

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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**DUTCH LADY MILK INDUSTRIES BERHAD (196301000165 (5063-V))**

(Incorporated in Malaysia under the then Companies Ordinances, 1940-1946)

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

The ordinary resolutions in respect of the above proposals will be tabled at the Company's Fifty-Ninth Annual General Meeting ("AGM"). The Notice of the AGM and the Form of Proxy of Dutch Lady Milk Industries Berhad have been circulated in accordance with the Company's Constitution and are available on the Company's website. The AGM will be held 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 Wednesday, 25 May 2022 at 10.00 a.m. Please follow the procedures set out in the Administrative Guide in order to register, participate and vote remotely.

You are requested to complete the Form of Proxy and deposit it at the office of Boardroom Share Registrars Sdn Bhd at the Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan 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://investor.boardroomlimited.com> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to the Administrative Guide in the Notice of AGM. The lodging of the Form of Proxy will not preclude you from attending and voting at the Meeting remotely should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 24 May 2022 at 10.00 a.m.

Date and time of Annual General Meeting : Wednesday, 25 May 2022 at 10.00 a.m.

This Circular is dated 26 April 2022

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Act”	: Companies Act, 2016, as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Board”	: Board of Directors of DLMI
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Constitution”	: The Constitution of DLMI, as amended from time to time
“DLMI” or “the Company”	: Dutch Lady Milk Industries Berhad (Registration No. 196301000165 (5063-V))
“FCBV”	: FrieslandCampina B.V., the Netherlands
“FCD”	FrieslandCampina Domo B.V., the Netherlands
“FCDM”	: FrieslandCampina DLMI Malaysia Holding B.V., the Netherlands
“FC(T)”	: FrieslandCampina Foremost (Thailand) Plc, Thailand
“FCI”	: FrieslandCampina International Holding B.V., the Netherlands
“FCN”	: FrieslandCampina Nederland B.V., the Netherlands and its subsidiaries
“FC(S)”	: FrieslandCampina (Singapore) Pte Ltd, Singapore
“FCSCAP”	: FrieslandCampina Service Centre Asia Pacific Sdn Bhd, Malaysia
“FFI”	: P.T. Frisian Flag Indonesia, Indonesia
“Listing Requirements”	: The Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“Proposed Shareholders’ Mandate”	: Proposed renewal of existing shareholders’ mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“Recurrent Related Party Transactions” or “RRPT”	: Related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for day-to-day operations and are in the ordinary business of DLMI
“Related Party/Related Parties”	: A Director, major shareholder or person connected with such Director or major shareholder. For the purpose of this definition, “Director” and “major shareholder” shall have the meaning given in paragraph 10.02 of the Listing Requirements
“RFC”	: Royal FrieslandCampina N.V. or Koninklijke FrieslandCampina N.V., the Netherlands
“RFC Affiliated Companies”	: Subsidiary companies worldwide of RFC where it has direct or indirect shareholdings
“RFC Group” or “the Group”	: RFC and its subsidiaries
“RM”	: Ringgit Malaysia
“2021 Annual Report”	: Annual Report of DLMI issued for the financial year ended 31 December 2021

In this Circular, unless there is something in the subject or context inconsistent herewith, the singular includes the plural and references to gender include both genders and the neuter.

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**DUTCH LADY MILK INDUSTRIES BERHAD**

**Company No. 196301000165 (5063-V)**

Level 5, Quill 9

112 Jalan Prof. Khoo Kay Kim

46300 Petaling Jaya

Selangor Darul Ehsan

Malaysia.

