

**Minutes of the 33<sup>rd</sup> Annual General Meeting of Nestlé (Malaysia) Berhad (“the Company”) held on Thursday, 27 April 2017 at 10.10 a.m. at Ballroom B & C, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur.**

**Members of the Board of Directors present:**

1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail ) Chairman  
(Independent, Non-Executive Director)
2. Dato' Mohd. Rafik Bin Shah Mohamad ) Member  
(Independent, Non-Executive Director)
3. Tan Sri Datuk (Dr.) Rafiah Binti Salim ) Member  
(Independent, Non-Executive Director)
4. Tan Sri Datuk Yong Poh Kon ) Member  
(Independent, Non-Executive Director)
5. Dato' Frits van Dijk ) Member  
(Independent, Non-Executive Director)
6. Toh Puan Dato' Seri Hajjah Dr. Aishah Ong ) Member  
(Independent, Non-Executive Director)
7. Alois Hofbauer ) Member  
(Non-Independent, Executive Director)
8. Martin Peter Kruegel ) Member  
(Non-Independent, Executive Director)

**In attendance:**

Tengku Ida Adura Tengku Ismail  
(Company Secretary)

Donna Lim/Ann Lau/Gavin Yeap  
(Representatives of Tricor Corporate Services Sdn. Bhd.)

**Attendance of Shareholders (As per the Attendance Lists):**

1. The number of shareholders was 1,290.
2. The number of proxies was 391.
3. The number of corporate representative was two (2), from the Minority Shareholders Watchdog Group and the Employees Provident Fund Board.

**1. Chairman of Meeting**

Tan Sri Dato' Seri Syed Anwar Jamalullail (“Tan Sri Chairman”), being the Chairman of Nestlé (Malaysia) Berhad, was in the chair and commenced the proceedings of the 33<sup>rd</sup> Annual General Meeting of the Company.

Tan Sri Chairman thanked the attendance of the shareholders, the proxies and the members of the management team of the Company. Thereafter, Tan Sri Chairman proceeded to introduce the members of the Board of Directors and the Company Secretary who were seated with him.

**2. Quorum**

The Company Secretary confirmed that the quorum, i.e. at least two (2) members, in person, by proxy or representatives (for corporations), representing not less than one-third of the issued shares of the Company was present.

Mr. Alois Hofbauer was the proxy for Nestlé S.A. which represented 170,276,563 ordinary shares equivalent to 72.61% of the equity of the Company and the shareholders of 198,833,670 shares lodged their proxies within the stipulated time and the holders of 4,912,709 shares had appointed the Chairman to be their proxies. The proxies for these ordinary shares were equivalent to 84.79% of the equity of the Company.

As the requisite quorum was present, the meeting was called to order.

**3. Presentation of the Annual Report 2016**

Tan Sri Chairman presented to the shareholders the Annual Report 2016 and read out the summary of the Message to Shareholders as published in the Annual Report 2016.

**4. Presentation on the Company's Performance**

Before Tan Sri Chairman proceeded with the business of the meeting, he invited Mr. Alois Hofbauer, the Chief Executive Officer of the Company, to present to the shareholders the Company's performance for the financial year 2016.

Mr. Alois Hofbauer proceeded to present the Company's performance for the financial year 2016, which amongst others covered the following areas :

1. Nestlé S.A. Group and Nestlé (Malaysia) Berhad Group highlights for the year 2016;
2. Financial Highlights of the Company;
3. The Company's F.I.T. Strategy, comprising of Fuel to Grow, Innovate to Grow and Transform to Grow initiatives;
4. Innovation Journey; and
5. Outlook for 2017.

## 5. **Notice of Annual General Meeting**

The Notice of Annual General Meeting dated 29 March 2017, having been circulated within the statutory period, was taken as read as it was sent and received by shareholders together with the Annual Report for the financial year ended 31 December 2016.

Tan Sri Chairman informed that the Annual General Meeting was a principal forum for dialogue with shareholders, and invited all shareholders to enquire about the Company's operations and raise any questions regarding the agenda and the resolutions tabled at the Annual General Meeting. The Company Secretary thereafter explained the process to raise questions during the meeting.

