DUTCH LADY MILK INDUSTRIES BERHAD ("DLMI" OR THE "COMPANY")

PROPOSED ACQUISITION BY DLMI OF 14,490,000 ORDINARY SHARES, REPRESENTING 35% EQUITY INTEREST, IN JEMALUANG DAIRY VALLEY SDN BHD ("JDV") FROM KULIM (MALAYSIA) BERHAD ("KULIM") FOR A CASH CONSIDERATION OF RM17.5 MILLION ("PROPOSED ACQUISITION")

1.0 INTRODUCTION

The Board of Directors of DLMI ("**Board**") wishes to announce that on 10 November 2026, DLMI entered into a conditional share sale and purchase agreement ("**SSA**") with Kulim and A2 Fresh Holdings Sdn Bhd ("**A2F**") for the proposed acquisition of 14,490,000 ordinary shares representing 35% equity interest ("**JDV Shares**") in JDV from Kulim ("**Proposed Acquisition**").

On the same day, DLMI entered into a conditional joint venture agreement ("**JVA**") with Kulim, A2F and JDV to regulate the relationship among the parties in relation to JDV following the Proposed Acquisition.

2.0 DETAILS OF THE ACQUISITION

2.1 Background Information

The Proposed Acquisition entails the acquisition of the JDV Shares by DLMI from Kulim for a cash consideration of RM17,500,000 ("**Purchase Consideration**"), subject to the terms and conditions as contained in the SSA.

2.2 Salient terms of the SSA

(i) Sale and purchase of the JDV Shares

DLMI agrees to acquire from Kulim, on the terms and conditions set out in the SSA, the JDV Shares at the Purchase Consideration, free from any encumbrances, claims, charge, mortgage, pledge whatsoever together with all rights, benefits, advantages and entitlements attaching to them as at the completion of the sale and purchase of the JDV Shares ("**Closing**"), including the right to receive all dividends or distributions declared, made or paid effective on or after Closing.

In consideration of DLMI agreeing to acquire from Kulim the JDV Shares, A2F agrees to provide certain undertakings, covenants, representations and warranties in relation to the operation and management of JDV.

(ii) Purchase Consideration and payment term

The Purchase Consideration is payable in cash by DLMI to Kulim on the Completion Date (as defined below) in accordance with the terms of the SSA.

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(iii) Conditions precedent

The Proposed Acquisition is conditional upon the satisfaction or waiver of the following conditions, by or before the Cut-Off Date (as defined below):-

(a) Kulim having obtained or procured JDV to obtain the approval of the Management Committee (as defined in the Commercial Agreement) and East Coast Economic Region Development Council ("**ECERDC**") for the change in the shareholders of JDV and their respective shareholding(s), the directors and leadership of JDV and/or (if required) for any other matters under the commercial agreement for the investment in, operation and management of the Dairy Project (as defined below) dated 6 April 2023 between ECERDC, Kulim, A2F and JDV ("**Commercial Agreement**");

(b) Kulim having obtained or procured JDV to obtain the approval of the State Government of Johor for the change in the shareholders of JDV and their respective shareholding(s) as well as the directors and key managers of the Company and/or (if required) for any other matters under the master lease agreement dated 6 April 2023 entered into between the State Government of Johor, State Secretary, Johore (Incorporation) ("**SSI**"), Kulim, A2F and JDV for the project land;

(c) Kulim having obtained the written approval from MBSB Bank Berhad for a change of shareholding in JDV as required under the bank facilities granted to Kulim for utilisation by JDV;

(d) DLMI providing a guarantee in favour of MBSB Bank Berhad in respect of the RM68million term financing i-3 facility for the capital expenditure of JDV, for an amount proportionate to DLMI's proposed shareholding in JDV, which shall take effect from the Completion Date;

(e) DLMI, Kulim and A2F having executed the JVA, which shall take effect from the Completion Date;

(f) DLMI having executed (i) the agreement for the supply of raw milk by JDV to DLMI for a term to be agreed and (ii) the agreement for the distribution of the finished milk products by DLMI on such terms as mutually agreed with JDV.

The date on which the last of the condition precedent is fulfilled or otherwise waived shall be the unconditional date ("**Unconditional Date**").

