

**MINUTES OF THE FIFTY-EIGHTH ("58<sup>TH</sup>") VIRTUAL ANNUAL GENERAL MEETING ("AGM") OF DUTCH LADY MILK INDUSTRIES BERHAD ("THE COMPANY") HELD AT THE BROADCAST VENUE 12<sup>TH</sup> FLOOR TRAINING ROOM, MENARA SYMPHONY, NO.5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR, MALAYSIA ON TUESDAY, 25 MAY 2021 AT 10 A.M.**

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**SHAREHOLDERS** : As per Attendance List

**PROXYHOLDERS** : As per Attendance List

**DIRECTORS** : Broadcast from main venue  
Dato' Zainal Abidin Bin Putih (Chairman)  
Mr. Tarang Gupta

Remotely

Datin Seri Sunita Mei-Lin Rajakumar  
Ms. Saw Chooi Lee  
Mr. Bernardus Hermannus Maria Kodden  
Dato' Dr. Rosini Binti Alias  
Tengku Nurul Azian Binti Tengku Shahrman  
Mr. Jean Serge Krol  
Mr. Darren Kong Kam Seong

**IN ATTENDANCE** : Broadcast from main venue  
Ms. Katina Nurani Abd Rahim, Company Secretary  
Mr. Arent Naber, Finance Director (Meeting Moderator)

Remotely

Ms. Gan Wee Fong, Auditor



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

**QUORUM & NOTICE** : The requisite quorum being present, Dato' Chairman declared the Meeting duly convened at 10.00 a.m.

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

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

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

The shareholders were informed that voting by e-polling for all resolutions will take place after dealing with all the business of the Meeting and that shareholders could also vote on the resolutions



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prior to the commencement of the e-polling by clicking on the voting icon on the shareholders' screen. The Company Secretary then invited the Poll Administrator to explain how the electronic/remote poll voting is to be conducted.

*(Presentation by the Poll Administrator on electronic poll voting and remote poll voting system)*

Next, the Company Secretary informed that the Chairman, Dato' Zainal Abidin bin Putih will retire from the DLMI Board at the close of the meeting. She then invited Datin Seri Sunita Mei-Lin Rajakumar ("Datin Seri Sunita") to say a few words as the incoming Chairperson.

Following Datin Seri Sunita's statement, Dato' Chairman then proceeded to table all the resolutions in the agenda for the shareholders' consideration.

**Ordinary Business**

**Audited Financial Statements and Reports**

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

**RESOLUTION 1 : Directors' fees**

The second item on the agenda of the Meeting was to approve the proposed increase and payment of Directors' fees of up to RM500,000 for the financial year ending 31 December 2021, to



be made payable quarterly.

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

The third item on the agenda of the Meeting was to approve the payment of Directors' benefits (other than Directors' fees) up to RM100,000 to Non-Executive Directors for the financial year ending 31 December 2021.

**RESOLUTIONS 3 & 4 : Re-election of Tengku Nurul Azian binti Tengku Shahrman and Datin Seri Sunita Mei-Lin Rajakumar, the Directors who retire by rotation pursuant to Rule 105 of the Company's Constitution**

Dato' Chairman informed the shareholders that Ordinary Resolutions 3 and 4 were on the re-election of the Directors, Tengku Nurul Azian binti Tengku Shahrman and Datin Seri Sunita Mei-Lin Rajakumar, who would be retiring by rotation pursuant to Rule 105 of the Company's Constitution and being eligible, had offered themselves for re-election to the Board. Each resolution would be taken up separately.

**RESOLUTION 5 : Re-appointment of Mr. Darren Kong Kam Seong who was appointed during the year and retire pursuant to Rule 86.3 of the Company's Constitution**

Ordinary Resolution 5 was on the re-appointment of Mr. Darren Kong Kam Seong who was appointed as Director during the year and retires pursuant to Rule 86.3 of the Company's Constitution.

**RESOLUTION 6 : Re-Appointment of Auditors**

Dato' Chairman informed the shareholders that the retiring auditors, PricewaterhouseCoopers PLT, had indicated their willingness to continue in office for the ensuing financial year ending 31 December 2021. Ordinary Resolution 6 is to re-



appoint PricewaterhouseCoopers PLT as the Company's auditors and to authorise the Directors to fix their remuneration.