The Company Secretary also informed that pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution contained in the notice of any general meeting was to be voted on by poll. Shareholders were informed that the poll would be conducted at the end of the meeting and that Tricor Investor & Issuance House Sdn. Bhd. and Coopers Professional Scrutineers Sdn. Bhd. had respectively been appointed as the poll administrator and independent scrutineers to validate the votes casted.

## 6. **AS ORDINARY BUSINESS**

**To receive the statutory financial statements for the financial year ended 31 December 2016 and the Directors' and Auditors' reports thereon.**

The Statutory Financial Statements for the Financial Year Ended 31 December 2016 and the Directors' and Auditors' reports were tabled at the Annual General Meeting pursuant to Section 340(1) of the Companies Act 2016. It was for discussion only and not required to be put to vote.

The Chairman then informed that the Company had received questions from the Employees Provident Fund Board ("EPF") and the Minority Shareholders Watchdog Group ("MSWG"). The Company Secretary then read the questions that were posted by EPF and the Company's responses to their questions. The questions posted by MSWG were also read by the Company Secretary and the responses to the questions were provided by Mr. Alois Hofbauer and Mr. Martin Peter Kruegel.

The Chairman then invited comments and/or questions from the floor on the Statutory Financial Statements for the Financial Year Ended 31 December 2016 and the Directors' and Auditors' Reports. Questions raised by the shareholders present at the meeting were answered by the Board of Directors.

There being no other questions raised, the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon were received as properly laid before the Annual General Meeting.

A summary of questions by EPF, MSWG, shareholders/proxies and the Company's replies was annexed hereto and marked as "Annexure-A".

**7. Resolution 1:**

**To approve the payment of a final dividend of 130 sen per share, under a single tier system, in respect of the financial year ended 31 December 2016.**

The Company Secretary tabled the resolution for the payment of a final dividend of 130 sen per share, under the single tier system in respect of the financial year ended 31 December 2016 to the shareholders.

Madam Loke Swan Yen proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for Ordinary Resolution 1 would be taken at the end of the meeting.

**8. Resolution 2:**

**To approve the following payments to Directors**

- i) **Director's fees of RM1,080,000 for the financial year ended 31 December 2016 [2015 : RM1,060,000].**

The Company Secretary tabled the resolution for the payment of Director's fees of RM1,080,000 for the year ended 31 December 2016 to the shareholders.

Mr. William Woon proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for Ordinary Resolution 2 would be taken at the end of the meeting.

**Resolution 3:**

**To approve the following payments to Directors**

- ii) **Benefits of RM290,000 for a period of 18 months, from 1 January 2017 to 30 June 2018.**

The Company Secretary tabled the resolution for the payment of Director's benefits of RM290,000 for the financial period from 1 January 2017 to 30 June 2018 to the shareholders.

Ms Leong Ming Chee proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for Ordinary Resolution 2 would be taken at the end of the meeting.

**9. Resolution 4:  
To re-elect the following Directors retiring in accordance with Article 90.1 of the Company's Articles of Association:**

**(i) Tan Sri Dato' Seri Syed Anwar Jamalullail**

The Company Secretary tabled the resolution for the re-election of Tan Sri Dato' Seri Syed Anwar Jamalullail who was retiring in accordance with Article 90.1 of the Company's Constitution. The Company Secretary shared that Tan Sri Dato' Seri Syed Anwar Jamalullail had confirmed his willingness to be re-elected.

Madam Loke Swan Yen proposed that the resolution be put to vote.

Shareholders were informed that the poll for the resolution would be taken at the end of the meeting.

**10. Resolution 5:  
To re-elect the following Directors retiring in accordance with Article 90.1 of the Company's Articles of Association:**

**(ii) Dato' Frits van Dijk**

The Company Secretary tabled the resolution for the re-election of Dato' Frits van Dijk who was retiring in accordance with Article 90.1 of the Company's Constitution. The Company Secretary shared that Dato' Frits van Dijk had confirmed his willingness to be re-elected.

Mr. William Woon proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**11. Resolution 6:  
To re-appoint KPMG PLT as auditors of the Company and to authorise the Directors to fix their remuneration.**

The Company Secretary tabled the resolution to re-appoint KPMG PLT as auditors of the Company and to authorise the Directors to fix the auditors' remuneration. It was also reported that KPMG PLT had confirmed their willingness to be re-appointed.

