sunita Mei-Lin Rajakumar
Kong Kam Seong

REGISTERED OFFICE

Level 5, Quill 9
112, Jalan Prof. Khoo Kay Kim
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7953 2600
Fax : 03-7953 2700

REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD

12th Floor, Menara Symphony
No 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4800
Fax : 03-7841 8151

WEBSITE

www.dutchlady.com.my

INVESTOR RELATIONS & ENQUIRIES

Arent Naber

Finance Director
finance.dept@frieslandcampina.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code: DLADY 3026

AUDITORS

PRICEWATERHOUSECOOPERS PLT

(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

PUBLIC BANK BERHAD

12, Jalan 14/14
46100 Petaling Jaya
Selangor Darul Ehsan

CITIBANK BERHAD

Level 45, Menara Citibank
No 165 Jalan Ampang
50450 Kuala Lumpur

MALAYAN BANKING BERHAD

18A, Jalan 14/14
46100 Petaling Jaya
Selangor Darul Ehsan

5-YEAR FINANCIAL SUMMARY

REVENUE

(RM 'mln)



PROFIT BEFORE TAX

(RM 'mln)



NET PROFIT FOR THE YEAR

(RM 'mln)



NET DIVIDEND PAID

(RM 'mln)



PAID-UP SHARE CAPITAL

(RM 'mln)



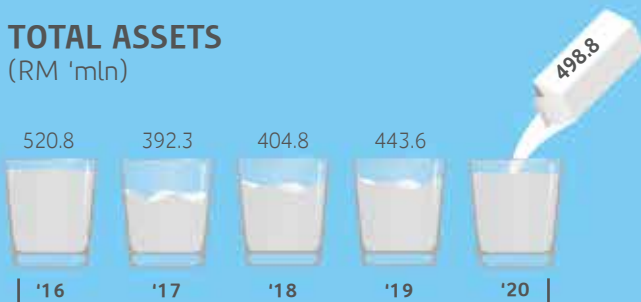
SHAREHOLDERS FUND

(RM 'mln)



TOTAL ASSETS

(RM 'mln)



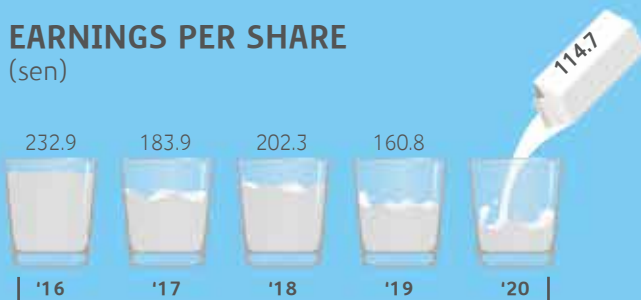
NET ASSET BACKING PER SHARE

(RM 'mln)

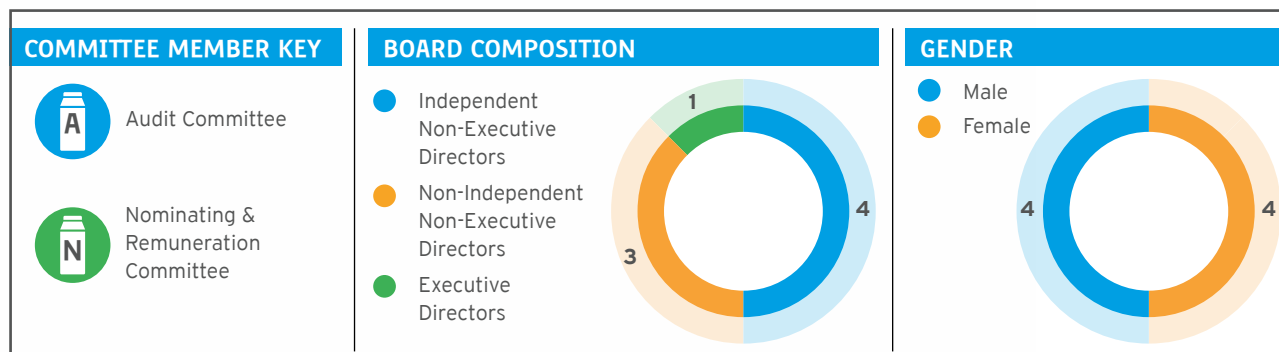


EARNINGS PER SHARE

(sen)



PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



**DATO' ZAINAL ABIDIN
BIN PUTIH**

**CHAIRMAN, SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR**

MALAYSIAN, MALE, AGE 75



Date of Appointment: 27 May 2009

Tenure of Directorship: 11 years 10 months

Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

- Nominating & Remuneration Committee (Chairman)
- Audit Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Land and General Berhad
- Petron Malaysia Refining & Marketing Berhad
- Tokio Marine Insurans (Malaysia) Berhad
- Khazanah Nasional Berhad

Dato' Zainal also holds directorships in several other private limited companies.

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Fellow of the Institute of Chartered Accountants in England & Wales
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants

WORKING EXPERIENCE

Dato' Zainal has extensive experience in audit, management consulting and taxation, having been involved as a practicing accountant and consultant throughout his career. He was formerly the Country Managing Partner of Messrs Hanafiah Raslan and Mohamad which merged with Messrs Arthur Andersen in 1990 and was an Adviser with Messrs Ernst & Young Malaysia, until his retirement on 31 December 2004. He is also the past President of the Malaysian Institute of Certified Public Accountants, former Chairman of the Malaysian Accounting Standards Board and previously served as a member of the Malaysian Communication and Multimedia Commission and a member of the Investment Panel of the Employees Provident Fund, amongst others.



TARANG GUPTA

EXECUTIVE DIRECTOR

INDIAN, MALE, AGE 43

Date of Appointment: 1 January 2018
Tenure of Directorship: 3 years 2 months
Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

None

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor's Degree in Hotel Management, Welcomgroup Graduate School of Hotel Administration, Manipal, India
- MBA in Marketing from Institute for Technology & Management, Bangalore, India associated with New Hampshire College, USA

WORKING EXPERIENCE

Prior to his present role, Mr Tarang was the Marketing Director for FrieslandCampina Nigeria, a position he held since 2014. He joined FrieslandCampina in 2010 as the International Marketing Director for Infant & Toddler Nutrition ("ITN") for FrieslandCampina AMEA, based in Singapore.

He has 19 years of commercial experience within the fast-moving consumer goods industry. This has helped him hone his expertise in portfolio building, global category building & strategy, commercial implementation and business turnaround. He previously held sales and marketing positions at Sara Lee International, Cadbury and Unilever.



SAW CHOOI LEE

INDEPENDENT NON-EXECUTIVE DIRECTOR*

MALAYSIAN, FEMALE, AGE 57



Date of Appointment: 1 January 2014
Re-designation to Independent Director: 15 January 2020
Tenure of Directorship as Non-Independent Director: 6 years
Tenure of Directorship as Independent Director: 1 year 2 months
Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

- Nominating & Remuneration Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Science in Business Administration and MBA from the University of Nebraska-Lincoln, USA

WORKING EXPERIENCE

Ms Saw was formerly the Managing Director for Dutch Lady Milk Malaysia and Singapore from 2015 to 2017. She was then re-designated as a Non-Independent Non-Executive Director in January 2018.

Ms Saw started her marketing career by joining the Unilever management training programme and since then, she has held various senior managerial positions within the fast-moving consumer goods industry. She first joined the Company in March 2003 as its Commercial Director. From March 2008 to 2010, she was appointed as the General Manager for FrieslandCampina Hong Kong. She was then promoted to become the Managing Director for FrieslandCampina Mainland China from 2011 to 2014.

She also serves as an Adjunct Professor at the Graduate Business School, University Kebangsaan Malaysia from 2019.

*Re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 15 January 2020



PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



**BERNARDUS HERMANNUS
MARIA KODDEN**

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

DUTCH, MALE, AGE 47



Date of Appointment: 1 January 2018
Tenure of Directorship: 3 years 2 months
Board Meeting Attendance in 2020: 3/4

MEMBERSHIP OF BOARD COMMITTEE

- Nominating & Remuneration Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- BA in International Economics/Modern Japanese Studies University of Rotterdam in the Netherlands
- MA International Relations, University of Groningen in the Netherlands
- MBA from University of Bradford/NIMBAS University

WORKING EXPERIENCE

Mr Kodden assumed the position of President of Business Group, Specialised Nutrition for Royal FrieslandCampina N.V on 1 January 2018. Prior to that, he was the Managing Director for FrieslandCampina, Branded Netherlands. He has also held various director and managerial positions for Infant & Toddler Nutrition, Brand and Innovation and Sales within Royal Friesland Foods and later FrieslandCampina N.V. He has extensive experience in the areas of sales, marketing, general management and crisis management.



**DATO' DR ROSINI
BINTI ALIAS**

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

MALAYSIAN, FEMALE, AGE 63



Date of Appointment: 16 March 2018
Tenure of Directorship: 3 years
Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

- Audit Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Doctor of Veterinary Medicine, DVM, Universiti Pertanian Malaysia

WORKING EXPERIENCE

Dato' Dr Rosini was formerly the Deputy Director-General of the Department of Veterinary Services (DVS), Malaysia. Her career in the veterinary and agricultural sector spans over 30 years, and her contribution and service to the veterinary sector has been recognised through state honours and by industry patrons in 2015 and 2017.



**TENGKU NURUL
AZIAN BINTI TENGKU
SHAHRIMAN**

**INDEPENDENT NON-EXECUTIVE
DIRECTOR**

MALAYSIAN, FEMALE, AGE 58



Date of Appointment: 25 June 2018
Tenure of Directorship: 2 years 8 months
Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

- Audit Committee
- Nominating & Remuneration Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Sunway REIT Management Sdn Bhd (management company of Sunway REIT)
- Freight Management Holdings Berhad

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Advocate and Solicitor of the High Court of Malaya
- Barrister-at-Law - The Honourable Society of Inner Temple
- School of Oriental & African Studies, London University, LLB (Hons)

WORKING EXPERIENCE

Tengku Nurul Azian was formerly the Executive Vice President & Partner of PEMANDU Associates Sdn Bhd, a management consulting firm focused on public sector transformation and business turnaround with global experience.

She started her career in 1988 as an Advocate and Solicitor with Messrs. Shook Lin & Bok before pursuing a career in investment banking in 1992. She has over 18 years of broad experience in investment banking and corporate finance, the last position held as Head of Corporate Finance in RHB Investment Bank Berhad, a member of RHB Banking Group, the 4th largest fully integrated financial services group in Malaysia.

In 2010, she was appointed as the Director of Education and Human Capital Development in the Performance Management and Delivery Unit (PEMANDU) and held this position until 2017.

She is also a Board member of Global School Leaders, Malaysia, an organisation involved in providing school leadership programmes in 24 public schools and sits on the Board of Governors of her alma mater, Convent Bukit Nanas.

Date of Appointment: 27 February 2019
Tenure of Directorship: 2 years 1 month
Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

- Audit Committee (Chairperson)
- Nominating & Remuneration Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Caring Pharmacy Group Berhad
- MCIS Insurance
- Zurich General Insurance Malaysia Berhad
- Climate Governance Malaysia Berhad

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- LLB (Honours), Bristol University
- Qualified as Member of the Institute of Chartered Accountants of England & Wales in 1994

WORKING EXPERIENCE

Datin Seri Sunita's career began at the Audit and Insolvency Divisions of Ernst & Young in London. Thereafter she was attached to the Corporate Finance Department of RHB Investment Bank Berhad in Kuala Lumpur before becoming a consultant at MIMOS Berhad. She was then invited to manage Encipta Ltd, a foreign technology venture capital fund under MIMOS Berhad. She is appointed to the board of trustees of several charities and is involved in a spectrum of community-based activities. In addition, she is the Festival Director of the Kuala Lumpur International Arts Festival.



**DATIN SERI SUNITA
MEI-LIN RAJAKUMAR**

**INDEPENDENT NON-EXECUTIVE
DIRECTOR**

MALAYSIAN, FEMALE, AGE 52





PROFILES OF BOARD OF DIRECTORS AND COMPANY SECRETARY



JEAN SERGE KROL

**NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR**

DUTCH, MALE, AGE 51



Date of Appointment: 19 July 2019
Tenure of Directorship: 1 year 8 months
Board Meeting Attendance in 2020: 4/4

MEMBERSHIP OF BOARD COMMITTEE

- Audit Committee

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Post-master Degree Certified Controller (RC), Vrije Universiteit, Amsterdam
- Post-master Degree Certified Public Accountant (RA), Rijksuniversiteit Groningen (RUG), Groningen
- Master of Economics (Drs), Auditing variant, Rijksuniversiteit Groningen (RUG), Groningen

WORKING EXPERIENCE

Mr Krol joined FrieslandCampina in 2002 as Commercial Controller Friesland Foods Cheese, Wolvega. He then held the position as a Finance Director at FrieslandCampina Thailand, Bangkok from 2006 to 2010 and as Finance Director at FrieslandCampina DOMO, Amersfoort from 2010 to 2015 before assuming the position as Finance Director of FrieslandCampina China, Shanghai in May 2015. In July 2019, he was appointed as the Director of Finance for FrieslandCampina's Specialised Nutrition Business Group.



**KATINA NURANI BINTI
ABD RAHIM**

COMPANY SECRETARY

MALAYSIAN, FEMALE, AGE 46

Date of Appointment: 6 April 2018

DIRECTORSHIP IN PUBLIC LISTED COMPANIES:

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- LLB (Honours), University of Nottingham, United Kingdom
- Bar Vocational Course, University of Wales, Cardiff, United Kingdom
- Barrister-at-Law of England & Wales (Lincoln's Inn)
- Advocate & Solicitor of the High Court of Malaya
- Licensed Company Secretary

WORKING EXPERIENCE

Ms Katina was admitted as an Advocate & Solicitor of the High Court of Malaya in 1999 after which she practiced in several law firms in Kuala Lumpur before joining the Usaha Tegas Group as Legal Counsel in 2005. Subsequently, she was attached to Lafarge Malaysia Berhad from March 2011 to March 2018 where she was the Head Counsel for Cement and Drymix businesses and the Company Secretary. She then joined the Company on 15 March 2018 as the Legal & Company Secretarial head. She is a licensed company secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001.

Save as disclosed, the Directors and the Company Secretary do not have any family relationship with any Director and/or major shareholder of the Company other than as nominee director of Royal FrieslandCampina N.V., do not have any conflict of interest with the Company, has not been convicted of any offence within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2020.

NEW

1,2 JUICY MILK!™

THE BEST OF TWO!



MS 1500:2009
1069-01/2004

Dutch Lady Milk Industries Berhad (5063-V)



MANAGEMENT TEAM PROFILES



TARANG GUPTA

Managing Director

INDIAN, MALE, AGE 43

Date of Appointment: January 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor's Degree in Hotel Management, Welcomgroup Graduate School of Hotel Administration, Manipal, India
- MBA in Marketing from Institute for Technology & Management, Bangalore, India associated with New Hampshire College, USA

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Prior to his present role, Tarang was the Marketing Director for FrieslandCampina Nigeria, a position he held since 2014. He joined FrieslandCampina in 2010 as the International Marketing Director for Infant & Toddler Nutrition ("ITN") for FrieslandCampina AMEA, based in Singapore.

He has 19 years of commercial experience within the fast-moving consumer goods industry. This has helped him hone his expertise in portfolio building, global category building & strategy, commercial implementation and business turnaround. He previously held sales and marketing positions at Sara Lee International, Cadbury and Unilever.



ARENT NABER

Finance Director

DUTCH, MALE, AGE 34

Date of Appointment: September 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Leading to Succeed Programme, Ashridge University, United Kingdom
- Executive Master in Finance and Control, Tias Nimbas Business School, Netherlands
- Master of Science in Financial Management, Nyenrode Business University, Netherlands

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Prior to his current role as Finance Director, Arent was the Customer Finance Manager for FrieslandCampina Philippines - Alaska Milk Corporation since 2017. Prior to that, Arent has held various positions in FrieslandCampina since 2009 including Manager Corporate Internal Audit and Supply Chain Finance Manager FrieslandCampina Domo USA 2015 - 2017.



ZATUR BINTI HASSIM

Marketing Director, Specialised Nutrition

MALAYSIAN, FEMALE, AGE 42

Date of Appointment: November 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Degree in Biomedical Science, National University of Malaysia
- Leading to Succeed Programme, Ashridge University, United Kingdom

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Zatur has more than 19 years of experience in pharmaceutical and FMCG, with the last 5 years focusing specifically on Nutrition/Dairy. Before assuming her current role, Zatur was the Specialised Nutrition Director for FrieslandCampina Nigeria.

She joined FrieslandCampina in Singapore as International Medical Marketing Manager in October 2013. Zatur was then invited to move to Nigeria in 2015 where she led the Specialised Nutrition portfolio as Marketing Manager before moving into the Specialised Nutrition Director role in 2018. Prior to joining FrieslandCampina, Zatur worked with Sanofi-Aventis, GlaxoSmithkline Pharmaceutical, Wyeth Pharmaceutical and Kimberly-Clark.



RAMJEET KAUR VIRIK

Marketing Director, Consumer Dairy

MALAYSIAN, FEMALE, AGE 44

Date of Appointment: January 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Science's Degree in Economics, Banking and Finance, London School of Economics, United Kingdom

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Ramjeet has been with FrieslandCampina 9 years. Prior to her current appointment, Ramjeet was the International Marketing Manager at FrieslandCampina Asia based in Singapore, and Marketing Manager at PT Frisian Flag Indonesia.

She has more than 20 years' experience in various commercial roles, namely in marketing, sales and shopper functions. Her career started in other leading fast-moving consumer goods organisations such as British American Tobacco (M) Sdn Bhd and Heineken Malaysia Berhad (previously known as Guinness Anchor Berhad).



MANAGEMENT TEAM PROFILES



KATRINA NEO

Sales Director

MALAYSIAN, FEMALE, AGE 45

Date of Appointment: December 2015

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor's Degree in Commerce (Management and Marketing), Curtin University of Technology, Australia

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Prior to her current role, Katrina was the Company's National Sales Manager - Modern Trade, a position she assumed in August 2012.

She was previously the General Manager, Sales - Circulation for the New Straits Time Press Sdn Bhd and has held various sales managerial positions with various fast-moving consumer goods companies based in Malaysia.



SANDER JANMAAT

Operations Director

DUTCH, MALE, AGE 45

Date of Appointment: October 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Management Development Programme, Ashridge Business School, United Kingdom
- Food Economics (MSc), Wageningen University, The Netherlands
- Dairy Process Technology, HAS University, The Netherlands
- Business Administration, Fulton Montgomery Community College, USA

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Before assuming his current role, Sander was the Performance Excellence Manager with Frisian Flag Indonesia. Prior to that, he was the Plant Manager and later the Site Manager at Alaska Milk Corporation in the Philippines.

He started his career in 2000 with Calvé Delft, a part of Unilever N.V. and joined FrieslandCampina in 2001. He has over 19 years of experience in operations, continuous improvement, project management and supply chain and has held various management positions in the Netherlands, France, USA, Philippines and Indonesia.



SHARON FOO SOOK YEAN

Human Resources Director

MALAYSIAN, FEMALE, AGE 49

Date of Appointment: March 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor's Degree in Social Science (Honours) National University of Malaysia
- Master's Degree in International Business, RMIT Melbourne Australia

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Sharon has over 26 years of experience in various Human Resources roles. She joined Dutch Lady (FrieslandCampina Malaysia), from Johnson & Johnson (J&J) where she spent the last 8 years transforming business & HR for SEA markets with a focus on Malaysia and Emerging Markets. Prior to J&J, Sharon was attached to Hewlett Packard for 7 years where she worked for the Asia Pacific Japan Regional HR team, leading HR for the Technology Solutions Business. Sharon's early career exposure includes working with Vsource Asia, a Business Process Outsourcing Start up, and local construction businesses such as Tan & Tan, Bridgecon and Gadang Holdings.



MUHAMMAD ABDUL HADI BIN ABDULLAH

Corporate Affairs Director

MALAYSIAN, MALE, AGE 53

Date of Appointment: September 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Communications (Honours), University Science of Malaysia
- Leaders of the Future Programme, Ashridge Business School, Hertfordshire, United Kingdom

PRESENT DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE

Prior to his current role, Hadi was the Manager, Government & Corporate Affairs with JT International Berhad from 2001 to 2018.

Hadi has over 29 years' experience in various roles in the areas of government & external relations, regulatory affairs, corporate communications, public relations, CSR and corporate branding. He previously held positions at Communication Resource Group Public Relations Sdn Bhd, Kuala Lumpur Sentral Sdn Bhd (a member of the Malaysian Resources Corporation Berhad Group of Companies), Malaysian Resources Corporation Berhad and Dialog Group Berhad.

Effective 1 December 2020, Hadi has been appointed as Public Affairs AMEA Region Coordinator. Hadi will take a seat in the most important regional bodies and partner the local teams within Asia, Middle East and Africa region, acting as a sparring business partner for regional public affairs.

Save as disclosed, the members of the Management Team do not have any family relationship with any Director and/or major shareholder of the Company other than as nominee director of Royal FrieslandCampina N.V., do not have any conflict of interest with the Company, has not been convicted of any offence within the past five years, has not been imposed any penalty by the relevant regulatory bodies during the financial year 2020, and do not hold any shares in the Company.



**EXPANDING OUR FOOTPRINT
WITH NEW INVESTMENT**



At all times, our goal and focus is to make our products market leaders. In 2020, we ensured reliable supply of our products through the Movement Control Period. When opportunities opened up, we reinforced our commitment by investing in 32.59 acres of industrial land at Bandar Enstek to expand our footprint to continue our purpose of nourishing our nation.



Natural Nutrient Easy to Digest



New Friso® Gold, upgraded with NOVAS™ Signature Milk

Friso® Gold, upgraded with NOVAS™ Signature Milk farmed and formulated in The Netherlands from high quality Holstein-Friesian cow breeds & Expertise of over 140 years of Dutch Dairy Heritage.

NOVAS™ Signature Milk contains naturally small molecules with soft structure so it's Easy To Digest for little tummies to support growth. Friso® Gold contains No Added Sucrose or Flavour.





CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report and Audited Financial Statements for the financial year ended 31 December 2020.

**PROFIT
BEFORE
TAX**

**TOTAL
RM97.5
MILLION**

**RISE IN FULL
YEAR VOLUME
(KILOGRAMS)
GROWTH**

+6.2%

**REVENUE
RM1.101
BILLION**

+3.2%





“

We continued to invest in our brands through effective advertising and promotional spending and ensuring affordability of our products.

As a result, I am proud to share that we have continued to gain overall market share and leadership position in the liquid milk and growing up milk categories in 2020.

”

DATO' ZAINAL ABIDIN BIN PUTIH

Chairman

RIDING THE TIDE IN AN UNUSUAL YEAR

The financial year ended 31 December 2020 has been an unusual one for Dutch Lady Milk Industries Berhad (DLMI), with external and internal challenges that brought out the best in our company despite the many hurdles placed in our way. We stayed focused on long term sustainable growth by keeping steadfast to our Purpose, People, Planet and Performance for now and generations to come.

2020 was certainly a volatile year, given the onset of a global pandemic as well as the socio-economic and political repercussions COVID-19 brought in its wake. Despite these challenges, DLMI demonstrated remarkable resilience throughout 2020. We implemented numerous community initiatives to ensure the underprivileged communities had access to nutrition, while we remained focused on innovation and product improvements to provide variety to encourage consumption of milk.

PERFORMANCE AND STRATEGIC INITIATIVES

DLMI posted a strong revenue of RM1.101 billion, achieving growth of 3.2% and RM97.5 million Profit Before Tax, despite rising global dairy prices, foreign exchange fluctuations and implications due to COVID-19. We ended the year in a strong cash position, at RM55.6 million, notwithstanding our investment in capital expenditure. This includes the purchase of the Bandar Enstek land in Negeri Sembilan where we plan to invest a further RM340 million in the coming years to construct new manufacturing facility.

The Management believes such positive outcomes are attributable to the various measures deployed by DLMI in response to the impacts to the business. We were also able to continue our operations without any disruption throughout the duration of the Movement Control Order (MCO) - receiving early approval from the Ministry of International Trade and Industry to do so, while ensuring the safety and well-being of our employees. This allowed us to achieve positive performance, including boosting our distribution channels and growing our e-commerce space.

We continued to invest in our brands through advertising and promotional campaigns, as well as pricing strategies to push the affordability of our products. As a brand, we drove brand relevance and presence through key marketing initiatives in 2020 to increase milk penetration.

DLMI introduced Friso Gold's smart packaging application, TrackEasy, strengthened the nutritional profile of our products with the relaunch of our liquid milk range and unveiled our most innovative product-to-date, Dutch Lady MaxGro.

In addition, we are committed to playing our role in partnering the Government to fulfil its national agenda in the areas of food security to boost domestic food supplies via our ongoing Dairy Development Programme, and the National Health Agenda to improve the health and nutritional status of Malaysians.



CHAIRMAN'S STATEMENT



MOVING FORWARD

Our partnership with the Government to increase local raw milk supply is already seeing improvements in the volume of milk produced. This further fuels our ambition to help the Government achieve its goals to reduce dependency on imported raw milk supplies and help us meet the growing demands of our consumers.

We are also taking steps to grow our new food service market segment. Although impacted by COVID-19, opportunities in this segment provide future avenues for DLMI's growth going forward.

EXPANDING OUR MANUFACTURING FOOTPRINT

DLMI has, in 2020, taken the first steps towards realising our ambition of expanding our footprint in Malaysia with the land purchase at Bandar Enstek, Negeri Sembilan. We will construct a new manufacturing facility there and turn it into a major halal dairy hub to benefit the nation.

SUSTAINABILITY COMMITMENT

Over the years, sustainability has become increasingly important to our business. We continue nourishing a growing population with trusted quality, safe, and affordable nutrition while facilitating sustainability across our value chain - from Grass to Glass. We will start embarking on more focused and streamlined actions based on our new Sustainability Roadmap, moving forward.

At industry level, DLMI will continue to play an active role in driving and advocating the recyclable and circular packaging agenda through the Malaysian Recycling Alliance Berhad to create a sustainable recycling ecosystem.

We are also part of the CEO Action Network, a closed-door peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action and performance, which seeks to forge partnerships that are committed to responsible business practices and sustainable development.

AWARDS AND ACHIEVEMENTS

I am pleased to inform you that DLMI attained the Gold Award for its Dutch Lady Growing Up Milk "Life Changer" Campaign 2019 under the Food & Beverage category at the 5th edition of The APPIES 2020: Malaysia Marketing Campaign Awards.

We were also awarded the Anugerah Rakan Industri 2020 (Industry Partner Award 2020) by Universiti Kebangsaan Malaysia (UKM) in recognition of our collaboration with UKM and FrieslandCampina-DLMI for SEANUTS (South East Asia Nutrition Survey) I and SEANUTS II - the largest health and nutrition study in the Region.



◀ The APPIES Award 2020



▲ Anugerah Rakan Industri 2020



DIVIDENDS

During the financial year ended 31 December 2020, a total of RM51.2 million was paid out as standard interim dividends to our shareholders. This represents a 69.8% distribution of DLMI's net profit for the year attributable to shareholders.

I wish to advise our shareholders that the payment of any special or extraordinary interim dividends is very much dependent on DLMI's profitability as well as business and operational needs during the year and the future. This is to ensure a sustainable long-term future.

BOARD AND MANAGEMENT CHANGES

After serving 12 years as Chairman and Independent Director of the DLMI Board, I will be stepping down from my role following the close of the Company's 58th Annual General Meeting (AGM) scheduled for 25 May 2021. Following my retirement, Datin Seri Sunita Mei-Lin Rajakumar will relinquish her position as the Company's Audit Committee Chairperson and assume the role of Chairperson of DLMI.

In addition, there will also be further changes to the Board following my retirement after the AGM:

1. Tengku Nurul Azian binti Tengku Shahriman, will assume the role of Chairperson of the Audit Committee from Datin Seri Sunita.
2. Ms Saw Chooi Lee, will take over my role as Senior Independent Non-Executive Director and Chairperson of the Nominating & Remuneration Committee. Ms Saw will also join the Audit Committee as a member.

There were also changes in the Company's Management in 2020, whereby we bade farewell to our Finance Director, Jurian Duijvestijn, who returned to the Netherlands to embark on another journey in his career with FrieslandCampina. We warmly welcomed Arent Naber as the Company's new Finance Director in the third quarter of 2020. I wish to record our thanks and appreciation to Jurian for his valuable contribution to DLMI over the last two years.



Over the years, sustainability has become increasingly important to our business. We continue nourishing a growing population with trusted quality, safe, and affordable nutrition while facilitating sustainability across our value chain – from Grass to Glass. We will start embarking on more focused and streamlined actions based on our new Sustainability Roadmap, moving forward.