26 April 2022

Board of Directors:

Datin Seri Sunita Mei-Lin Rajakumar (Chairperson/Independent Non-Executive Director)

Ramjeet Kaur Virik (Managing Director)

Saw Chooi Lee (Senior Independent Non-Executive Director)

Tengku Nurul Azian binti Tengku Shahrman (Independent Non-Executive Director)

Bernardus Hermannus Maria Kodden (Non-Independent Non-Executive Director)

Dato' Dr. Rosini Alias (Non-Independent Non-Executive Director)

Jean Serge Krol (Non-Independent Non-Executive Director)

Darren Kong Kam Seong (Independent Non-Executive Director)

To: The Shareholders of Dutch Lady Milk Industries Berhad

Dear Sir/Madam

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

**1. INTRODUCTION**

At the Fifty-Eighth AGM held on 25 May 2021, the Company obtained a mandate from its shareholders to enter into the RRPT with Related Parties which are necessary for its day to day operation and are in the ordinary course of business based on normal commercial terms which are not more favourable to the Related Parties than those normally available to the public and not to the detriment of minority shareholders ("2021 Shareholders' Mandate").

The 2021 Shareholders' Mandate shall lapse at the conclusion of the forthcoming Fifty-Ninth AGM of the Company scheduled on 25 May 2022 unless a new mandate for RRPT is obtained from the shareholders at the AGM.

The Board of Directors ("Board") of DLMI has on 23 February 2022 announced its intention to seek shareholders' approval for renewal of the 2021 Shareholders' Mandate for the Recurrent Related Party Transactions with the Related Parties as set out in Section 2.3 of this Circular.

The purpose of this Circular is to provide you with the relevant details of the Proposed Shareholders Mandate and to seek your approval for the resolution thereto to be tabled at the forthcoming AGM, which will be held virtually at Gallery 3, Level 3, New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia on Wednesday, 25 May 2022 at 10 a.m.

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 Provisions under the Listing Requirements**

Pursuant to paragraph 10.09 of Chapter 10 of the Listing Requirements, the Company may seek a shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its 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;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year; and
- (iii) in a meeting to obtain shareholders' mandate, the interested Director, interested major shareholder or interested person connected with such Director or major shareholder; and where it involved the interest of an interested person connected with a Director or major shareholder, such Director or major shareholder must comply with the requirements set out in paragraph 10.08(7) of Chapter 10 of the Listing Requirements.

The Proposed Shareholders' Mandate will, if approved by shareholders at the forthcoming AGM, be subject to annual renewal. In this respect any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next 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 DLMI subsequent to the date it is required to be held pursuant to Section 340(1) of 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 a resolution passed by the shareholders in a general meeting;

whichever is earlier.

The Proposed Shareholders' Mandate shall apply in respect of all Recurrent Related Party Transactions to be entered into from the date of the forthcoming AGM to the next AGM as stipulated in the ensuing section.

In making the disclosure of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the 2021 Shareholders' Mandate, the Company has provided a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into during the financial year in the 2021 Annual Report, based on the following information:-

- (i) the type of the Recurrent Related Party Transactions made; and
- (ii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationship with the RFC Group.

Shareholders are advised to refer to Note 21 on Related Party Transactions in the financial statements of the Company for the year ended 31 December 2021 enclosed in the 2021 Annual Report.

## 2.2 Business of the Company

DLMI is seeking approval from the shareholders for the renewal of the 2021 Shareholders' Mandate for the Recurrent Related Party Transactions that will allow the Company, in their normal course of business, to continue to enter into the categories of Recurrent Related Party Transactions with the Related Parties referred to in the ensuing section.

DLMI manufactures and imports for distribution a wide range of dairy products, such as specialised powders for infant and growing children, liquid milk in different packaging formats and yoghurt. DLMI markets these products under various brand names such as "Dutch Lady", "Dutch Lady +Protein", "Dutch Lady Professional Full Cream Milk", "Dutch Baby Langkah 1", "Dutch Baby Langkah 2", "Dutch Lady Growing Up Milk 123", "Dutch Lady Growing Up Milk 456", "Dutch Lady Growing Up Milk 6+", "Dutch Lady MaxGro", "Frisolac", "Friso", "Frisomum" and "Friso Comfort".