Madam Loke Swan Yen proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**12. AS SPECIAL BUSINESS**

**Resolution 7:**

**Re-appointment of Toh Puan Dato' Seri Hajjah Dr. Aishah Ong as a director.**

The Company Secretary tabled the resolution for the re-appointment of Toh Puan Dato' Seri Hajjah Aishah Ong who had been re-appointed in the previous Annual General Meeting held on 28 April 2016 as Director under Section 129(6) of the former Companies Act, 1965 which was then in force and whose term would expire at the conclusion of this meeting. The Company Secretary shared that Toh Puan Dato' Seri Hajjah Aishah Ong had confirmed her willingness to be re-appointed.

Mr. William Woon proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**13. Resolution 8:**

**Re-appointment of Tan Sri Datuk Yong Poh Kon as a director.**

The Company Secretary tabled the resolution for the re-appointment of Tan Sri Datuk Yong Poh Kon who had been re-appointed in the previous Annual General Meeting held on 28 April 2016 as Director under Section 129(6) of the former Companies Act, 1965 which was then in force and whose term would expire at the conclusion of this meeting. The Company Secretary shared that Tan Sri Datuk Yong Poh Kon had confirmed his willingness to be re-appointed.

Madam Loke Swan Yen proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**14. Resolution 9:**

**Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 29 March 2017.**

The resolution for the proposed renewal of Shareholders' Mandate and proposed new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 29 March 2017 was tabled. The Company Secretary explained that Nestlé S.A. as a related party and shareholder of the Company would abstain from voting on the resolution. Nestlé S.A. was represented by the Chief Executive Officer of the Company, Mr. Alois Hofbauer and the Chief Finance Officer of the Company, Mr. Martin Peter Kruegel.

Madam Loke Swan Yen proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**15. Resolution 10:  
Retention of Independent Director.**

The Company Secretary tabled the resolution for the retention of Tan Sri Dato' Seri Syed Anwar Jamalullail as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2012.

Mr. William Woon proposed that the resolution be put to vote.

The Company Secretary informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**16. Resolution 11:  
Proposed adoption of new Company's Constitution**

The Company Secretary tabled the resolution to revoke the existing Constitution of the Company with immediate effect and to adopt the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 29 March 2017. It was noted that the proposed Special Resolution, if passed, would bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and to enhance administrative efficiency.

Madam Loke Swan Yen proposed that the resolution be put to vote.

Tan Sri Chairman informed the shareholders that the poll for the resolution would be taken at the end of the meeting.

**17. Any Other Business**

It was noted that there was no notice received for any other business.

**18. Voting Process**

Tan Sri Chairman invited the representative from Tricor Investor & Issuing House Services Sdn. Bhd. to give an explanation on the e-voting process prior to the commencement of e-voting.

The meeting then proceeded to vote and was adjourned at 12.20 p.m. for counting of votes.

## 19. Announcement of Poll Results

At 12.35 p.m., Tan Sri Chairman reconvened the meeting for the declaration of poll results as follows:-

Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>1</b>	196,153,970	99.998	4,000	0.002	196,157,970	100
<b>2</b>	196,150,970	99.996	7,000	0.004	196,157,970	100
<b>3</b>	196,151,970	99.997	6,000	0.003	196,157,970	100
<b>4</b>	176,157,370	90.464	18,569,400	9.536	194,726,770	100
<b>5</b>	194,722,670	99.998	4,100	0.002	194,726,770	100
<b>6</b>	196,153,970	99.998	4,000	0.002	196,157,970	100
<b>7</b>	195,358,470	99.998	4,000	0.002	195,362,470	100
<b>8</b>	195,358,470	99.998	4,000	0.002	195,362,470	100
<b>9</b>	25,877,207	99.984	4,100	0.016	25,881,307	100
<b>10</b>	176,157,570	90.464	18,569,100	9.536	194,726,670	100
<b>11</b>	196,153,970	99.998	4,000	0.002	196,157,970	100

Based on the poll results, Tan Sri Chairman declared that all resolutions tabled at the Annual General Meeting were carried.

It was RESOLVED as follows:-

### **Resolution 1**

THAT the final dividend of 130 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2016 be and is hereby approved for payment on 8 June 2017 to members who are registered in the Company's records on 18 May 2017.