ACKNOWLEDGEMENTS

Lastly, on behalf of the DLMI Board, I would like to thank the authorities for their continued guidance and our shareholders for their continuous support and encouragement over the years. I would also like to thank our management team, employees and business partners for their resilience and agility in surmounting the hurdles in 2020 to win in the market.

And to the Board, I wish to thank all of you for the fond memories and as comrades in arms. I will leave DLMI in the very capable hands of Datin Seri Sunita. I want to thank our loyal consumers and shareholders for your ongoing support for the Dutch Lady brand. Finally, my parting words to everyone at DLMI, please continue to fulfil our purpose of Nourishing Malaysians with quality dairy nutrition. Stay healthy and strong always.

[#StrongMeStrongerUs](#) [#StrongerwithDutchLady](#)

DATO' ZAINAL ABIDIN BIN PUTIH

Chairman

MANAGEMENT DISCUSSION & ANALYSIS



In line with DLMI's purpose to Nourish our Nation from Grass to Glass, the business successfully overcame multiple challenges throughout 2020.



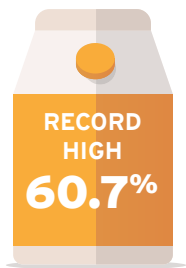
Number 1 position in Liquid Milk.



66 SKUs which make up **85%** of our portfolio in the Consumer Dairy business is now Healthier Choice-compliant and features the HCL logo on the "Front of Pack"



**MARKET SHARE
IN THE LIQUID
MILK CATEGORY
(+1.2PP VS 2019)**
SOURCE: AC NIELSON



**HOUSEHOLD
PENETRATION
(+6.2PP VS 2019)**
SOURCE: KANTAR WP



**OVERALL
PRODUCTION
VOLUME
INCREASED
COMPARED
TO 2019**

PURPOSE: ACTIVATION OF OUR PURPOSE IN UNPRECEDENTED TIMES

In line with DLMI's purpose to Nourish our nation from Grass to Glass, the business successfully overcame multiple challenges throughout 2020, coming about the impact of COVID-19 and the public health measures imposed by the Government in the form of the Movement Control Order (MCO).

DLMI, under the essential sector category successfully obtained the approval from the Ministry of International Trade and Industry's to operate during the MCO period and supported its ecosystem to obtain similar approval. This enabled the business to protect the livelihoods and jobs of employees throughout our ecosystem (i.e. supply chain and logistics) and ensured continuous production of our nutritious milk products and supply to the market. During this uncertain period DLMI worked very closely with its trade partners to ensure availability of our nourishing products, so that we could keep the Malaysians nourished - our single-minded purpose.

Besides ensuring full product availability throughout the MCO period, DLMI nourished key Government frontliners as well as partnered with various Non-Government Organisations (NGOs), Key Opinion Leaders such as Yayasan Basmi Kemiskinan, Yayasan Salam Malaysia, Masjid Tun Abdul Aziz, and Foodbanks in providing nutritious milk products to assist the underprivileged and the B40 community in these challenging times. This initiative under the DLMI Cares (*Prihatin*) programme has benefitted more than 20 frontliner bodies and NGOs with contribution of approximately more than 200,000 milk packs, but has also created energy and passion among our employees by helping our fellow countrymen in need.

At the farm level, DLMI continues to take its responsibility in developing a sustainable dairy industry by partnering with the Government via the Dairy Development Programme to increase local production of high-quality raw milk. This successful partnership with the Minister of Agriculture and Food Industry and the Department of Veterinary Services, especially to grow local raw milk supply has contributed to an increase of local milk supply by 30% in 2020. This partnership will be further strengthened moving forward in achieving the Government's goal of a Self-Sufficiency Level for fresh milk at 67 million litres by 2025.

Further, on this journey of Nourishing our nation, DLMI continues to raise awareness and empower Malaysians on the dual burden;

obesity and stunting, especially amongst children. Beyond providing innovative products to better suit the dietary needs of Malaysians, DLMI has raised the awareness of the dual burden issues via multiple platforms leveraging on platforms such as the World Milk Day, online programmes. This is in addition to our periodic engagements with the Ministry of Health to encourage developments of policies that include milk products into Government driven programmes to ensure a healthy generation of Malaysians in the future.

PERFORMANCE

The year 2020 began with great plans and ambitions. However, the COVID-19 pandemic changed the course of the year's plans. As an organisation that is rooted in providing Nutrition and Nourishing Malaysians as our core purpose, we stood strong in facing this challenge and stood firm in our commercial strategy. In fact, we stayed agile in our approach to adapt to the new normal and focused on our core priorities, our commercial performance and emerged strong with overall volume increase of +7% vs 2019 as a total company.

Zooming into our Consumer Dairy portfolio, we are happy to share that we hit all our commercial KPIs for 2020! Leading the liquid milk category with 36.7% (+1.2pp vs 2019, source AC Nielsen) value market share and nourishing more Malaysians with increase in household penetration to 60.7% (+6.2pp vs 2019, source Kantar WP); all these are new record levels strengthening our No. 1 position in Liquid Milk.

As a brand, Dutch Lady continues to drive our brand relevance and presence through key initiatives throughout the year. Our annual Ramadan campaign in Quarter 2, brought back our popular Limited Edition Kurma Milk and Rose Bandung Milk variants which focused on nutrition and energy for the fasting month and added nutrition during the Movement Control Order. This helped us hit our highest value market share of 42.2%, source AC Nielsen.

In 2H 2020, we launched DLMI's Consumer Dairy campaign with a new brand story, "DLStrongMeStrongerUs" and refreshed our packaging design and reformulated our recipe aligned to the Ministry of Health's 'Healthier Choice Logo' (HCL) criteria. We are proud to share that 66 SKUs which make up 85% of our portfolio in the Consumer Dairy business are now Healthier Choice-compliant and feature the HCL logo on the "Front of Pack".

MANAGEMENT DISCUSSION & ANALYSIS

For our Specialised Nutrition portfolio, our Growing Up Milk segment had performed well ahead of the category. We continue to see growth in penetration of Growing Up Milk to 24.4% (+1.2pp vs 2019, source Kantar WIP). This resulted in a further increase in our value share to 41.6% (+1.2pp vs 2019, source AC Nielsen), clearly leading the category. We maintained our strong performance with continued rigorous brand building activities and distribution expansion despite movement control order (MCO).

As part of our mission in nourishing Malaysian children with quality dairy nutrition, in 2020, we also launched Dutch Lady MaxGro, a milk based formula dietary food for children 1-9 years of age. Dutch Lady MaxGro is especially formulated to support a child's optimal growth. The launch comes with special growth application that can be used by mothers to track their child's physical growth progress and cognitive development.

For our premium brand, Friso Gold faced multiple challenges at the beginning of 2020 that impacted negatively on our consumers including channel disruption during MCO. By end-2020, Friso Gold's performance had stabilised contributed by a strong integrated TrackEasy launch across all our touchpoints. The introduction of the industry's first and only smart packaging innovation, TrackEasy, brought further brand visibility for Friso Gold. TrackEasy allowed our consumers to trace the full journey from source (farm checks) to milk collection, packaging, final quality checks right up to retail. By year end, the brand's value share closed at 10.7% in December from 8.7% in January.

Finally, a special mention of teams working virtually to turn around multiple digital creatives and initiatives during the Movement Control Order, in order to continue driving our purpose of Nourish Malaysians with quality dairy nutrition to help them move forward in life. This included Public Service Announcements, Milk Giveaways to Frontliners & B40 families, reminder to stock up in store and recipe ideas while you are staying safely home.

Overall, although profitability was under pressure due to COVID-19 costs, high milk prices and foreign exchange, the commercial team can walk tall knowing we did our best to stay focused on our purpose and came out stronger! Strong Me, Stronger Us!

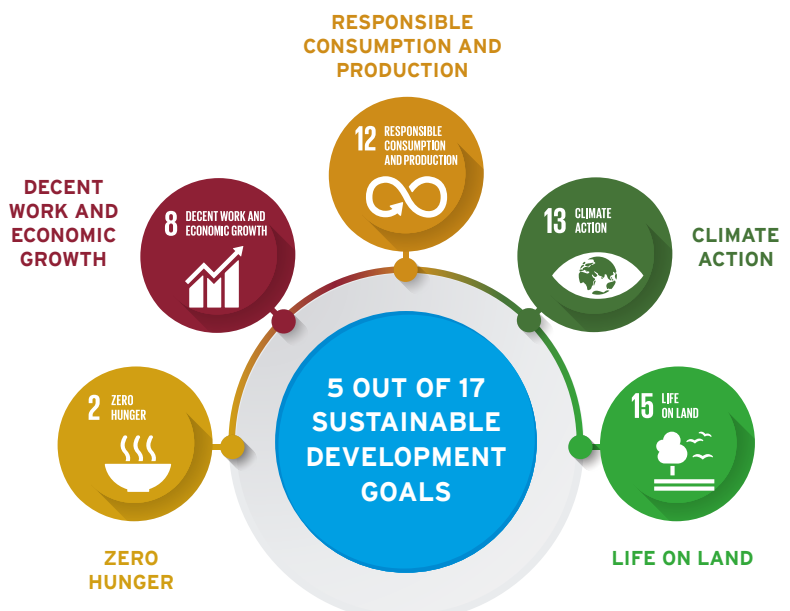


PLANET

In 2020, DLMI established a sustainability roadmap to drive the Company's comprehensive strategy built upon our Grass to Glass philosophy.

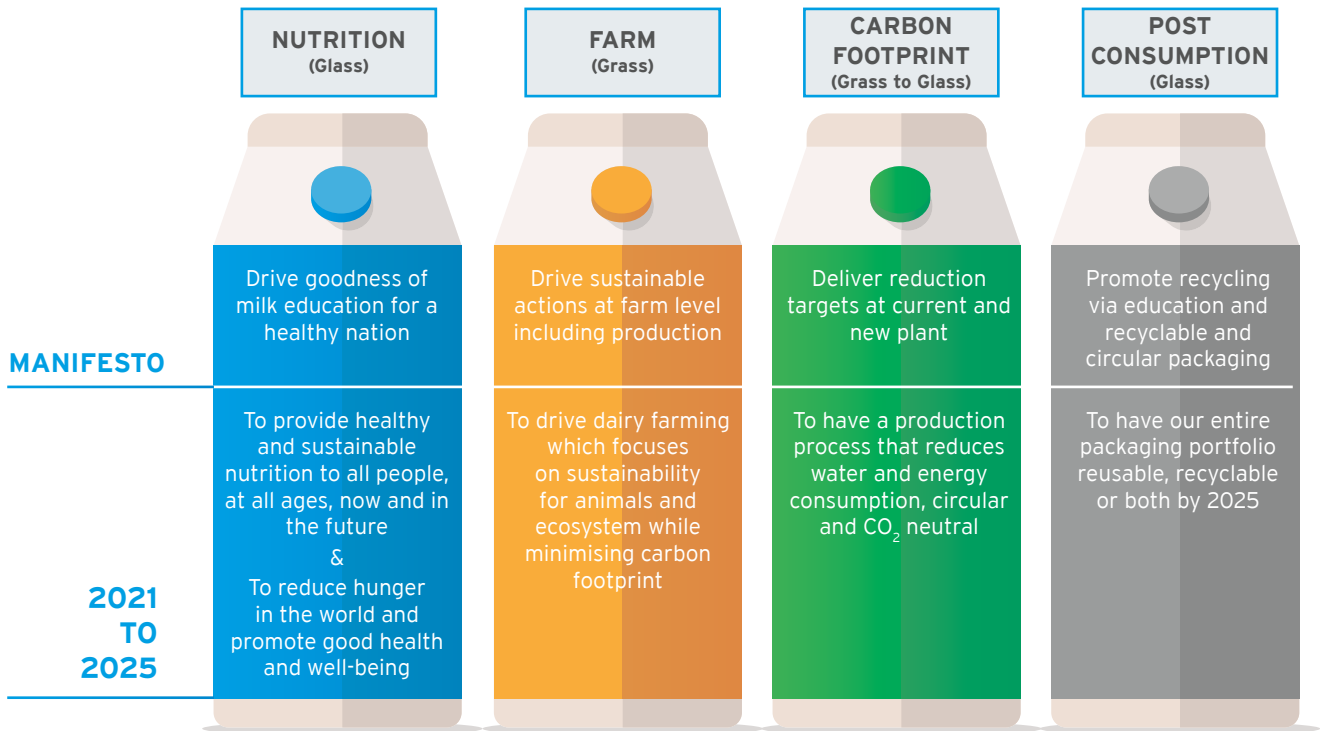
The sustainability roadmap sets out four clear focus areas that carry real meaning to us - nourishing Malaysians with better and affordable nutrition, leading sustainable actions at the farm, producing in balance with nature via our carbon footprint reduction and post-consumption initiatives.

These sustainable actions and initiatives are aligned with FrieslandCampina's 'Nourishing a Better Planet', which are supporting 5 out of 17 Sustainable Development Goals.





Learn more about our sustainability roadmap below:



DLMI has further improved on the water- and energy consumption of our operations by investing and applying better technology, improvement in monitoring systems and creating more awareness with employees to prevent unnecessary spillage.



Halal

In 2020, DLMI had organised the Ramadan Healthy Charity called (“Jariah Susu”) to provide much needed nutrition to the underprivileged community by partnering non-governmental and charitable organisations. Through this initiative, we partnered Yayasan Basmi Kemiskinan (which looks after underprivileged (B40) families both covered and uncovered by the Welfare Department or ZAKAT in Selangor), Yayasan Salam Malaysia (which covers underprivileged (B40) families in the Chow Kit area), and Masjid Tun Abdul Aziz (which covers the Petaling Jaya area - underprivileged families, frontliners, orphanages, old folks home) to help those impacted by the lockdown.

Despite the COVID-19 outbreak, DLMI continues to uphold our license to operate as a Halal-certified organisation, with smooth application processes to ensure timely route to market for our halal dairy products. We adapted to new Halal certification procedures and policy norms, specified by JAKIM during the first phase of the MCO. In addition, DLMI continued sustaining our position on the Fast Track List and we remained fully committed towards the Malaysian Halal certification conditions and requirements. DLMI has continued to develop, practice, and maintain the Halal Assurance System effectively over the years.

DLMI will continue to partner various Halal authorities and agencies to facilitate the development of our Halal system and standards in preparation for the new facility at Bandar Enstek (Techpark@Enstek), Negeri Sembilan. We remained committed to reinforcing our role as a Halal dairy producer since 1963 as well as a JAKIM White List holder since 2017 - to uphold the standards of Halal and in preserving our customer’s confidence in DLMI products.



MANAGEMENT DISCUSSION & ANALYSIS

PEOPLE

When COVID-19 hit Malaysia it disrupted well laid plans, reshaped the landscape of work and productivity as health and safety took precedence for the workforce. In reaction to the crisis DLMI employed different strategies for the three locations where our workforce were situated; the manufacturing plant, our corporate office and field workforce. Firstly for all staff and contractors, we had obtained the necessary clearance labelling us as, "Essential Services" which allowed our manufacturing plant and field workforce to mobilise under strict

Standard Operating Procedures (SOP). During the continuous declaration of the Movement Control Order (MCO) the office staff worked from home to minimise community spread. With all these changes, we recognise the importance of keeping our employees continuously engaged, energised and supported during this trying time, simply because as a Company, we care. During this period it has been our main priority - to maintain a strong culture, Stronger Together with numerous actions below to stay connected.

EMPLOYEE



1. Deliberate zoning
2. Clear SOP
3. Whatsapp Chat Group
4. Online B.M.S - Zumba/ Yoga
5. Notice Board Communication & Flyers
6. Virtual Townhall
7. Increase Union Communication
8. Connecting on united risk faced through providing FREE Vitamin C, Masks, Milk Provision
9. Free Packed Food - Breakfast, Lunch & Dinner
10. Shift schedule changes - retain interaction with the same group daily



1. Clear SOP
2. Virtual Meetings through MS Teams
3. Whatsapp Chat Group
4. Email Communication & Flyers
5. Email Weekly Appreciation
6. Online B.M.S - Zumba/ Yoga
7. Virtual Townhall
8. Connecting on united risk faced through providing FREE Vitamin C, Masks, Milk Provision



1. Moving connectivity to MS Teams/Zoom
2. Whatsapp Chat Group
3. Video Communication from Leaders
4. Virtual Townhall
5. Email Communication & Flyers
6. Email Weekly Appreciation
7. Tea with Tarang Session - small group
8. Celebration of World Health Day
 - Talk by Medical Profession
 - How to manage the risk of COVID-19
 - Bust the Stress - Stress management talk
 - External network of Leaders
 - Participating in Virtual Forums



1. Cooking at home tips
2. Exercise at home support virtually - Zumba and Yoga
3. Constant communication and flyers on:
 - Parenting Hacks communicated
 - Self Case Tips Communication
 - Exercises on Mindfulness

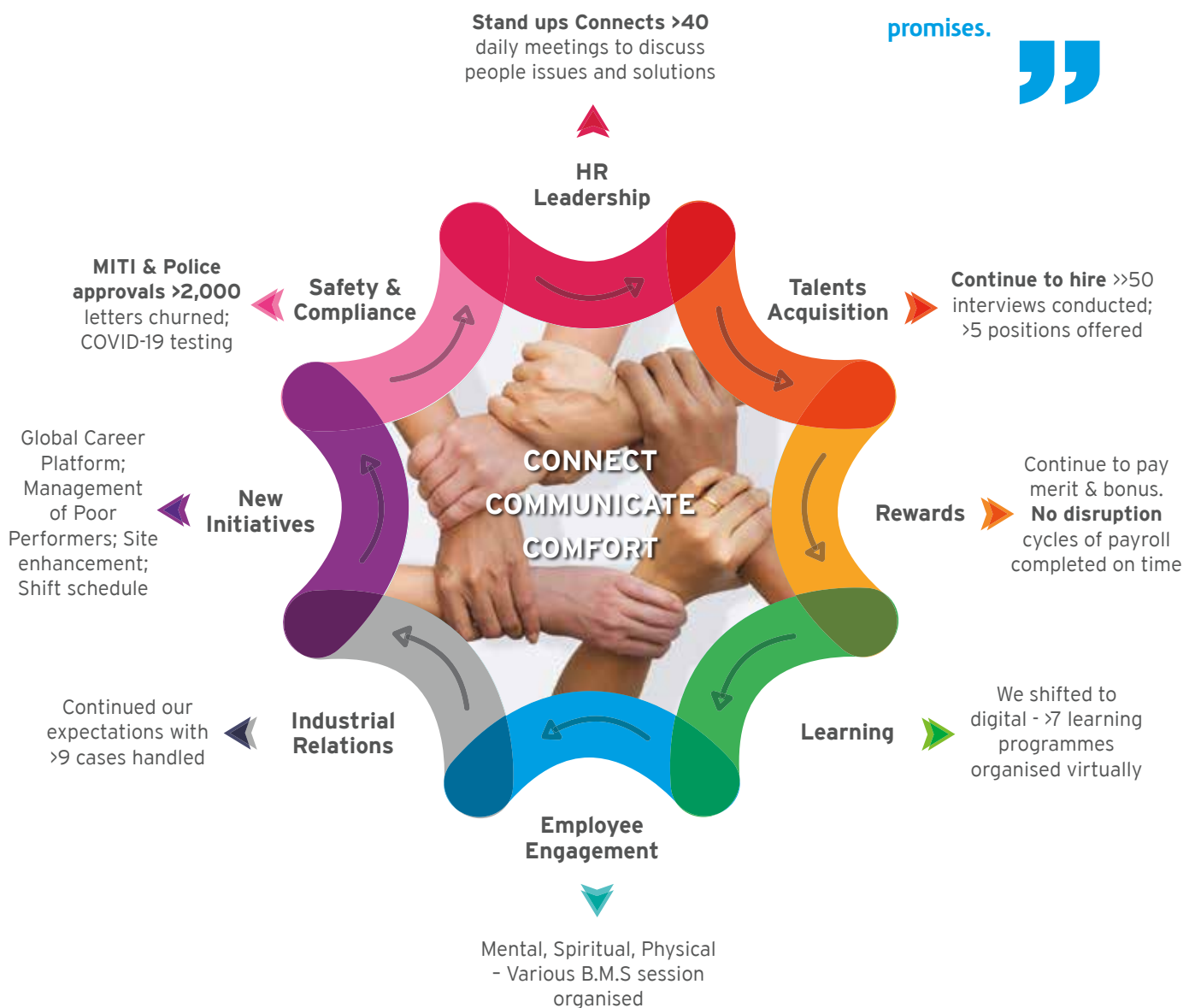


JOURNEYING MCO WITH OUR PEOPLE'S EXPERIENCES

COVID-19 has definitely disrupted the way we work.

Put to rest job security anxiety by saying during MCO that we are going to collectively journey through this messaging as far as we can go together.

“ With the right commitment from everyone, we are able to stay connected and continue to deliver on our promises. ”



Our focus on energy for performance became a key engine in ensuring that our employees continue to feel supported and engaged. This was done through our employee engagement platform focused on Body, Mind and Soul. Programmes included talks, exercise classes, mindfulness,

eating well regimes, expanding hobbies and the launch of a digital Employee Assistance Programme (EAP) through the Naluri Platform which gave our employees digital and subsequent access to nutritionist, fitness coach, career coaches, psychologist, psychiatrist, and other coaches.



















MANAGEMENT DISCUSSION & ANALYSIS

The company's focus on the employee reflected in positive results for our internal employee satisfaction survey (Over2You) with an improvement in 7 out of 15 categories. Marked improvements were shown in Nourish Growth, Compelling Directions and Investing in Big Rocks. Our highest satisfaction category is Making Purpose

operational with 92 percentage points satisfaction and lowest category is Compelling Direction at 81 percentage points, though there was marked improvements in this category versus the prior year.

Overall good strides given a disruptive year. Our employees are our strongest most resilient asset.

	Total Favourable Score
Compelling Directions	 81%
Make the Purpose Operational	 96%
Compliance to Company Standards	 89%
Customer Focus	 92%
Capable Organisation	 87%
Faster Time to Market	 90%
Speed and Decision-Making	 84%
Invest in Big Rocks	 92%
Be Pragmatic & Prudent on Cost	 87%
Clear Performance Standards	 90%
Feedback Culture	 87%
Nourish Growth	 83%
Empowering Management	 84%
Engaged, Enabled & Energised	 88%
Winning Performance Mindset & Behavior	 92%
Diversity and Inclusion	 84%

PROFIT: PROFITABILITY UNDER PRESSURE DUE TO EXTRA-ORDINARY SITUATION

Despite the COVID-19 pandemic DLMI realised a 3% business growth bringing revenue to RM1.1 billion. The revenue growth is resulting from increased in-home consumption of our three main categories - Dutch Lady plain and flavored liquid milk, Dutch Lady Growing Up Milk and Friso Gold Growing Up Milk products. During the COVID-19 pandemic DLMI has been able to continue to drive its purpose of Nourishing the Malaysian people.

Profit before tax is at index 71 versus previous year i.e. from RM137.6 million in 2019 to RM103.3 million in 2020. The profit decrease was mainly attributed by higher input cost due to increased prices of global dairy raw materials, negative mix (channel and portfolio) resulting from the COVID-19 pandemic and a valuation assessment which resulted in a one-off balance sheet correction of inventory. The negative impacts were partially offset by more effective execution in commercial activities and improved operational efficiency.



During the year 2020, the global dairy raw material prices especially for skimmed milk powder saw an increase resulting from decreasing stock levels. Since a substantial amount of DLMI's dairy raw materials was transacted in US Dollar, and thus the weakening of the average exchange rate from Ringgit to USD (average USD/MYR: 4.20 in 2020 versus 4.14 in 2019) amplified the pressure on our profitability.

Cashflow from operating activities was at RM144 million which is an increase of 23 % resulting from strong focus on the primary processes leading to improved cash collections.

Property, Plant and Equipment (PPE) increased to RM199 million coming from the purchase of 32.59 acres of industrial land in Bandar Baru Enstek in Negeri Sembilan, for our future manufacturing expansion in this Halal Tech Park. The purchase of the free-hold land is in line with the CAPEX investment plans to support the growing milk consumption in Malaysia.

Based on our 2020 result, DLMI paid to its shareholders a total of RM51.2 million in interim dividends consisting of two standard dividends of RM0.40 each. DLMI delivered a strong cash position at year end to enable future investments, following accelerated dividend pay-outs over the previous years.

Managing our risks

Our approach to risk management is detailed in our Statement of Risk Management and Internal Control on page 72 to 77. The following table contains a general description of different areas of risks and actions undertaken by Management to mitigate the risks.

	Process disruptions Disruption of critical operational business processes.
	Agility of the Company and Innovation Responsiveness and decisiveness to anticipate changes in market conditions and demand. Ability to renew the product range and to successfully respond to changing consumer preferences.
	Product quality and food safety Poor product quality or product contamination that causes health hazards for consumers.
	Reputation Potential reputational loss due to incidents or changes in public opinion.
	Financial and economic Unfavourable development of the Company's financial position.

OUTLOOK

Due to the continued impact resulting from the COVID-19 pandemic the Outlook for 2021 is volatile and uncertain. Despite the stricter measures taken by the government at the start of 2021, we anticipate economic recovery for the rest of the year. Continued global uncertainty could impact foreign exchange and prices of global dairy raw materials. Due to continued strong demand for milk as an essential product and lower supply in key dairy producing countries milk prices are expected to increase in the near future.

DLMI will stay focused on its purpose of 'Nourishing Malaysians' by continuing its support to the Malaysian people with all the goodness of milk. We recognise the importance of investing to build our brands and its quality offerings to win the hearts of our Malaysian consumers and increase the penetration of milk. At the same time DLMI will continue to put efforts to improve operational efficiency to stay agile and adapt to macro-economic changes.

Over the long term, the outlook for DLMI remains positive due to the strength of our brands, and the increasing need and recognition of the goodness and nutritional value of milk amongst Malaysians. Affordability of milk will continue to be high on our agenda to ensure sustainable growth of the dairy sector in Malaysia, and to help Malaysians become stronger and nourished.

DLMI is determined to invest in Malaysia even in these trying times. In December, we announced the plans to invest RM340 million between the years of 2021 and 2025 for our future manufacturing activities.



Company solvency

2020	2019
38 %	38 %



Cash flow development

2020	2019
RM144 Million	RM118 Million

DUTCH LADY PROFESSIONAL FULL CREAM MILK

**Make Perfect Coffee
and Desserts**



PROFESSIONAL

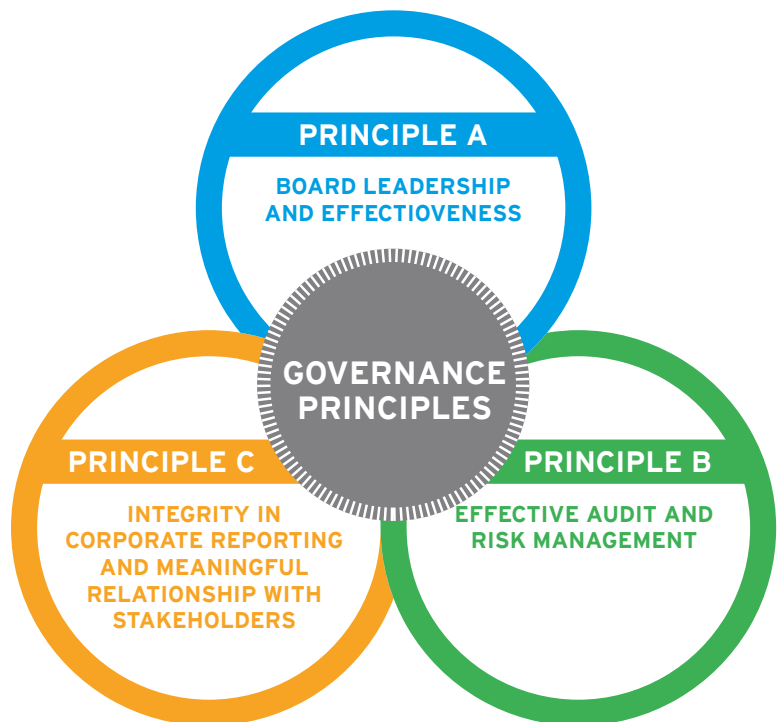


CORPORATE GOVERNANCE OVERVIEW STATEMENT



57th Annual General Meeting held in 2020

The Board of Directors ("**Board**") of Dutch Lady Milk Industries Berhad ("**Company**") believes that a sound corporate governance structure is vital to ensure sustainability as well as progressive business growth. Thus, the Board is fully committed to maintaining a high standard of corporate governance within the Company through its support and application of the principles and practices as set out in the Malaysian Code on Corporate Governance 2017 ("**Code**"). The Board shall also continue to evaluate its governance practices in response to evolving best practices and changing requirements.