For the purposes of the SSA, "**Cut-Off Date**" means the day falling 90 days from the date of the SSA, provided that if any of the conditions precedent remains unsatisfied and has not been waived as at such date, the Cut-off Date shall be automatically extended on one occasion only by a further 30 days without requiring the agreement of either party, and no further automatic extension shall apply, or such other date as the Kulim and DLMI may mutually agree in writing.

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(iv) Closing

Subject to the satisfaction or waiver of the conditions precedent of the SSA, Kulim and DLMI shall proceed with the Closing on the 14th business day after the Unconditional Date or such other date as may be agreed in writing ("**Completion Date**").

2.3 Salient terms of the JVA

(i) JVA

The JVA shall come into effect on the Completion Date ("**Effective Date**"). With effect from the Effective Date, the amended and restated joint venture cum shareholders agreement dated 6 April 2023 entered into between A2F, Kulim and JDV (which amended and replaced the joint venture cum shareholders agreement dated 22 September 2021) shall automatically terminate and cease to have any further force or effect.

The JVA governs, among others, the rights and obligations of Kulim, A2F and DLMI as shareholders of JDV, as well as the conduct of the business and affairs of JDV. The JVA includes provisions relating to, among others, the appointment of directors, reserved matters, restrictions on the transfer of shares and rights of first refusal in respect of new business opportunities.

(ii) Primacy of the Commercial Agreement

The parties acknowledge that JDV's right to own, develop, operate and carry out its business are derived from, and subject to, the terms of the Commercial Agreement. The Commercial Agreement is fundamental to the continued operations of JDV and shall have primacy in the affairs, conduct and decision-making of JDV.

(iii) Special rights redeemable preference share

With effect from the Effective Date, one special rights redeemable preference share shall be held by SSI, for and on behalf of the State Government of Johor, on the terms as set out in the JVA.

2.4 Information on JDV

JDV was incorporated in Malaysia under the Companies Act 2016 ("**Act**") on 29 September 2022 as a private company limited by shares.

JDV is a special purpose vehicle company incorporated to develop, operate and manage a dairy project in Sungai Ambat, Jemaluang, Mersing, Johor ("**Dairy Project**") in collaboration with ECERDC.

The principal business activities of JDV are to undertake the Dairy Project and to engage in all related activities necessary to implement, support and enhance the business and transactions in connection with the Dairy Project.

As at the date hereof, the issued share capital of JDV is RM41,400,000 comprising 41,400,000 ordinary shares, held by the following shareholder(s):-

Shareholder(s)	Number of ordinary shares held	Percentage of equity interest (%)
Kulim	26,910,000 shares	65%*
A2F	14,490,000 shares	35%

**Note: This includes 30% of the equity interest held by Kulim on trust for the State Government of Johor.*

The directors of JDV are:-
(i) Chan Yan San;
(ii) Lim Ban Keong;
(iii) Qasem Alhasan;
(iv) Ahmad Yusri bin Mohamed;
(v) Mahmud bin Saidoo;
(vi) Mizan bin Yahya, Dato';
(vii) Zahari bin Sarip; and
(viii) Mohamad Nafis bin Abdul Razak.

2.5 Information on Kulim

Kulim was incorporated in Malaysia under the Companies Act 1965 on 3 July 1975 as a private company limited by shares under the name of Kulim (Malaysia) Sdn Bhd. Subsequently, the company was converted into a public limited company on 18 August 1975 and was then listed on the Main Board of Bursa Malaysia Securities Berhad ("**Bursa Securities**") (now known as Main Market of Bursa Securities) on 14 November 1975. On 4 August 2016, the shares of Kulim were removed from the Official List of Bursa Securities following the completion of a selective capital reduction and repayment exercise.

As at 5 November 2026, being the latest practicable date prior to this announcement ("**LPD**"), Kulim is a subsidiary of Johor Corporation and is principally involved in plantation and investment holding. As at the LPD, the issued share capital of Kulim is RM150,000,000.00 comprising 600,000,000 ordinary shares. The directors of Kulim are Mohd Nordin Bin Jamaludin, Mohd Faris Adli Bin Shukery and Shamsul Anuar bin Abdul Majid.

2.6 Information on A2F

A2F was incorporated in Malaysia under the Act on 11 December 2020 as a private company limited by shares. A2F is an investment holding company.