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

### **Special Business**

**RESOLUTION 7 : To Approve The Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

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

The Circular to Shareholders dated 26 April 2021 containing the relevant information in respect of the Proposed Shareholders' Mandate had been circulated to the shareholders.

Dato' Chairman informed that the proxies of Royal FrieslandCampina N.V., being the interested party to the transaction, would abstain from voting on Ordinary Resolution 7.



**MD'S Presentation & Questions and Answers**

Next, Dato' Chairman invited Mr. Tarang Gupta ("Mr. Tarang") to provide an overview of the Company's performance for the financial year ended 31 December 2020.

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

The Company Secretary and Mr. Tarang presented the questions raised by MSWG and the corresponding replies from the Management/Board at the Meeting.

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

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

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

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

After the poll results were generated by the Share Registrars and verified by the Scrutineers, Dato' Chairman announced the



results of the poll for all resolutions set out in the Notice of 58<sup>th</sup> AGM dated 25 May 2021 as follows:

**ORDINARY RESOLUTION 1**

- **PROPOSED INCREASE AND PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**

	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	47,630,985	99.9028
<b>AGAINST</b>	46,349	0.0972
<b>TOTAL</b>	47,677,334	100.0000

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

**THAT** the proposed increase and payment of Director's fees of up to RM500,000 to the Non-Executive Directors for the financial year ending 31 December 2021, to be made payable quarterly, be hereby approved.

**ORDINARY RESOLUTION 2**

- **PROPOSED PAYMENT OF DIRECTORS' BENEFITS (OTHER THAN DIRECTORS' FEES) OF UP TO RM100,000 TO THE NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**



	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	47,638,094	99.9177
<b>AGAINST</b>	39,237	0.0823
<b>TOTAL</b>	47,677,331	100.0000

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

**THAT** the proposed payment of Directors' benefits (other than Directors' fees) of up to RM100,000 for the financial year ending 31 December 2021, be hereby approved for payment to the Non-Executive Directors of the Company.

### **ORDINARY RESOLUTION 3**

- **RE-ELECTION OF TENGKU NURUL AZIAN BINTI TENGKU SHAHRIMAN**

	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	47,647,761	99.9380
<b>AGAINST</b>	29,570	0.0620
<b>TOTAL</b>	47,677,331	100.0000

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

**THAT** Tengku Nurul Azian binti Tengku Shahrman, the Director who retired by rotation pursuant to Rule 105 of the Company's



Constitution be and is hereby re-elected to office as a Director of the Company.

#### **ORDINARY RESOLUTION 4**

- **RE-ELECTION OF DATIN SERI SUNITA MEI-LIN RAJAKUMAR**

	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	47,650,363	99.9434
<b>AGAINST</b>	26,968	0.0566
<b>TOTAL</b>	47,677,331	100.0000

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

**THAT** Datin Seri Sunita Mei-Lin Rajakumar, the Director who retired by rotation pursuant to Rule 105 of the Company's Constitution, be and is hereby re-elected to office as a Director of the Company.

#### **ORDINARY RESOLUTION 5**

- **RE-APPOINTMENT OF MR. DARREN KONG KAM SEONG**

	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	47,650,663	99.9468
<b>AGAINST</b>	25,368	0.0532
<b>TOTAL</b>	47,676,031	100.0000

Based on the results of the poll, Dato' Chairman declared that



the Ordinary Resolution 5 was passed, and it was RESOLVED:

**THAT** Mr. Darren Kong Kam Seong, the Director who was appointed during the year and retired pursuant to Rule 86.3 of the Company's Constitution, be and is hereby re-appointed to office as a Director of the Company.

**ORDINARY RESOLUTION 6**

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

	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	47,653,876	99.9535
<b>AGAINST</b>	22,155	0.0465
<b>TOTAL</b>	47,676,031	100.0000

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

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

**ORDINARY RESOLUTION 7**

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



	<b>Number of shares held</b>	<b>%</b>
<b>FOR</b>	15,048,797	99.9174
<b>AGAINST</b>	12,434	0.0826
<b>TOTAL</b>	15,061,231	100.0000

Based on the results of the poll, Dato' Chairman declared that the Ordinary Resolution 7 was passed, and it was RESOLVED:

**THAT** approval be and is hereby given to the Company to enter into and to give effect to the Recurrent Related Party Transactions of a Revenue or Trading Nature with the specified classes of Related Parties as stated in Sections 2.4 and 2.3 of the Circular to Shareholders dated 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 favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (ii) the aggregate value of such transactions conducted pursuant to the Shareholders' Mandate during the financial year will be disclosed in the Annual Report for the said financial year;

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

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed



pursuant to Section 340(4) of the Act); or

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

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

## **CONCLUSION**

Dato' Chairman then declared that all the Resolutions for the meeting were duly carried. Before concluding, he informed all the attendees that this AGM will be his final meeting with DLMI. He thanked all the shareholders for their continuous support to DLMI and wished Datin Seri Sunita and the Board members all the best for the future.