### **Resolution 2**

THAT the payment of Directors' fees amounting to RM1,080,000 for the financial year ended 31 December 2016 be hereby approved.

### **Resolution 3**

THAT the payment of Directors' benefits amounting to RM290,000 for the financial period from 1 January 2017 to 30 June 2018 be hereby approved.

### **Resolution 4**

THAT Tan Sri Dato' Seri Syed Anwar Jamalullail, the Director retiring in accordance with Article 90.1 of the Constitution of the Company, be hereby re-elected as Director of the Company.

### **Resolution 5**

THAT Dato' Frits van Dijk, the Director retiring in accordance with Article 90.1 of the Constitution of the Company, be hereby re-elected as Director of the Company.

**Resolution 6**

THAT KPMG PLT, having indicated their willingness to continue in office, be hereby re-appointed as the Auditors of the Company for the ensuing year at a remuneration to be fixed by the Directors.

**Resolution 7**

THAT Toh Puan Dato' Seri Hajjah Dr. Aishah Ong be hereby re-appointed as Director of the Company.

**Resolution 8**

THAT Tan Sri Datuk Yong Poh Kon be hereby re-appointed as Director of the Company.

**Resolution 9**

THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 28 April 2016 and new shareholders' mandate pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(a) of the Circular to Shareholders dated 29 March 2017 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries' day-to-day operations and which are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders.

That the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier;

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this resolution.

**Resolution 10**

THAT Tan Sri Dato' Seri Syed Anwar Jamalullail be hereby retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2012.

**Resolution 11**

THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 29 March 2017 accompanying the Company's Annual Report for the financial year ended 31 December 2016 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.

**20. Closure of Meeting**

There being no other business to be discussed, the meeting was duly concluded at 12.40 p.m. with a vote of thanks to Tan Sri Chairman by Mr. Alois Hofbauer.

Signed as a correct record of the proceedings:

- SIGNED -

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**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**  
**Chairman**

## Annexure - A

### Summary of comments, questions and answers during the Annual General Meeting

1. Questions from EPF, in summary:-

- (i) The first question was concerning the Company's ability to sustain its profit performance and the specific question was on the Company's expectations of earnings growth for the financial year ending 2017 to 2018.
- (ii) The second question was on rising agri-commodity prices, its impact and how would the Company cope in its day-to-day operations? EPF would also like to know about the Company's hedging policy and forward contract.
- (iii) Third question was in relation to the new Bank Negara's ruling that compelled exporters to convert 75% of their foreign earnings into local currency. As exporters had to bear transaction costs, paying commissions when they converted foreign currency into Ringgit Malaysia and then back to the US Dollar to pay foreign suppliers, how was the Company managing it and what would be the impact on the bottom line of the Company?
- (iv) The fourth question was on the Company's move to grow its e-commerce business, i.e. whether there was any possibility that the Company might set up its own online portal in Malaysia in future.

The Company had responded to EPF's questions as follows:-

- (i) The Company would strive to deliver a good earnings growth for the financial year ending 2017 to 2018. The balancing act of savings across the product value chain and reinvests into fuelling the growth would certainly help the Company to gain market share and achieve the desired growth. The Company would continue to accelerate the product innovation initiatives to support the good growth momentum.
- (ii) The escalating commodity prices were foreseen and the Company had put the necessary measures to ensure the margin was protected. These measures had been in place since the last three years and year-on-year the Company had continued to work on new and more effective measures. On hedging, the Company had hedged its commodities requirements and was assisted by the Nestlé Commodity Purchasing Center of Competence.
- (iii) Prior to the new foreign exchange ruling that took effect in December 2016, the Company had always been converting 100% of its export proceeds immediately upon receiving the payments. Therefore there was no impact in this area.

- (iv) The Company was already into e-commerce. For specific/unique product proposition, such as NESCAFÉ DOLCE GUSTO and NESPRESSO, marketing and selling activities were conducted on their own website. For other product assortments, the Company was collaborating with Lazada and 11street which was more appropriate and this was the main priority instead of establishing a new e-commerce mechanism on the Company's own website.