The Board is pleased to report on governance compliance activities adopted in line with the Principles as set out in the Code that were applied throughout the financial year ended 31 December 2020 (“FY2020”) in this Corporate Governance Overview Statement (“**CG Overview Statement**”). The Principles have, in all material respects, been applied to achieve their intended outcomes, to the extent that they were found to be suitable and appropriate to the Company’s circumstances. Where appropriate, this CG Overview Statement also seeks to disclose all information that is required pursuant to the Main Market

Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) and any other requirements.

The application of the Practices set out in the Code throughout FY2020 will also be disclosed to Bursa Malaysia Securities Berhad in a prescribed format (“**CG Report**”) which will be published together with the Company’s Annual Report. The CG Report may be downloaded from the Company’s corporate website (www.dutchlady.com.my).

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

BOARD’S RESPONSIBILITIES (PRACTICE 1.1)

The Board is collectively responsible to the Company’s shareholders for the direction and oversight of the Company and plays an active role in the development of Company’s strategy. The Board met regularly throughout the year to approve the strategic objectives of the Company, to lead the Company within a framework of effective controls which enable risk to be assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

The Board reserves full decision-making powers, after taking into consideration the policies, procedures and guidelines of the Royal FrieslandCampina N.V. (“**RFC**”) Group, on the following matters:

- Conflict of interest relating to a substantial shareholder or a Director or person connected to such substantial shareholder or Director;
- Material acquisitions and disposition of assets not in the ordinary course of business;
- Investment in capital projects;
- Authority levels;
- Treasury policies;
- Risk management policies; and
- Key human resource issues.

BOARD ROLES AND THEIR RESPONSIBILITIES

Chairman and Managing Director (Practice 1.2 and 1.3)

The roles of the Chairman and the Managing Director (“**MD**”) are separately held and the division of their responsibilities is clearly defined. The Chairman is an independent director who has never assumed an executive position in the Company. The MD is an appointee of the major shareholder and heads the Company’s management team.

The Chairman is responsible for the operation and leadership of the Board. The Chairman ensures that the Board is effective and that the Company is guided by good corporate governance practices. He facilitates robust dialogue during Board meetings and draws out diverse perspective from the Board members. He also ensures that there is a good balance between the time allocated to governance matters and discussions on business performance and strategies at board meetings. The MD is responsible for leading and managing the Company’s business within a set of authorities delegated by the Board. He is also responsible for the implementation of Board strategy and policy.

GENDER



AGE



TYPE OF DIRECTORSHIP



TENURE





CORPORATE GOVERNANCE OVERVIEW STATEMENT

Independent Directors

The primary responsibility of Independent Non-Executive Directors is to protect and safeguard the interest of minority Shareholders and other Stakeholders. The effective participation of Independent Non-Executive Directors serves to promote greater transparency, accountability and balance in the Board's decision making process.

Non-Independent Non-Executive Directors

The Non-Independent Non-Executive Directors each occupy, or have occupied, senior positions in industry, bringing valuable external perspectives to the Board's deliberations through their working experience and business insight from other sectors enabling them to contribute significantly to Board decision-making process.

Company Secretary

(Practice 1.4)

The Company Secretary is a licensed secretary qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and has a secretarial practicing certificate from the Companies Commission of Malaysia under Section 241(4) of the Companies Act 2016. She has legal qualifications and provides legal and company secretarial advice to the Company's management team and the Board as a whole. All Board members have access to the advice and services of the Company Secretary in carrying out their duties. The Company Secretary facilitates overall compliance and adherence with the Listing Requirements, the Companies Act 2016 and the recommendations in the Malaysian Code on Corporate Governance (as amended from time to time).

ELECTION AND RE-ELECTION OF DIRECTORS

In compliance with the Constitution of the Company, one third of the Directors shall retire by rotation at each AGM and a Director who is appointed during the year shall retire at the next AGM. The Company's Constitution further provides that all Directors shall retire from office at least once in every three years.

Currently there is no limit set for the tenure of the Directors, provided that they meet the assessment as well as the relevant codes and regulations on independence and retention, and there is strong justification for them to continue with their tenure based on their performance and contribution.

The Nominating & Remuneration Committee reviews and assesses the performance of all the Directors who are subject to re-election/retention at the AGM based on the following criteria, as approved by the Board and submits its recommendation to the Board for consideration prior to the proposed re-election/retention being presented to the Shareholders for approval:

- Compliance with requirements of the relevant regulations;
- Participation in Board and Board Committee meetings;
- Quality of input;
- Understanding of roles and responsibilities;
- Assessment of continued independence; and
- Providing value to the Board through experience and expertise.

BOARD MEETINGS

(Practice 1.5)

The Board held four meetings during the financial year. Board meeting papers for Board and Board Committee meetings are generally provided to Directors seven days in advance of the date of the proposed meetings. All proceedings of board meetings are minuted and circulated to the Board members well in advance of the next Board meeting including with follow up action items duly updated.

Board Meeting Attendance

The Board convenes at least four (4) scheduled Board meetings during each financial year. More meetings will be scheduled depending on business requirements, where appropriate. In FY2020, four (4) Board meetings were held in total. In addition to the scheduled Board meeting, all of the Board members also attended the Company's Annual General Meeting. In accordance with the guidelines and standard operating procedures imposed during the Movement Control Order in FY2020, the directors who reside overseas, Mr Bernaddus Hermannus Kodden and Mr Jean Serge Krol, attended the meeting via remote participation. All the other directors were present at the Broadcast Venue of the meeting together with the Chairman.



Where necessary, decisions of the Board are also made by way of circular resolutions in between scheduled meetings during the financial year. The Directors' attendance at Board meetings and the Annual General Meeting held for the year ended 31 December 2020 are as follows:

Current Board Members

Dato' Zainal Abidin bin Putih

Chairman, Independent Non-Executive Director

Attendance  **100%** AGM **1/1**

Mr Tarang Gupta

Executive Director

Attendance  **100%** AGM **1/1**

Datin Seri Sunita Mei-Lee Rajakumar

Independent Non-Executive Director

Attendance  **100%** AGM **1/1**

Ms Saw Chooi Lee

Independent Non-Executive Director

Attendance  **100%** AGM **1/1**

Mr Bernardus Hermannus Maria Kodden

Non-Independent Non-Executive Director

Attendance  **75%** AGM **1/1**

Dato' Dr Rosini binti Alias

Non-Independent Non-Executive Director

Attendance  **100%** AGM **1/1**

Tengku Nurul Azian binti Tengku Shahrman

Independent Non-Executive Director

Attendance  **100%** AGM **1/1**

Mr Jean Serge Krol

Non-Independent Non-Executive Director

Attendance  **100%** AGM **1/1**

Company Secretary

Ms Katina Nurani binti Abd Rahim

Company Secretary

Attendance  **100%** AGM **1/1**

Key activities

During the year, key activities of the Board include:

- Reviewing and approving the 4th quarter and full year financial results for the financial year ended 31 December 2019.
- Reviewing and approving the Director's Report and Audited Accounts for the financial year ended 31 December 2019.
- Reviewing and approving the quarterly financial results up to the 3rd quarter for the financial year ended 31 December 2020.
- Reviewing the financial report on the Company's quarterly performance and outlook for the year.
- Approving dividend payments and reviewing the solvency position of the Company.
- Reviewing and approving the Company's strategy and business plans.
- Receiving updates on risk management status and sustainability initiatives.
- Receiving and approving the Company's Annual Budget and Capex Budget for FY2021.
- Reviewing and approving new Recurrent Related Party Transactions.
- Receiving updates on the Recurrent Related Party Transactions by the Company.
- Reviewing the audit report findings of the Internal Audit, its recommendations and Management responses.
- Reviewing the audit reports of the External Auditor.
- Reviewing the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention.
- Reviewing and approving the recommendation for the 2021 proposed director fees and the related benefits to be paid to the Non-Executive Directors, subject to the approval of the shareholders.
- Reaffirming and ratifying the Circular Resolutions passed by the Board.
- Reviewing, approving and noting the Company's announcements which had been released to Bursa.
- Reviewing and approving the circular to shareholders relating to the Company's purchase of 3 plots of industrial land in Bandar Enstek, Negeri Sembilan.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Assessing and recommending the re-appointment of the Company's External Auditor for the financial year ending 31 December 2020 and for the Directors to fix their remuneration.
- Reviewing and approving the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandates and New Shareholders' Mandate for Recurrent Related Party Transaction of revenue or trading nature.
- Reviewing and approving the Statement on Internal Control and Risk Management for the Annual Report 2019.
- Reviewing the Company's efforts and undertakings to meet the requirements of Section 17A of the MACC Act and the MACC's Guidelines for Adequate Procedures.
- Preparing for and attending the 2020 AGM.

BOARD CHARTER (PRACTICE 2.1)

The Board has adopted a Board Charter since 2014, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities, the vision, mission, shared values and principles, as well as the policies and strategic development of the Company. The Board Charter specifies clearly the roles and responsibilities of the Board, the Board Committees, individual directors and management. The Board reviews and updates the Charter periodically. The latest update to the Board Charter was approved by the Board in November 2019. The Charter is available on the Company's website at www.dutchlady.com.my.

THE COMPANY'S CODE OF CONDUCT (PRACTICE 3.1)

The Board is guided by the RFC code for good business conduct which is known as Compass ("Compass"). Compass is designed to set a certain standard for all employees and officers of the Company. It promotes integrity in the workplace with focus on safety, rights of employees and human rights, sustainability and avoidance of conflicts of interest. Compass also promotes integrity in business practices with focus on anti-bribery and anti-corruption, gifts and hospitality, fair competition, and fair communication. Finally, Compass focusses on the protection of the Company's interests with focus on protection of confidential information, data protection, integrity of financial reporting and the prevention of fraud. Compass plays an important role in the management of

compliance risks and sets out the values, principles and guidelines as to how the Company conducts its business to ensure integrity, transparency and accountability.

Compass has, under its purview, underlying policies which includes topics such as Avoiding Conflicts of Interest, Protection of Confidential Information, Privacy, Doing Honest Business (Anti-Bribery and Corruption) and Fair Competition. Compass is embedded in the Company's working culture and encapsulated in the Company's Employee handbook. A copy of Compass is available on the Company's website at www.dutchlady.com.my.

DOING HONEST BUSINESS - THE COMPANY'S ANTI-BRIBERY & CORRUPTION POLICY

The Company has adopted RFC's anti-bribery and corruption policy which is known as the "Doing Honest Business" policy. This policy, which must be observed by all of the Company's directors and employees at all times, is a policy to conduct business in an honest and ethical manner. The policy has been localised to set out values in Malaysian Ringgit for easier application by the Company's employees and stakeholders. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. A Gift and Internal Events and Corporate Sponsorship Policy is also contained within this topic which clearly and prohibits any form of bribery, gratification or facilitation payments. Employees will be guided by these policies in their day to day dealings. To ensure that adequate monitoring of all anti-corruption compliance matters is carried out, the Company's Legal Counsel has been charged with the responsibility to review and monitor all procedures, advise and report to Management and the Board of Directors on these matters.

Anti-bribery and corruption is also a part of the annual self-assessment carried out by the Company through its external auditors.

To further enforce the Company's zero-tolerance approach to bribery and corruption, the Company also requires its business partners to conduct business dealings fairly and honestly by requiring them to carry out business in the manner set out in the Business Practices for Business Partners Policy.

A copy of the Doing Honest Business - Gifts Policy and Business Practices for Business Partners are available on the Company's website at www.dutchlady.com.my.



MACC CORPORATE LIABILITY

The Company has taken steps to ensure that it is in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Section 17A) which introduces, amongst others, new corporate liability for companies, arising from corrupt acts committed by employees or persons associated with the company. Upon its introduction, the Company carried out an initial gap analysis to ensure that its existing anti-bribery and corruption policies and procedures were adequate and in line with the Guidelines for Adequate Procedures as prescribed by Section 17A, and measures were taken to enhance the procedures to align with the Guidelines, where necessary. Thereafter the Company undertook periodic reviews and assessments of the corruption risks and procedures to ensure that they remain efficient and effective. Trainings, briefings, and communication on the topic were provided to employees and stakeholders throughout FY2020 to ensure that the importance and significance of the provision were not overlooked. Updates on the steps taken by Management are given to the Board periodically.

WHISTLEBLOWING - THE SPEAK UP PROCEDURE (PRACTICE 3.2)

All the Company's employees and other stakeholders are strongly encouraged to and have access to its whistle-blowing procedure known as "Speak-Up". The Speak-Up procedure serves as an avenue for employees and other stakeholders to voice out their concerns on matters relating to Compass and to raise any suspicions of wrongdoing, malpractice or impropriety in the management of the Company's business and affairs. The Speak-Up procedure clearly sets out a well-defined process upon which Compass-related matters can be raised in confidence and anonymity (if so requested), in good faith, and without fear of reprisal. The Company has also established a procedure whereby certain Speak Up Reports which are of a financial or fraudulent nature will be escalated to the Company's Audit Committee. A copy of the Speak Up Procedure is available on the Company's website at www.dutchlady.com.my.

PERSONAL DATA PROTECTION

The Company handles and uses personal data in accordance with the Personal Data Protection Act 2010 ("PDPA"). The Company has adopted the Friesland Campina Privacy Policy which outlines the requirements for the Company and its employees in handling personal data.

BOARD COMPOSITION (PRACTICE 4.1 AND 4.2)

Currently the Board consists of 4 independent and 4 non-independent directors. Of the 4 non-independent directors, 3 are nominees of RFC, and 1 is a nominee of Permodalan Nasional Berhad, a minority shareholder of the Company. The Company's major shareholder is a foreign co-operative of farmers. The Board considers that the current composition fairly reflects the foreign direct investment and the investment of the minority shareholders. The proportion of independent directors ensures effective checks and balances on the Board and the independent directors effectively safeguard the interest of the minority shareholders.

Dato' Zainal Abidin bin Putih has served the Board for more than nine years as an Independent Non-Executive Director. It has been announced on 25 February 2021 that Dato' Zainal will retire from the Board following the Company's 58th AGM and that Datin Seri Sunita Mei-Lin Rajakumar will succeed him as Chairperson of the Board. As such, following from the AGM, none of the Independent Directors will have served on the Board for more than 9 years. Prior to his retirement, the Company shall ensure that there is a seamless transition of the Chair from Dato' Zainal to Datin Seri Sunita.

Details of all Directors and their biographies are provided in the Annual Report.

Appointments to the Board (Practice 4.4)

The Board consists of qualified individuals with a good mix of operational and commercial experience. Members of the Board have both local and international experience and together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience.

Senior Independent Director

Dato' Zainal Abidin bin Putih is the Board's current Senior Independent Director. It has been announced on 25 February 2021 that Dato' Zainal will retire from the Board following the Company's 58th AGM and that Ms Saw Chooi Lee will fill the role as Senior Independent Director. In this capacity, Ms Saw will take over Dato' Zainal's role to provide an avenue for shareholders and the Non-Executive Directors to express any concerns that they may have affecting the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Diversity

(Practice 4.5)

The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Board shall at all times make best endeavors to have at least 30% women Directors on the Board. The Company's prime responsibility, however, is the strength of the Board and the overriding aim in any new appointments must always be to select the best candidate available. Currently, out of the 8 members on the Board, 4 are women. As such the Board comprises of 50% women directors.

The Appointment Process

(Practice 4.6)

In respect of the appointment of all directors, the Nominating & Remuneration Committee considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates for independent directors are sourced through recruitment firms based on the needs of the Board. The Nominating & Remuneration Committee then ensures that the candidates are suitable and of sufficient caliber for recommendation for the approval of the Board by reviewing the profiles of candidates and where deemed appropriate, conducting interviews with the shortlisted candidates.

Composition of the Nominating & Remuneration Committee

(Practice 4.7)

The Nominating & Remuneration Committee establishes for itself the procedure and frequency of its meetings, but shall meet at least once annually. The quorum for the meeting shall consist of any two independent non-executive Directors appointed to the Committee. The Managing Director, other Board members and any other persons may be invited to attend the meetings as necessary.

Activities of the Nominating & Remuneration Committee

The activities of the Nominating & Remuneration Committee during the financial year were as follows:

- Leading the process for Board appointments and making recommendations of new members to the Board;
- Review the composition of the Board and Board Committees;
- Make recommendations to the Board on the remuneration of the Non-Executive Directors and the Managing Director in accordance with the Company's Remuneration Policy;

- Nominate the directors who are due for retirement and eligible to stand for re-election at the AGM;
- Review the evaluation carried out on the effectiveness of the Board as a whole, the Committees of the Board and the individual directors on an on-going basis;
- Assess and recommend if an independent director who has served for more than nine years should be retained as an independent director; and
- Review the required skills and core competencies of the Managing Director.

The terms of reference of the Nominating & Remuneration Committee is available on the Company's website, www.dutchlady.com.my.

The Committee met two (2) times in 2020 and the attendance of each individual is set out below:

Current Members

Dato' Zainal Abidin bin Putih

Chairman, Senior Independent Non-Executive Director

Attendance  **2/2 | 100%**

Mr Bernardus Hermannus Maria Kodden

Member, Non-Independent Non-Executive

Attendance  **1/2 | 50%**

Ms Saw Chooi Lee

Member, Independent Non-Executive Director

Attendance  **2/2 | 100%**

Tengku Nurul Azian binti Tengku Shahrman

Member, Independent Non-Executive Director

Attendance  **2/2 | 100%**

Datin Seri Sunita Mei-Lin Rajakumar

Member, Independent Non-Executive Director

Attendance  **2/2 | 100%**

Secretary

Katina Nurani binti Abd Rahim

Company Secretary

Attendance  **2/2 | 100%**



TRAINING AND DEVELOPMENT

Induction programmes are conducted for newly appointed Directors, which include briefings by members of Management. The Directors will be provided with the necessary information to assist them in understanding the operations of the Company, current issues and corporate strategies as well as the management structure of the Company and the RFC Group. All Directors have attended and successfully completed the Mandatory Accreditation Programmes as required under the Listing Requirements.

In addition, the Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with new developments in the business environment, corporate governance and enhance their skills and knowledge.

The Directors who were on the Board in FY2020 attended the following training programmes during FY2020 to further enhance their knowledge and to enable them to discharge their duties and responsibilities more effectively:

DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
Dato' Zainal Abidin bin Putih	ALMA Remediation - Diagnostic Interview with Group & Banking AC (by Oliver Wyman) - Project Introduction	CIMB/Oliver Wyman	23 Jan 2020
	MFRS 17 Insurance Contract Training	Tokio Marine Insuran/KPMG	17 Feb 2020
	Briefing on RAROC, Capital and FRS 9	CIMB	18 Feb 2020
	Engagement Session with DG Rasheed on Islamic Finance Strategy	Bank Negara Malaysia	20 Feb 2020
	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17 - Corporate Liability Provision	DLMI	24 Aug 2020
	Board Briefing on Adequate Procedures Principles T.R.U.S.T - Pursuant to subsection 5 of Section 17A under the MACC Act 2009 Presented by Mr A Siva Kumar, Legal Advisor, Tokio Marine Insurance	Tokio Marine Insurance	1 Dec 2020
	Cyber Security Awareness Training Presented by Jason Yuen, Partner, EY Malaysia	EY Malaysia/Tokio Marine Insurance	1 Dec 2020
Mr Tarang Gupta	Nourishing Mind Sessions together with Rafidah Aziz (as speaker)	DLMI	9 Mar 2020
	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
	"Lead to win" Leadership Development Programme	FrieslandCampina	Feb-Dec 2020
Datin Seri Sunita Mei-Lin Rajakumar	Nourishing Mind Sessions together with Rafidah Aziz (as speaker)	DLMI	9 Mar 2020
	International Conference on Emerging Issues for Business and Economics in the 21 st Century - Importance of Climate Governance	Nottingham University Business School Malaysia	9 Apr 2020
	Webinar: COVID-19 & Current Economic Reality	FIDE FORUM	14 Apr 2020
	The Path to the Next Normal: So What Now for Leadership?	Institute of Corporate Directors Malaysia (ICDM)	21 Apr 2020
	COVID-19: Sustainable Finance and the Future of the Global Economy	UN Global Compact Academy	21 Apr 2020



CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
	Webinar featuring UN Assistant Secretary-General and Chief Economist Elliott Harris	Global Compact Network Malaysia (GCMY)	22 Apr 2020
	Webinar: COVID-19 Pandemic: Consumer & Business Shifts and Climate Change	Aleevor	22 Apr 2020
	Cyber and economic crime: Fraudsters and cyber criminals, too, can work from home	PwC	23 Apr 2020
	Climate Change Conversations	Kementerian Alam Sekitar dan Air (KASA)	23 Apr 2020
	COVID-19 and Human Rights: Protection of the Most Vulnerable	UN Global Compact Academy	28 Apr 2020
	The Impact Of COVID-19 On The Malaysian Air Transportation Industry And What Is Required To Reset The Industry	Eurocham Malaysia	30 Apr 2020
	Governance and risk: An uncertain world, a riskier landscape	PwC	30 Apr 2020
	Employer Lecture: "Governance of Risks Arising from the Impending Climate Crisis"	INTI Subang	4 May 2020
	Webinar: Outthink The Competition: Excelling in a Post COVID-19 World	FIDE FORUM	5 May 2020
	Online Webinar: The Economics of Biodiversity	Prof Sir Partha Dasgupta	7 May 2020
	Build Back Better for Health, Resilient & Sustainability: Corporate Malaysia's & Global Proposals for Post COVID-19 Recovery	All-Party Parliamentary Groups Malaysia (APPGM) CSO SDG	12 May 2020
	3 rd Distinguished Board Leadership Series, 'Challenging Times: What Role Must the Board Play'	FIDE FORUM	15 May 2020
	COVID-19 Implications for Sustainable Development in Malaysia	Institute for Strategic and International Studies	21 May 2020
	Disrupted, Yet Getting Ready for the Next Big One: Are Boards Ready for Climate Change?	ICDM	4 Jun 2020
	Raising Defenses: Section 17A, MACC Act	ICLIF ASB	9, 10 Jun 2020
	Climate Risk Insight Hour	The Economist	18 Jun 2020
	Webinar: Understanding Climate Change Related Financial Risks	BNM JCCC EY UK PACT	26 Jun 2020
	Climate Financial Risk Forum Launch	Bank of England (PRA and FCA)	29 Jun 2020
	Webinar: Investors as catalysts of the climate transition	LSEG and PRI	30 Jun 2020
	Appointments - Making Diversity Work	LeadWomen & Boardroom	2 Jul 2020
	Forests and climate change: The pitfalls and benefits of reforestation	Grantham Institute and Imperial College	3 Jul 2020
	Bursa Invest Malaysia 2020: Capital Market Conversation	Bursa Malaysia	7 Jul 2020



DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
	Post-COVID sustainability agenda: revolution, retreat or return to normal?	The Economist	7 Jul 2020
	4 th Distinguished Board Leadership Series: Sir Howard Davies	FIDE	8 Jul 2020
	Webinar with Ivo Mulder, Head of Climate Finance, UNEP	GCMY	8 Jul 2020
	Putting Climate Change Risk on the Boardroom Table-A Conversation with Carol Hansell and Gigi Dawe	Canada Climate Law Initiative	9 Jul 2020
	Overview of the impact of climate change on financial institutions	HSBC Global Head of Sustainable Finance & Chapter Zero	14 Jul 2020
	Enterprise Risk Management of ESG Risks	BCSD Malaysia	15 Jul 2020
	Inside Story: Meet the editor-in-chief	The Economist	16 Jul 2020
	MACC Act Corporate Liability training	MCIS	22 Jul 2020
	Climate Risk and Adaptation for 1.5C Global Warming in Southeast Asia	SEADPRI ASM	24 Jul 2020
	Webinar Series: Climate Change & Sustainability Conference 2020	MIA	29 Jul 2020
	How policies and regulation are evolving to respond to the climate crisis	HSBC Global Head of Sustainable Finance & Chapter Zero	5 Aug 2020
	Strategy - Agile Board Leadership	Brunei Centre For Islamic Banking Finance And Management's Board Executive Education Programme	13 Aug 2020
	Exclusive interview: Bill Gates	The Economist	18 Aug 2020
	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
	Dialogue Session with Tan Sri Dr Jemilah Mahmood & Tan Sri Azman Mokhtar	KL Business Club	28 Aug 2020
	Disclosure: Status quo and roadmap ahead	HSBC Global Head of Sustainable Finance & Chapter Zero	1 Sept 2020
	Climate change through a finance and liability lens - What do directors, officers and in-house counsel need to know?	Singapore Corporate Counsel Association	2 Sept 2020
	Aligning finance for the net zero economy: new ideas from leading thinkers	EIT Climate-KIC, UNEP FI	2 Sept 2020
	Annual Dialogue with BNM Governor	FIDE Forum	3 Sept 2020



CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
	Nottingham University Business School Malaysia Global Advisory Board	NUBS	7 Sept 2020
	Stakeholder Validation Workshop	Malaysia - UK PACT	10 Sept 2020
	Climate Change Conversation Webinar: Building Resilience in Cities	Malaysia Green Technology and Climate Change Center (MGTC)	11 Sept 2020
	World Women Organisation Summit: 25 th anniversary of Beijing Declaration	World Women Organisation	15 Sept 2020
	Sustainable Development Impact Summit	World Economic Forum	21-24 Sept 2020
	Cooler Earth Summit "Climate Transition and the Role of Boards"	CIMB	22 Sept 2020
	Webinar: The Rise of the Green Economy	Principles of Responsible Investing	23 Sept 2020
	Introduction to Climate Governance and issues	Petronas Group Legally Speaking	24 Sept 2020
	Forum on Science & Technology for Evidence- Based Policy Making: Supporting Credible Climate Action in Malaysia	British High Commission	24 Sept 2020
	Accounting for Climate: The Numbers Investors Need	Principles for Responsible Investment (PRI)	24 Sept 2020
	Webinar: Leadership for the Decade of Action	Russell Reynolds Associates	25 Sept 2020
	Market Engagement Webinar	Malaysia-UK PACT	29 Sept 2020
	Scenario analysis and stress-testing Confirmation	HSBC Global Head of Sustainable Finance & Chapter Zero	29 Sept 2020
	Cooler Earth Summit "Climate Transition and the Role of Boards"	CIMB	6 Oct 2020
	Launch of Sustainable and Inclusive Finance Forum: Development of a National Green Taxonomy	World Bank Group, BNM	6 Oct 2020
	Forum on Science & Technology for Evidence- Based Policy Making: Supporting Credible Climate Action in Malaysia	British High Commission	7 Oct 2020
	Zurich Malaysia Strategic Planning Day	Zurich Malaysia	8 Oct 2020
	2020 Top Exec Cybersecurity Briefing by LGMS	LE Global Services Sdn Bhd	8 Oct 2020
	Captains' Forum: Transformation towards recovery: CEOs of AIA, PETRONAS Chemicals Group and Samling	KPMG	9 Oct 2020
	Managing physical and transition risk Confirmation	HSBC Global Head of Sustainable Finance & Chapter Zero	12 Oct 2020
	Climate Risk Virtual Week	The Economist	12-16 Oct 2020



DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
	UNEP FI Global Round Table	United Nations Environment Programme Finance Initiative (UNEP FI)	13-14 Oct 2020
	Webinar 1: The Business Case for Setting Science-based Targets	Science Based Targets (SBTi)	20 Oct 2020
	Webinar 2: Technical Guidance for Setting and Achieving Science-based Targets	SBTi	27 Oct 2020
	Supply Chain Sustainability Asia Pacific	Global Supply Chain Council (GSCC)	29 Oct 2020
	Webinar "Climate Action: The Board's Leadership in Greening the Financial Sector"	FIDE Forum	2 Nov 2020
	Webinar 3: Demystifying Science-based Targets: Discussion & Sharing Session	SBTi	3 Nov 2020
	COVID-19 Impact on Job Market for Graduates by Adam Flinter	Global Equator Group, Singapore	6 Nov 2020
	COVID-19 and its impact on business by Mr Allarrad Sjollem	Grant Thornton Australia	6 Nov 2020
	Greenwich Economic Forum (Day 1)	Greenwich Economic Forum (GEF)	9 Nov 2020
	Horizon Summit (Session 1 - The Cartography of Post-COVID Green Growth)	City of London Corporation and the Green Finance Institute	9-11 Nov 2020
	Webinar "Green Fintech: Ping An's journey to becoming a top ESG-performing Financial Institution"	FIDE Forum	11 Nov 2020
	Virtual Roundtable 2020: ESG perspective: Managing Recovery and Resilience	KPMG Audit Committee Institute	12 Nov 2020
	Engagement Session on IFRS Foundation's Consultation Paper - Sustainability Reporting	Malaysian Accounting Standards Board (MASB)	13 Nov 2020
	Kuala Lumpur Green Conference "Sustainable Finance: A Blueprint for Green Economy"	BMCC, Standard Chartered Malaysia, British High Commission	17 Nov 2020
	International Financial Landscape for Climate Change Adaptation	UKM SEADPRI	17 Nov 2020
	ICDM Member's Day: social media/bounce back together	ICDM	19 Nov 2020
	Webinar: Petronas Panel	GOESG	23-24 Nov 2020
	Undergraduate Students: Managing Climate Risks	Monash University	24 Nov 2020
	Virtual Conference 2020	Asia Corporate Governance Association (ACGA)	25 Nov 2020
	Stakeholder Capitalism - Advocacy Dialogue	ICDM	25 Nov 2020
	Climate Risk Asia Week Panel discussion: The optimal organisation	The Economist	30 Nov 2020



CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
	KL Business Club Dialogue: YM Tengku Muhammad Taufik, PETRONAS President & Group CEO	KL Business Club	30 Nov 2020
	Climate Risk Asia Week: first day	The Economist	1 Dec 2020
	Stewardship & Sustainability: Moving from Intent to Impact	Stewardship Asia	1 Dec 2020
	Asian Corporate Governance Conference: Workshop	ACGA	2 Dec 2020
	Climate Risk Asia Week: Panel discussion: Measuring and managing transition risk	The Economist	2 Dec 2020
	Roundtable discussion about climate risk and the response in Asia-Pacific	The Economist	4 Dec 2020
	New Publications on Risk Management and Climate Scenarios	Task Force on Climate-related Financial Disclosures (TCFD)	8 Dec 2020
	Malaysian Nature Tours: Deep Dive 4: Bringing wider global, regional and local high level perspectives to nature protection	British High Commission	10 Dec 2020
	A year in review with the editor-in-chief	The Economist	10 Dec 2020
	Webinar - Miwa Kato "Half The Sky"	30% Club	11 Dec 2020
	OnAir Forum "Changing the World Through Sustainable Financing"	IFN Green & Sustainable	14 Dec 2020
	27 th PECC General Meeting : Optimising Human Potential Towards a Future of Shared Prosperity and Sustainability	Pacific Economic Cooperation Council (PECC)	15 Dec 2020
	Asian Corporate Governance Conference: Workshop	Asian Corporate Governance (ACGA)	16 Dec 2020
Ms Saw Chooi Lee	Nourishing Mind Sessions together with Rafidah Aziz	DLMI	9 Mar 2020
	Global & Malaysia Market Economy Outlook: Build Back Resilient Economy & Reshape Business Strategy	Malaysia-China Chamber of Commerce	7 May 2020
	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
	"Women Leaders Supporting Women Leadership" for Sunway Executive Members (as Panelist)	Lead Women Sdn Bhd	27 Aug 2020
	Webinar: Leadership for the Decade of Action	Russell Reynolds Associates	25 Sept 2020
	Leadership Energy Summit Asia (LesA)	Asia School of Business	16-19 Nov 2020
	Powertalk Global Series themed "2021: Refresh the Agenda"	ICDM	9 & 10 Dec 2020
	"Half the Sky" with Dr Miwa Kato of the United Nations	30% Club Malaysia	11 Dec 2020



DIRECTOR	TITLE OF TRAINING PROGRAMME	ORGANISER	DATE
Dato' Dr Rosini binti Alias	Nourishing Mind Sessions together with Rafidah Aziz	DLMI	9 March 2020
	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
	Leadership Energy Summit Asia (Lesa)	Asia School of Business	16-19 Nov 2020
	How Safe are the safe Haven assets in Malaysia?	PNB	2 Dec 2020
	Half The Sky	30% Club Malaysia	11 Dec 2020
Mr Bernardus Hermannus Maria Kodden	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
Tengku Nurul Azian binti Tengku Shahrman	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
	How to be an Effective NED in a Disruptive World	ICDM	21 Sep 2020
	Raising Defences: Section 17A of the Malaysian Anti-Corruption Act, 2009	Sunway REIT Management Sdn Bhd	13 Nov 2020
	Business Foresight Forum 2020 Virtual Conference: Evolutionary Change to Revolutionary Impact	Securities Industry Development Corporation	18 & 19 Nov 2020
	The Second Annual Malaysian REIT Forum 2020, "M-REITs - Navigating the New Normal"	Malaysian REIT Managers Association	1 Dec 2020
Mr Jean Serge Krol	Mandatory Accreditation Programme	Asia School of Business	13-14 January 2020
	Update on Digital Landscape and E-Commerce	DLMI	24 Aug 2020
	Briefing on MACC Section 17A - Corporate Liability Provision	DLMI	24 Aug 2020
	"Lead to win" Leadership Development Programme	FrieslandCampina	Feb-Dec 2020



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD EVALUATION (PRACTICE 5.1)

The Board undertakes an annual evaluation of the Board's effectiveness. For FY2020, an evaluation by external consultants, LeadWomen Sdn Bhd was carried out.

The evaluation exercise received full participation from the Board. Overall, the evaluation showed that the Board and Board committees were effective, and that contributions from directors and committee members were good. The exercise also highlighted that the Board was strong in the areas of director independence, integrity and objectivity, board conduct and board composition. Based on the results, the Nominating & Remuneration Committee was satisfied as to the effectiveness of the Board as a whole, the Committees of the Board, the Managing Director and the individual Directors. The strengths of the Board and the areas for improvement which were identified following the evaluation were noted and discussed by the Board and the Board also discussed the appropriate remedial steps which shall be taken to address these areas for improvement.

REMUNERATION - POLICIES AND PROCEDURES (PRACTICE 6.1 AND 6.2)

The policy for Directors' remuneration is to provide a remuneration package needed to attract, retain and motivate directors of quality required to supervise and/or manage the business of the Company.

The remuneration for the Managing Director of the Company is based on the human resource policies and

procedures of the RFC Group. The Company follows the performance appraisal system and compensation and benefits scheme of the RFC Group. For the Managing Director, corporate and individual performance are rewarded through the use of an integrated pay benefits and bonus structure. Market competitiveness, business results and individual performance are also considered by the RFC Group in evaluating the Managing Director's remuneration. The Managing Director is not paid meeting attendance allowance or directors' fees. His annual performance appraisal was carried out in Q1 of 2021 for his performance in 2020.

The Non-Executive Directors are paid fixed annual directors' fees as members of the Board and these are approved by shareholders at the Annual General Meeting. The Chairman of the Board Committees receives Board Committee Chairman allowances and the members of the Audit Committee also receives an additional allowance. All Non-Executive Directors receive benefits by way of a meeting allowance for each Board or Committee meeting that they attend.

The Nominating & Remuneration Committee reviews the fees periodically by taking into account the performance of the Company and benchmarking with other companies in the same industry and of similar size. The responsibilities and duties of the directors are also taken into account when reviewing the fees.

The Terms of Reference for the Nominating & Remuneration Committee and the Board's Remuneration Policy are available on the Company's website www.dutchlady.com.my.

REMUNERATION OF DIRECTORS AND TOP SENIOR MANAGEMENT (PRACTICE 7.1 AND 7.2)

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2020 is as follows:

	Executive Director	Non-Executive Directors
	RM	RM
Directors' Fees and Committee Member Allowances	-	416,092
Benefits	-	65,000
Salaries and other emoluments	1,524,349	-
Benefits in kind	409,433	-



The details of the total remuneration of the directors on a named basis for the financial year ended 31 December 2020 are as follows:

Name	Directors' Fees	Committee Member Allowances	Directors' Benefits	Salaries and other emoluments	Benefits in kind	Total
	RM	RM	RM	RM	RM	RM
Dato' Zainal Abidin bin Putih	118,846	7,231	14,300	-	-	140,377
Tarang Gupta	-	-	-	1,524,349	409,433	1,933,782
Datin Seri Sunita Mei-Lin Rajakumar	67,637	8,343	15,600	-	-	91,580
Saw Chooi Lee	67,637	-	9,100	-	-	76,737
Dato' Dr Rosini binti Alias	67,637	5,562	11,700	-	-	84,899
Tengku Nurul Azian binti Tengku Shahrman	67,637	5,562	14,300	-	-	87,499
	389,394	26,698	65,000			
TOTAL	416,092		65,000	1,524,349	409,433	

Note: No Directors' fees or allowances were paid to Bernardus Hermannus Kodden and Jean Serge Krol in lieu of the management fees paid to RFC.

The most senior member of management is an Executive Director of the Company and his remuneration is disclosed under the remuneration of directors in the CG Overview Statement. Details of the remaining members of senior management is shared on general terms and on an aggregated basis only as the Board is of the view that it would not be in the best interest of the Company to disclose these details given the competitiveness in the market for good senior managers in the consumer goods industry. The Board feels that the details provided is sufficiently transparent and allows stakeholders to assess the reasonableness of remuneration paid to members of senior management.

The Board is of the view that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

For the top remaining senior management personnel, the aggregate remuneration (wages, salaries, benefits and contributions to state plans) paid for FY2020 is approximately RM4.9 million.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

FINANCIAL CONTROL AND REPORTING (PRACTICE 8)

The Board is responsible for ensuring that the Company maintains adequate and accurate records for timely reporting of the financial position of the Company and the results of its activities to enable stakeholders to make informed assessments of the Company's performance and prospects. To assist the Board in effectively discharging this duty, the Company has in place financial reporting procedures and processes. As at the date of this statement, the Board is not aware of any circumstances which have not been dealt with in the financial reports or financial statements, which would render any amount in the financial statements misleading.

THE AUDIT COMMITTEE (PRACTICE 8.1, 8.2, 8.3 AND 8.5)

The Audit Committee consists of a majority of independent directors. The Committee is chaired by Datin Seri Sunita Mei-Lin Rajakumar who is an Independent Non-Executive Director. Over the course of FY2020, the Committee comprised 5 members (3 independent directors and 2 non-independent directors). Details on the members of the Audit Committee are contained in the Audit Committee Report. The Board has not appointed any of the Company's former key audit partners as a member of the Audit Committee. The Audit Committee will observe a minimum two (2) year cooling-off period before any former key audit partner can be appointed as a member of the Audit Committee. This requirement is set out in the Audit Committee's Terms of Reference.

The Board considers the composition of the Audit Committee as fairly reflecting the investment of minority shareholders. The proportion of the independent directors ensures effective check and balance on the Board with the independent directors acting as caretakers for the minority shareholders.

The written terms of reference for the Audit Committee is available on the Company's website www.dutchlady.com.my.

In August 2020 the Audit Committee had a meeting with the Company's External Auditor, Messrs. PricewaterHouse Coopers (PwC), where PwC presented the annual audit plan for FY2020. In that meeting, PwC highlighted the key focus areas, methodology and new accounting standards. The External Auditor also briefed the Audit Committee on their team members and the resources allocated to the Company. After discussion and deliberation, the Audit Committee approved the audit plan. The Company also sought the confirmation of independence from PwC.

RISK MANAGEMENT AND INTERNAL CONTROLS (PRACTICE 9.1 AND 9.2)

The Company adopts the Enterprise Risk Management programme based on the framework that was developed and issued by RFC, which in turn is based on COSO framework (developed by the Committee of Sponsoring Organisations of the Treadway Commission for evaluating internal controls), of which the International Institute of Internal Auditors is a sponsoring organisation. The programme establishes an enterprise risk assessment ("ERA") for identifying, evaluating, monitoring, reporting and managing significant business risks. The Internal Audit function also carries out activities under the ERA.

The Company's Management team and internal audit team meets periodically to assess whether any conditions associated with a particular risk have changed, and to ensure that action and risk mitigation plans have been implemented. Progress and status of the mitigation action plans are presented to the Audit Committee quarterly or new critical risks are escalated immediately for deliberation.

INTERNAL AUDIT (PRACTICE 10.1 AND 10.2)

The Company has an in-house Internal Audit and Internal Control Department which reports directly to the Audit Committee and assists the Audit Committee in the discharge of its duties and responsibilities. Its role is to provide independent assurance of the adequacy and the effectiveness of the risk management, internal control and governance process as well as to carry out investigations on any complaints received. The investigation findings and audit recommendations and measures are reported by the Internal Audit Manager to the Audit Committee at each meeting.

In FY 2020, the Company's Internal Audit is headed by Mr Eddie Lim who has over 10 years of experience in various finance functions including internal audit. He is a Chartered Accountant of Malaysia Institute of Accountants and a member of the Association of Chartered Certified Accountants, United Kingdom. The Head of Internal audit is currently supported by an Senior Internal Auditor. Further information on the Internal Audit function is set out in the Statement of Internal Control and Risk Management and the Report of the Audit Committee.



PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(PRACTICE 11.1, 12.1, 12.2 AND 12.3)

AGM

The Company disseminates information to its stakeholders through the AGM, its Annual Report and the announcements made on Bursa. The Company also meets up with investment analysts and fund managers periodically. The Board takes reasonable steps to encourage shareholder participation at general meetings. Shareholders are encouraged to participate in the Question and Answer session on the resolutions being proposed or on the Company's operations and performance in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf. In 2020, due to the COVID-19 pandemic, in the interest of all the Company's stakeholders' health and safety, a fully virtual AGM was held. In view that the pandemic is still on-going, a virtual meeting will be held for the 58th AGM on 25 May 2021. The Broadcast Venue will be held at Gallery 3, the New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

The Company's Notice of AGM is published in a local newspaper and is issued to shareholders at least 28 days prior to the date of the AGM.

WEBSITE

The Company's corporate website provides quick access to information about the Company. The information on the corporate websites includes corporate profile, the international corporate structure, information on Board of Directors and the Management team, the Company's Code of Business Conduct, anti-bribery policy and whistle-blowing policy, awards and achievements, corporate news, financial results, announcements to Bursa, minutes of general meetings and the Company's Annual Reports and Circulars to shareholders.

ANNUAL REPORT

The Annual Report provides a comprehensive report on the Company's operations and financial performance. An online version of the full Annual Report is available and downloadable from the Company's website www.dutchlady.com.my.

OTHER ENGAGEMENTS

The Company organises meetings with investment analysts and fund managers periodically. The Company also actively responds to requests for discussions with institutional shareholders and analysts, locally and abroad, to provide them better insights into the Company.

COMPLIANCE STATEMENT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE STATEMENT

(a) Utilisation of Proceeds

The Company did not carry out any corporate exercise to raise funds during the financial year.

(b) Audit Fees

(i) Audit Fees for the Company:

The Company's internal audit function is performed in-house by a team of internal auditors led by the Head of Internal Audit and Internal Control. The total cost incurred by the Internal Audit and Internal Control Department in relation to the conduct of its functions for FY2020 was RM420,820. The amount of audit fees paid to External Auditors by the Company for FY2020 is RM89,000.

(ii) Non-Audit Fees

The amount of non-audit fees paid to External Auditors by the Company for the FY2020 is RM20,000. The non-audit fees paid is in respect of the review of Statement of Risk Management & Internal Control.

(b) Material Contracts Involving Substantial Shareholders

Save and except for the recurrent related party transactions entered into pursuant to the shareholders' mandate, there were no material contracts either still subsisting at or entered into since the end of FY2020 by the Company which involved Directors' and/or substantial shareholders' interest.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 25 February 2021.



AUDIT COMMITTEE REPORT

The Audit Committee provides critical oversight of the Company's financial reporting process, monitoring the external and internal auditing process, compliance with relevant legal and statutory matters and other matters delegated by the Board.

A. COMPOSITION

CHAIRPERSON

Datin Seri Sunita Mei-Lin Rajakumar

Independent Non-Executive Director

MEMBERS

Dato' Zainal Abidin bin Putih

Independent Non-Executive Director

Dato' Dr Rosini binti Alias

Non-Independent Non-Executive Director

Tengku Nurul Azian binti Tengku Shahrman

Independent Non-Executive Director

Mr Jean Serge Krol

Non-Independent Non-Executive Director

The Audit Committee is chaired by Datin Seri Sunita Mei-Lin Rajakumar who has an LLB (Hons) from the University of Bristol and qualified as a Member of the Institute of Chartered Accountants in England & Wales in 1994. She sits on Boards and chairs the Audit and Risk Committees of other public companies in Malaysia. Her working experience includes amongst other, 4 years in Ernst & Young in London and 6 years at RHB Investment Bank Berhad in Kuala Lumpur before becoming a consultant at MIMOS Berhad. She was then invited to manage Encipta Ltd, a foreign technology venture capital fund under MIMOS Berhad.

Dato' Zainal Abidin bin Putih is a member of the Malaysian Institute of Accountants, a Member of the Malaysian Institute of Certified Public Accountants and a Fellow of the Association of Chartered Accountants in England & Wales. He has extensive experience in audit, management consulting and taxation, having been involved as a practicing accountant and consultant throughout his career and holds several directorships in other public listed companies.

Dato' Dr Rosini binti Alias is Doctor of Veterinary Medicine, DVM, from Universiti Pertanian Malaysia. She was formerly the Deputy Director-General of the Department of Veterinary Services (DVS), Malaysia and has vast experience in the veterinary and agricultural sector with a career spanning over 30 years.

Tengku Nurul Azian binti Tengku Shahrman is an Advocate and Solicitor of the High Court in Malaya, a Barrister of Law of the Honourable Society of Inner Temple, and has an LLB (Hons) from the School of Oriental & African Studies, University of London. She has over 19 years of broad experience in investment banking and corporate finance and was previously the Executive Vice President & Partner of PEMANDU Associates Sdn Bhd, a management consulting firm which is focused on public sector transformation and business turnaround with global experience. She sits on the Boards and Audit and Risk Committees of other companies in Malaysia.

Mr Jean Serge Krol has a Master's of Economics as well as a Post-Master's Degree for Certified Public Accountants from the Rijksuniversiteit in Groningen. He also has as a Post-Master's Degree for Certified Controllers from the Vrije Universiteit in Amsterdam. He has held various senior finance managerial positions within Royal FrieslandCampina N.V. from 2002 to 2019. In July 2019, he was appointed as the Director of Finance for the Specialised Nutrition Business Group for Royal FrieslandCampina, Netherlands.



B. TERMS OF REFERENCE

STRUCTURE OF THE AUDIT COMMITTEE

The Audit Committee is a Committee appointed by the Board and shall comprise of at least 3 directors. All members should be Non-Executive Directors with Independent Non-Executive Directors making up the majority. At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or have at least 3 years' working experience and be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967. The Chairperson of the Audit Committee shall be an Independent Non-Executive Director and be elected from amongst the members of the Committee. All members of the Committee, including the Chairperson, will hold office until otherwise determined by the Board.

AUTHORITY

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference and to seek any information it requires from the Management and any employee. The Management and employees are directed to co-operate with any request made by the Audit Committee. The Audit Committee may convene meetings with External Auditors or Internal Auditors without the presence of Management, if deemed necessary.

The Audit Committee is authorised by the Board to obtain independent, legal and professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this to be necessary.

FUNCTIONS

1. The functions of the Audit Committee are as follows:

In relation to External Auditors

- a) To consider the appointment of the External Auditors and fix their audit fee, and any question of their resignation or dismissal and the reasons thereof;
- b) To run the audit tender process independent of management including establishing objective criteria when assessing appointment of external auditors, to ensure audit quality may not be compromised or that fees are not given undue weight;

- c) To discuss with the External Auditors their audit plan, the nature and scope of audit, evaluation of the Company's systems of internal controls and their audit report on the annual financial statements, including Key Audit Matters;
- d) To ensure External Auditors have sufficient understanding of business/operations/risk areas, senior audit team members are sufficiently involved throughout the audit process and the team has the capacity and ability to work in different geographical regions;
- e) To assess the External Audit firm's measures to uphold audit quality and manage risks including adopting indicators of audit quality;
- f) To discuss issues and reservations arising from the interim and final audits with the External Auditors, and any other matters the External Auditors or other consultants may wish to discuss, in the absence of Management, where necessary and in any case at least twice a year;
- g) To review the External Auditors' Management letter and Management's response thereon and ensure Management provides information and records in a timely manner;
- h) To obtain assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, and that following such annual assessment review and the assurance obtained, the Audit Committee shall remain confident of the External Auditor's independence and suitability;
- i) To evaluate the performance of the External Auditors including reviewing their independence, suitability, objectivity and cost effectiveness, taking into account factors including the competency, adequacy of experience and resources of the firm and professional staff assigned to perform the audit;
- j) To ensure that advance approval by the Board of Directors is required for non-audit services provided by the External Auditor, on recommendation of the Audit Committee;
- k) To review all non-audit services performed by the External Auditors to reinforce the independence and objectivity of the External Auditors;



AUDIT COMMITTEE REPORT

In relation to the financial statements

- l) To review the quarterly and annual financial statements of the Company before submission to the Board of Directors, focusing particularly on:
 - (i) Public announcement of the results and dividend payment;
 - (ii) Any changes in accounting policies and practices;
 - (iii) The going concern assumption;
 - (iv) Compliance with approved accounting standards;
 - (v) Compliance with Bursa Securities and legal requirements; and
 - (vi) Significant adjustments arising from the audit;
- m) To review the Company's dividend proposals including considering the quantum, timing and cash flow of dividend payments, and recommending the same to the Board for approval;
- n) To review all related party transactions, including any conflict of interest situations arising;
- o) To review the Company's annual report prior to submission to the Board for their perusal and approval, to ensure compliance in accordance with the provisions of the Companies Act 2016 and Bursa Securities Main Market Listing Requirements, the applicable approved accounting standards as per MASB Standards and any other laws or regulations which might apply;

In relation to Internal Audit

- p) To do the following, in relation to the Internal Audit Department:
 - (i) Review the adequacy of the scope, functions, competency and resources of the Internal Audit Department, and that it has the necessary authority and resources to carry out its work, including training programmes for the staff;
 - (ii) Consider whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
 - (iii) Review the internal audit plan for the year and findings of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Department by Management;

- q) To ensure the Company's Internal Control Framework is maintained, including periodically reviewing controls, organising self-assessments and ensured effectiveness of the system;
- r) To ensure the Company adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors;
- s) To review and appraise the performance of members of the Internal Audit Department on an annual basis;
- t) To approve any appointment and termination of senior staff members of the Internal Audit Department; and
- u) To take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

In relation to Enterprise Risk Management

- v) To review 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;

Other Scope of Work

- w) To consider and review the appropriateness of any related party transaction and conflict of interest situations that may arise within the Company including ensuring compliance with applicable laws and regulations;
- x) To consider major findings of any internal investigations and Management's response thereon;
- y) To review the draft circulars with respect to obtaining shareholders' mandate on any Recurrent Related Party Transactions of a Revenue or Trading Nature, before submission to the Board of Directors; and
- z) To consider any other topics, as defined by the Board.

The Audit Committee's Terms of Reference can be found on the Company's website www.dutchlady.com.my



C. MEETINGS AND MINUTES

The Audit Committee shall meet at least 4 times a year and the quorum for any meeting shall be 2 members, consisting of Independent Directors. The Managing Director, Finance Director and the Internal Auditor will be invited to attend all meetings of the Audit Committee. There shall be at least 2 meetings a year with External Auditors including 2 meetings without the members of Management. External Auditors will be invited to attend additional meetings when appropriate and they may request a meeting with the Audit Committee if they consider it necessary. Other Board members may attend meetings upon the invitation of the Audit Committee.

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the minutes of each Audit Committee meeting shall be circulated to all members of the Board.

A total of 4 Audit Committee meetings were held during the financial year 2020. The membership status and attendance record of each of the members are as follows:

MEMBERS	ATTENDANCE
Datin Seri Sunita Mei-Lin Rajakumar Chairperson, Independent Non-Executive Director	4/4
Dato' Zainal Abidin bin Putih Member, Independent Non-Executive Director	4/4
Dato' Dr Rosini binti Alias Member, Non-Independent Non-Executive Director	4/4
Tengku Nurul Azian binti Tengku Shahriman Member, Independent Non-Executive Director	4/4
Mr Jean Serge Krol Member, Non-Independent Non-Executive Director	4/4

D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

A summary of the key activities carried out by the Audit Committee during the financial year is listed below:

(a) Financial Reporting and compliance

The Company's quarterly and annual financial statements as well as announcements made to Bursa Securities were reviewed by the Audit Committee before submission to the Board for its subsequent approval. In doing so, the Audit Committee deliberated and focused on changes in major accounting policies and practices as well as any adjustments and/or issues affecting audit related matters to ensure compliance with Main Market Listing Requirements, the approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements.

As part of their accounting oversight duties, the Audit Committee also reviews the External Auditors' annual and interim audit reports, together with accompanying Management responses.

(b) Assessing Independence, Suitability, Objectivity and Cost Effectiveness of the External Auditors

The Audit Committee carried out an annual review of the independence, suitability, objectivity and cost effectiveness of the External Auditors before approving their remuneration and recommending their re-appointment to the shareholders. The factors considered include the competency, and the adequacy of experience and resources of the firm and professional staff assigned to perform the audit.

As part of the annual audit exercise, the Audit Committee obtained assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Following the annual assessment review and the assurance obtained, the Audit Committee remains confident of the External Auditor's independence and suitability.



AUDIT COMMITTEE REPORT

(c) Risk management and internal controls

The Audit Committee took note of the Company's risk management and the control environment guidelines as implemented using the RFC Internal Control Framework and the Enterprise Risk Management programme.

The Audit Committee also received Risk Management progress reports from Management quarterly whereby the Audit Committee took note of the mitigating controls and action plans taken to mitigate the identified business risks.

(d) Going Concern assessment

The Audit Committee reviewed the going concern basis for preparing the Company's financial statements, including the assumptions underlying the going concern statement and the period of assessment.

(e) External audit

Throughout the financial year, the Audit Committee had three meeting with External Auditors and two meetings with them without the presence of Management. The Audit Committee is pleased to report that there was no significant matter of disagreement that arose between the External Auditors and Management.

To reinforce the independence and objectivity of the External Auditors, the Audit Committee reviewed all non-audit services performed by the External Auditors.

During the financial year, the fees incurred in respect of non-audit related matters amounted to RM20,000 for the Review of the Statement on Risk Management and Internal Controls.

The Audit Committee reviewed the financial statements to take note of changes to the approved accounting standards and new application on financial reporting disclosures under the Listing Requirements.

(f) Internal Audit

During the year under review, the Audit Committee had four meetings with the Internal Auditor. During the engagement, the Audit Committee discussed the results arising from the Internal Audit findings and recommendations by the Internal Auditor on the controls environment and operational weaknesses, and verified that timely corrective actions were taken by Management.

(g) Governance

The Audit Committee reviewed the Audit Committee Report and the Statement of Internal Control and Risk Management and recommended to the Board for inclusion in the 2019 Annual Report.

(h) Other Matters

During the financial year, the Audit Committee also carried out the following activities:

- reviewed the Company's dividend proposals
- considered the quantum, timing and cash flow of dividend payments, and recommended the same to the Board for approval
- reviewed the related party transactions, and any conflict of interest situations during the year
- reviewed the Circular on Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and recommended the same to the Board for shareholders' approval
- discussed with the External Auditors on Key Audit Matters and any issues arising from the audit (in the absence of the Management)



E. INTERNAL AUDIT FUNCTION

The Company has an Internal Audit function which reports to the Audit Committee. The Internal Auditors are empowered with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the Company's records, physical properties, to carrying out any internal audit or investigation engagement.

The Company's Internal Audit is headed by Mr Eddie Lim who has over 10 years of experience in various finance functions including internal audit. He is a Chartered Accountant of Malaysia Institute of Accountants and a member of the Association of Chartered Certified Accountants, United Kingdom. The Head of Internal Audit is currently supported by a Senior Internal Auditor.

The Internal Audit function is independent from the activities of other operating departments and undertakes to review all processes of the Company and its relationships with third parties. It also carries out risk management activities under the Enterprise Risk Management programme developed by the RFC Group. The programme incorporates a process to facilitate risk identification, assessment, reporting as well as review and mitigation risks that affect the achievement of the Company's objectives and policies.

During the financial year, the Internal Auditors undertook the following activities:

- (a) Prepared the internal audit plan for the year, which is reviewed and approved annually by the Audit Committee, and updated where necessary by the Audit Committee;
- (b) Carried out all internal audit activities in accordance with the audit plan and adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors and best practices in COSO Framework;

- (c) Prepared the internal audit programme based on the internal audit plan, for each activity or process to be audited;
- (d) Maintained the Company's Internal Control Framework, including periodically reviewing controls, organising self-assessments and ensured effectiveness of the system;
- (e) Discussed with auditees, process owners and Management on the results of the audit for each activity or process, root cause analysis will be assess prior any recommendations in order to mitigate the identified risk or control work flow improvements;
- (f) On a quarterly basis, reviewed the Enterprise Risk Assessment updates, which enables the Company to update key risks direction, identify emerging risks and to define an adequate and practical mitigation action plan where necessary;
- (g) Reported to the Audit Committee on a quarterly basis, the results from the internal audit and governance issues identified together with Management Team's response and action plans; and
- (h) Followed up on all the action plans agreed from the previous internal audit reports to ensure that all matters arising are adequate addressed by the Management.