RFC owns 50.96% equity interest in DLMI through FCI and FCDM. RFC is a multinational company with its headquarters located in the Netherlands, that develops, produces and sells a wide range of dairy products and fruit based drinks for the consumer market, professional users and food manufacturers worldwide.

It is anticipated that the Company would, in the ordinary course of business, enter into Recurrent Related Party Transactions that are detailed in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In view of the time-sensitive, confidentiality and frequent nature of such Recurrent Related Party Transactions, the Board of Directors of DLMI is seeking shareholders' approval for the Proposed Shareholders' Mandate for DLMI to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.3 below. The Recurrent Related Party Transactions will also be subject to the review procedures set out in Section 2.6 below.

## 2.3 Class of Related Parties

The general transactions entered by DLMI relating to the provision of or the obtaining of products and services to or from the Related Parties in the ordinary course of business are as set out below:-

Related Party	Principal Activity	Relationship
RFC	Investment holding	RFC is the ultimate holding company of DLMI with a shareholding of 32,614,800 shares, representing 50.96% equity interest as at 28 February 2022, via its wholly owned subsidiary, FCDM.  RFC is a multinational company with worldwide operations that is carried out through its subsidiaries where it has direct and indirect shareholdings. This group of companies is referred to as RFC Affiliated Companies.  FCBV, FCN, FCD, FFI, FC(T), FC(S), FCDM and FCSCAP are all RFC Affiliated Companies.  The related parties above, other than FCDM, do not hold any shares in DLMI.
FCBV	Provision of shared and ICT project management and communication services.	
FCN	Manufacture and sale of dairy products, provision of shared and ICT project management services, communication services and owner of all brands within the RFC Group and management support services.	
FCD	Manufacture and sale of dairy products.	
FFI	Manufacture and sale of dairy products.	
FC(T)	Manufacture and sale of dairy products.	
FC(S)	Import, export and sale of dairy and other products.	
FCDM	Investment holding	
FCSCAP	Provision of shared and ICT project management services.	

## 2.4 Nature of Recurrent Related Party Transactions and Estimated Values

The Proposed Shareholders' Mandate will enable DLMI to undertake transactions with its related parties. The transactional values of the Proposed Shareholders' Mandate and the actual value of each Recurrent Related Party Transaction from 25 May 2021, to 31 March 2022, (being the latest practicable date before the printing of the Circular), are set out below:-

Related Party	Nature of Transactions	#Estimated values of transactions from 25/5/2022 to the next AGM (RM '000)	Last mandate transactions as disclosed in the preceding Circular to Shareholders (RM '000)	^Actual value transacted from 25/5/2021 up to 31/3/2022 (RM '000) <b>#Note 1</b>
<b>Purchases by DLMI</b>				
FCN and/or FCD	Purchase of fully packed dairy products and raw materials	500,000	450,000	412,508
FFI	Purchase of fully packed dairy products and raw materials	300,000	300,000	116,567
FC(T)	Purchase of fully packed dairy products and raw materials	30,000	30,000	-
<b>Sales by DLMI</b>				
FCN and/or FCD	Sale of fully packed dairy products	10,000	10,000	1,291
FC(S)	Sale of fully packed dairy products	31,500	31,500	15,559
FC(T)	Sale of fully packed dairy products	5,000	5,000	-
<b>Services received by DLMI</b>				
FCN	Fees for know-how, trademark license and management support	60,000	60,000	21,029
FCDM	Corporate management fees	200	200	109
FCSCAP	Fees for shared services	6,000	6,000	2,555
FCBV	Fees for shared ICT and communication services	30,000	30,000	12,556
RFC	Interest on inter-company credit facility	3,000	3,000	-
<b>Services provided by DLMI</b>				
FCSCAP	Fees for shared corporate services	300	300	183



