

MINUTES OF THE FIFTY-NINTH ("59TH") VIRTUAL ANNUAL GENERAL MEETING ("AGM") OF DUTCH LADY MILK INDUSTRIES BERHAD ("THE COMPANY") HELD AT THE BROADCAST VENUE GALLERY 3, LEVEL 3, NEW WORLD PETALING JAYA HOTEL, PARADIGM, 1 JALAN SS7/26A, KELANA JAYA, 47301 PETALING JAYA, SELANGOR PETALING JAYA, SELANGOR ON WEDNESDAY, 25 MAY 2022 AT 10 A.M.

SHAREHOLDERS : As per Attendance List

PROXYHOLDERS : As per Attendance List

DIRECTORS : Broadcast from main venue
Datin Seri Sunita Mei-Lin Rajakumar (Chairperson)
Ms. Ramjeet Kaur Virik
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 : Ms. Katina Nurani Abd Rahim, Company Secretary
Mr. Arent Naber, Finance Director (Meeting Moderator)
Mr. Inderjit Singh (Meeting Moderator)
Ms. Sandhya Menon (Meeting Moderator)
Ms. Gan Wee Fong, Auditor

CHAIRPERSON OF THE MEETING : Datin Seri Sunita Mei-Lin Rajakumar ("Datin Seri Chairperson"), as Chairperson of the Company, welcomed everyone joining the Virtual Meeting and introduced the Board Members and the Company Secretary to the shareholders.





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QUORUM & NOTICE : The requisite quorum being present, Datin Seri Chairperson 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 Sky 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 would take place after dealing with all the business of the Meeting and that shareholders could also vote on the resolutions prior to the commencement of the e-polling by clicking on the voting icon on the shareholders' screen. The Company Secretary then invited the Poll Administrator to explain how the electronic/remote poll voting was to be conducted.



Following the presentation by the Poll Administrator on electronic poll voting and remote poll voting system, Datin Seri Chairperson then proceeded to table all the resolutions in the agenda for the shareholders' consideration.

Ordinary Business

Audited Financial Statements and Reports

Datin Seri Chairperson 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 2022, 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 2022.

RESOLUTIONS 3 & 4 : **Re-election of Mr. Bernardus Hermannus Maria Kodden and Ms. Saw Chooi Lee, the Directors who retire by rotation pursuant to Rule 105 of the Company's Constitution**

Datin Seri Chairperson informed the shareholders that Ordinary Resolutions 3 and 4 were on the re-election of the Directors, Mr.



Bernardus Hermannus Maria Kodden and Ms. Saw Chooi Lee, 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 Ms. Ramjeet Kaur Virik 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 Ms. Ramjeet Kaur Virik 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

The shareholders were then informed that the retiring auditors, PricewaterhouseCoopers PLT, had indicated their willingness to continue in office for the ensuing financial year ending 31 December 2022. 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, Datin Seri Chairperson 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")





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The shareholders were informed 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 2022 containing the relevant information in respect of the Proposed Shareholders' Mandate had been circulated to the shareholders.

Datin Seri Chairperson 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, Datin Seri Chairperson invited Ms. Ramjeet Kaur Virik ("Ms. Ramjeet") to provide an overview of the Company's performance for the financial year ended 31 December 2021.

Following the presentation by Ms. Ramjeet, Datin Seri Chairperson informed that the Company had received a list of questions from the Minority Shareholders Watch Group ("MSWG").

The Company Secretary and Ms. Ramjeet 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 were posted on the Q&A portal relating to the Company's performance and Audited Financial Statements.





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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.

Datin Seri Chairperson 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, Datin Seri Chairperson announced the results of the poll for all resolutions set out in the Notice of 59th AGM dated 26 April 2022 as follows:

ORDINARY RESOLUTION 1

- **PROPOSED INCREASE AND PAYMENT OF DIRECTORS' FEES OF UP TO RM500,000 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022**

	Number of shares held	%
FOR	47,735,948	99.96
AGAINST	20,556	0.04
TOTAL	47,756,504	100.0

Based on the results of the poll, Datin Seri Chairperson 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 2022, 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 2022**

	Number of shares held	%
FOR	47,739,934	99.96
AGAINST	18,265	0.04
TOTAL	47,758,199	100.0

Based on the results of the poll, Datin Seri Chairperson 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 2022, be hereby approved for payment to the Non-Executive Directors of the Company.