There being no further business, the Meeting came to a close at 12.00 p.m.



## **APPENDIX 1**

**SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTY-EIGHTH VIRTUAL ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE BROADCAST VENUE 12<sup>TH</sup> FLOOR TRAINING ROOM, MENARA SYMPHONY, NO. 5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR, MALAYSIA ON TUESDAY, 25 MAY 2021 AT 10 A.M.**

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

<b>No.</b>	<b>Key Matters raised by MSWG</b>	<b>DLMI’s Responses</b>
<b>Operational &amp; Financial Matters</b>		
1.	Group’s gross profit margin decreased by 5.5% from 37.9% in 2019 to 32.4% in 2020. Given the increasing global dairy raw material prices especially for skimmed milk powder, what is the Company’s plan to mitigate the impact from the increased input costs to protect its gross profit margin in the coming year?	The 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. To ensure we can continue to Nourish the Nation, we are implementing a program called VICO (Value In, Cost Out) through which we review all products. When looking at pricing in the market, we carefully look at market conditions, competition activities and what the consumer is willing to pay. With the higher input cost, we shall closely review our pricing policies. Due to our underlying commitment to continue

		increasing the penetration of milk to improve the health of Malaysians, we need to find a right balance between pricing, economic conditions and growing consumption.
2.	In FY2020, a substantial amount of DLMI's dairy raw materials was transacted in US Dollar. 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 its profitability (page 45 of AR 2020). What is the current hedging policy of the Group? To what extent are the Group's raw material purchases hedged?	We follow a conservative hedging policy and continuously observe the market. Approximately 70 % of DLMI's raw material purchases are hedged.
3(a)	The Company has purchased land at Bandar Enstek, Negeri Sembilan. It will construct a new manufacturing facility there and turn it into a major halal dairy hub. It plans to invest a further RM340 million in the coming years to construct the new manufacturing facility. (page 35 & 36 of AR 2020) What is the progress of the new manufacturing facility?	The masterplan for the new facility is progressing according to plan. Piling is expected to start in Q3 2021.
3(b)	What is the expected production capacity of the new plant compared to the existing plant in	The new manufacturing facility will more than double DLMI's capacity and the site will have room for future expansion and

	Petaling Jaya? When is the new manufacturing facility expected to be completed?	also bring innovations. The new manufacturing facility is expected to be in full operation by 2024.
3(c)	The milk powder industry faces intensifying competition and escalating cost. Please explain how the Company will benefit from the new manufacturing facility in this Halal Tech Park in the short and medium term.	The new manufacturing facility will be a best-in-class factory that drives efficiencies at lowest possible cost with advanced technology and thus will help improve our profitability.  Moreover, it will help improve the portfolio mix with innovations. There are two principles based on which the manufacturing lines will be installed: looking at future trends and increasing value added activities in Malaysia to grow capability.
4(a)	In 2020, DLMI unveiled its most innovative product-to-date, 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. (page 35 & 40 of AR 2020)  What is the market response towards the new product?	The market response to Dutch Lady MaxGro is good. In a very short period of time, we have been able to build market share. DLMI will continue to invest and build DL Max Gro to help tackle with the growing stunting issue among children in Malaysia.
4(b)	What was its contribution to the Group's revenue in FY2020? What is its potential in FY2021?	Since the product was only launched late Q4 2020 the contribution to the company's revenue is minimal. DL Max Gro is expected to bring incremental market share to our portfolio in coming years and will also help premiumization by offering solutions at different price points for our consumers.