2. Questions from MSWG, in summary:-

- (i) Strategic and financial matters, as stated under the Management Discussion & Analysis in the Annual Report 2016 in relation to e-Commerce, i.e. the proportion of online vs traditional sales turnover that the Group was expecting, how online sales contributed towards overall cost and efficiency in delivery channel, how would the Company differentiate itself from others using the same platform in the industry and the criteria used in identifying and choosing online partners, the budgeted investment cost for the online business and would these online businesses be translated into better sales and pricing, thus resulting in overall greater benefits to consumers.
- (ii) The second question was on the annual budget for product innovations and on the preparations, challenges and rollouts faced by the team.
- (iii) The key measures taken in 2016 to preserve and promote the Company's "Good food, Good Life" tagline, a promotion of healthy lifestyle.
- (iv) Key measures taken to address the higher impairment loss on trade and other receivables amounted to RM16.2 million in the financial year 2016 (2015: 9.7 million)

The Company's responses to the questions from MSGW were summarised as follows:-

- (i) The Chief Executive Officer, Mr. Alois Hofbauer, replied that online sales had started two years ago and was currently still at infancy stage. The Company had a target of RM40 million to RM50 million in online sales for 2017 and that 10% of the overall sales would be generated from online sales. Currently the Company was utilizing Lazada and 11street platform and was keen on expanding to Amazon once it establishes in South East Asia. The Company would work with current available channels instead of building its own as it believed that the available channels were sufficient for their online sales and that building its own online sales channel would be very costly. The Company had established its own online stores for NESPRESSO and NESCAFÉ DOLCE GUSTO, which had been gaining popularity and recognition, especially in Malaysia and Indonesia. The Company would choose its online partners in respect of its popularity, service levels and delivery reliability for the benefit of consumers.
- (ii) Mr. Alois Hofbauer answered that the Company targeted to have a minimum of 10% of sales from product innovation, which was in good progress since three to

four years ago, which was 4% at that time. New launches were always well supported by adequate marketing strategies and advertising and that product innovation was the Company's commitment to succeed.

- (iii) Mr. Alois Hofbauer informed that motto was embedded in the very core of the Company. In light to the recent launch of the "Healthier Choice" logo in Malaysia, many products of Nestlé had been certified as "Healthier Choice" including the top products, MILO and there would be more products to obtain the certification. The Company had been constantly improving on its nutrition profile, emphasising on lower salt and sugar intake, with 98% of its product labels containing the Guideline Daily Amounts ("GDAs") and had been actively promoting healthier products and lifestyles as the forefront of the Company.
  - (iv) The Chief Finance Officer of the Company, Mr. Martin Peter Kruegel clarified that the actual loss in 2016 was approximately RM6 million instead of RM16.2 million. Further, the loss was a provision made on prudence basis, which was not a concrete or actual loss. The provision pertained to only one customer, from which the Company had taken action to recover a portion of the outstanding amount.
3. Mr. Wan Heng Wah, a shareholder, congratulated the Company for its good financial performance for 2016, which recorded an increase in share price and dividend and he was looking forward to further improvement for 2017.
4. Mr. Ho Yueh Wong, a proxy to Kenneth Ho Tze Kien, raised the following questions:-
- (i) Whether the Company would have recorded an increase in profit for 2016 should the written-back of over-provision of taxes for 2015 was excluded.
  - (ii) Impact of reduction in capital expenditures ("CAPEX") in 2016 as compared with the past five financial years on future performance of the Company, and whether the Company had reached a saturation point.
  - (iii) Total dividend of RM2.70 for 2016 was higher than RM2.60 for 2015; however Ringgit Malaysia had reduced in its absolute value.
  - (iv) Impact of negative cash flow hedge in 2016, whether there was any hedging on commodities, raw materials and currency and the duration thereof.

The Board had responded as follows:-

- (i) In relation to the increase in profit, Mr. Martin Peter Kruegel explained that in addition to profit after tax, the other important Key Performance Indicators to look at would be operating profit and profit before tax and that as observed, both operating profit and profit before tax of the Company were sustainable and had improved in 2016.

- (ii) CAPEX growth was at its peak for 2014 to 2015, especially with the launch of factories, and had started to normalize in 2016. The Company was looking towards an average CAPEX of RM200 million annually in future.
  - (iii) The Company had paid an additional interim dividend in 2015 and that the value of Ringgit Malaysia would depend on the dividend payment dates.
  - (iv) The Company had some hedging on commodities and currencies, the rates of which differ from month to month and the duration of hedging varied for different type of commodities.
5. Mr. Bill Werimne, a shareholder, raised his concern on a newspaper article related to the lower global Nestlé's performance for the first quarter of 2017 and asked whether it would have any impact on Nestlé Malaysia.