ORDINARY RESOLUTION 3

- **RE-ELECTION OF MR. BERNARDUS HERMANNUS MARIA KODDEN**



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	Number of shares held	%
FOR	47,745,440	99.97
AGAINST	13,459	0.03
TOTAL	47,758,899	100.0

Based on the results of the poll, Datin Seri Chairperson therefore declared that the Ordinary Resolution 3 was passed, and it was RESOLVED:

THAT Mr. Bernardus Hermannus Maria Kodden, 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 MS. SAW CHOOI LEE**

	Number of shares held	%
FOR	47,743,989	99.97
AGAINST	14,910	0.03
TOTAL	47,758,899	100.0

Based on the results of the poll, Datin Seri Chairperson therefore declared that the Ordinary Resolution 4 was passed, and it was RESOLVED:

THAT Ms. Saw Chooi Lee, 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 MS. RAMJEET KAUR VIRIK**

	Number of shares held	%
FOR	47,749,291	99.98
AGAINST	9,608	0.02
TOTAL	47,758,899	100.0

Based on the results of the poll, Datin Seri Chairperson declared that the Ordinary Resolution 5 was passed, and it was RESOLVED:

THAT Ms. Ramjeet Kaur Virik, the Director who was appointed during the year and retired pursuant to Rule 86.3 of the Company's Constitution, be and is hereby re-appointed to office as a Director of the Company.

ORDINARY RESOLUTION 6

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

	Number of shares held	%
FOR	47,752,793	99.99
AGAINST	6,406	0.01
TOTAL	47,759,199	100.0

Based on the results of the poll, Datin Seri Chairperson 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





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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")**

	Number of shares held	%
FOR	15,129,593	99.90
AGAINST	14,806	0.10
TOTAL	15,144,399	100.0

Based on the results of the poll, Datin Seri Chairperson 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 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 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.





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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

Datin Seri Chairperson then declared that all the Resolutions for the meeting were duly carried. She thanked all the shareholders for their continuous support to DLMI.

There being no further business, the Meeting came to a close at 11.30 a.m.



APPENDIX 1

SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTY-NINTH VIRTUAL ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE BROADCAST VENUE GALLERY 3, LEVEL 3, NEW WORLD PETALING JAYA HOTEL, PARADIGM, 1 JALAN SS7/26A, KELANA JAYA, 47301 PETALING JAYA, SELANGOR PETALING JAYA, SELANGOR ON WEDNESDAY, 25 MAY 2022 AT 10 A.M.

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

No.	Key Matters raised by MSWG	DLMI’s Responses
Operational & Financial Matters		
1(a)	<p>Due to global supply chain challenges and strong demand for milk as an essential product, prices of global dairy raw materials are affected and are at an all-time high. (page 38 of Annual Report (AR) 2021)</p> <p>With DLMI’s focus to nourish Malaysians at affordable prices and the global dairy raw material prices are expected to be on uptrend into 2023, is the Group able to pass on the higher input costs to customers and/or consumers? How much pricing power does the Group have for its brand portfolio?</p>	<p>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 have closely reviewed our pricing policies but will not just pass all higher input cost on to the consumer.</p>