# The values are estimates based on the budgets and forecasts prepared by the Company from the conclusion of the forthcoming AGM of the Company to be held on 25 May 2022 until the conclusion of the next AGM of the Company in 2023. Due to the nature of transactions, the actual value of transactions may vary from the estimated value disclosed above and will be disclosed in the Annual Report of the Company in respect of financial year ending 31 December 2022

^ The actual value of the Recurrent Related Party Transactions transacted from the date of the AGM held on 25 May 2021 to 31 March 2022, being the latest practicable date prior to the printing of this Circular

**#Note1:** None of the actual values of the Recurrent Related Party Transactions has exceeded the estimated value by 10% or more

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## **2.5 Outstanding Amount Due under the Recurrent Related Party Transactions**

There are no outstanding amounts on the Recurrent Related Party Transactions. Accordingly, no late payment charges have been imposed nor have actions been taken to necessitate recovery of any outstanding amounts due.

## **2.6 Disclosure and Review Procedures for Recurrent Related Party Transactions**

There are procedures established by the Company to ensure that Recurrent Related Party Transactions are undertaken on an arms' length basis and on normal commercial terms consistent with the Company's usual business practices and policies and will not be prejudicial to the Company's shareholders. The procedures are as follows:-

- (a) A Recurrent Related Party Transaction Review Committee ("RRPT Review Committee") was established to review all Recurrent Related Party Transactions and, should it arise, any related party transaction, whereby such transactions would be reviewed periodically.
- (b) All Recurrent Related Party Transactions which are entered into pursuant to the shareholders' mandate obtained at the last AGM convened will be recorded by the Company in a register or records maintained by the Company.
- (c) All Recurrent Related Party Transactions will then be reviewed by the Audit & Risk Committee. Any member of the Audit & Risk Committee may, as he deems fit, request for additional information pertaining to the transaction including from independent sources or advisors.
- (d) Upon direction from the Audit & Risk Committee, the annual internal audit plan shall incorporate a review of all Recurrent Related Party Transactions entered into pursuant to the shareholders' mandate obtained to ensure that the relevant approvals have been obtained and any related party transaction and the review procedures in respect of such transactions are adhered to; and
- (e) The Management of the Company will update the Board and the Audit & Risk Committee on the status of all Recurrent Related Party Transactions including any related party transaction to ensure that all the review procedures established to monitor Recurrent Related Party Transactions and Related Party Transactions have been complied with.

Wherever practicable and/or possible, at least two other contemporaneous transactions with unrelated third parties for substantially similar products or services and/or quantities will be used as comparison to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties, bearing in mind market forces for the demand and supply of the products or services and its impact on pricing, quality, delivery schedules, preferential terms and conditions, and on the urgency that the goods or services are required.

In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the transaction price will be reviewed by the RRPT Review Committee based on their knowledge of industry norms to ensure that the Recurrent Related Party Transactions are not detrimental to the Company.

There is no specific threshold for approval of Recurrent Related Party Transactions. All Recurrent Related Party Transactions are reviewed and/or executed by senior management in the Company, provided always that such individuals have no interest in the transaction and the said transaction has been approved pursuant to the shareholders' mandate obtained at an AGM for Recurrent Related Party Transactions.

The Audit & Risk Committee will review and ascertain whether the guidelines and procedures established to monitor related party transactions, including the maintenance of proper records, have been complied to ensure that (i) the related party transactions are conducted at arm's length and on normal commercial terms, and (ii) such transactions are not prejudicial to the interests of the shareholders.

Further, where any Director or person connected with them has an interest (direct or indirect) in any related party transactions, such Director (or his alternate, where applicable) or person connected with them shall abstain from voting on the matter. Where any member of the Audit & Risk Committee is interested in any transaction, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit & Risk Committee with respect to such transactions.

In a meeting to obtain the Proposed Shareholders' Mandate, an interested Director, interested major shareholder or interested persons connected with a Director or major shareholder; where it involves the interest of an interested person connected with a Director, major shareholder or persons connected to them, shall abstain from voting on the resolution approving the transactions.