5.	<p>The Company is taking steps to grow its new food service market segment. Although impacted by COVID-19, opportunities in this segment provide future avenues for DLMI's growth going forward. (page 36 of AR 2020)</p> <p>(a) What are the Group's objectives and plans for the new food service market segment?</p> <p>(b) What are the market opportunities for food service market that would benefit the Group in the next 2-3 years?</p>	<p>The Food Service (FS) channel has definitely been impacted by the pandemic in 2020 and we see this also continuing in 2021. As part of the Food Service Strategy, we have identified core focus channels and the relevant portfolio to play within. These channels include:</p> <ul style="list-style-type: none"> <li>• Quick Service Restaurants (QSR): We see continued growth opportunities in the QSR channel both in Malaysia and the region. We are bringing further focus on this channel by leveraging on growing our visibility in the region as well as introducing new product solutions suitable for this channel.</li> <li>• Café / Beverages / Horeca Channel: This is the core channel for milk used mainly for coffee and other beverages, where we sell both Pasteurized Professional Fresh and UHT Professional Full Cream products today. We see that this channel is hardest hit due to the COVID-19 pandemic.</li> <li>• Bakery channel: We are in the process of building a stronger portfolio for this channel with the Debic range, imported from Europe, for both creams and butter.</li> </ul>
<b>Corporate Governance Matters</b>		
6.	Mr Bernardus Hermannus Maria Kodden attended 3 out of the 4	Mr Bernardus Hermannus Maria Kodden attended 3 out of the 4 Board meetings,





<p>(75%) Board meetings and 1 out of the 2 (50%) Nominating &amp; Remuneration Committee meetings held in FY2020. He resides overseas and attended the meetings via remote participation in 2020. (page 50, 51 &amp; 54 of AR 2020)</p> <p>What is the reason for him not being able to attend the other two meetings during FY2020?</p>	<p>and 1 out of the 2 NRC meetings held in FY2020. He also attended the Company's AGM. He was unable to attend the Board and NRC meeting which were both held on 25 February 2020 due to unavoidable scheduling conflicts.</p>
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## QUESTIONS FROM SHAREHOLDERS

No.	Key Matters raised by the shareholders	Responses from the Board of Directors and Management Team
1.	Will the company kindly give out vouchers to those who participate in the meeting?	As this is a fully virtual AGM, please note that there will not be any e-vouchers, door gifts or food vouchers. We appreciate your understanding on this matter and please continue to stay safe and healthy.
2.	Profits and dividends are going down, but why is there a proposal for increase in directors' fees? Please explain. Please give vouchers, e-vouchers or e-wallet top ups as token of appreciation for attendees of this virtual meeting.	The increase in fees reflect the level of responsibilities undertaken by the Directors and time commitments expected of him/her, benchmarked against other public listed companies of similar size and industry.
3.	Cattle farming is one of the large CO2 producers in the world. It is noted that DLMI aims to be CO2 neutral in page 41 of the Annual Report. How does DLMI aim to do so with its manufacturing facilities?	DLMI will build a state-of-the-art factory which is easily expandable in the future. The factory will deliver improved efficiency and realizes significant reduction in energy, water and CO <sub>2</sub> supporting our aim to become CO <sub>2</sub> neutral.
4.	With Covid-19 and the new normal, has DLMI digitised and able to access new customers on a digital platform?	DLMI products are available to consumers on a few third-party e-commerce platform including Lazada and Shopee.

5.	<p>RM 400 million new plant with disposal of existing plant of RM 200 million. Still short of RM 200 million. With Profit after Tax of my estimate of RM 100 million and less RM 50 million dividend. How DLMI going to get the sufficient fund to build a new plant? I think the cash flows is very tight in the next 3 years. By borrowing? Private placement? Right Issue? Or reduce of Dividend?</p>	<p>We have the plans in place to fund the investment in our new manufacturing facilities through internally generated cash.</p>
9.	<p>The company's net profit has declined every year from RM149.1 million in 2016 to RM73.4 million in 2020. Can the Board provide an explanation on why profits are on this multi-year decline? Is this decline due to structural changes within the industry or is it due to operational issues within the company?</p>	<p>The lower profit delivery is not structural. In 2020 DLMI's business performance is hit by COVID, rising DRM prices and a one-off for raw milk / milk inventories. The COVID pandemic has negatively impacted sales to Foodservice as well as consumption in the on-the go channel. Due to continued strong demand for milk as an essential product global DRM prices were on the rise in 2020 when compared to 2019. Due to the negative effects resulting from COVID (e.g. closure of Foodservice, changing mix in category demand etc.) a valuation assessment of our inventory in relation to raw material/milk inventories has been performed. This valuation assessment resulted in a negative impact of approximately MYR 10 million.</p>