(b)	<p>Given the intense competition and price wars among the consumer dairy players, how does DLMI balance between preserving gross margins and passing on cost increases to its customers while maintaining its products affordable to consumers?</p>	<p>It's both about pricing and other Revenue Growth Management (e.g., mix management) to strive for a healthy gross margin.</p>
(c)	<p>What percentage of raw material purchases are denominated in foreign currencies other than in Ringgit Malaysia? What is the current hedging policy of the Group?</p>	<p>DLMI's hedging policy is similar to previous years where we are hedging approximately 6 months ahead. Approximately 70% of our purchases are denominated in foreign currencies with USD being the main currency.</p>
2.	<p>The Company's dividend payment for the past 5 financial years is shown in the table below (page 13 of AR 2021)</p> <p>(a) Dividend payment over the past 5 years have been on a declining trend. As the Company does not have a fixed dividend policy, will the Company consider formalizing a dividend policy that can give shareholders the assurance that, after taking in account of the Group's operational needs, the Company will strive to</p>	<p>DLMI does not have a formal dividend policy. When deciding on the dividend payments the Board carefully looks at the business requirements.</p> <p>As communicated, DLMI intends to fund the construction of the new manufacturing facilities with internally generated funds. During the construction of the new manufacturing facilities, DLMI strives to balance the internal cash, financing and to maintain a stable dividend when compared to 2021. As a result, DLMI wishes to retain its accumulated profits to utilize towards the construction of the new manufacturing facilities on the land in Bandar Enstek. This</p>

	<p>maintain a stable dividend pay-out to shareholders?</p> <p>(b) The investments in Bandar Baru Enstek new manufacturing facility are expected to be internally funded. Will this impact the pay-out for dividend moving forward?</p>	<p>will minimize the need for borrowings. The investment in the new manufacturing facilities is anticipated to enhance DLMI's prospects and earnings in the future.</p>
3	<p>The mainstream growing-up milk (GUM) for 1-3 years old experienced a decline compared to previous year as consumers balance their overall spend impacted by the pandemic. This led to a 12% category decline in penetration with a similar drop for the Dutch Lady GUM Brand (page 37 of AR 2021).</p> <p>(a) What is the Group's marketing strategy to improve the sales of GUM? GUM is considered a homogeneous product; how does the Group differentiate itself from other competitors in this segment?</p>	<p>(a) DLMI constantly reviews and optimizes its marketing strategies for its total portfolio.</p> <p>(b) In both Liquid Milk and Mainstream IFT, DLMI has the no. 1 position in the market.</p>

	<p>(b) Does the group’s brand portfolio (Dutch Lady Liquid Milk, Dutch Lady GUM, MaxGro) have market leadership in their respective categories?</p>	
<p>Sustainability Matters</p>		
<p>4.</p>	<p>Under pillar 3: carbon footprint of the Group’s sustainability roadmap, the Group is committed to using less energy and water, reducing waste, and decreasing emissions. In 2021, the Group achieved an Energy ratio of 1.20 GJ/ton and Water ratio of 3.23 m3/ton against the budgeted 1.12 GJ/ton and 3.59 m3/ton, respectively (page 32 of AR 2021). Under the Sustainability Report (page 87 & 88 of AR 2021), DLMI had disclosed the energy and water consumption level for year 2015 to 2021. Other key statistics such as landfill waste and sludge for fertilizer were disclosed for year 2021. What is the consumption/effluent/discharge targeting the Group aims to achieve for each of these initiatives under the carbon footprint in FY2022?</p>	<p>DLMI is currently in the process of reviewing existing gaps and establishing preliminary baselines based on our datasets for each of these initiatives (e.g.: carbon emissions, water and waste). To establish reduction targets in each of these areas, we have commenced the necessary action to take a deeper dive to understand our ‘peaked emissions’ (maximum emissions from our footprint) and amount of resource consumption required that is aligned to our internal growth targets and also Royal Friesland Campina’s sustainability roadmap.</p>



	How does the Group plan achieve these targets?	
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QUESTIONS FROM SHAREHOLDERS AND PROXIES

No.	Key Matters raised by the shareholders	Responses from the Board of Directors and Management Team
1.	Will the Company be impacted by supply chain disruptions in 2022?	Everyone is impacted by Supply Chain disruptions. To avoid operational disruptions coming from the global supply chain issues, the Company is critically reviewing its safety stock levels on the short term. Airfreighting of stock is used as a last resort to avoid an Out-of-Stock situation in the Malaysian supermarkets.
2.	Why did the Company not use debt financing for the building of the new facility in Bandar Enstek? These facilities are long-lived new assets that are revenue and cash flow generative for many years to come. It is quite customary for such assets to be funded by debt.	All options have been reviewed. The Board has found that the current approach is the best option for the Company.
3.	What is the expected capex for 2022, 2023 & 2024 when the new factory commences operations?	The new factory is expected to be operational by 2024. Over the period from 2021 to 2025, the Company will spend RM400 million in capex.