The Proposed Shareholders' Mandate, if approved at the forthcoming AGM, shall continue to be in force until the next AGM of the Company. Thereafter, shareholders' approval will be sought for the renewal of such mandate at each subsequent AGM, subject to a satisfactory review by the Audit & Risk Committee of its continued application to Recurrent Related Party Transactions.

## **2.7 Statement by the Audit & Risk Committee**

The Audit & Risk Committee has the overall responsibility of determining whether the procedures for reviewing all related party transactions are appropriate to ensure that the Recurrent Related Party Transactions are within the limits approved pursuant to the Proposed Mandate. The Audit & Risk Committee conducts the review of these procedures at least once a year.

The Audit & Risk Committee has reviewed the terms of the Proposed Shareholders' Mandate and is satisfied that the review procedures for related party transactions, as well as the annual review of all the Recurrent Related Party Transactions are sufficient to ensure that related party transactions are monitored, tracked and made at arm's length and in accordance with the Company's normal commercial terms, and hence, are not prejudicial to the interests of shareholders or disadvantageous to the Company.

## **3. RATIONALE OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will enable the Company to enter into related party transactions described in Section 2.4 above with the classes of Related Parties that are in the normal course of the Company's business. As such transactions may occur with some degree of frequency, the Proposed Mandate will eliminate the need for the Company to seek the shareholders' approval as and when potential transactions with the specified classes of Related Parties arise, thereby reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

The Recurrent Related Party Transactions, as outlined in Section 2.4, are carried out at arm's length basis and on normal commercial terms not prejudicial to the interest of the shareholders and 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.

The Proposed Shareholders' Mandate is vital in ensuring the viability of the Company's business by continuing its association with the RFC Group. In return, the Company has an obligation to the Group to market products using its brands. The Proposed Shareholders' Mandate is fundamental to DLMI's continuing status as the sole licensee in Malaysia for the use of the RFC Group's highly visible and strong brands such as "Dutch Lady", "Dutch Lady +Protein", "Dutch Lady Professional Full Cream Milk", "Dutch Baby Langkah 1", "Dutch Baby Langkah 2", "Dutch Lady Growing Up Milk 123", "Dutch Lady Growing Up Milk 456", "Dutch Lady Growing Up Milk 6+", "Dutch Lady MaxGro", "Frisolac", "Friso", "Frisomum" and "Friso Comfort". These brands are synonymous with quality dairy products worldwide.

Since incorporation, DLMI has been given the exclusive use of the RFC Group's trademarks in Malaysia. In addition, DLMI uses the registered trademarks on its advertising and packaging materials, promotional campaigns and printed matter to maximise the values attached to these trademarks. The trade name "Dutch Lady" is also allowed by the RFC Group to be used as the Company's name.

As manufacturers and distributors of a wider range of dairy and dairy-related products, DLMI has to import most of its dairy raw materials from overseas as only a negligible amount of fresh milk is available locally. The RFC Group, being one of the world's largest and most reputable suppliers of dairy ingredients, also supplies raw, semi-finished or finished products to DLMI.

In addition, the RFC Group produces and markets highly proprietary and technically superior dairy products throughout the world. These products are also sold in Malaysia via DLMI by special arrangement, in particular, specialised powders for infant and growing children.

As part of the RFC Group sourcing arrangement and to achieve better economies of scale, the sourcing of dairy raw material as well as fully packed dairy products is centrally arranged by FCN and/or FCD, being the sourcing arms for RFC Group. With this sourcing arrangement, approximately 73% of the total dairy raw and packaging materials as well as fully-packed dairy products purchased by the Company is sourced from the RFC Group.

Likewise for similar reasons, export opportunities to other related Parties are evaluated on a continuing basis and potential transactions with the specified classes of Related Parties are included in this Proposed Shareholders' Mandate.