Costs amounting to RM420,820.00 were incurred in relation to the internal audit function for the financial year ended 31 December 2020.

Further details of the activities of the Internal Audit and Internal Control Department are set out in the Statement on Risk Management and Internal Control of this Annual Report.

F. ANNUAL REVIEW AND PERFORMANCE EVALUATION

An annual performance evaluation was carried out on the Audit Committee in an effort to enhance and improve its processes of the control environment.

The Audit Committee's responsibility is to monitor and review the practices and processes performed by Management and the External Auditors. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews. The Audit Committee

members are not employees of the Company. Therefore, the Audit Committee has relied, without independent verification, on Management's representation that the financial statements have been prepared with integrity and objectivity, in conformity with approved accounting principles and standards generally accepted in Malaysia and on the representations of the External Auditors included in its reports on the Company's financial statements and internal control over financial reporting.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors affirms its responsibility for maintaining a sound and effective system of risk management and internal control and outlines the nature of risk management procedures and internal control system within Dutch Lady Milk Industries Berhad for the year under review.

RESPONSIBILITY AND ACCOUNTABILITY

The Board continues its commitment and responsibility towards effective risk management practices and system of internal controls which includes the adoption of appropriate Control Frameworks established by Royal FrieslandCampina N.V. ("RFC") and reviewing its effectiveness, adequacy and integrity. The Board is responsible for identifying the key internal and external business risks faced by the Company and for determining the course of actions to manage those risks. The Company continuously evaluates and manages risks and reviews the planned actions to safeguard shareholders' investments and the Company's assets.

The Board has received assurance from the Managing Director and the Finance Director that the Company's risk management and internal control system is adequate and operating effectively, in all material aspects.

The Board maintains full control over strategic, financial, organisational and compliance matters and has put in place an organisational structure with formal lines of responsibility and delegation of authority. The Board and the Audit Committee have delegated to Management the implementation of system of risk management and internal controls within an established governance framework throughout the Company.

RISK MANAGEMENT FRAMEWORK

The Company aims for transparency in identifying, evaluating and mitigating risks by adopting Enterprise Risk Management ("ERM") programme that was developed and issued by RFC based on internationally recognised COSO framework. This framework describes the management's risk appetite, structure, responsibilities, processes and governance reporting procedures. It has been developed to provide a reasonable degree of certainty that strategic objectives are achieved by creating focus, integrating control measures into the Company's activities, ensuring compliance with applicable laws and regulations, and by safeguarding the reliability of financial and non-financial reporting and the related explanatory notes.

The Company's risk management programme is led by the Managing Director and supported by a Risk Management Committee comprising of Management Team from all functional units of the Company. In providing assurance

to the Board of Directors on the Company's adequacy and effectiveness of risk management, the Risk Management Committee carried out continuous review and update of the status of risk mitigation actions and identify emerging risks.

The ERM framework focuses on the Company's core business operations and it allows the Company to:

- Establish clear functional responsibilities and accountabilities within the Company's structures for management of risks;
- Enhance and improve corporate governance with a clear, concise and comprehensive structure for the Company;
- Promote an effective risk awareness where risk management is an integral aspect of the Company's business plan and project portfolio; and
- Ensure appropriate skills and resources are applied to risk management.

RISK APPETITE

The Company's general risk appetite depends on the risk categories, as set out in the table below.

Risk Category and Risk Appetite

RISK CATEGORY	GENERAL RISK APPETITE
 Strategic (S)	The Company is prepared to take a certain degree of calculated risks relating to the realisation of its performance objectives and long-term goals.
 Operational (O)	The Company attempts to minimise the impact of unforeseen disruption on its operating activities.
 Financial (F)	The Company has a conservative and sound framework of financial policies and procedures to prevent risks that could have a significant impact on the financial results and material misstatements in its financial statements reporting.
 Compliance (C)	The Company applies a zero tolerance policy.



KEY RISKS AND UNCERTAINTIES

Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. A summary of the key and specific risks with which the Company is confronted that could impact the realisation of its strategic objectives, and the measures designed to mitigate these risks are contained in the table below.

RISKS	KEY RISKS FACTORS	RISK ACCEPTANCE	MITIGATION MEASURES
Process disruptions (O) Disruption of critical operational business processes.	<ul style="list-style-type: none"> • Risk concentration (sites capacity, suppliers, service and supply chain providers) • Limited alternative options • Critical event 	Moderate The Company aims to limit the impact of unforeseen disruption on its business operations. For risk associated with critical event the Company accept minor operational malfunctions, provided this does not affect the continuity of business processes	<ul style="list-style-type: none"> • A calamity and contingency plan is in place and is reviewed regularly • Evaluation and development of alternative options via other related parties, outsource and engagement programme
Agility of the Company and Innovation (S) Responsiveness and decisiveness to anticipate changes in market conditions and demand. Ability to renew the product range and to successfully respond to changing consumer preferences.	<ul style="list-style-type: none"> • Inadequate response to changes in consumer or customer demands and their preferences • Increasing local competition • Greater demand for specific products that require diversification • Increasing interest in health and nutrition • Time-to-market • Digital marketing 	Moderate The Company is prepared to accept a moderate level of risk as long as this does not endanger the Company's strategic long-term goals and market brand reputation	<ul style="list-style-type: none"> • Programmes for the analysis of consumer trends (market research, focus groups, preference testing) and competitor modus operandi • Processes designed to manage the innovation funnel and product development strategies • Reinforce World Class Operations Management (WCOM) for supply chain activities and Continuous Improvement Programmes for other processes • Regular analysis of competitor developments
Product quality and food safety (O, C) Poor product quality or product contamination that causes health hazards for consumers.	<ul style="list-style-type: none"> • Production process problems that cause quality defects • Increasing communication speed through social media • Deliberate spread of quality problems by third parties 	Insignificant The Company maintains the highest food quality and food safety standards	<ul style="list-style-type: none"> • The Company adhering to the RFC internal quality and food safety system with FoQus quality programme and undergo periodic audit verification • Transparent management reporting of quality trends and incidents throughout the organisation • In-depth root cause analysis is performed to ensure any incident is thoroughly investigated and appropriate corrective actions implemented to prevent and eliminate future occurrence



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

RISKS	KEY RISKS FACTORS	RISK ACCEPTANCE	MITIGATION MEASURES
Reputation (S) Potential reputational loss due to incidents or changes in public opinion.	<ul style="list-style-type: none"> Increased importance of public opinion, media and publicity Social media and transparency of information Unfounded or fake news in the media Anti-corruption and anti-bribery MACC Act 17(A) 	Moderate The Company is prepared to accept a moderate level of risk as long as this does not endanger the Company's strategic long-term goals	<ul style="list-style-type: none"> Proactive involvement and communication with stakeholders (for example, governments and sector associations) Media and reputation tracking Repressive measures, such as crisis management, training and testing
Financial and economic (F) Unfavourable development of the Company's financial position.	<ul style="list-style-type: none"> Overall excess or shortage of cash, insufficient access to capital, interest rates, currency or commodity pricing risks, credit risk exposure Geopolitical issues impact on local demand Price developments of raw materials 	Moderate The Company is prepared to accept a moderate impact of external developments on its financial position (indicator: 5%-10% of total EBIT)	<ul style="list-style-type: none"> Procedures for planning, budgeting, forecasting and assessing business operations Cash flow and working capital management Monitoring and analysis of economic developments Coordinated treasury and currency management
Environment (O,F,C) Climax and pollution issue due to operation.	<ul style="list-style-type: none"> Compliance with environmental law and regulations Environmental pollution 	Moderate The Company maintains compliance with the laws and regulations	<ul style="list-style-type: none"> Compliant waste and effluent management Special task force in place to manage and monitor potential risks
COVID-19 Pandemic (S,O,F) Economic slowdown post COVID.	<ul style="list-style-type: none"> Weaker consumer spending Impact on local demand leading to lower order Trade receivable collection risk 	Moderate The Company deploys actions to address post COVID-19 slowdown in economy that impacted business and profitability	<ul style="list-style-type: none"> Stabilised core business profitability Strengthened E-commerce strategy to meet consumer needs Regular collection meeting and closely follow up on debt collection



INTERNAL CONTROL STRUCTURE AND PROCESSES

The system of internal controls is designed to safeguard the assets of the Company, to ensure the maintenance of proper accounting records and to provide reliable financial and non-financial information for use within the business and for publication. However, these controls provide only reasonable and not absolute assurance against material error, misstatement, loss or breach of set regulations.

The principal features of the Company's internal control structure are summarised as follows:

- **Board Committees**

The functions and responsibilities of the various committees of the Board of Directors are defined in the terms of reference. These include the Audit Committee, the Nomination Committee and the Remuneration Committee.

- **Organisational Structure and Responsibility Levels**

The Company has an organisational structure with formal lines of responsibility and authorisation procedures within which senior management operates and is accountable for.

- **Authority Levels, Acquisitions and Disposals**

There are authorisation procedures and delegated authority levels for major tenders, major capital expenditure projects, acquisitions and disposal of businesses and other significant transactions.

Investment decisions are delegated to Management in accordance with authority limits. Appraisal and monitoring procedures are applied to all major investment decisions, and at times using external consultants for advisory services.

Board of Directors' approval is required for key treasury matters including equity and loan financing, material acquisitions and disposals of assets not in the ordinary course of business, investment in capital projects, cheque signatories and the opening of bank accounts.

On top of this, the FrieslandCampina Corporate Manual includes the procedures and guidelines in which responsibilities and authorisations are stipulated and are applicable for the day to day management of the Company.

- **Procedure and Control Environment**

In addition to internal controls, the Directors have ensured that health and safety regulations, environmental controls and political risks have been considered, and relevant laws and regulations complied with. The quality of the Company's products is of paramount. Quality Assurance, Quality Control and meeting customers' requirements are prime considerations and these are achieved by the Company being FSSC 22000 certified. Ultimately, the aim of the Company is to deliver safe food to consumers, whilst demonstrating compliance with the prevailing laws and regulations.

In addition, strong emphasis is also given to food safety with Good Manufacturing Practices and Hazard Analysis and Critical Control Point ("HACCP") System that cover all plants.

The Company has in place the ISO 14001 Environment Management System, a systematic management approach to the environmental concerns of the Company, and OHSAS 18001, the Occupational Health and Safety Assessment Series for the protection of employees from hazards and the mitigation of work related injuries and health-related issues.

Since 2011, the Company has embarked upon FoQus, an internal broad based quality system for Food Safety and Quality Management System and Safety Health and Environment Management System within FrieslandCampina. Regular FoQus audit is carry out to ensure that products produced by the Company and the way in which they are being produced meet the necessary high standards on food safety, quality, labour safety and environment.

The Company has formal guidelines on safety, health and environment which apply to all employees and third party contractors.

The integrity and competence of personnel are continuously assessed through the Performance Management System, talent assessment programme, management organisation development and Hay Reward Management System.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- **Standards of Business Ethics**

Employees are contractually bound to observe prescribed standards of business ethics when conducting themselves at work and in their relationship with external parties, such as customers and suppliers.

In this regard, the RFC Group's code for good business conduct, *Compass*, plays an important role in the management of compliance risk. This code of conduct and its underlying guidelines (which include the Speak-Up Procedure, Fair Competition guidelines and Doing Honest Business, amongst others) forms the basis of the honest, respectful and transparent business conduct of the Company's employees and third parties with whom the Company transacts with. Compliance with this code of conduct and the guidelines is cascaded to all employees by means of a comprehensive communication and training programmes, with designated local trusted representatives, set in place.

The Compass is supported globally by RFC Corporate Headquarters with an established Integrity Committee and a reporting platform that is available to employees 24 hours a day, seven days a week so they can, in confidence, express their concerns regarding a suspected infringement of the code or a guideline.

In line with this, the Company has an Employee Handbook that guides the Company's employees in their day to day conduct. Employees are expected to conduct themselves with integrity and objectivity and not be placed in a position of conflict of interest.

Suppliers are also bound by the "RFC Business Practices for Suppliers" to ensure honest conduct of business is being practiced within the Company's business operations.

- **Formalised Strategic Planning and Operating Plan Processes**

The Strategic Planning process is led by RFC Group and is focusing on long term strategic direction of the Company, prioritising future investments and resources.

The Company performs business planning and budgeting process each year, to establish plans and targets against which performance is monitored on a monthly basis by Management.

The Company formulated a Sales & Operations Planning process to align product demand and supply together with financial resources in order to provide the Company with defined business strategies and priorities. In addition, the process also aims to continuously improve business performance, especially on the improvement in customer service levels, forecasting accuracy and inventory turnover management.

- **Reporting and Review**

The Company's Management Team monitors the monthly reporting and reviews the financial results and forecasts for the business against the operating plans and annual budgets. The results are communicated to employees at the Company's town hall sessions. A separate monthly financial report is also disseminated to the Management Team members, with periodical meetings organised with core business managers.

The Managing Director reports on a quarterly basis to the Audit Committee and the Board of Directors on significant changes in the business and external environment in which the Company operates.

- **Financial Performance**

The preparation of quarterly and full-year financial results and the state of affairs, as published to shareholders, are reviewed by the Audit Committee and later approved by the Board.

- **Assurance Compliance**

The Board, Audit Committee and Management review the Internal Audit reports on a quarterly basis and monitor the status of implementation of corrective actions that are prepared by the Internal Audit team to address internal control weaknesses noted.



- **Internal Control Framework (ICF)**

The Company has in place an ICF based on the framework that was developed and issued by RFC. The ICF comprises prescribed control measures that are evaluated by means of regular internal assessments for which if shortcomings are discovered, improvement measures are set in place and regularly tracked.

During the year, the Company continued the execution and self-assessment testing of the ICF controls and procedures.

- **Update on Developments**

Quarterly reporting is made to the Board on legal, accounting, and sustainability developments where applicable. Briefings are also conducted to keep employees informed of changes to legislation or local by-laws that are expected to affect the Company's operations or the way the Company conducts its business, where relevant.

INTERNAL AUDIT FUNCTION

The Internal Audit independently focuses on the key areas of business and operations risk based on the audit plan approved annually by the Audit Committee. Internal audit reports are presented on a quarterly basis to the Audit Committee.

The Internal Audit team highlights, to the Audit Committee and Management, areas for improvement and follows-up on the progress of implementation of the agreed actions arising from the internal audit report.

The Audit Committee in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Directors have reviewed the effectiveness, adequacy and integrity of the system of risk management and internal controls in operation during the financial year through the monitoring process set out above.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

Taking into account the limitations that are inevitably inherent in any risk management and internal control system, and the possibilities for improving the system, the Company's risk management and internal control systems provide a reasonable degree of assurance that:

- The Board will be informed quarterly of the degree to which the Company's strategic, operational, financial and compliance objectives are being achieved;
- The internal and external financial reporting do not contain any material misstatement and that the risk management and internal control systems functioned effectively during 2018; and
- The Company has complied with the relevant legislation and regulations.

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers (Guidelines) with an effective date of 31 December 2012, in line with the Paragraph 15.26(b) of the Bursa Malaysia Listing Requirements and Principle B of the Malaysian Code of Corporate Governance 2017 as issued by the Securities Commission Malaysia.

THE REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.



**MAKING A DIFFERENCE
THROUGH OUR INITIATIVES**



We want to create a sustainable future for our children by keeping people, animals and our planet healthy. To ensure we make a positive difference in all we do, we plan campaigns to improve the well-being of our people and the society as a whole. In 2020, we launched our "Strong Me, Stronger Us" brand story and developed new products to build a healthier nation and improved our packaging to support a greener future. We also promoted green consciousness through education on recycling.



MaxGro

Provides
80%
Daily
Nutrients*

9
EAA^v

DHA

* 80% of Daily Nutrients: Meeting at least 80% of Malaysia Recommended Daily Nutrient Intake (Malaysia RNI 2017) for selected nutrients such as Calcium, Phosphorus, Iron, Magnesium, Zinc, Vitamin A, D3, E, K1, B1, B2, B3, B6, B12 and C.

^v 9EAA: 9 Essential Amino Acids.



A complete diet for optimum growth.

It is specially formulated to support your child by providing 80% of the daily recommended nutrient intake* for a complete and balanced diet.

DUTCH LADY

MaxGro
1-9 TAHUN BIASA

TINGGI*
DALAM
NUTRIEN

NUTRIEN
PENTING
UNTUK
TUMBUHAN

9
EAA

DHA

600g
MAKANAN PENDIETAN
BERFORMULA



MS 1500:2009
1069-01/2004



SUSTAINABILITY REPORT



Sustainability and responsibility remain a key pillar of our business strategy. As a leading dairy company, we are committed to demonstrate responsible corporate conduct across all aspects of our operations.

This Sustainability Report was prepared in accordance with the guidelines set out in the Main Market Listing Requirements relating to Sustainability Statement in Annual Report of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad and covers the Company's business operations in Malaysia for the financial year ended 31 December 2020.





CORPORATE RESPONSIBILITY STRATEGY: DAIRY WITH A PURPOSE

Dutch Lady Milk Industries Berhad's ("DLMI/the Company") mission is to create shared value to all our stakeholders through our strategic initiatives, in line with that of our parent company, Royal FrieslandCampina N.V. ("RFC"). Based on RFC's global theme of Nourishing by Nature, we leverage on our Dutch dairy heritage and unique global milk chain in a sustainable way. As one of the leading dairy players in Malaysia, we are committed to demonstrate responsible corporate conduct across all aspects of our operations.

Board Commitment & Reporting Framework

Our Board of Directors is mindful of the Company's responsibility towards sustainability issues and its role in our long-term strategic plans. The Board, in partnership with Management and other stakeholders, are committed towards ensuring that responsible corporate conduct is demonstrated and practiced in DLMI's daily business activities across all aspects of DLMI's operations.



Board of Directors

- Oversee sustainability performance
- Approve sustainability initiatives and budget



Management Team

- Monitor and act on related risks and reports on progress
- Responsible for sustainable business policies and practices
- Formulate sustainable strategy, policies and KPI goals
- Monitor, align and facilitate adherence to the sustainability policy
- Facilitate and support operating divisions to meet sustainability goals
- Conduct sustainability awareness and engagement activities
- Quarterly sustainability performance reporting



Operating Divisions

- Day-to-day management of sustainability risks and issues
- Own and ensure compliance of relevant sustainability-related policies and practices
- Record all sustainability source data

SUSTAINABILITY DEVELOPMENT GOALS



The United Nations has formulated 17 Sustainable Development Goals ("SDG") related to responsible production and consumption, climate change, sustainable communities, health and well-being, and efforts to fight poverty and starvation.

Of these 17 goals, DLMI and our parent company RFC, have identified five SDGs that we contribute to. They are:



SDG 2: Zero Hunger

End hunger, achieve food security and improve nutrition, and promote sustainable agriculture



SDG 8: Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



SDG 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns



SDG 13: Climate Action

Take urgent action to combat climate change and its impacts



SDG 15: Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



SUSTAINABILITY REPORT

These five SDGs form the backbone of the RFC Group's sustainability principles. It also ensures DLMI's competitive advantage in the marketplace and in building a long-term product brand value. The following framework is implemented:

FOCUS AREAS	ECONOMIC	ENVIRONMENTAL	SOCIAL
Strategic Goals	To strengthen innovation and operational efficiency to ensure food safety and towards a more balanced resource-efficient management	To adopt best practice solutions through innovative quality processes	To act as catalysts for boosting community development and support systems for long-term talent pipeline
Material Matters	<ul style="list-style-type: none"> • Right culture and shared values • Safety and health • Supply chain dynamics • Client-centric services • Value for shareholders 	<ul style="list-style-type: none"> • Environmental protection • Material efficiency • Energy and water consumption management • Waste, noise and effluent management 	<ul style="list-style-type: none"> • Equal employment and employee engagement • Talent development • Community services

SUSTAINABILITY GOVERNANCE FRAMEWORK

Sustainability is embedded within DLMI and is led from the top. Sustainability matters are managed by various departments within the company. Based on the Economic, Environmental and Social framework and in line with DLMI's vision of nourishing Malaysians with trusted quality dairy nutrition. We aspire to demonstrate our commitment to sustainability within the market we operate in, the environment, the surrounding community and in the workplace.

MATERIALITY ASSESSMENT

In order to achieve DLMI's sustainability objectives, a comprehensive risk materiality assessment was conducted internally. 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.

Based on the risk materiality assessment, the top 5 principal risks were identified. A summary of the key risks and uncertainties as well the mitigation factors undertaken by DLMI to meet the challenges can be found in the Statement of Risk Management and Internal Controls. The risks and the mitigation factors for 2020 were shared with the Board and quarterly updates have been provided to the Board on developments/outcomes of the steps taken.

SUSTAINABILITY TARGETS

From the key risks and uncertainties identified in the risk materiality assessment, it was broadly identified that we should demonstrate our commitment to sustainability in the following areas:



The following sections discuss the various steps DLMI has undertaken in 2020 to meet our sustainability targets.



MARKETPLACE

BALANCED NUTRITION

As the world population continues to grow, so does the need for consistent and sustainable provision of quality nutrition to provide the right nutrients to our consumers. Our parent company, RFC has this as one of the four cornerstones of its own CSR priorities - to ensure sufficient nutritious food is available to help combat undernourishment and a shortage of nutrients.

Locally, DLMI aims to continue our efforts in combating Malaysia's dual burden problem of malnutrition: undernutrition and overnutrition (obesity), and nutrient deficiency by ensuring our products are responsibly manufactured, high quality, healthy and available in various choice and portion sizes.

We innovate to provide our consumers with more product offerings to attract more consumers to drink milk in all occasions. At the same time, we educate our consumers on healthy eating to have a strong start to the day with breakfast and the need to make lifestyle changes emphasising the importance of being active with daily exercise.



INDUSTRY PLEDGE

In 2020, DLMI took a proactive step in further strengthening its stance on nutrition by participating in the industry self-regulating movement on responsible advertising to children under the Federation of Malaysian Manufacturers' Pledge (FMM Pledge) together with 12 other companies. The FMM Pledge governance and commitment is well recognised in support of the national health agenda led by the Ministry of Health's National Plan of Action for Nutrition of Malaysia III (NPANM III 2016-2025) in improving unhealthy eating habits and nutritional status of Malaysians.



HALALAN-TOYYIBAN COMMITMENT

DLMI remains committed to providing Halal products to our consumers by putting in place Halal systems that sets out our commitment to adhering to the Jabatan Kemajuan Islam Malaysia's ("JAKIM") and Jabatan Agama Islam Selangor ("JAIS") requirements. This covers the highest standards of hygiene, quality and safety conditions from the purchasing of raw materials to distribution of our products. DLMI's Internal Halal Committee (IHC) was established to undertake collective responsibility towards ensuring the Company practices adherence to the Halal Policy in alignment with both JAKIM and JAIS requirements.

Over the years, the Company has continued to increase efforts through IHC activities and initiatives in raising awareness amongst our employees through Halal communication and Halal trivia, participation in *Jariah Susu* (Ramadan Healthy Charity) during the fasting month, Halal internal audit training and periodic Halal briefing to distributors. DLMI acknowledges the importance of Halal professionalism whereby we continue to empower our Internal Halal Committee members by undergoing the Halal Professional Board certification by JAKIM. This further demonstrates our leadership and commitment in ensuring our professional competency towards halal compliance. The certification signifies an important milestone for the Internal Halal Committee in establishing the future Halal Roadmap for the Company.

DLMI's commitment and efforts toward elevating Halal compliance and practices in Malaysia were recognised by JAKIM through various platforms which includes being awarded the "White List" status in 2017 which expedites the process of DLMI Halal certification for 'speed to market'. DLMI will continue extending our Halal commitment and support to other State Halal authorities accelerated programmes such as the White List programme in the near future.

These many achievements reflect that DLMI's Halal system and practices in preserving our Halal integrity throughout DLMI's supply chain to serve and cater to the needs of Malaysian consumers are well recognised by relevant Halal authorities.



SUSTAINABILITY REPORT



COMMITMENT TO FOOD QUALITY AND SAFETY

Quality Assurance, Quality Control and meeting customer requirements are prime considerations for our business. At DLMI, we have achieved FSSC 22000 certification. Ultimately, the aim of the Company is to deliver safe food and good quality products to consumers, whilst demonstrating compliance with the prevailing laws and regulations. In addition, strong emphasis is also given to food safety with Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Point ("HACCP") System that cover all plants. In addition, the Ministry of Health ("MOH") has acknowledged our commitment in Food Safety & Quality by granting us the Fast Track GMP certificate in addition to the HACCP certificate DLMI obtained from MOH earlier.

The RFC Group safeguards food safety and food quality using the FoQus system. FoQus is the RFC global internal quality and food safety management system which requires all RFC production locations to undergo periodic audit verification to ensure its products and manufacturing processes meet the highest standards of the Group on quality and food safety.

FoQus supports the RFC Group and the Company in the development of an increasingly robust production process. With FoQus, strict requirements are enforced to ensure that all our products and the way in which it is produced meets our own high standards on food safety, quality, labour safety and environment.

DLMI continues to enhance the safety and quality of our products and we have successfully achieved "Gold" rating in ONE audit (integrated maturity assessment audit programme) in 2020. We also received global recognition and acknowledgement for our quality improvement projects and Golden Quality Certificate from the RFC Executive Board.

CORPORATE AND PERSONAL CONDUCT

To DLMI, sustainability means carrying out our business in a socially responsible and holistic manner to ensure continuous growth and success for the benefit of both the present and future generations. In pursuing this, we are guided by RFC's "Compass", which is our code for good business conduct. Compass and its corresponding policies provide the basic principles of integrity, respect and transparent business behaviour of DLMI and our employees in all our business undertakings. All our employees are expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships. Employees are contractually bound to abide by the Compass code for good business conduct in their business activities and with external stakeholders such as our customers and suppliers. Bribery and corruption are not tolerated. Employees are encouraged to report any malpractices without fear or favour with the establishment of the Speak-Up procedure which allow an employee to address any concerns regarding non-compliance with Compass to the Company's local trusted representatives or an external contact at the RFC Group's head office.

Compass has 14 corresponding policies which includes the whistle-blowing policy (known as Speak-Up), the anti-bribery and corruption policy (known as Doing Honest Business), fair competition policy, the privacy policy and many more. These policies are introduced to all employees within the Company via a comprehensive communication and training programme, e-learning, and during employee townhalls. On our Doing Honest Business Policy and training on the Corporate Liability Provision Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act), we ensure that the recommendations of the Guidelines on Adequate Procedures pursuant to the MACC Act are followed.

In line with the above, the Company's suppliers and vendors are also required to accept the FrieslandCampina Suppliers' Business Practices when becoming a provider of goods and/or services to DLMI.

RESPONSIBILITY TO SHAREHOLDERS AND INVESTORS

We recognise the importance of maintaining transparency and accountability to our shareholders and investors. In line with good governance practices, we place utmost importance on compliance, accountability and transparency in the disclosure of information to our stakeholders. We frequently engage research analysts and the media about DLMI's performance, new product launches and corporate social activities. DLMI's website at www.dutchlady.com.my provides corporate and financial information as well as news, highlights, events, product information and nutritional advice. Further details on the various channels utilised for timely engagement with our shareholders and investors can be found in our Corporate Governance Overview Statement and Statement of Risk Management & Internal Control in this Annual Report.



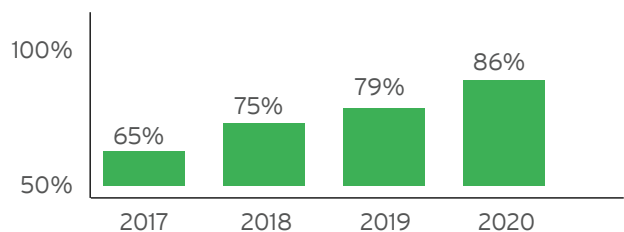
ENVIRONMENT

We remain committed towards our responsibility on environmental issues in the conduct of our business. It combines our responsibility with our business objectives for long-term sustainable development. Our Safety, Health and Environmental (“SHE”) Policy outlines our commitment and position on this.