4.	What's the expected return on capital for the RM400m investment in new factory?	The construction of the new manufacturing facilities is under way. Therefore, it is too early to provide insights on the expected return on capital.
5.	There were advance payments of RM126 million made to a related party for future raw materials purchases (Note 8 of the Annual Report). Can the Board prove more colour on the nature of this transaction? Who was the related party and why is the amount so large when compared to previous years?	In 2021 the Company performed a prepayment to FrieslandCampina Nederland BV for future Dairy Raw material purchases. The Company receives a discount on the raw materials in return and is therefore deemed in the best interest of company and the shareholders. The advance payment was within the amount mandated by shareholders for RRPT for the purchase of dairy raw materials for the period in question.
6.	Please consider giving e-voucher to participating shareholders as token of appreciation for effort and cost of attending and supporting the company.	If you have registered to attend this meeting, you will receive an e-voucher via email in due course.
7.	Please share the group efforts in mitigate risks of rising cost of raw material. Thanks	Prices are expected to remain on these high levels in the near future. To ensure we can continue to Nourish the Nation, we are continuously reviewing our plans to protect our gross margins.

8.	Does DLMI have a complete strategy and plan to tackle supply chain disruption of the raw materials? For instance, Malaysia is banning export of chicken coming June 2022 and this has resulted supply disruption in Singapore as Malaysia's chicken accounted for Singapore 30% import. Will this happen to DLMI and constant supply of raw materials is assured?	For the short term the Company critically reviews its stock levels. Airfreight of products is undertaken as a last resort.
9.	Can the increase of raw materials price pass to consumers? How is DLMI maintain or even increase margin? Gone are the days for EPS is 50 to 60 cents per quarter? Is high EPS still achievable?	Higher cost is being felt by everyone. The Company's core purpose is to Nourish the Nation whilst delivering profitability to its shareholders and works towards finding the right balance for the two. With the escalating costs, pricing policies were reviewed, and price increases have been performed.
10.	It is mentioned in DLMI Annual Report: Management Discussion & Analysis, page 36, that FY2021 recorded overall volume growth of 7% YoY. The phrase 'overall volume growth' refers to growth of DLMI's production volume or sales volume? Please elaborate on this	Average selling price of our products is not shared publicly. The phrase "overall volume growth" refers to sales to our customers.

	and provide details on the average selling price of DLMI's products in FY2021 vs FY2020.	
11.	DLMI recorded better gross profit margin in FY21 due to better cost of sales. How did DLMI manage to reduce its cost of sales per revenue? Please elaborate on this.	The Company focused on Revenue Growth Management, effective commercial spends and cost optimization across all lines in the P&L to reduce the cost of sales.
12.	Some companies are having physical AGM recently. When your company back to physical AGM again?	The Board finds that virtual meetings are convenient for shareholders as they allow all shareholders to participate in the meeting from the comfort of their home or office. The Board will decide on the procedure for future general meetings at the appropriate time.
13.	More dairy players are venturing upstream to produce fresh milk locally, which can protect their margin, secure feedstocks, and be able to promote the freshness of their products. (a) Do we have any plan to venture upstream to produce milk locally? (b) While our company still rely heavily on importing milk, will this	a) In Malaysia, the model is to work with Malaysian local dairy farmers. The Company works with Department of Veterinary Services to help develop our local dairy farmers as we want to focus on making and selling nutritious milk products. b) The Company's Dairy Development Program is in line with the efforts of the Malaysian government to meet demand for locally produced raw milk and lessen



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	put our company in a comparatively more disadvantageous position when competing with these players?	Malaysia's dependency on imported milk and to achieve 100% self-sufficiency.
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