DLMI has derived considerable commercial benefits from its continuing relationship with the RFC Group, who has helped the Company develop over the years to its present full range of quality dairy products that include infant formula, growing up milk, powdered milk, UHT milk, sterilised milk, pasteurised milk and yoghurts.

This has been possible through the RFC Group's valuable proprietary formulation, technical know-how, innovations and superior research and development relating to the manufacture of dairy products as well as extensive supply chain and commercial experience in the marketing and distributing of such products. This has enabled the Company to continuously improve its production as well as its marketing and selling processes.

In addition, the RFC Group provides full support to DLMI on Business and Marketing development, Trade Marketing, Supply Chain Management, Human Resource Management, Treasury, Food Safety and Dairy Affairs, Quality Control, Internal Audit, Sourcing/ Purchasing Services, Operations Management and ICT.

FCBV provides the RFC Group (including DLMI) with shared and ICT project management and communication services for RFC Group's regional SAP and ICT framework via FCSCAP, a Multimedia Super Corridor status company located in Malaysia. The Company also obtains financial shared services from FCSCAP. DLMI, in turn, provides FCSCAP with shared services support in human resources, administrative, legal and company secretarial services.

#### **4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate will not have any effect on the share capital of DLMI and will not have any financial effects on the gearing, earnings or the net assets of DLMI.

#### **5. CONDITIONS TO THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholder' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

#### **6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors or major shareholders of DLMI and/or persons connected to them have any interest, direct or indirect, in the Proposed Shareholders' Mandate pertaining to the Recurrent Related Party Transactions, save and except for the following:-

- (i) Ms. Ramjeet Kaur Virik, Mr. Bernardus Hermannus Maria Kodden and Mr. Jean Serge Krol are the Board representatives of RFC in DLMI. As such, they are deemed interested in the Proposed Shareholders' Mandate.
- (ii) FCDM, a major shareholder holding 50.96% equity interest in DLMI, is wholly-owned by FCI, which in turn is a wholly-owned subsidiary of RFC, is deemed interested in the Proposed Shareholders' Mandate pertaining to the Recurrent Related Party Transactions as stated in Section 2.4.

## Direct and indirect interest of Major Shareholders in DLMI as at 31 March 2022

Name	Direct Interest	%	Indirect Interest	%
<b>Interested Major Shareholder</b>				
FCDM	32,614,800	50.96	-	-
FCI	-	-	32,614,800	50.96
RFC	-	-	32,614,800	50.96

Ms. Ramjeet Kaur Virik, Mr. Bernardus Hermannus Maria Kodden and Mr. Jean Serge Krol are representatives of RFC and are deemed interested by virtue of RFC being the holding company of FCI, who in turn is the holding company of FCDM, which is the major shareholder of DLMI, holding 50.96% of the equity interest in DLMI. Accordingly, the interested Directors have and will continue to abstain from Board deliberations pertaining to the Proposed Shareholders' Mandate. In addition, the interested Directors will abstain from voting in respect of their direct and indirect shareholdings, if any, in DLMI on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM of DLMI to be convened. The interested Directors shall undertake to ensure that the persons connected with them shall abstain from voting on their direct and/or indirect shareholdings on the ordinary resolution pertaining to the Recurrent Related Party Transactions at the forthcoming AGM.

FCDM will abstain from voting in respect of its direct shareholdings in DLMI in the ordinary resolution on the Proposed Shareholders' Mandate at the forthcoming AGM. FCDM shall ensure that persons connected with it will abstain from voting on the resolution approving the Recurrent Related Party Transactions.