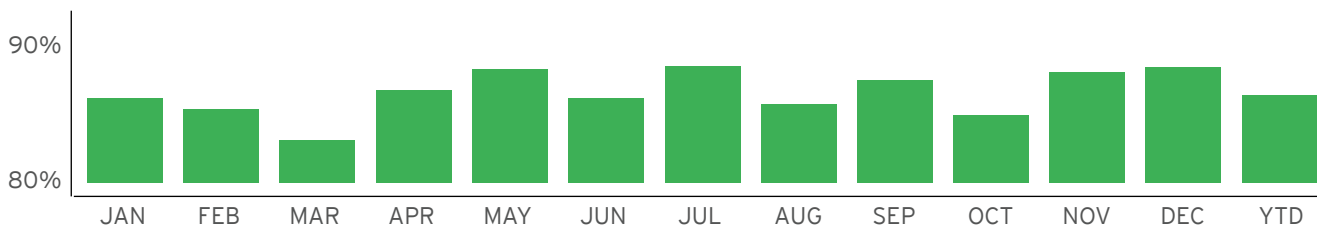
WASTE MANAGEMENT

DLMI is fully committed to reducing our carbon footprint by reducing waste to landfill. We achieved 86% in 2020 with launching 3R (Reduce, Reuse & Recycle) programme throughout the site.

Non-Landfilled (2017-2020)



2020 Total Non-Landfilled



DLMI generates the following industrial waste:



In 2020, we recycled 86% of our waste and reduced our landfill waste by an average of 7% following the launch of our 3R (Reduce, Reuse & Recycle) programme.

DLMI also began recycling office waste (such as printed paper, shred paper and Non-Food Waste from Office Pantry), food waste in the canteen and reduced usage of single used plastics (such as mineral water packing lunch box and disposable utensils).



SUSTAINABILITY REPORT



WASTE WATER MANAGEMENT

DLMI uses bio-organism technology in our Waste Water Treatment Plant (WWTP) that produced 443 tonnes of bio-sludge for fertiliser in 2020.

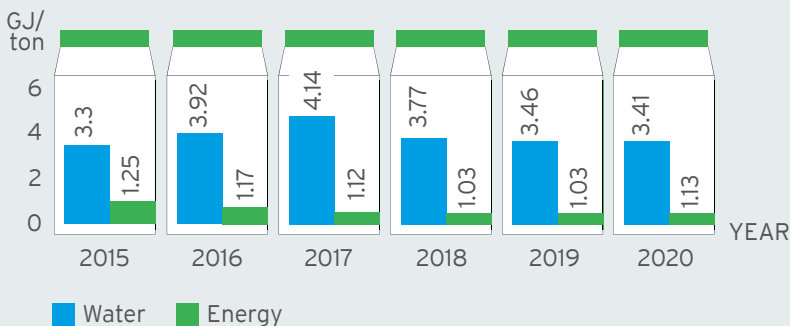
The waste water effluent discharge from the Waste Water Treatment Plant is also in compliance with Standard B (a standard set for discharge downstream of any raw water intake) stated in The Environmental Quality Act 1974.

We have also made safety improvements at WWTP which includes belt press machine guarding and additional emergency staircase.

ENERGY AND WATER MANAGEMENT

In 2020, we successfully managed our energy and water despite the high energy demand required for our new UHT lines that were installed to further improve energy and water efficiency at our plant.

Energy & Water Ratio



We achieved Energy ratio at 1.13 GJ/ton and Water ratio at 3.41 versus budgeted 1.13 and 3.70 respectively with few mechanical initiatives and programmes below:

- Auto-blowdown for boiler system
- Conversion to LED lightings from conventional lightings
- Steam system optimisation
- Compressed air optimisation

Besides the mechanical measurements, DLMI continued with the One Day One Leak (ODOL) programme whereby all observations captured shall be attended by Engineering within 24 hours ensuring minimum energy wastage and water leakage.





SUSTAINABLE SOURCING

DLMI believes in an efficient and sustainable supply chain. Other raw materials are used such as palm oil and cocoa, sugar and packaging materials like paper and cardboard.

Dairy raw materials are sourced via the parent company RFC, as well as from local farmers. Local farmers are supported via the Dairy Development Programme. Further details on the programme are contained in this report.

Our parent company, RFC, is a member of the Round Table on Sustainable Palm Oil ("RSPO"). In line with this, since 2011, we have manufactured our products using 100% sustainable palm oil. Besides sourcing for RSPO palm oil, we had also embarked on our journey to increase the visibility of our supply chains in 2019. Our sources of palm oil can be traced to the mill of production which opens the opportunity for DLMI to identify possible vulnerable spots and to work with our suppliers on introducing improvements in the process.

The same effort was put in place for cocoa, another major ingredient used. We use only sustainable cocoa that meets the Rainforest Alliance certification criteria. Certification shows that our products have been sourced, from farm to shelf, in a sustainable manner. In addition, our starch raw material suppliers are audited and comply with Sedex Members Ethical Trade Audit ("SMETA") and is one of the most widely used ethical audit formats in the world.

As members of Bonsucro, the global sugar cane sustainability platform, DLMI supports the sustainable production of sugar cane by purchasing 75% of our annual

requirements in 2019 and achieving 100% in 2020 of sugar as Bonsucro certified. Through this, we demonstrate our commitment to sustainable production of sugar cane, consistent with the company's Sustainability Strategy of Nourishing by Nature.

Besides sourcing sustainable (agricultural) raw materials, we have also demonstrated our commitment to responsible forestry by using the Forest Stewardship Council ("FSC") certified materials as its primary packaging used for our Dutch Lady UHT milk.

In Malaysia, DLMI was the first manufacturer to use FSC-certified packaging, beginning mid-2013. This is easily identified through the FSC logo printed on the products. Our efforts do not stop merely at primary packaging, but it continues to secondary packaging as most materials used by our Company are from sustainable sources.

RECYCLABLE PACKAGING

At DLMI, we are fully committed in ensuring sustainability. Our packaging portfolio is 85% recyclable and circular and 45% of our plastics are recyclable and circular. We are fully committed for our packaging to be 100% fully recyclable by 2025, mirroring our global commitment. Our parent company, RFC signed The New Plastics Economy Global Commitment, led by The Ellen MacArthur Foundation, and the Plastic Pact NL in 2019 to demonstrate our commitment towards making our packaging 100% reusable and recyclable by 2025 and fully circular by 2050.





SUSTAINABILITY REPORT



COMMUNITY

SPREADING THE GOODNESS OF DAIRY

Milk is an important source of nutrition in the development of our physical and intellectual health. Therefore, along with our purpose of spreading the goodness of milk, we have played an active role in supporting deserving organisations through sponsorship and donation of our dairy products, especially where the well-being, health and nutrition of families and children are concerned.

In 2020, DLMI continued to focus on the plight of the underprivileged community impacted by the Movement Control Order (MCO) and also Malaysia's frontline heroes; from limited access to food supply and nutrition during the lockdown - affecting their health and well-being.

Nourishing Malaysians during trying times

DLMI has contributed more than 200,000 packets of Dutch Lady milk to Malaysia's dedicated and tireless medical frontline personnel treating COVID-19 patients.

During the MCO period, DLMI contributed milk and dairy beverages to Sungai Buloh Hospital, Universiti Malaya Medical Centre, Hospital Kuala Lumpur, Dewan Bandaraya Kuala Lumpur, law enforcement agencies and government agencies in order to boost morale and provide necessary nourishment to all the frontline heroes as they battle against COVID-19.

DLMI also helped stranded and less fortunate members of society to gain access to better nutrition during the MCO.

We supplied Dutch Lady UHT milk packets to the Universiti Malaya Food Bank (UM Food Bank), Yayasan Food Bank Malaysia, and the Autism Cafe Project which were then distributed to qualified recipients.

The milk products were also channelled to 1,500 university students stranded on campus when the MCO was announced and this form of assistance ensured the students received proper nourishment.



As a responsible corporate citizen, we are just as concerned as other Malaysians about the COVID-19 pandemic.

In this small way, we hope to do our part to support those in need. This helps us continue our purpose of nourishing Malaysians with quality dairy nutrition



Tarang Gupta,
Managing Director, DLMI



Universiti Malaya students who were stranded in Campus receiving their Dutch Lady milk packs as part of arrangements between DLMI and UM Food Bank



Thankful for the nutritious milk given to them by Dutch Lady Milk Industries Berhad



An elderly gentlemen receiving food and nutritious Dutch Lady chocolate milk for iftar

Ramadan Charity Programme

DLMI had organised the Ramadan Charity Programme (called "Jariah Susu") to provide much needed nutrition to the underprivileged community by partnering non-governmental and charitable organisations.

The enforcement of the MCO presented us with numerous challenges but we remained focused on our purpose to keep Malaysia healthy and strong.

Through our Ramadan Charity Programme, we partnered with three charitable foundations, Yayasan Basmi Kemiskinan, Yayasan Salam Malaysia and Masjid Tun Abdul Aziz.

The partnership provided DLMI with the opportunity to reach more than 1,000 underprivileged families, nationwide, impacted by the MCO to ensure they had access to enough nutrition during the fasting period. Over 17,000 packs of delicious milk were distributed to the needy to enjoy their breaking of fast and also for their sahur.

Project DL Cares

During the MCO, DLMI played a role as a good corporate citizen to make sure Malaysian families had access to our trusted dairy nutrition, especially those severely impacted by the MCO.



Bringing nourishment to the underprivileged families during MCO

World Milk Day 2020

The World Milk Day was particularly important as the role of nutrition for general health is amplified by health experts in the midst of the global COVID-19 pandemic, a fight Malaysia has so far managed effectively.

DLMI demonstrated its strong support to Malaysia's efforts during the full MCO whereby more than 200,000 Dutch Lady milk packets were donated to medical frontline heroes at Hospital Kuala Lumpur, University Malaya Medical Centre as well as to enforcement agencies, underprivileged communities and stranded university students.

In 2020, the World Milk Day theme - *Milk Keeps Us Going* - was aptly coined as high-quality dairy nutrition helps build a stronger immune system which is crucial for overall health in the age of a global pandemic which shows no signs of slowing down.

DLMI's new brand story, '*Strong Me, Stronger Us*' further reinforces our purpose of nourishing a nation while exemplifying our mission to help Malaysians become stronger with the goodness of milk, to unite and thrive together during these unprecedented times.

A special Dutch Lady "Moo Truck" was flagged off at the DLMI office with strict social distancing measures in place and made its journey around the Klang Valley to spread message of the goodness of milk.



SUSTAINABILITY REPORT



Fruitful session with the FSQD officers from multi departments who participated in the Continuous Medical Education session before the MCO kicked in in March 2020

Continuous Medical Education (CME) with stakeholders

DLMI organised a Continuous Medical Education (CME) programme partnering with the Food Safety & Quality Division (FSQD) of the Ministry of Health in 2020. The programme, participated by 30 participants consisting of officers from FSQD and Jabatan Kamajuan Islam Malaysia (JAKIM) which enabled DLMI to share the latest information on dairy nutrition and at the same time highlight the importance of milk in a healthy and balanced diet.

The CME programme is a great platform for DLMI to share our innovation initiatives and to update our stakeholders on DLMI introducing healthier product offerings in line with the national health agenda and also the introduction of Friso Gold's TrackEasy smart application for food transparency and quality assurance to support the Government's food security agenda.

IMPROVING DAIRY SELF-SUFFICIENCY

DLMI, the Department of Veterinary Service ("DVS") and the Embassy of The Netherlands have been working together since 2008 to help local dairy farmers make their business more sustainable to meet the growing demand for milk in Malaysia. Through the Dairy Development Programme ("DDP"), DLMI has been providing Malaysian farmers with the necessary knowledge to improve their capabilities in areas such as effective feed and nutritional practices, good animal health and fertility practices, disease control, milk testing and monitoring methods.

We embarked on the Farmer2Farmer Programme in 2013 as part of our long-term commitment to increase the supply of local milk and empower farmers to build sustainable businesses and improve their livelihoods. This is our way of supporting the government's plan to achieve 100% self-sufficiency in domestic milk production by 2025.

DLMI continued to play its role in developing a sustainable dairy industry by partnering with the Government via the Dairy Development Programme to increase local production of high-quality raw milk supply.

This successful partnership with the Ministry of Agriculture and Food Industry and the Department of Veterinary Services, to grow local raw milk supply has contributed to an increase of local milk supply from 2.7 million litres in 2017 to 3.5 million litres in 2020. This partnership will be further strengthened moving forward in achieving the Government's goal of a Self-Sufficiency Level for fresh milk at 67 million litres by 2025.

DLMI continued to support the local farmers during the MCO in 2020 with the postponement of the Farmer2Farmer Programme due to the COVID-19 outbreak.



Continued to support our local dairy farmers during MCO and also provided Good Dairy Farming Practice training in 2020



WORKPLACE

BEING THE NO 1 EMPLOYER IN DAIRY

The working environment of DLMI is fondly characterised by fairness, respect and integrity. We are highly committed in providing equal and competitive opportunities at all levels of our business, both within the scope of Talent Acquisition and Talent Development or Management. The Company is also guided by the principles of diversity and our employee portfolio reflects a broad variety of cultures, ethnicity, gender and age.

An overview of workforce statistics over the last 3 years:

Overview of workforce statistics

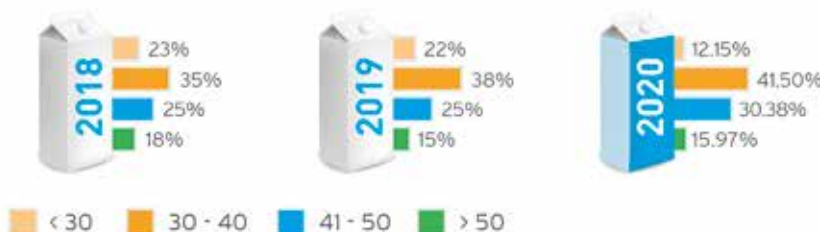
Category



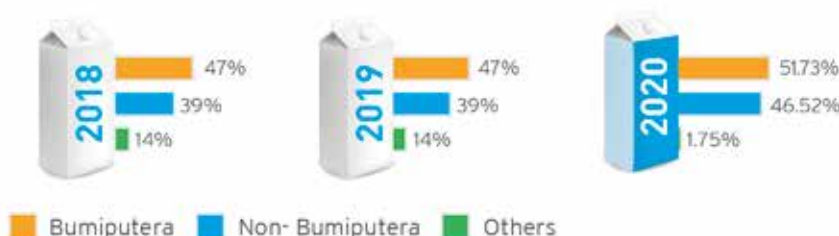
Gender



Age Group



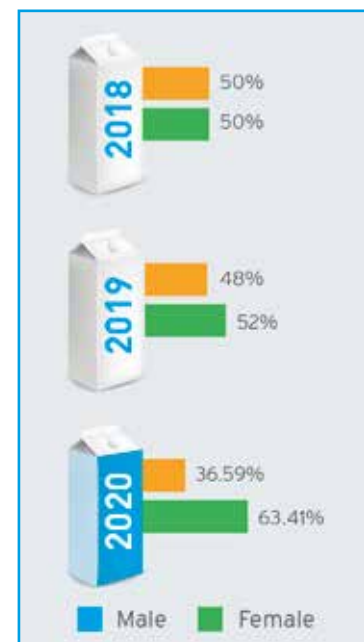
Diversity



DLMI also aims to achieve a balanced participation between men and women in the workforce.

In 2020, the ratio of women working at DLMI increased to almost 35 percent while for men it had decreased to 66 percent (2018: 28 and 72 percent). The Company continues to maintain a 50:50 ratio of women and men in its Management Team from 2018. Further, women made up more than 50 percent of DLMI's Operations Leadership Team. In 2020, DLMI's Board of Directors continue to maintain a 50 percent ratio of men and women. This demonstrates DLMI's continued commitment to ensuring equal opportunities for both men and women in the workforce.

Overview of new hires by gender:



We are an employer that respects our employees and inspire them to fulfil their potential. We have a comprehensive performance management system which provides opportunities for employees to



SUSTAINABILITY REPORT

discuss performance, opportunities for development and a chance to raise any issues or concerns. This resonates with our commitment to treating everyone fairly and consistently by, responding to their needs and supporting their career development and progression. This enables the Company to be a high performing organisation that is responsive to changing economic conditions and business needs.

In 2020, the WIN-WIN corporate culture was further stressed upon to encourage employees to win in the market and to reach our ambitions and Our Purpose, Our Plan are being accelerated. The purpose is for the organisation and the employees to build and embed a winning performance culture following the WIN-WIN culture and values. WIN-WIN is our way of working within Royal FrieslandCampina N.V. Our WIN-WIN mindset and behaviours consist of three core building blocks, Purpose-driven, Commercially obsessed and Owners' mindset; each with three challenges and aims for the same goal of Winning in the market.

EMPLOYEE ENGAGEMENT

DLMI continued to ensure open and two-way communication for all employees during the Movement Control Order (MCO) through various initiatives in 2020.

Listening to our people was key during the lockdown in 2020, where the Company's active listening was reflected in the numerous Pulse Surveys conducted such as on the Future Way of Working (Staggered Working Hours and Telecommuting), COVID-19 Pulse Survey, Over2You Pulse Survey, and Body.Mind.Soul Pulse Survey. Here, our employees feedback and suggestions were taken into consideration in designing our initiatives and also shaping the way we work.

The transformation impact on mindset and behaviour was reflected in the Company introducing a gradual move towards a more Agile way of working, encouraging a more flexible working environment such as Telecommuting, as well as organising sessions on Mindfulness, amongst others, in taking care of our employee's wellbeing.

Body.Mind.Soul - Staying Energised Through Volatility

In 2019, the Employee Engagement model, Body.Mind.Soul (BMS) was born. BMS stemmed from the need to be Future Focused given that the landscape has become volatile, unpredictable, and uncertain, and therefore, employees needed to be more agile. With this, the focus for BMS was geared towards individual energy, derived from mental, spiritual, and physical strength - congruent with our Over2You Sustainable Engagement focus, whereby an Engaged, Enabled and Energised workforce was key in driving our business forward.

Many initiatives were deployed via BMS such as:

- Virtual Mindfulness Sessions
- Virtual Zumba and Yoga
- Virtual Talks on Physical and Mental Wellbeing, on managing COVID-19 (i.e. by Doctors, Nutritionists, Psychologists)
- Providing employee support (EAP) for physical and mental wellbeing through NALURI
- Health Screening at the Factory by NALURI
- Tea with Tarang Sessions
- Internal communication and engagement on Self Care, Physical and Mental Wellbeing, Work From Home Tips, Employee Recognition and Appreciation
- Organising charity drives through our employees (Blue Brigade)
- Celebration of International World Days

Through BMS, our People remained energised to continue winning despite 'business unusual', this was apparent in our Over2You scores: Low Attrition Rate of 7.70% and high engagement.



Constant engagement with employees through a variety of channels to keep them energised throughout 2020



In addition, virtual townhalls were held bi-monthly during the duration of the lockdown when work-from-home arrangements were activated. These platforms were tapped on by DLMI to ensure employees were constantly kept abreast of all business and COVID-19 related developments as their health and safety are our priority.

Employees also have access to a shared portal on the Intranet, where they can gain the latest information on the RFC Group, as well as obtain necessary documents and schedules.

Managing COVID-19 Internally

In light of the COVID-19 crisis and the impact on businesses, DLMI had similarly undergone many sudden changes in order to adapt; we resorted to a full Work From Home arrangement, implemented changes in shift for Production, and there was the urgent need for DLMI to continuously nourish our nation.

With all these rapid changes during these challenging times, the strength and contributions of our People mattered more than ever. This was our focus during this period - to ensure our employees stay safe, stay connected, energised, and maintained a strong culture of appreciation and recognition.

Many initiatives were deployed internally during the MCO, such as:



- ▶ COVID-19 Testing
- ▶ Distribution of Care Packs
- ▶ Keeping employees informed on COVID-19 (SOPs, Developments)
- ▶ Encouraging new and practical solutions to adapt to a business unusual environment and diversity in the workforce (Factory, Field, Working From Home), such as moving all activities virtually
- ▶ Deploying Talks via BMS on managing COVID-19, experiences of Frontliners, managing isolation and stress/anxiety (mental wellbeing)
- ▶ Communication and Engagement initiatives on Wellbeing
- ▶ EAP Support
- ▶ Employee Listening: Pulse Surveys on COVID-19
- ▶ Fruits-At-Work to boost immunity
- ▶ Milk Giveaways to our Employees



Former Minister of International Trade and Industry, YBhg. Tan Sri Rafidah Aziz came to give DLMI employees a 'lesson' in gender equality on International Women's Day in 2020 before MCO was implemented



Prominent social activist, Syed Azmi Alhabshi (right) during the virtual Nourishing Minds session accounting his experiences on the impact of MCO on the underprivileged community

Nourishing Minds Series

In 2020, DLMI continued the Nourishing Minds sessions to keep our employees constantly engaged and motivated. This initiative allowed DLMI employees to continue gaining "outside-in" perspective from influential to inspiring individuals who play a pivotal role in providing valuable insight to grow, inside and outside.

Kicking off the series in 2020, DLMI celebrated International Women's Day with a special Nourishing Minds session. A very special guest, YBhg Tan Sri Rafidah Aziz was invited to address an audience of 150 DLMI employees by sharing her insight on women empowerment and gender equality.

YBhg Tan Sri Rafidah also highlighted that women must prioritise self-leadership and self-development regardless of gender or race.

The series further provided the platform for DLMI to introduce its DLMI Prihatin initiative to inculcate the culture of care among employees. An active figure in social activism, Syed Azmi Alhabshi provided insight into the hardships experienced by the underprivileged communities impacted by the Movement Control Order; from loss of jobs, no income and no access to food supply and basic essentials - lack of nutritious food.

SUSTAINABILITY REPORT



Celebrating the achievements of our employees' children



Education Excellence Award 2020

DLMI had always believed in investing in young talent, and recognised that there was no better way to start than investing in our future generation – the children of our very own employees, through the annual Education Excellence Awards. In 2020, there were a total of 10 award recipients.

Despite the limitations presented by the COVID-19 pandemic, DLMI was determined to mark the occasion in 2020 to celebrate the achievements of our employees children and thoughtfully curated goodie bags and vouchers. It was indeed a lovely opportunity for both parents and children to bond and recognise their hardwork, achievement, and the pride reflected in the photos were priceless – and also immense pride of being an employee of Dutch Lady Milk Industries was reflected.

SAFETY, HEALTH AND ENVIRONMENT REMAINS OUR NO. 1 PRIORITY

In 2020, DLMI achieved main KPI in Safety, Health and Environment where by 31 December 2020, our Total Recordable Frequency Rate (TRFR) record was 0.12 versus 0.14 budgeted TRFR. However, there was 1 LTA recorded which impact our KPI of ZERO LTA.

YEAR	NO OF INCIDENTS	NO OF LTA	NO OF FATAL ACCIDENTS
2020	1 case	1	0
2019	2 Cases	0	0
2018	2 Cases	1	0
2017	3 cases	1	0
2016	7 cases	0	0

DLMI received few rewards and recognition in Safety, Health and Environment in year 2020:

1. DLMI scored 9 (out of 10) in Production @ Risk Global Audit. We are the one of the highest achiever among Royal FrieslandCampina in fire safety management and compliance

2. DLMI successfully migrated Occupational Safety and Health Management System (OSHMS) from OHSAS 18001:2007 to ISO 45001:2018
3. DLMI successfully continue Environmental Management System (EMS) ISO 14001:2015
4. DLMI achieved score of 2.4 in SHE pillar for ONE Audit which contribute to a GOLD level achievement

Safety incidences were reduced through these efforts:

1. Safety Leadership and Commitment - Leaders provide weekly safety dialogue through Process Confirmation and Worksite Safety Inspection. Safety sharing is mandatory and standard process in DILO/WILO (Day In Life Of/Week In Life Of)
2. Online Reporting System (ORS) - A digitalise Safety Observation Reporting System is launched to ease the reporting process. Our employees now share and report the unsafe condition, behaviour observation and environment issues through a phone application anytime and anywhere. We received a total of 1,389 observation reports from employees exceeding the target by 198.4%, and 98.4% closure rate of outstanding actions



3. Understanding Your Culture (UYC) Survey has been conducted and output show DLMI SHE culture were between proactive and collaborative safety culture
4. Staircase Management - Anti-slip hazardous tapes/plates and handrails (both sided) have been installed on all platform ladder and staircase.
5. Root Cause Analyse (RCA) - all first aid cases and frequent reported near misses are investigated with RCA for further corrective and preventive actions
6. Training and communication - Aligned with Learning and Development (L&D) department on skills matrix management and fundamental SHE topics has been identified
7. Managing Rule Breaking System - Strengthen Life Saving Rule (LSR) Consequences Management System
8. Work Permit & Last-Minute Risk Assessment (LRMA) - Strengthen the Work Permit process by implementing 5 Lines of Defence in each non-routine work
 - a) All non-routine jobs are discussed weekly basis for risk management and manpower & resources planning.
 - b) All high-risk job shall be supervised by a Safety Site Supervisor (SSS) or Safety & Health Officer (SHO)
 - c) LMRA shall be executed by DLMI job owner, DLMI area owner, and contractor before job starting and resuming
 - d) Work Permit and LMRA will be verified by DLMI SHE SMEs and sign-off for the job approval
 - e) Worksite Safety Inspection (WSI) will be carried out by SSS/SHO and assigned Managers throughout the in-progress work

The Company also focused on Technical Safety, Social Performance, Health and Environment Improvement with the programmes and initiatives below:

Technical Safety

- a) Completion of HAZOP Study for Boiler
- b) Improvement for ATEX earthing system in Powder Plant, complete replacement of ATEX proof pump
- c) Completion of Lock-Out/Tag-Out/Try-Out (LOTOTO) Specific Work Instructions for all machineries & equipment in the Powder, UHT, MLR, STM, CHP, QC Lab, Engineering Workshop
- d) Improvement on Machine Guarding and Emergency Exit at WWTP

Social Performance/Health Programme/Environment

- a) Manage egress traffic to reduce safety risk and congestion issues for communities, neighbourhood and public. Improvise safe people movement and part of Internal Transport through Security Enhancement Programme
- b) Noise monitoring programme are provided with noise risk assessment (NRA) and Audiometric
- c) Successfully conduct Chemical Health Risk Assessment (CHRA)
- d) Complete Chemical Exposure Monitoring
- e) In continuation of 3R (Reduce, Reuse, Recycle) Programme, DLMI has introduce Food Waste Programme to enhance Zero landfill waste disposal. This was initiated in Q4, 2020, contributing to an average non-landfilled waste of 86.4%
- f) Collaborate with other stakeholder on Q.SHE.HR. Event 2020, promoting Safe Defensive Driving, Chemical Safety, & 3R Programme

Activities implemented for 3R Programme:

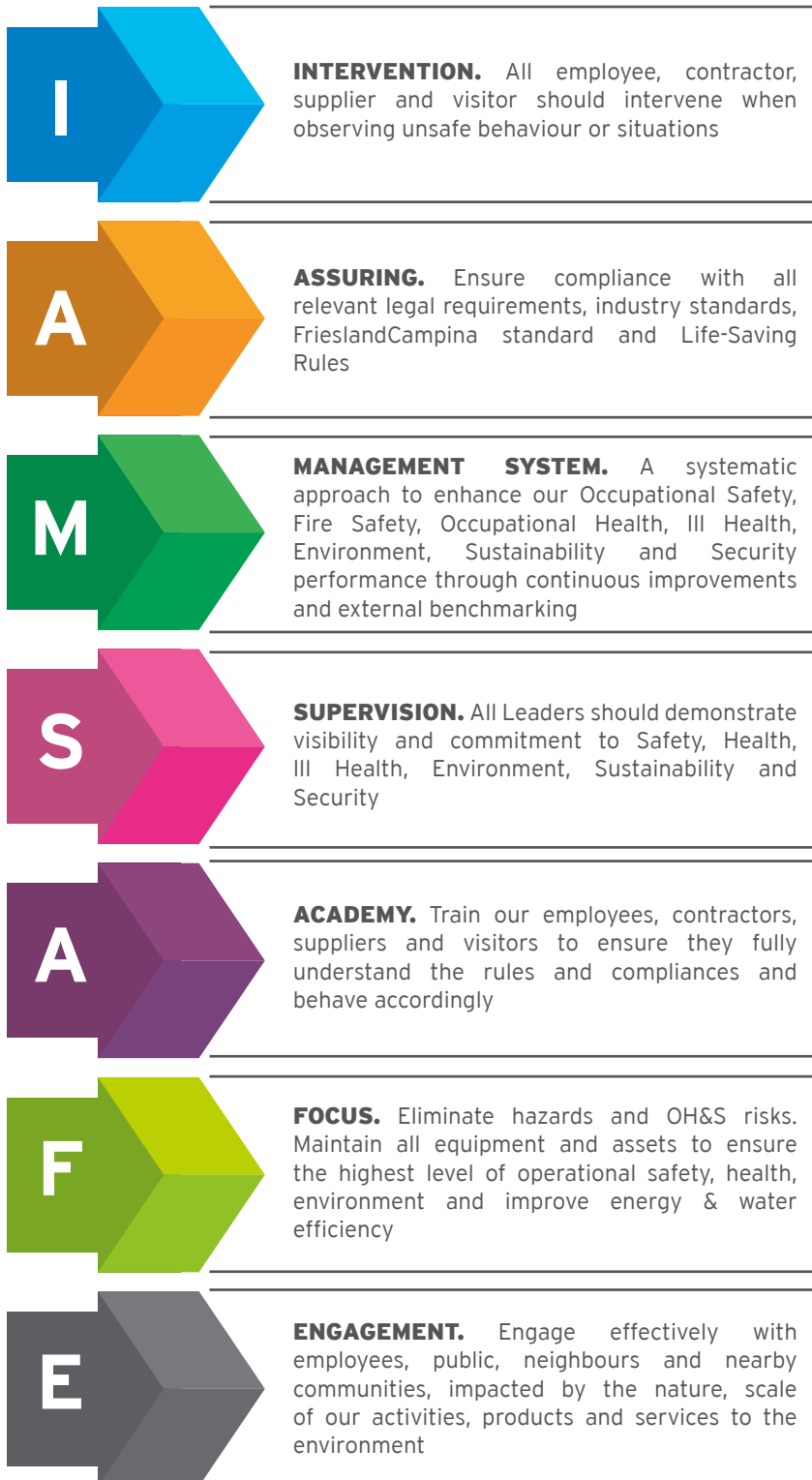


We believe in Zero accidents. DLMI recognises the importance of Occupational Safety and Health, Environmental protection and the conservation of natural resources. We believe all accidents & incidents can be prevented and should be avoided at all cost.