Mr. Alois Hofbauer represented that although the parent company held 72% shareholding of the Company, the Company had been established for over 100 years and listed in Malaysia, the Company was relatively independent and there had been no intervention from the parent company. It was always primarily responsible to the local shareholders. Nestlé Malaysia was one of the biggest exporters within the Nestlé Group, second only to USA, and was committed to continue to grow.

6. Another shareholder, Mr. Veiven Goon, enquired on exports and whether the Company manufactured for other Nestlé companies worldwide.

It was reported that the Company had been exporting to more than 50 other Nestlé markets. All the Company's products had halal certification, hence the Company was well positioned as a halal hub in Malaysia.

7. Mr. Chong Fook Khing, a shareholder, raised a question on e-commerce i.e. whether the Company would be connected to other distributors such as Alibaba. He also enquired on the Company's new plant in Shah Alam and whether it had any plan to further increase its CAPEX of over RM200 million and whether there would be further increase in the number of factories operating in Malaysia. He further enquired whether there would be additional quarterly dividends and also on the utilisation of the Company's factories.

Mr. Alois Hofbauer answered that the Company had built relationship with Alibaba in China and was working with other online operators to access the e-market. Currently the CAPEX were more focused on investment in warehouses, people, e-commerce etc. The capacity utilisation of Sri Muda factory was 70% to 75% and had been expanded with infrastructures to grow the food manufacturing line. The average utilisation of factories was 75%.

As for dividends, Mr. Martin Peter Kruegel represented that quarterly dividend payments would result in the need for the Company to retain its liquidity position and would result in high interests on loans, which was not in the best interest of the

shareholders. Further, dividend payments would depend on cash flows and CAPEX requirements.

8. Madam Loke Swan Yen, a shareholder, congratulated the Company for its performance and the increased dividends and expressed that she was looking forward to more interim dividends.
9. To a shareholder's enquiry on reduction in the Company's reserves, Mr. Martin Peter Kruegel explained that it was mainly due to the payment of a second interim dividend of RM0.20 per share.
10. Mr. Paramsothy, a shareholder, commented that many shareholders aspired to increase their shareholdings in the Company and he enquired whether the Company had any consideration for bonus issue as an opportunity for minority shareholders to own more shares.

Mr. Alois Hofbauer replied that the Board would take note of the matter and would take it into consideration.

11. To Mr. Wan Heng Wah's question on the comparison of dividends over the past five years, Mr. Martin Peter Kruegel informed that the comparison had been included in the Annual Report and that the dividend payout was on an up-trend.
12. Mr. Chan Heng Leong, a shareholder, raised concerns on the possibility of things going wrong and potential decline in dividends as the Company's stock price was at an exclusive level and dividend pay-out was approximately 100% historically. He enquired whether there was any assurance or countermeasures against such scenario. Further, based on the Company's latest balance sheet, the capital reserve was relatively low. He added that there had been several false rumours on Nestlé products and asked how Management had reacted and whether it was a concern for the Company.

Mr. Alois Hofbauer replied that the Management had regular risk review meetings to identify and prepare for potential upcoming risks. Additionally, the Company also exercised high standards of compliance, being one of the top companies in Malaysia.

On the lower capital reserves, Mr. Martin Peter Kruegel explained that it was due to payment of dividends to shareholders, which was the primary obligation of the Company. He added that the balance sheet structure and equity ratios of the Company were at healthy levels. The Company would react proactively towards any identified risks and would continue to improve on its efficiency to overcome any potential financial risk.

13. Mr. William Woon, a shareholder, recorded his gratefulness to the Company for its results achieved and added that he would be looking forward to bonus issue by the Company.

14. Mr. Chew Seng Cheong, a shareholder, asked whether there was any potential consideration by the parent company to privatise the Company, based on the positive performance of the Company. He further enquired on the possibility of a share split exercise by the Company.

Mr. Alois Hofbauer replied that there had been no plan for privatisation from the parent company, Nestlé S.A. and that the Company was not planning to carry out any share split exercise.