### 7. DIRECTORS' RECOMMENDATION

The Directors (except for Ms. Ramjeet Kaur Virik, Mr. Bernardus Hermannus Maria Kodden and Mr. Jean Serge Krol, who are deemed interested in the Proposed Shareholders' Mandate), having considered the rationale and benefits of the Proposed Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and its shareholders. Accordingly, your Directors, (except for Ms. Ramjeet Kaur Virik, Mr. Bernardus Hermannus Maria Kodden and Mr. Jean Serge Krol who are deemed interested in the Proposed Shareholders Mandate) recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM of the Company.

### 8. AGM

The ordinary resolution to vote on the Proposed Shareholders' Mandate is set out in the Notice of AGM which has been circulated in accordance with the Company's Constitution and which is available on the Company's website. The AGM will be 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 Wednesday, 25 May 2022 at 10 a.m.

If you are unable to attend and vote at the virtual AGM, you should complete and return the Form of Proxy which has been circulated in accordance with the Company's Constitution and which is available on the Company's website, in accordance with the instructions printed therein, to the Company's Share Registrars in care of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan (Helpdesk No: +60 3 7890 4700, Fax No: +60 3 7890 4670) not less than twenty-four (24) hours before the time set for the AGM thereof; or by electronic means using the Boardroom Smart Investor Portal at to <https://investor.boardroomlimited.com> not later than 48 hours before the time set for holding the AGM or any adjournment thereof. Please refer to the Administrative Guide in the Notice of AGM.

The completion and lodgement of the Form of Proxy will not preclude you from attending and voting at the virtual AGM should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I of this Circular for further information.

Yours faithfully

For and on behalf of the Board of Directors of  
**DUTCH LADY MILK INDUSTRIES BERHAD**

**DATIN SERI SUNITA MEI-LIN RAJAKUMAR**

Chairperson and Independent Non-Executive Director

## **APPENDIX I TO PART A OF THE CIRCULAR TO SHAREHOLDERS**

### **FURTHER INFORMATION**

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#### **1. RESPONSIBILITY STATEMENT**

The Circular has been reviewed and approved by the Directors of DLMI, and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries, and to the best of the knowledge and belief, there are no false or misleading statements or other facts, the omission of which could make any statement herein false or misleading.

#### **2. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by DLMI in the two (2) years preceding the date of this Circular save and except for the following:

- (i) Sale and Purchase Agreement dated 10 March 2021 for the Company to sell its current factory land located and held under title Pajakan Negeri 33305 Lot 78 Seksyen 13, Pajakan Negeri 33306 Lot 79 Seksyen 13 and Pajakan Negeri 96122 Lot 48 Seksyen 13, all in Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with the buildings erected thereon bearing postal address No. 13, Jalan Professor Khoo Kay Kim (formerly known as Jalan Semangat) 46200 Petaling Jaya, Selangor to UEM Land Berhad for a total cash sum of RM200,000,000.

#### **3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

DLMI is not engaged either as plaintiff or defendant in any material litigation, claims and arbitration, and the Directors of DLMI do not have any knowledge of any proceeding pending or threatened against DLMI or of any other facts which are likely to give rise to any proceedings which may materially affect the position or business of the Company.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of DLMI at Level 5, Quill 9, Jalan Prof. Khoo Kay Kim, 46300 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:-

- (i) Constitution of DLMI;
- (ii) Audited Financial Statements of DLMI for the two (2) financial years ended 31 December 2020 and 31 December 2021; and
- (iii) The material contract referred to in Section 2 of this Appendix.

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**DUTCH LADY MILK INDUSTRIES BERHAD (196301000165 (5063-V))**

(Incorporated in Malaysia under the then Companies Ordinances, 1940-1946)

**EXTRACT OF ORDINARY RESOLUTION FOR PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE.**

As Special Business

Item 7: Ordinary Resolution No. 7

**To consider and, if thought fit, to pass the following as an Ordinary Resolution:**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE.**

**"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 as stated in Section 2.4 with the specified classes of Related Parties as stated in Section 2.3 of the Circular to Shareholders dated 26 April 2022 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 this Ordinary Resolution.