SUSTAINABILITY REPORT

We are therefore committed to the 'I AM SAFE' policy:



Safety, Health & Environment remains 1st priority for DLMI and everyone in DLMI shall react pro-actively to maintain a safe work place and take care of each other safety and ill health.

TRAINING & DEVELOPMENT

Our employees are vital to our sustainable success. We aim to grow global leaders equipped with the knowledge and skills to keep us at the forefront of the industry. We are passionate about talent management and development, which encompasses on-the-job training, mentorship programmes, specific skill development programmes, performance improvement plans and job realignment programmes that enable employees to learn and grow in the organisation.

Being a progressive and team-based organisation, our commitment to human capital growth, leadership and development extends within the region via our functional academies and globally, through RFC's leadership programmes, enabled by FrieslandCampina Academy. FrieslandCampina Academy enables the RFC Group to influence talent as an accelerator for achieving business results.

We are dedicated in investing towards the growth and development of our employees. DLMI obtained a total of 771 training man-days from 79 training programmes completed by our employees throughout the year in 2020. The training programmes were accomplished by employees at all job grade levels, including the unionised employees. We had also established a set of compulsory syllabus for all new employees to learn and adapt, in order to ensure a seamless assimilation into our working culture. This was an impetus for us to strive for greater achievements and continuously building our talent pool.



As the impact of COVID-19 changes the way we work, as an organisation, we re-designed our Training & Development approach to meet the skill needs of our employees. Virtual learning was introduced as early as mid-April 2020 when the Government enforced the Movement Control Order on 18 March 2020.

Realising that virtual learning may not suit all our employees, especially for non-executives. Hence, we put in more effort and focus on *on-the-job* training through Skills Matrix initiatives for non-executives. In 2020, DLMI upskilled ~50 employees to be fully competent in their respective work areas. Among the 50, 11 of them have developed multi-skilling through this initiative.

An overview of training hours invested on developing our employees over the last 4 years:

YEAR	TOTAL TRAINING HOURS FOR EXECUTIVES (JG10 AND ABOVE)	TOTAL TRAINING HOURS FOR NON-EXECUTIVES (BELOW JG10)
2020	6,962	753
2019	4,128	2,036
2018	3,536	2,944
2017	4,124	1,604

*Does not include on-the-job training

NURTURING TALENT

DLMI understands that the future lies in the hands of the younger generation of our workforce. We place great importance on cultivating and nurturing the future generation with the right skills, knowledge and values that are essential to shaping a brighter tomorrow.

Our business environment and commercial demands are constantly evolving, therefore our ability as an organisation to adapt, achieve and stay ahead of the game, is influenced by the development and growth, of all our people.

In 2020, FrieslandCampina refreshed the Global Talent Management Cycle in line with the Performance Management framework. The processes within the cycle have been 'e-enabled' through its Talent and Learning Management system used by RFC worldwide as a platform that offers support in all talent, performance and learning activities for employees worldwide.

Through the Talent Review process, the organisation determines the potential of each employee. The outcome of this discussion is the starting point to discuss possible next steps and the readiness for that specific employee. This results into Succession Planning, which is the structured process of identifying possible successors, and their readiness, for pivotal (i.e. critical) positions in the Company.





SUSTAINABILITY REPORT

SUSTAINABILITY ROADMAP

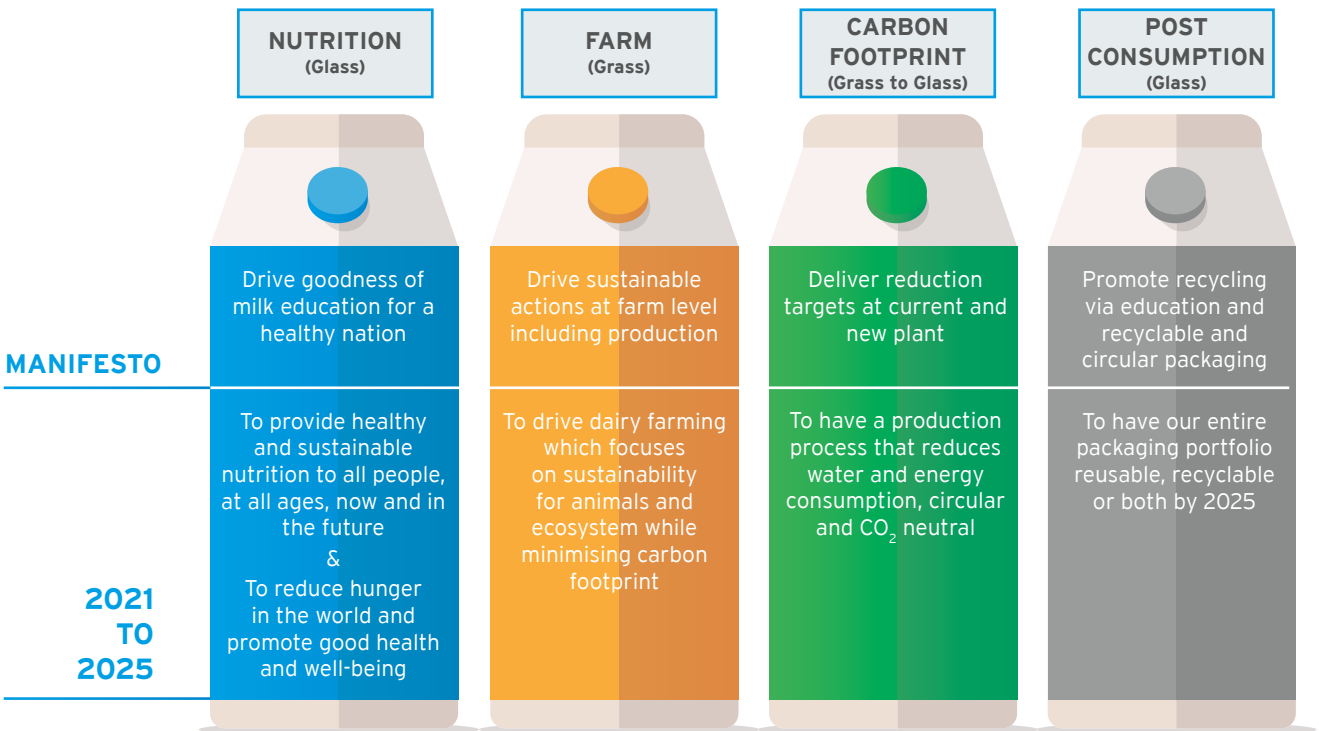
DLMI's sustainability roadmap was established in the fourth quarter of 2020 to drive the Company's comprehensive strategy on sustainability, reflecting clearly our Grass to Glass philosophy.

The sustainability roadmap sets out 4 clear focus areas that carry real meaning to us - nourishing Malaysians with better and affordable nutrition, leading sustainable actions at the farm, producing in balance with nature via our carbon footprint reduction and post-consumption initiatives.

These sustainable actions and initiatives are aligned with FrieslandCampina's 'Nourishing a Better Planet', which are also linked to supporting 5 out of 17 Sustainable Development Goals.



Learn more about our sustainability roadmap below:





REINFORCING OUR SUSTAINABILITY COMMITMENT FOR THE FUTURE

Industry Engagement

At industry level, DLMI has been active in driving the recyclable and circular packaging agenda:

- We are one of the ten founding members (Food & Beverage multinational companies) that established the Malaysian Recycling Alliance Berhad (MAREA) in 2019. The purpose of the alliance is to promote and improve collection and recycling of post-consumer packaging product - to integrate and create a recycling ecosystem in Malaysia.

A key function of MAREA is to initiate activities to educate and raise awareness on the importance of responsible waste disposal and encourage the culture of recycling in the community and schools. DLMI and other MAREA members have been continuously advocating and engaging with the Government as the voice of industry in ensuring a sustainable recycling ecosystem in Malaysia.

- In further cementing DLMI's sustainability commitment, in 2020, DLMI Managing Director, Mr Tarang Gupta and our Independent Director, Datin Seri Sunita Mei-Lin Rajakumar joined the CEO Action Network (CAN) as

members. Datin Seri Sunita was appointed a Steering Committee member, leading the work stream on Policy Advocacy. CAN is a closed-door peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action and performance. Through a dedicated Working Group, Workstreams and active members driving bespoke initiatives, CAN aspires to catalyse its members towards shaping future-ready and ESG-integrated business models and ecosystems.

Over the next 12 months, we are committed to lead CAN to engage with various stakeholders including supply chain, regulators and policy makers, government as well as our peers across various sectors to forge partnerships that are committed to responsible business practices and sustainable development. In the process, we will not only exchange industry best practices, but also share proven strategies and future-proof ideas with CAN participants.

- DLMI is also part of the Federation of Malaysian Manufacturers to champion and be the voice for the industry to set the tone on creating a sustainable recycling ecosystem in Malaysia and more.





**STAYING SAFE AND ADOPTING
NEW AGILE WAYS OF WORKING**



The safety of our employees, farmers, customers and consumers are our priority. In a pandemic era, we have been responsive in adopting new agile ways of working that prioritise safety throughout our business and supply chain. We ensured business continuity so that our products are continuously available to our consumers during the various Movement Control Orders.



DIRECTORS' REPORT

for the financial year ended 31 December 2020

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2020.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Zainal Abidin bin Putih
Saw Chooi Lee
Bernardus Hermannus Maria Kodden
Tarang Gupta
Dato' Dr Rosini Alias
Tengku Nurul Azian Tengku Shahrman
Datin Seri Sunita Mei-Lin Rajakumar
Jean Serge Krol

In accordance with Article 93(a) of the Company's Constitution, Tengku Nurul Azian binti Tengku Shahrman and Datin Seri Sunita Mei-Lin Rajakumar who were appointed since the date of the last report, shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

PRINCIPAL ACTIVITIES

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the year	73,363

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year. Under the Company's Constitution, the Directors are not required to hold any shares in the Company.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a first interim ordinary dividend of 40.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM25,600,000 in respect of the financial year ended 31 December 2020 on 24 July 2020; and
- ii) a second interim ordinary dividend of 40.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM25,600,000 in respect of the financial year ended 31 December 2020 on 24 December 2020.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2020.



DIRECTORS' REPORT

for the financial year ended 31 December 2020

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 15 to the financial statements.

INSURANCE EFFECTED FOR DIRECTORS

During the financial year, the total cost of insurance effected for Directors of the Company is RM9,722 (2019: RM7,563).

HOLDING COMPANIES

The immediate and ultimate holding companies are FrieslandCampina DLMI Malaysia Holding BV and Royal FrieslandCampina NV respectively. Both companies are incorporated in the Netherlands.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report:
 - (i) there are no charges on the assets of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

OTHER STATUTORY INFORMATION (CONTINUED)

- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 14 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 25 February 2021.

Signed on behalf of the Board of Directors:

.....
Tarang Gupta

.....
Jean Serge Krol

25 February 2021



STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	199,721	123,482
Right-of-use assets	4	9,732	3,977
Intangible assets	5	957	1,675
Total non-current assets		210,410	129,134
Inventories	6	151,016	135,024
Trade and other receivables	7	81,501	112,852
Prepayments		311	5,052
Cash and bank balances	8	55,605	61,532
Derivative financial assets	9	2	-
Total current assets		288,435	314,460
Total assets		498,845	443,594
Equity			
Share capital	10	64,000	64,000
Retained earnings		102,580	80,417
Total equity		166,580	144,417
Liabilities			
Lease liabilities	4	3,590	340
Deferred tax liabilities	11	4,494	6,794
Total non-current liabilities		8,084	7,134
Trade and other payables	12	295,492	264,928
Provision	13	228	207
Current tax liabilities		6,723	7,663
Bank overdraft	8	16,705	16,724
Lease liabilities	4	2,893	634
Derivative financial liabilities	9	2,140	1,887
Total current liabilities		324,181	292,043
Total liabilities		332,265	299,177
Total equity and liabilities		498,845	443,594

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue from contracts with customers - sales of goods recognised point in time		1,100,659	1,066,662
Cost of sales		(743,582)	(661,942)
Gross profit		357,077	404,720
Other income		6,518	3,371
Distribution expenses		(155,875)	(168,191)
Administrative expenses		(30,850)	(28,156)
Other expenses		(76,869)	(70,902)
Results from operating activities		100,001	140,842
Interest income		683	455
Finance costs		(3,173)	(3,697)
Profit before tax	14	97,511	137,600
Tax expense	16	(24,148)	(34,642)
Net profit for the financial year/Total comprehensive income for the financial year		73,363	102,958
Basic and diluted earnings per ordinary share (sen)	17	114.6	160.9



STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

	Note	Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Total equity RM'000
At 1 January 2019		64,000	41,459	105,459
Net profit/Total comprehensive income for the financial year		-	102,958	102,958
Dividends to owners of the Company	18	-	(64,000)	(64,000)
At 31 December 2019/1 January 2020		64,000	80,417	144,417
Net profit/Total comprehensive income for the financial year		-	73,363	73,363
Dividends to owners of the Company	18	-	(51,200)	(51,200)
At 31 December 2020		64,000	102,580	166,580

Note 10

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables		1,143,739	1,068,445
Cash paid to suppliers and employees		(972,074)	(913,940)
Cash generated from operations		171,665	154,505
Income tax paid		(27,388)	(36,718)
Net cash from operating activities		144,277	117,787
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(92,635)	(19,846)
Purchase of intangible assets	5	(593)	(192)
Proceeds from disposal of property, plant and equipment		137	73
Interest received		683	455
Net cash used in investing activities		(92,408)	(19,510)
Cash flows from financing activities			
Interest paid		(2,922)	(3,640)
Dividends paid	18	(51,200)	(64,000)
Payment for principal portion of lease liabilities	4	(3,655)	(2,766)
Net cash used in financing activities		(57,777)	(70,406)
Net increase/(decrease) in cash and cash equivalents		(5,908)	27,871
Cash and cash equivalents at 1 January		44,808	16,937
Cash and cash equivalents at 31 December	8	38,900	44,808



STATEMENT OF CASH FLOWS

for the year ended 31 December 2020 (continued)

The reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

	Lease Liabilities RM'000	Total RM'000
Balance at 1 January 2019	3,683	3,683
<u>Changes from financing cash flow</u>		
Non-cash changes:		
Interest portion of lease payments	57	57
Cash flows:		
Repayment of lease liabilities	(2,766)	(2,766)
Balance at 31 December 2019/1 January 2020	974	974
Additions	8,913	8,913
<u>Changes from financing cash flow</u>		
Non-cash changes:		
Interest portion of lease payments	251	251
Unrealised exchange rate loss	44	44
Cash flows:		
Repayment of lease liabilities	(3,699)	(3,699)
Balance at 31 December 2020	6,483	6,483

NOTE TO THE STATEMENT OF CASH FLOWS

Interest paid shown in cash flows from financing activities arose from interest paid to a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution.

NOTES TO THE FINANCIAL STATEMENTS

Dutch Lady Milk Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office

Level 5, Quill 9
No 112, Jalan Prof Khoo Kay Kim
46300 Petaling Jaya
Selangor Darul Ehsan

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm.

These financial statements were authorised for issue by the Board of Directors on 25 February 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (i) Standards, amendments to published standards and interpretations that are effective

The Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.



NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

- (i) Standards, amendments to published standards and interpretations that are effective (continued)

The Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs (continued).

In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments shall be applied prospectively.

The adoption of the amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

- (ii) Standards, amendments to published standards and interpretations that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2020. None of these is expected to have a significant effect on the consolidated financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as disclosed below.

(i) Trade spend accruals

Trade spend accruals of RM41.0 million (2019: RM40.2 million), which consists primarily of trade rebates and promotional discounts, are based on agreed trading terms and promotional activities with trade customers and distributors. Trade spend accruals are recognised under the terms of these agreements, to reflect the expected rebates, promotional activities and historical experience. These accruals are reported within Trade and Other Payables under Trade Payables (Note 12). The estimates for these accruals are regularly reviewed by senior management of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss,
- and those to be measured at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Initial Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Subsequent measurement

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/(expenses) in the period in which it arises.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Impairment

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has the following debt instrument that is subject to the ECL model:

- Trade receivables
- Other receivables and deposits
- Intercompany receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, the Company applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, deposits and non-trade intercompany receivables, the Company applies the general three-stage approach to determine the ECL.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Company defines a financial instrument as default, when the counterparty fails to make contractual payment, as per the credit terms ranging from 1 to 60 days, when they fall due.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables arising from manufacturing and distribution of dairy product business have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments. Assessment on debtor's recoverability will be performed by management on a case by case basis.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, deposits and non-trade intercompany receivables

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, import duties and any non-refundable purchase taxes and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

- buildings 10 - 25 years
- plant and machinery 5 - 33 years
- motor vehicles 5 years
- furniture and equipment 5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

Leasehold land is presented under right-of-use assets in statement of financial position. See accounting policy Note 2(e) on right-of-use assets for these assets.

(iv) Impairment

At the end of the reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(g) on impairment of non-current assets.

(e) Leases - Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to 2 (e)(iv) below).



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases - Accounting by lessee (continued)

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases - Accounting by lessee (continued)

(iv) Reassessment of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short-term leases and leases of low-value assets

The Company has elected not to recognise a lease liability for short term leases (leases expected term of 12 months or less) or for lease of low value assets. Payment made under such leases are expensed on a straight-line basis in profit or loss.

In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

(f) Intangible assets

(i) Computer software

Computer software that is acquired by the Company, which has finite useful life, is measured at cost less any accumulated amortisation and any accumulated impairment losses.

Costs that are directly associated with identifiable computer software and that will probably generate economic benefits exceeding cost beyond one year or cost savings to the Company and are not integral to other equipment are recognised as intangible assets. These costs include the employee costs of software development and an appropriate portion of relevant overheads.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful life of computer software for the current and comparative periods is 5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, banks overdrafts are shown in current liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Share capital

Classification

Ordinary shares with discretionary dividends are classified as equity.

Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(k) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade payables

Trade payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Company expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(n) Revenue from contracts with customers and other income

Revenue from contracts with customers

(i) Goods sold

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The dairy products are often sold with trade discounts and volume rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term ranging from 1 to 60 days, which is consistent with market practice.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue from contracts with customers and other income (continued)

Revenue from contracts with customers (continued)

(i) Goods sold (continued)

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Accounting for customer loyalty programme

Under MFRS 15, the total consideration is allocated to the points and goods sold based on the relative stand-alone selling prices. Using this method, a contractual liability is recognised in relation to the customer loyalty programme in 2019 amounting RM340,423. However in 2020, the company has decided to terminate this program and converted the investment into other forms of activities.

(iii) Accounting for refunds

The Company is obliged to refund the purchase price of the product sold in situations where the customer has a contractual right to return the product within a given period. The Company recognised refund liability for returns which was measured on a net basis at the margin on the sale and the corresponding entry to revenue.

Under MFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue and classified as part of the 'trade and other payable' balances.

Other income

(i) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(q) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2019		66,462	128,790	664	32,298	36,944	265,158
Additions		-	-	-	-	19,846	19,846
Disposal		-	(6,588)	(74)	(161)	-	(6,823)
Transfers		-	17,075	-	6,554	(23,629)	-
Transfer to intangible assets	5	-	-	-	-	(27)	(27)
At 31 December 2019/1 January 2020		66,462	139,277	590	38,691	33,134	278,154
Additions		-	-	-	-	92,635	92,635
Written off		-	(2,530)	-	-	-	(2,530)
Disposal		-	(712)	(94)	-	-	(806)
Transfers		-	18,061	-	3,701	(21,762)	-
At 31 December 2020		66,462	154,096	496	42,392	104,007	367,453



NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2019							
Accumulated depreciation		41,050	79,566	561	15,394	-	136,571
Accumulated impairment loss		-	2,427	-	-	6,893	9,320
		41,050	81,993	561	15,394	6,893	145,891
Depreciation for the year	-	2,893	7,116	55	5,540	-	15,604
Disposal	-	-	(6,588)	(74)	(161)	-	(6,823)
At 31 December 2019/1 January 2020							
Accumulated depreciation		43,943	80,094	542	20,773	-	145,352
Accumulated impairment loss		-	2,427	-	-	6,893	9,320
		43,943	82,521	542	20,773	6,893	154,672
Depreciation for the year		2,751	7,208	48	5,878	-	15,885
Written off		-	(2,208)	-	-	-	(2,208)
Disposal		-	(523)	(94)	-	-	(617)
At 31 December 2020							
Accumulated depreciation		46,694	84,571	496	26,651	-	158,412
Accumulated impairment loss		-	2,427	-	-	6,893	9,320
		46,694	86,998	496	26,651	6,893	167,732
Carrying amounts							
At 31 December 2019		22,519	56,756	48	17,918	26,241	123,482
At 31 December 2020		19,768	67,098	-	15,741	97,114	199,721

- (a) Included in property, plant and equipment of the Company are fully depreciated assets, which are still in use, with an aggregate cost of approximately RM93,172,368 (2019: RM68,643,428).
- (b) Included in capital work-in progress is the purchase of 3 parcels of freehold land for a total cash consideration of RM56.8 million for the construction of new manufacturing facilities in Bandar Baru Enstek.

4. RIGHT-OF-USE ASSETS

The Company as a lessee

(i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases:

ROU assets

	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Total RM'000
Cost					
At 1 January 2019	5,639	1,648	160	1,875	9,322
Derecognition		(34)	(160)	(549)	(743)
At 31 December 2019/ 1 January 2020	5,639	1,614	-	1,326	8,579
Additions	-	4,050	-	4,863	8,913
Derecognition	-	(1,538)	-	(643)	(2,181)
At 31 December 2020	5,639	4,126	-	5,546	15,311
Accumulated depreciation charge					
At 1 January 2019	2,609	-	-	-	2,609
Depreciation for the year	76	1,394	160	1,106	2,736
Derecognition	-	(34)	(160)	(549)	(743)
At 31 December 2019/ 1 January 2020	2,685	1,360	-	557	4,602
Depreciation for the year	75	1,404	-	1,679	3,158
Derecognition	-	(1,538)	-	(643)	(2,181)
At 31 December 2020	2,760	1,226	-	1,593	5,579
Carrying amounts					
At 31 December 2019	2,954	254	-	769	3,977
At 31 December 2020	2,879	2,900	-	3,953	9,732



NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Company as a lessee (continued)

(i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases (continued):

Lease liabilities

	2020 RM'000	2019 RM'000
Balance at 1 January	974	3,683
Additions	8,913	-
Interest charged during the year	251	57
Repayment of lease liability (included in cash flows from financing activities)	(3,699)	(2,766)
Unrealised exchange rate loss	44	-
	6,483	974

Lease liabilities are presented in the statement of financial position as follows:

	2020 RM'000	2019 RM'000
Current liabilities	2,893	634
Non-current liabilities	3,590	340
	6,483	974

Expenses

Expenses related to leases are disclosed in Note 14.

Cash flows

	2020 RM'000	2019 RM'000
Lease payments not recognised as liabilities:		
Expense related to low value leases	215	454
Expense related to short-term leases	839	2,487
Expense related to variable leases	1,979	930
Non-lease components	553	767
Total cash outflow for leases (included in cash flows from operating activities)	3,586	4,638

4. RIGHT-OF-USE ASSETS (CONTINUED)

The Company as a lessee (continued)

(ii) The Company's leasing activities and how these are accounted for

Leasehold land relates to the lease of land with unexpired lease period of less than 50 years for the Company's factory buildings, office complex and warehouse located in Petaling Jaya. The lease will expire in 2059 and the Company does not have an option to purchase the leased land at the expiry of the lease period.

The Company leases various offices, motor vehicles, plant and equipment, and office equipment. Rental contracts are typically made for fixed periods of 1 to 7 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(iii) Variable lease payment

Variable lease payments relate to payments made for the lease of pallets which are based on the actual usage of the pallets.

(iv) Extension and termination options

Extension and termination options are included in a number of equipment leases across the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide the Company with greater flexibility to align its need for access to equipment with the fulfilment of customer contracts.

In cases in which the Company is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.



NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

	Note	Computer software RM'000	Capital work-in progress RM'000	Total RM'000
Cost				
At 1 January 2019		16,322	35	16,357
Additions		-	192	192
Transfers		220	(220)	-
Transfer from property, plant and equipment	3	27	-	27
At 31 December 2019/1 January 2020		16,569	7	16,576
Additions		49	544	593
Transfers		261	(261)	-
At 31 December 2020		16,879	290	17,169
Accumulated amortisation				
At 1 January 2019		13,401	-	13,401
Amortisation for the year		1,500	-	1,500
At 31 December 2019/1 January 2020		14,901	-	14,901
Amortisation for the year		1,311	-	1,311
At 31 December 2020		16,212	-	16,212
Carrying amounts				
At 31 December 2019		1,668	7	1,675
At 31 December 2020		667	290	957

6. INVENTORIES

	2020 RM'000	2019 RM'000
Finished goods	74,635	71,333
Raw materials	67,207	52,835
Packaging materials	9,552	12,519
Spare parts	865	841
	152,259	137,528
Provision for obsolescence of inventories	(1,243)	(2,504)
	151,016	135,024

7. TRADE AND OTHER RECEIVABLES

	Note	2020 RM'000	2019 RM'000
Trade			
Trade receivables		68,311	100,237
Less: Loss allowance	7.1	(266)	(444)
Net trade receivables		68,045	99,793
Amounts owing by related companies	7.2	7,302	4,118
		75,347	103,911
Non-trade			
Other receivables		5,170	6,952
Deposits		984	1,989
		6,154	8,941
		81,501	112,852

7.1 The movements in the loss allowance of trade receivables during the financial year is disclosed in Note 22.4.

7.2 The credit terms of amounts owing by related companies ranged from 0 to 30 days (2019: 0 to 30 days).



NOTES TO THE FINANCIAL STATEMENTS

8. CASH AND BANK BALANCES

	2020 RM'000	2019 RM'000
Cash and cash at bank	55,605	33,532
Deposits placed with licensed banks	-	28,000
Cash and bank balances	55,605	61,532

No deposits are placed with licensed banks at 31 December 2020. The deposits placed in 2019 earned interest at rates ranging from 1.90% to 2.95% per annum and had maturity periods ranging from 3 to 31 days.

Bank balances are held at call with licensed banks and earn no interest.

(a) Cash and cash equivalents comprise:

	2020 RM'000	2019 RM'000
Cash and bank balances	55,605	61,532
Bank overdraft	(16,705)	(16,724)
	38,900	44,808

Bank overdraft is unsecured and bears interest rate at the average rate of 2.58% (2019: 2.62%) per annum.

9. DERIVATIVE FINANCIAL ASSET/(LIABILITIES)

	2020			2019		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Derivatives held for trading at fairvalue through profit or loss						
- Forward exchange contracts	123,550	2	(2,140)	115,176	-	(1,887)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Company's payables denominated in currencies other than the functional currency of the Company. All the forward exchange contracts have maturities of less than one year after the end of the reporting period.