As at the LPD, the issued share capital of A2F is RM18,461,286.00 comprising 12,818,639 ordinary shares, held by Rhone Ma Holdings Berhad, Raja Mariam Binti Raja Rustam Shahrome, Nor Hazimah Binti Zabarudin and Kamarul Bahrain Bin Mohd Johan.

The directors of A2F are Lim Ban Keong, Nor Hazimah Binti Zabarudin, Hamzah Bin Mohd Salleh, Rahanawati Binti Ali Dawam, Raja Mariam Binti Raja Rustam Shahrome and Dr Mai Lam @ Rosli Mai Lam *(alternate director to Raja Mariam Binti Raja Rustam Shahrome)*.

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3.0 BASIS OF AND JUSTIFICATION FOR THE CONSIDERATION

The Purchase Consideration of RM17,500,000 was arrived at on a "willing-buyer willing-seller" basis. The Company undertook an assessment of JDV's equity value based on a discounted cash flow valuation methodology using JDV's business plan and projected future cash flows, taking into consideration, amongst others, the expected development and expansion of the Dairy Project, projected milk production volumes, anticipated financial performance and future growth prospects of JDV.

4.0 RATIONALE AND BENEFITS OF THE TRANSACTION

JDV serves as the anchor company for the Dairy Project, which aims to develop and establish an efficient and sustainable dairy cattle production industry through an integrated value chain comprising upstream, midstream and downstream activities. JDV's integrated dairy operation is principally focused on the production of pasteurised fresh milk for the domestic market. The Proposed Acquisition will provide DLMI with access to the fresh milk segment and enhance DLMI's ability to meet the growing demand for fresh milk, while strengthening DLMI's position in the Malaysian ready-to-drink (RTD) milk market, which is expected to be increasingly driven by the fresh milk segment.

5.0 PROSPECTS

JDV's dairy farm commenced operations in 2025 and is expected to expand its herd from the current 1,000 milking cows to 2,000 milking cows by 2030. In addition to the dairy farm, JDV intends to construct a production facility with an annual production capacity of approximately 16 million to 20 million litres of pasteurised milk by 2027. The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of DLMI, thereby enhancing shareholders' value in the long-term.

6.0 LIABILITIES TO BE ASSUMED

Save for a corporate guarantee in an amount of RM24 million to be provided by DLMI in favour of MBSB Bank Berhad in respect of the RM68 million term financing i-3 facility utilised by JDV for its capital expenditure requirements, being an amount proportionate to DLMI's proposed shareholding in JDV, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by DLMI.

7.0 RISKS OF THE TRANSACTION

The Proposed Acquisition is subject to the risks inherent in the dairy farming industry and the operations of JDV, including amongst others, outbreak of livestock disease, increases in the cost of livestock feed, general economic downturn and changes in laws, regulations or government policies affecting the industry. The Company will continue to monitor the operations of JDV and the relevant developments, and take such measures as it considers appropriate to mitigate the potential impact of such risks.

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8.0 EFFECTS OF THE TRANSACTION

8.1 Issued and paid-up capital

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of DLMI as it does not involve any issuance of new shares in DLMI.

8.2 Substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on DLMI's substantial shareholders' shareholding in DLMI as it does not involve any issuance of new shares in DLMI.

8.3 Net Assets ("NA") and gearing

The Proposed Acquisition is not expected to have a material effect on the NA and gearing of DLMI for the financial year ending 31 December 2026 as the Purchase Consideration will be satisfied by internally generated funds.

8.4 Earnings and earnings per share ("EPS")

The Proposed Acquisition is not expected to have a material effect on the earnings and EPS of DLMI for the financial year ending 31 December 2026.

9.0 ESTIMATED TIME FRAME FOR COMPLETION

Subject to the fulfilment of the conditions precedent under the SSA and barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the first quarter of 2027.

10.0 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities ("**MMLR**") is approximately 3.05%, computed based on the purchase consideration as compared to net assets of the Company for the financial year ended 31 December 2025. As the highest percentage ratio is below 5%, the Company has elected to voluntarily announce the Proposed Acquisition under Paragraph 10.05(2) of the MMLR.

11.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

12.0 DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, financial effects, salient terms of the SSA and the risk associated with the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

This announcement is dated 10 November 2026