10. SHARE CAPITAL

	Amount 2020 RM'000	Number of shares 2020 '000	Amount 2019 RM'000	Number of shares 2019 '000
Issued and fully paid:				
Ordinary shares with no par value	64,000	64,000	64,000	64,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

11. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	-	-	(9,364)	(8,833)	(9,364)	(8,833)
Inventories	299	601	-	-	299	601
Receivables	64	113	-	-	64	113
Provisions	4,194	1,069	-	-	4,194	1,069
Payables	-	-	(112)	(214)	(112)	(214)
Other items	425	470	-	-	425	470
Deferred tax assets/(liabilities)	4,982	2,253	(9,476)	(9,047)	(4,494)	(6,794)

Movement in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in profit or loss RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss RM'000	At 31.12.2020 RM'000
Property, plant and equipment	(8,533)	(300)	(8,833)	(531)	(9,364)
Inventories	414	187	601	(302)	299
Receivables	149	(36)	113	(49)	64
Provisions	1,325	(256)	1,069	3,125	4,194
Payables	(103)	(111)	(214)	102	(112)
Other items	209	261	470	(45)	425
	(6,539)	(255)	(6,794)	2,300	(4,494)

Note 16

Note 16



NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER PAYABLES

	Note	2020 RM'000	2019 RM'000
Trade			
Amounts owing to related companies	12.1	76,384	73,022
Trade payables	12.2	183,158	156,272
		259,542	229,294
Non-trade			
Amounts owing to related companies	12.1	4,464	4,958
Accrued expenses		29,440	29,954
Other payables		2,046	722
		35,950	35,634
		295,492	264,928

12.1 The credit terms of amounts owing to related companies ranged from 0 to 30 days (2019: 0 to 30 days).

12.2 Included in trade payables is refund liability in respect of market returns of RM3,440,314 (2019: RM3,440,314). Contract liabilities in respect of the customer loyalty redemption points is NIL in 2020 (2019: RM340,423) since the program has been terminated and the Company has converted the investment into other forms of activities.

13. PROVISION

	Employees' pension contribution	
	2020 RM'000	2019 RM'000
At 1 January	207	191
Addition during the year	21	16
At 31 December	228	207

Employees' pension contribution

Provision for employees' pension contribution reflects provisions made for additional contributions to be made to the statutory Employees Provident Fund that would vest upon unionised staff having completed five years of service. The provision has been made on the assumption that all relevant staff will complete their five year term and that therefore their benefits will vest in its entirety.

14. PROFIT BEFORE TAX

	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible assets	1,311	1,500
Auditors' remuneration:		
- Statutory audit - current year	89	106
- Statutory audit - (over accrual prior year)/under accrual in prior year	-	17
- Other services	20	20
Depreciation of property, plant and equipment	15,885	15,604
Depreciation of ROU asset	3,161	2,736
Finance cost		
- Interest expense	2,922	3,640
- Finance charge arising from lease liabilities	251	57
Inventories recognised as cost of sales	643,134	572,673
Loss/(gain) on disposal of property, plant and equipment	52	(73)
Net loss on derivatives	251	1,017
Net loss/(gain) on foreign exchange:		
- Realised	2,819	2,241
- Unrealised	(464)	(864)
Rental in respect of:		
- Premises	623	587
- Equipment	2,838	3,957
- Vehicles	125	94
Personnel expenses (including key management personnel):		
- Wages, salaries and others	63,020	58,978
- Contributions to state plans	9,319	9,054
(Reversal of)/provision for obsolescence of inventories	(1,261)	777
Reversal of loss allowance of trade receivables	(178)	(122)
Write off of property, plant and equipment	322	-



NOTES TO THE FINANCIAL STATEMENTS

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2020 RM'000	2019 RM'000
Directors:		
- Fees	481	498
- Remuneration	1,524	1,231
- Benefits-in-kind	410	512
	2,415	2,241
Other key management personnel:		
- Wages, salaries and others	4,429	4,187
- Contributions to state plans	484	475
	4,913	4,662
	7,328	6,903

Directors' remuneration includes salaries, allowance and all other Directors related expenses.

Other key management personnel comprise persons other than Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

16. TAX EXPENSE

Recognised in profit or loss

	Note	2020 RM'000	2019 RM'000
Current tax expense			
- current year		26,020	34,490
- under/(over) provision in prior year		428	(103)
		26,448	34,387
Deferred tax expense			
Origination and reversal of temporary differences	11	(2,300)	255
Total income tax expense		24,148	34,642

16. TAX EXPENSE (CONTINUED)

	2020 RM'000	2019 RM'000
Reconciliation of tax expense		
Profit before tax	97,511	137,600
Income tax calculated using Malaysian tax rate of - 24% (2019: 24%)	23,403	33,024
Non-deductible expenses	317	1,740
Income not subject to tax	-	(19)
Under/(over) provision in prior year	428	(103)
	24,148	34,642

17. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2020	2019
Net profit for the year (RM'000)	73,363	102,958
Average number of ordinary shares in issue ('000)	64,000	64,000
Basic and diluted earnings per ordinary share (sen)	114.6	160.9

There are no potential dilutive ordinary shares in issue as at 31 December 2020 and 2019, and therefore, diluted earnings per share equal basic earnings per share.



NOTES TO THE FINANCIAL STATEMENTS

18. DIVIDENDS

Dividends paid by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Single tier first interim 2020 ordinary	40.00	25,600	24.07.2020
Single tier second interim 2020 ordinary	40.00	25,600	24.12.2020
Total amount		51,200	
2019			
Single tier first interim 2019 ordinary	50.00	32,000	17.05.2019
Single tier second interim 2019 ordinary	50.00	32,000	24.12.2019
Total amount		64,000	

19. OPERATING SEGMENTS

The Company operates principally in Malaysia and in one major business segment being manufacturing and distribution of a wide range of dairy products. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports in respect of this segment at least on a quarterly basis.

Accordingly, no segment information is provided as the financial position and performance are as already shown in the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

At the end of the financial year, there were no significant concentrations of revenue other than three major customers with net revenues of approximately RM394.9 million (2019: RM354.3 million) contributing approximately 36% (2019: 33%) of the net revenues in the financial statements.

20. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

The key management personnel compensation are shown in Note 15.

The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 7 and Note 12.

	2020 RM'000	2019 RM'000
Management fee paid to immediate holding company		
- FrieslandCampina DLMI Malaysia Holding B.V.	(135)	(99)
Purchase of fully packed dairy products and raw materials from fellow subsidiaries		
- FrieslandCampina Nederland Holding B.V.	(353,527)	(348,585)
- P.T. Frisian Flag Indonesia	(102,352)	(63,052)
- FrieslandCampina Thailand	-	(1,777)
Sales of fully packed dairy products to fellow subsidiaries		
- FrieslandCampina Domo B.V.	1,920	6,133
- PAKEngroFoods - Engro Foods Limited	-	150
- FrieslandCampina (Singapore) Pte Ltd	17,701	12,806
Know-how, trademark license and management support fees paid to fellow subsidiary		
- FrieslandCampina Nederland B.V.	(26,296)	(26,196)
Information, communication and technology services paid to fellow subsidiary		
- FrieslandCampina Nederland Holding B.V.	(17,516)	(15,557)
Finance shared services paid to fellow subsidiary		
- FrieslandCampina Nederland Holding B.V.		-
- FrieslandCampina Service Centre Asia Pacific Sdn Bhd	(3,307)	(2,821)
Shared services fee received from fellow subsidiary		
- FrieslandCampina Service Centre Asia Pacific Sdn Bhd	161	123



NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised costs ("AC"); and
(b) Fair value through profit or loss ("FVTPL"):

	Carrying amount 2020 RM'000	AC 2020 RM'000	FVTPL 2020 RM'000	Carrying amount 2019 RM'000	AC 2019 RM'000	FVTPL 2019 RM'000
Financial assets						
Trade and other receivables	81,501	81,501	-	112,852	112,852	-
Derivative financial assets	2	-	2	-	-	-
Cash and bank balances	55,605	55,605	-	61,532	61,532	-
	137,108	137,106	2	174,384	174,384	-
Financial liabilities						
Trade and other payables	(295,492)	(295,492)	-	(264,928)	(264,928)	-
Lease liabilities	(6,483)	(6,483)	-	(974)	(974)	-
Bank overdraft	(16,705)	(16,705)	-	(16,724)	(16,724)	-
Derivative financial liabilities	(2,140)	-	(2,140)	(1,887)	-	(1,887)
	(320,820)	(318,680)	(2,140)	(284,513)	(282,626)	(1,887)

21.2 Net gains and losses arising from financial instruments

	2020 RM'000	2019 RM'000
Net gains/(losses) from:		
Fair value through profit or loss	(2,741)	(4,259)
Financial assets measured at amortised costs	(206)	(1,776)
Financial liabilities measured at amortised cost	(1,971)	(521)
	(4,918)	(5,514)

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.3 Financial risk management

The Company has exposure to the following risks relating to financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has adopted a policy of only dealing with creditworthy customers, based on evaluation of the customers' financial condition and credit history, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risk arises principally from its receivables from customers and related companies and deposits placed with licensed banks.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company performs credit evaluations on customers requiring credit over a certain amount.

The Company has entered into an arrangement with a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution. This has resulted in the financial institution assuming the debts to the Company and credit risk is effectively transferred to the financial institution.

A significant portion of these trade receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 60 days which are deemed to have higher credit risk, are monitored individually.

The Company's approach to the expected loss rates are based on the payment profiles of sales over a period of 60 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.



NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 Credit risk (continued)

Trade receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

The Company has identified the GDP, retail volume growth and available historical data geo-economic stability of Malaysia, in which it sells most of its goods, to be the most relevant factors, and accordingly determine the historical loss rates based on expected changes in these factors. The expected loss rate is depicted in the table below:

Age profile	Not past due	Past due 1 - 7 days	Past due 7 - 14 days	Past due 14 - 30 days	Past due 31 - 90 days	Past due more than 90 days
%	0.01	0.10	1.00	1.50	2.5	10.00

No significant changes to estimation techniques or assumptions were made during the reporting period.

Changes to loss allowance

The movements in the loss allowance of trade receivables during the financial year were:

	2020 RM'000	2019 RM'000
At 1 January	444	4,519
Bad debts written off	-	(3,953)
Decrease in loss allowance recognised in profit and loss during the year	(178)	(122)
At 31 December	266	444

There were no significant changes to the gross carrying amount that contributed to changes in loss allowances. The allowance account in respect of trade receivables is used to record expected credit losses and individual impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivable directly.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the gross carrying amounts in the statement of financial position. The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross RM'000	Individual impairment RM'000	Expected credit loss RM'000	Net RM'000
2020				
Not past due	53,499	-	(5)	53,494
Past due 1 - 7 days	11,847	-	(21)	11,826
Past due 7 - 14 days	1,446	-	(15)	1,431
Past due 14 - 30 days	961	-	(15)	946
Past due 31 - 90 days	440	-	(105)	335
Past due over 90 days	118	(68)	(37)	13
	68,311	(68)	(198)	68,045
2019				
Not past due	79,462	-	(7)	79,455
Past due 1 - 7 days	14,077	-	(5)	14,072
Past due 7 - 14 days	1,258	-	(3)	1,255
Past due 14 - 30 days	1,288	-	2	1,290
Past due 31 - 90 days	2,354	-	(227)	2,127
Past due over 90 days	1,797	(98)	(106)	1,593
	100,236	(98)	(346)	99,792

The individually impaired receivables relate to customers who are under ongoing litigation.



NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.4 Credit risk (continued)

Other receivables and deposits

Exposure to credit risk, credit quality and collateral

Other receivables and deposits are neither past due nor impaired. The Company believes that generally no loss allowance is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Related company balances

Risk management objectives, policies and processes for managing the risk

The Company undertakes trade and non-trade transactions with a number of related companies. The Company monitors the repayment from its related companies on a regular basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company regularly follows up on timely settlement of the amount owing by related companies. The related companies are not required to place any collateral with the Company.

As at the end of the reporting period, there was no indication that the amounts owing by related companies are not recoverable as substantially all of these amounts are aged less than a year.

Deposits placed with licensed banks

Risk management objectives, policies and processes for managing the risk

Credit risk arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions with high credit rating. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Company has only placed deposits with domestic licensed banks. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

As deposits are only placed with licensed banks, management does not expect the banks to fail to meet their obligations.

The deposits placed with licensed banks are unsecured.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Company has the following facilities available that can be used to finance short term obligations, capital expenditure and general working capital requirements:

- As at 31 December 2020, the Company has undrawn overdraft facilities of RM32.5 million.
- On 19 January 2021, a related Company, Koninklijke FrieslandCampina N.V. ("Lender") granted the Company a revolving credit facility of USD30 million, equivalent to approximately RM120 million. The agreement expires on 23 December 2021 and can be extended further by the Lender.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/coupon RM'000	Contractual cash flows RM'000	Under 1 year RM'000	Over 1 year but not later than 5 years RM'000
2020					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	295,492	-	295,492	295,492	-
Bank overdraft	16,705	-	16,705	16,705	-
Lease liabilities	6,483	203	6,686	2,938	3,748
<i>Derivative financial liabilities</i>					
Forward exchange contracts	2,140	-	2,140	2,140	-
	320,820	203	321,0223	317,275	3,748
2019					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	264,928	-	264,928	264,928	-
Bank overdraft	16,724	-	16,724	16,724	-
Lease liabilities	974	30	1,004	645	359
<i>Derivative financial liabilities</i>					
Forward exchange contracts	1,887	-	1,887	1,887	-
	284,513	30	284,543	284,184	359



NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

21.6.1 Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are United States Dollar (USD), New Zealand Dollar (NZD), Singapore Dollar (SGD), Euro (EUR), Australia Dollar (AUD), Thai Baht (THB), Indonesia Rupiah (IDR) and Hongkong Dollar (HKD).

Risk management objectives, policies and processes for managing the risk

The Company uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	USD RM'000	EUR RM'000	THB RM'000
2020			
Amounts owing by related companies	698	544	-
Cash at bank	375	-	-
Bank overdraft	(16,705)	-	-
Trade payables	(3,726)	(1,054)	(11,205)
Amounts owing to related companies	(56,435)	(3,506)	-
	(75,794)	(4,016)	(11,205)
2019			
Amounts owing by related companies	1,724	1,060	-
Cash at bank	563	-	-
Bank overdraft	(16,724)	-	-
Trade payables	(5,182)	(679)	(9,996)
Amounts owing to related companies	(54,247)	(3,753)	-
	(73,866)	(3,372)	(9,996)

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Market risk (continued)

21.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Increase/(Decrease)			
	Equity		Profit	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
USD	5,760	5,614	5,760	5,614
EUR	305	256	305	256
THB	852	760	852	760

A 10% (2019: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant. The movements in other currency exchange rates are not expected to have any significant effect on the profit or loss.

21.6.2 Interest rate risk

The Company does not have fixed rate borrowings. The Company's variable rate borrowings which is primarily its overdraft facility is exposed to a risk of change in cash flows due to fluctuation in market interest rate. The Company places short term deposits with licensed banks which are not significantly exposed to risk of changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

21.6.3 Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk comprises equity price risk and commodity price risk. The Company is not exposed to any other price risk.



NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.7 Fair value information

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of non-current lease liabilities reasonably approximate their fair value.

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2020					
Financial assets					
Forward exchange contracts	-	2	-	2	2
Financial liabilities					
Forward exchange contracts	-	(2,140)	-	(2,140)	(2,140)
2019					
Financial assets					
Forward exchange contracts	-	-	-	-	-
Financial liabilities					
Forward exchange contracts	-	(1,887)	-	(1,887)	(1,887)

Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is based on the quoted price provided by the licensed banks with which the foreign exchange contracts are entered into.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the asset or liability.

22. CAPITAL MANAGEMENT

The Company defines capital as share capital (Note 10) and this is unchanged from the prior year.

The Company's objectives when managing capital are to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to shareholders.

The return on capital at 31 December 2020 and 31 December 2019 were as follows:

	2020	2019
Results from operating activities (RM'000)	100,001	140,842
Total equity attributable to owners of the Company (RM'000)	166,580	144,417
Return on capital (%)	60.0	97.5

The Company monitors and maintains a prudent level of total equity attributable to the owners of the Company to ensure it is adequate to balance the support for future development of the business and the payment of dividends to owners of the Company.



STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act, 2016

We, Tarang Gupta and Jean Serge Krol, two of the Directors of Dutch Lady Milk Industries Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 108 to 153 are drawn up so as to give a true and fair view of the financial position and financial performance of the Company for the financial year ended 31 December 2020 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tarang Gupta

.....
Jean Serge Krol

25 February 2021

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Arent Naber, the Officer primarily responsible for the financial management of Dutch Lady Milk Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 108 to 153 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above on 25 February 2021.

.....
Arent Naber

Before me:

COMMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT

To The Members Of Dutch Lady Milk Industries Berhad
(Incorporated in Malaysia)
(Registration No. 196301000165 (5063-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Dutch Lady Milk Industries Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 108 to 153.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



INDEPENDENT AUDITORS' REPORT

To The Members Of Dutch Lady Milk Industries Berhad
(Incorporated in Malaysia)
(Registration No. 196301000165 (5063-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Use of estimates in revenue recognition arising from rebates and discounts given to customers</p> <p>Our 2020 audit was planned and executed having regard to the fact that the operations of the Company were largely unchanged from the prior year. In light of this, our overall audit approach in terms of scoping and key audit matters were largely unchanged with continued focus over the estimates in revenue recognition arising from rebates and discounts given to customers.</p> <p>Revenue is recognised net of rebates and discounts. Rebates and discounts recognised are based on the expected entitlement earned up to reporting date under each customer trading agreement and promotions run.</p> <p>The Company has two categories of rebates and discounts where estimates are used:</p> <ul style="list-style-type: none"> - Conditional rebates - Promotional discounts <p>Conditional rebates and promotional discounts are triggered when certain conditions are met. The amount payable is based on conditions achieved, multiplied by rates contracted with each customer in their trading agreements.</p> <p>We focused on this area given the subjectivity in estimating the sales volumes or values on which to determine related accruals at the reporting date.</p> <p>Refer to Note 1(d)(i) (Use of estimates and judgements) and Note 2(n).</p>	<ul style="list-style-type: none"> • We evaluated and tested the operating effectiveness of controls in relation to the authorisation of rebates and promotional activities and the determination of year end accruals. • We evaluated the reasonableness of management's estimates on meeting volume or sales targets in relation to conditional rebates and promotional discounts. We have performed a comparison of actual sales volume and values achieved by the customer against the sales volume and values recorded. <p>There were no material exceptions noted from our procedures.</p>

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the complete 2020 Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



INDEPENDENT AUDITORS' REPORT

To The Members Of Dutch Lady Milk Industries Berhad
(Incorporated in Malaysia)
(Registration No. 196301000165 (5063-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
25 February 2021

GAN WEE FONG
03253/01/2023 J
Chartered Accountant

RECURRENT RELATED PARTY TRANSACTIONS

of a Revenue or Trading Nature

Related Party	Nature of Transaction	Value of Transactions from 23 July 2020 to 31 Dec 2020 RM'000
FrieslandCampina Nederland B.V., the Netherlands	Purchase by DLMI of fully packed dairy products and raw materials	140,268
P.T. Frisian Flag Indonesia, Indonesia	Purchase by DLMI of fully packed dairy products including products packed in PET bottle and raw materials	40,325
FrieslandCampina Foremost (Thailand) Pte Ltd	Purchase by DLMI of fully packed dairy products	-
FrieslandCampina Nederland B.V., the Netherlands	Sale by DLMI of fully packed dairy products	355
FrieslandCampina (Singapore) Pte Ltd, Singapore	Sale by DLMI of fully packed dairy products	7,547
FrieslandCampina Nederland B.V., the Netherlands	Payment of fees by DLMI for know-how, Trademark licence and Management support	7,067
FrieslandCampina DLMI Malaysia Holding B.V., the Netherlands	Receipt by DLMI of corporate services	70
FrieslandCampina Nederland B.V., the Netherlands and/or FrieslandCampina B.V.	Receipt by DLMI of shared ICT and communication services	7,632
FrieslandCampina Service Centre Asia Pacific Sdn Bhd	Receipt by DLMI of shared finance and procurement services	1,435
FrieslandCampina Service Centre Asia Pacific Sdn Bhd	Provision by DLMI of shared corporate services	110
Royal FrieslandCampina N.V.	Interest on inter-company credit facility	-



ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 15 MARCH 2021

Class of Shares	Ordinary shares
Voting Rights	On show of hands : 1 vote
	On a poll : 1 vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No of Shareholders	% of Shareholders	No of Shares	% of Shareholding
Less than 100 shares	253	4.22	2,295	0.00
100 to 1,000 shares	4,117	68.69	1,897,424	2.96
1,001 to 10,000 shares	1,427	23.81	4,735,737	7.40
10,001 to 100,000 shares	176	2.94	4,842,494	7.57
100,001 to 3,199,999 (*)	18	0.30	8,005,650	12.51
3,200,000 & above (**)	3	0.04	44,516,400	69.56
	5,994	100.00	64,000,000	100.00

Note: * : Less than 5% of Issued Holdings
 ** : 5% and above of Issued Holdings

Name of 30 Largest Shareholders	No of Shares	% of Holdings
1. FrieslandCampina DLMI Malaysia Holding B.V.**	32,614,800	50.96
2. Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board	7,091,600	11.08
3. Amanahraya Trustees Berhad** Amanah Saham Bumiputera	4,810,000	7.52
4. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	1,995,400	3.12
5. Amanahraya Trustees Berhad Amanah Saham Malaysia	1,477,000	2.31
6. Yong Siew Lee	584,000	0.91
7. Amanahraya Trustees Berhad ASN Umbrella for ASN Equity 3	575,000	0.90
8. Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	496,800	0.78
9. Yeo Khee Bee	442,900	0.69
10. Aun Huat & Brothers Sdn Berhad	416,500	0.65
11. Kumpulan Wang Persaraan (Diperbadankan)	384,200	0.60
12. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aun Huat & Brothers Sdn Berhad (E-IMO/BCM)	336,900	0.53

Name of 30 Largest Shareholders		No of Shares	% of Holdings
13.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	200,000	0.31
14.	Amanahraya Trustees Berhad Public Dividend Select Fund	168,700	0.26
15.	Chow Kok Meng	160,000	0.25
16.	Yayasan Guru Tun Hussein Onn	156,300	0.24
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOB AMM6939-406)	138,000	0.22
18.	Amanahraya Trustees Berhad Public Islamic Emerging Opportunities Fund	132,200	0.21
19.	Amanahraya Berhad Kumpulan Wang Bersama Syariah	117,700	0.18
20.	Amanahraya Trustees Berhad ASN Imbang (Mixed Asset Balanced) 1	113,350	0.18
21.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	110,700	0.17
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan See Min Realty Sdn Bhd (E-KUG)	100,000	0.16
23.	Tan Kim Onm	89,900	0.14
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	86,500	0.14
25.	Tan Lee Hwa	82,000	0.13
26.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Markets Core Equity Portfolio DFA Investment Dimensions Group INC	81,800	0.13
27.	Yee Anne	81,200	0.13
28.	CIMB Commerce Trustee Berhad Public Focus Select Fund	80,600	0.13
29.	Tay Teck Ho	80,000	0.13
30.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian PTE LTD (A/C Clients)	78,300	0.12
Total		53,282,350	83.28



ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
1. FrieslandCampina DLMI Malaysia Holding B.V.	32,614,800	50.96	0	0
2. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	7,091,600	11.08	0	0
3. Amanahraya Trustees Berhad Amanah Saham Bumiputera	4,810,000	7.52	0	0

DIRECTORS SHAREHOLDINGS

Name	Direct	%	Indirect	%
1. Dato' Zainal Abidin bin Putih	-	-	-	-
2. Tarang Gupta	-	-	-	-
3. Saw Chooi Lee	-	-	-	-
4. Bernardus Hermannus Maria Kodden	-	-	-	-
5. Dato' Dr Rosini binti Alias	-	-	-	-
6. Tengku Nurul Azian binti Tengku Shahriman	-	-	-	-
7. Datin Seri Sunita Mei-Lin Rajakumar	1,000	0.002	-	0.002

PARTICULARS OF PROPERTIES AS AT 31 DECEMBER 2020

Location of Property	Lot 78, Lot 79 and Lot 48 Jalan Prof Khoo Kay Kim (formerly Jalan Semangat), Petaling Jaya
Brief description	Factory buildings, office complex and warehouse
Approximate land area	432,617 sq ft.
Tenure leasehold land	Leasehold land expiring in the year 2059
Date of transfer/acquisition	21.10.1960 & 19.03.1980 & 12.01.1989
Age of property	Between 32 years to 61 years
Net Book Value (RM)	22.6 million
Location of Property	Lot 61320, Lot 61321 and Lot 61322, Mukim Bandar Baru Enstek, Daerah Seremban, Negeri Negeri Sembilan
Brief description	Vacant Industrial Land
Approximate land area	1,419,759 sq ft.
Tenure leasehold land	Freehold land
Date of acquisition	17.12.2020
Age of property	N/A
Net Book Value (RM)	56.79 million

PROXY FORM



CDS Account	
No of shares	

DUTCH LADY MILK INDUSTRIES BERHAD (Registration No. 196301000165 (5063-V))
(incorporated in Malaysia under the then Companies Ordinances, 1940 - 1946)

I/We
(full name in block letters, NRIC No/Company No)

of
being a member/members of DUTCH LADY MILK INDUSTRIES BERHAD hereby appoint:

Full name (in block letters)	NRIC/Passport No	Proportion of Shareholdings	
		No of Shares	%
Address			

And/or (delete as appropriate)

Full name (in block letters)	NRIC/Passport No	Proportion of Shareholdings	
		No of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company which will be held fully virtual through live streaming and online remote voting from 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 Tuesday, 25 May 2021 at 10 a.m. and any adjournment thereof, in respect of my/our shareholding in the manner indicated below:

RESOLUTION NO	RESOLUTION	FOR	AGAINST
Resolution 1	Proposed increase and payment of Directors' fees for the financial year ending 31 December 2021, to be paid quarterly		
Resolution 2	Proposed payment of Directors' benefits (other than Directors' fees) for the financial year ending 31 December 2021		
Resolution 3	Re-election of Tengku Nurul Azian binti Tengku Shahriman		
Resolution 4	Re-election of Datin Seri Sunita Mei-Lin Rajakumar		
Resolution 5	Re-appointment of Mr Darren Kong Kam Seong		
Resolution 6	Re-appointment of PricewaterhouseCoopers PLT as the Company's Auditors		
Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instruction, your proxy will vote or abstain as he/she thinks fit.

Signed thisday of 2021

.....
Signatures(s) of Shareholder/Attorney
(if Shareholder is a corporation, this part should be executed under seal or under the hand of its officer or attorney duly authorised)

By submitting the proxy form, the member and its proxy(ies) consents to the Company (and/or its agents/service providers) to the collection, usage and disclosure of their personal data (which may include sensitive data) therein in accordance with the Personal Data Protection Act 2010 for the purpose of the AGM, including any adjournment thereof.

Notes:

1. In view of the COVID-19 pandemic, in the interest of our stakeholders' health and safety, the Fifty-Eighth Annual General Meeting ("58th AGM") will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Smart Investor Portal at <https://web.lumiagm.com/>. With RPEV facilities, members may exercise their rights to participate and vote at the 58th AGM through the following modes of communication:
i) Typed text in the Meeting Platform ii) E-mail questions to finance.dept@frieslandcampina.com prior to the Virtual Meeting. The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator for the 58th AGM to facilitate the Virtual Meeting. Please follow the procedures set out in the Administrative Guide for the 58th AGM below to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue of the 58th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the 58th AGM. **Members will not be allowed to attend the 58th AGM in person at the Broadcast Venue on the day of the 58th AGM.**
3. A Member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a Member to speak at the Meeting.
4. Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, a Member (including an authorised nominee) shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. In any case, where more than one (1) proxy is appointed, such appointment shall not be valid unless the proportion of the holdings represented by each proxy is specified.
5. The instrument appointing the proxy must be signed by the Member or his attorney duly authorised in writing, or if the appointer is a corporation, the instrument must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. For the purpose of determining members who shall be entitled to attend the 58th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 18 May 2021 ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at 18 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.
7. To be valid, the original instrument appointing a proxy, duly completed (and if applicable, the power of attorney or other authority under which it is originally signed or notarially certified copy of that power of authority) must be deposited at the office of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof (or in the case of poll, not less than 24 hours before the time appointed for the taking of the poll); or by electronic means using the Boardroom Smart Investor Portal at <https://www.boardroomlimited.my> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to Administrative Guide.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Fifty-Eighth AGM will be put to vote by way of poll.

Please fold here to seal

STAMP

DUTCH LADY MILK INDUSTRIES BERHAD
(Registration No. 196301000165 (5063-V))

c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Please fold here to seal



**NOURISHING
OUR NATION
FROM GRASS
TO GLASS**





This Annual Report is printed on environmentally friendly paper from responsibly managed forests

www.dutchlady.com.my

Dutch Lady Milk Industries Berhad (196301000165 (5063-V))
Level 5, Quill 9, 112 Jalan Prof. Khoo Kay Kim, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia

