



Minutes of the Extraordinary General Meeting (“EGM”) of Nestlé (Malaysia) Berhad (“the Company”) held on a virtual basis through live streaming from the broadcast venue at Level 22, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 26 April 2023 at 12.30 p.m.

Members of the Board of Directors present at broadcast venue:

1. YAM Tan Sri Dato' Seri Syed Anwar Jamalullail) Chairman
(*Non-Independent, Non-Executive Director*)
2. Mr. Chin Kwai Fatt) Member
(*Independent, Non-Executive Director*)
3. Dato' Hamidah Naziadin) Member
(*Independent, Non-Executive Director*)
4. YM Dr. Tunku Alina Raja Muhd. Alias) Member
(*Independent, Non-Executive Director*)
6. Mr. Juan Jose Aranols) Member
(*Non-Independent, Executive Director*)
7. Mr. Syed Saiful Islam) Member
(*Non-Independent, Executive Director*)

In attendance at broadcast venue:

Tengku Ida Adura Tengku Ismail
(*Company Secretary*)

By invitation and in attendance at broadcast venue:

1. Datin Sri Azlin Arshad
2. Mr. Ng Kim Ling
(*Ernst & Young PLT/External Auditors*)
3. Ms. Wan Hung See
(*Representative of MIDF Amanah Investment Bank Berhad – Principal Adviser*)
4. Mr. Ahmad Fazlee Aziz
(*Representative of KAF Investment Bank Berhad – Independent Adviser*)



5. Mr. Hamdi Abdullah
(Representative of Zul Rafique & Partners – Solicitors)
6. Ms. Emily Choo
(Representative of KPMG Corporate Advisory Sdn Bhd – Independent Valuer)

Attendance of Shareholders (as per the Attendance Lists):

1. **The number of shareholders who participated in the virtual meeting at the commencement of meeting was 223, and the total number of Shareholders who at any point of time participated in the virtual meeting was 581.**
2. **The number of proxies received appointing the Chairman was 280, representing 200,367,619 shares.**
3. **There were corporate representatives present, amongst others, from:**
 - **Sociétés des Produits Nestlé S.A. represented by Mr. Juan Aranol;**
 - **Minority Shareholder Watch Group (“MSWG”) represented by Mr. Norhisam Sidek; and**
 - **Employees Provident Fund Board (“EPF”) represented by Mr. Chung Yue Han.**

The Company Secretary shared that the meeting was conducted virtually from the broadcast venue at Level 22, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. It was announced that the attendance of the EGM was restricted to the shareholders and authorised representatives of corporate shareholders who had registered to join the meeting remotely. The proceedings of the EGM were recorded in order to capture the key discussion. The Company Secretary informed that as the discussion in the EGM was deemed confidential and only for the knowledge of relevant parties, and any visual or audio recording was prohibited, unless prior written consent was obtained. Attendees were briefed that the Company had taken all efforts and tried its best to ensure a smooth live streaming but that the quality of the broadcast for the attendees may be affected by their own internet bandwidth connection and stability.

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 EGM of the Company.

Tan Sri Chairman thanked the shareholders, the proxies, the Board of Directors and members of the management team of the Company for participating remotely from various locations through live streaming. Tan Sri Chairman informed that the broadcast venue was meant to facilitate the meeting and the Company guided by



the Guidance and Frequently Asked Questions (“FAQs”) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission (“SC”). Next, Tan Sri Chairman proceeded to introduce the members of the Board and the Company Secretary who were seated with him in the broadcast venue. Tan Sri Chairman also welcomed Datin Sri Azlin Arshad, who had just retired as a Director of the Company after the conclusion of the Annual General Meeting to the Company’s EGM as an invitee. Tan Sri Chairman then introduced the following persons, who were present at the broadcast venue:

- i) Mr. Ng Kim Ling, the audit partner in charge from Ernst & Young PLT;
- ii) Ms. Wan Hung See (“Ms. Wan”), Senior Director/Team Lead of Corporate Finance from MIDF Amanah Investment Bank Berhad (“MIDF”), the appointed Principal Adviser;
- iii) Mr. Ahmad Fazlee Aziz (“Mr. Fazlee”), Director of Corporate Finance from KAF Investment Bank Berhad (“KAF”), the appointed Independent Adviser;
- iv) Ms. Emily Choo, Executive Director, Advisory of Corporate Finance from KPMG Corporate Advisory Sdn. Bhd., the appointed Independent Valuer.

2. Quorum

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

The Company Secretary informed that as per the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the SC it had stated that participation of members would include those that participated virtually. Quorum would be determined by the number of members logged-in at the start of the meeting. As the requisite quorum was present, the meeting was called to order.

The Company Secretary further informed that Mr. Juan Aranols was appointed as the representative of Sociétés des Produits Nestlé S.A. which represented 170,276,563 ordinary shares equivalent to 72.61% of the equity of the Company and the shareholders holding 212,596,440 shares have lodged their proxies within the stipulated time. The holders of 19,546,971 shares have appointed the Chairman to be their proxy. The proxies for these ordinary shares held an equivalent of 90.66% of the equity of the Company.

3. Presentation on the Proposed Acquisition of 100% equity interest in Wyeth Nutrition (Malaysia) Sdn. Bhd. by Nestlé Products Sdn. Bhd.

Tan Sri Chairman informed that the purpose of the EGM was to table the ordinary resolution for the proposed acquisition of 100% equity interest in Wyeth Nutrition (Malaysia) Sdn Bhd (“WNM”) by Nestlé Products Sdn. Bhd., a wholly owned



subsidiary of the Company from Wyeth (Hong Kong) Holding Company Limited, for a cash consideration of RM165.0 million (“Proposed Acquisition”).

Tan Sri Chairman then proceeded the meeting by inviting Mr. Juan Aranols, the Chief Executive Officer of the Company, to share the updates on the Proposed Acquisition. His presentation, amongst others, covered the following areas:

- i) Background and History of WNM;
- ii) Opportunity to growth nearly doubling its market shares;
- iii) Diverse and Innovative Product Portfolio;
- iv) Operational Model of WNM;
- v) Valuation Range by two (2) Independent Firms; and
- vi) Key Value Proposition of the Proposed Acquisition.

Ms. Wan, the Principal Adviser from MIDF, was then invited to share her presentation. The salient points of the Proposed Acquisition highlighted were as follows:

- i) Introduction and details of the Proposed Acquisition that includes background of WNM and the salient terms;
- ii) Rationale of the Proposed Acquisition and future prospects of WNM and the enlarged Group;
- iii) Purchase consideration and Pro Forma effects;
- iv) Risk and mitigating factors of the Proposed Acquisition; and
- v) Approval required and indicative completion timeframe.

En. Fazlee, the Independent Adviser from KAF continued to present the Independent Adviser’s assessment relating to the Proposed Acquisition based on Independent Advice Letter dated 24 March 2023. The following salient points were highlighted for the attention of the shareholders:

- i) Introduction including the rationale of appointment of KAF;
- ii) Key Evaluation Criteria that include the evaluation of the purchase consideration, KAF opinion on fairness of the purchase consideration, comparable companies, salient terms of the Share Purchase Agreement and effects of the Proposed Acquisition; and
- iii) Other consideration consisting of rationale, future prospects and risk factors of the Proposed Acquisition.

4. Notice of Extraordinary General Meeting

The Notice of EGM dated 24 March 2023, having circulated to all members, was taken as read.

Tan Sri Chairman informed that the EGM was the principal forum for dialogue with shareholders and encouraged the shareholders to raise questions they had relating



to the Proposed Acquisition. The Company Secretary continued with explaining how questions may be raised during the meeting. She also informed that the Company would answer the questions after the presentation of agenda and resolution of the EGM.

The Company Secretary next informed that pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, any resolution contained in the notice of any general meeting shall be voted on by poll which would be conducted electronically via the Remote Participation and Electronic Voting ("RPEV") facility provided by Boardroom Share Registrars Sdn Bhd, the appointed poll administrators. KPMG Management and Risk Consulting Sdn Bhd had been appointed as the independent scrutineers to validate the votes cast.

Shareholders were informed that voting on the resolutions could be done at any time throughout the meeting until the closure of the voting session.

The Company Secretary also informed that due to time constraint, the Company might be unable to address all questions submitted via chat box. The questions would be moderated and might also be summarised to avoid repetition or similar questions. Those questions would be answered after all agendas had been presented. She also informed that questions which were not addressed would be answered by email at the earliest possible opportunity after the meeting.

The process of how voting could be done using the RPEV facility and the hotline number for support was shared.

The Chairman then presented the agenda of the EGM as follows:

5. **Ordinary Resolution:**
Proposed Acquisition of 100% Equity Interest in Wyeth Nutrition (Malaysia) Sdn Bhd ("WNM") by Nestlé Products Sdn Bhd ("NPSB"), a wholly-owned subsidiary of Nestlé (Malaysia) Berhad, from Wyeth (Hong Kong) Holding Company Limited ("WHK"), for a cash consideration of RM165.0 million ("Proposed Acquisition")

Tan Sri Chairman informed that the agenda of the meeting was to approve the Proposed Acquisition, which the full text and details of the proposed resolution was set out in the Circular to Shareholders dated 24 March 2023.

6. **Questions & Answers**

Tan Sri Chairman informed that the Company had received questions from MSWG and EPF. Tan Sri Chairman invited the Company Secretary to share the questions from MSWG and EPF together with the Company's responses.



Tan Sri Chairman then informed that the Company had also received questions from the shareholders prior to the EGM which were submitted via the RPEV platform, and via chat box during the EGM. The questions received were answered but not in any particular sequence according to the agenda. Shareholders had been informed earlier that questions received would be moderated and might also be summarised to avoid repetition or similar questions. He also informed that questions which were not addressed would be answered by email at the earliest possible after the meeting.

Mr. Juan Aranols was invited to respond to the questions received prior to the EGM and via the chat box.

A summary of questions by MSWG, EPF, and the shareholders/proxies together with the summarised responses by the Company is annexed hereto and marked as Annexure A.

After the questions had been dealt with, the meeting proceeded to vote and was adjourned at 1.40 p.m. for the counting of votes.

7. Announcement of Poll Results

Tan Sri Chairman reconvened the meeting for the declaration of poll results which had been verified by the independent scrutineers, KPMG Management & Risk Consulting Sdn. Bhd., as follows:

Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ordinary Resolution	22,184,856	51.9449	20,523,609	48.0551	42,708,465	100.000

Based on the poll results, Tan Sri Chairman declared that the resolution tabled and voted at the EGM was carried.

It was RESOLVED as follows:

Ordinary Resolution

Proposed Acquisition of 100% Equity Interest in Wyeth Nutrition (Malaysia) Sdn Bhd (“WNM”) by Nestlé Products Sdn Bhd (“NPSB”), a wholly-owned subsidiary of Nestlé (Malaysia) Berhad, from Wyeth (Hong Kong) Holding Company Limited (“WHK”), for a cash consideration of RM165.0 million (“Proposed Acquisition”)

THAT, subject to the conditions precedent stipulated in accordance with the Share Purchase Agreement dated 22 February 2023 entered into between NPSB and WHK in respect of the Proposed Acquisition (“SPA”) being fulfilled or waived, approval be and is hereby given to the Company, through NPSB, to acquire 1,969,505 ordinary



shares, representing 100% equity interest in WNM for a cash consideration of RM165.0 million, to be fully satisfied in cash, in accordance with the terms and conditions as stipulated in the SPA.

AND THAT, the Board of Directors of the Company ("Board"), save for Juan Jose Aranols Campillo, Syed Saiful Islam and Alessandro Monica (alternate director to Juan Jose Aranols Campillo) who are deemed interested in the Proposed Acquisition, be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such agreements, arrangements and documents as the Board may deem fit, necessary, expedient and/or appropriate in order to implement, or accept any conditions, variations, modifications and/or amendments in any manner as may be imposed or permitted by any relevant authorities and/or parties in connection with the Proposed Acquisition in the best interest of the Company.

8. Closure of Meeting

There being no other business to be discussed, the meeting was concluded at 1.55 p.m. with a vote of thanks to Tan Sri Chairman.

Signed as a correct record of the proceedings:

-signed-

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman



Annexure A

Questions received from MSWG and the Company's Responses

- 1. The Proposed Acquisition involves the acquisition by Nestlé Products Sdn. Bhd. (a wholly owned subsidiary of Nestlé (Malaysia) Berhad ("Nesmal")) of the sale shares from Wyeth (Hong Kong) Holding Company Limited (a wholly-owned subsidiary of Nestlé S.A. Group) for a purchase consideration of RM165.0 million (Page (v) of the Circular).**

What is the targeted return from this investment, and how long is it estimated to take for Nesmal to recoup the investment amount of RM165.0 million?

The Company's response to Question 1:

- Wyeth Malaysia is a profitable income-generating business, and leveraging on its strong brand equity, we will continue to invest behind the brands and channels to provide a strong foundation for future growth. Considering the Profit After Tax figures for the full year 2022, it may take roughly 10 years to recover the investment.

- 2. The Proposed Acquisition will provide Nesmal Group with the potential to share resources such as manpower and equipment, which will help to reduce cost and increase efficiency. This will enable Nesmal to quickly unlock value and capitalise on new opportunities for growth (Page 5 of the Circular).**

- a) To what extent will the Proposed Acquisition's potential help reduce costs and increase efficiency, and what is the estimated cost saving?**

The Company's response to Question 2(a):

- While we are unable to disclose the specific financial figures, we foresee mostly Potential for revenue synergies due to nature and positioning of the product portfolio of Wyeth Malaysia, as well as some optimization on organizational resources.

- b) How quickly will this acquisition enable Nesmal to unlock value and capitalise on new opportunities for growth?**

The Company's response to Question 2(b):

- Due to the complementary nature of Nesmal Group's operations and their integration with Wyeth Malaysia, management is highly confident that the proposed acquisition will yield immediate benefits. Notably, Nesmal Group will immediately gain access to Wyeth Malaysia's business and network, as



well as their portfolio of additional brands. This will enable Nesmal to broaden customer base and significantly increase market share in the premium nutrition market.

Questions received from EPF and the Company's Responses

- 1. Please explain the Principal and Cost Plus model as well as the reason for the change in the model.**

The Company's response to Question 1:

- In the Principal Model, a company assuming the role of a principal, takes on most of the business risks and responsibilities. The Principal is in charge of the marketing and operations strategy and assumes the cost of bad debt, inventory write-offs etc, while the local entity (importer/distributor) concentrates on limited-risk distribution activities, correspondingly resulting in lower margin for the local entity.
- Under the Cost Plus Model, the local entity has the full responsibility for marketing, operations, distribution, and sales and also bears market, credit, and inventory risks. The higher risks and responsibilities mean higher returns for successful outcomes.
- Wyeth business was under principal model when it was owned by Pfizer and as per of the acquisition agreement, the model required to be continued for a number of years even after acquisition. Thereafter Nestle SA initiated global review of the model and started implementing transition to cost plus model across all geographies. Accordingly in 2022, Wyeth Malaysia transitioned from a limited risk entity under the Principal model to a full-fledged distributor under Cost Plus model as part of this global change.

- 2. Wyeth Malaysia's profit numbers rose significantly in FY2022 due to the adoption of the Cost Plus model. What is the expectation of Wyeth Malaysia's future profits going forward (in terms of EBITDA & PAT)? Would the current profit levels in FY2022 be sustainable?**

The Company's response to Question 2:

- We strongly believe in the profitable growth potential of this business and are confident of sustaining profitability barring any exceptional situation beyond our control (e.g., pandemic, global supply chain crisis).
- Further, premium positioning of the business and the potential for synergies will also help it to remain accretive to Nestlé Malaysia's existing portfolio.
- Cost plus model is the current operating model for the existing business of Nestlé Malaysia (except Nespresso).



- 3. Why did Nestlé Malaysia choose to acquire Wyeth Malaysia via cash instead of new shares issuance?**

The Company's response to Question 3:

- The funding for this acquisition will be sourced from our internal funds, reflecting our ability to manage this acquisition without diluting the existing shareholding.

- 4. What was the breakdown of the original cost of Wyeth HK's investment in Wyeth Malaysia (RM162.4m) between book value and goodwill? It is worth noting that the proposed selling amount of Wyeth Malaysia is close to the cost of Wyeth HK's investment in Wyeth Malaysia.**

The Company's response to Question 4:

- We are unable to disclose further details, as Wyeth HK only shows the total investment amount as Investment in Subsidiaries.
- Wyeth HK paid USD 52 Mio to Pfizer in 2012 to acquire Wyeth MY, settled in cash. In the circular, MYR 162 Mio was quoted based on the value stated in the Transfer Form (USD 52 Mio was converted using the prevailing exchange rate). It is worthwhile to note that, price paid by Wyeth HK to Pfizer was 1.3x of sales.
- Comparing against the original transaction, it further demonstrates our prudent valuation approach as the requested consideration is less than 1x sales (vs 1.3x paid in 2012).

- 5. Has Wyeth HK's investment in Wyeth Malaysia been previously subjected to impairment by the external auditors?**

The Company's response to Question 5:

- Wyeth HK's investment in Wyeth Malaysia has not been subjected to impairment by the external auditors.

- 6. Can we have a more detailed explanation on the basis of the comparable companies? For instance, is the inclusion of companies outside Malaysia relevant, as their valuation multiples and market dynamics may differ from those companies within Malaysia.**

Response from Ms. Emily Choo, Executive Director of KPMG Corporate Advisory Sdn. Bhd., the appointed Independent Valuer:



- There are not any direct Comparable Companies or Comparable Transactions similar to Wyeth Malaysia's core business in the trading and dealing of nutrition products without manufacturing activities. As the next best comparatives, KPMG has considered two groups of comparatives:
 - i. Listed companies principally involved in the business of manufacturing and trading/distribution of milk-based products, including infant formula, where these comparatives include Malaysia (1 company) and foreign companies (9 companies including Asia Pacific and Europe) ; and
 - ii. Listed companies involved in trading and distribution of food and beverage products without manufacturing, these companies include Malaysia (2 companies) and foreign companies (12 companies from Asia Pacific).
- Pricing/valuation multiples across different countries with stable economies may not differ substantially under different market dynamics such as economic growth, population size, market size, income per capita, exchange rate etc. For benchmarking purpose, 5 to 10 comparatives are deemed good practices.
- In KPMG's selection of the EV/EBITDA multiple range of 6x to 7x, KPMG has considered three comparative companies in Malaysia with operations predominantly in Malaysia which EV/EBITDA multiples range from 4.8x to 7.4x and average to 6.3x to 6.5x. In addition, the Malaysian companies EV/EBITDA range is triangulated with the lower quartile (bottom 25% range) EV/EBITDA multiple of all the comparative companies (ranging from 5.9x to 7.4x). Refer to KPMG's Valuation Letter Appendix 1.
- The average EV/EBITDA multiples of the Malaysian comparative companies are set out below:

Company Name	Country	Latest audited accounts date	Market Cap	EBITDA	EV/EBITDA Multiple	
			31-Dec-22	31-Dec-22	Latest audited accounts	Trailing 12 months to 31-Dec-22
			USD' mil	USD' mil	times	times
Dutch Lady Milk Industries Berhad	Malaysia	31-Dec-2021	442	63	6.8x	6.1x
Kim Teck Cheong Consolidated Berhad	Malaysia	30-Jun-2022	31	8	4.8x	5.9x
Supreme Consolidated Resources Berhad	Malaysia	30-Sep-2022	19	3	7.4x	7.4x
Average					6.3x	6.5x

Summary of Questions received from shareholders/proxies before and during EGM, and the Company's Summarised Responses

1. The Company received some questions on door gifts.

The Company's response:

Mr. Juan Aranols informed that door gifts were only given to shareholders for attendance at the Annual General Meeting.



2. From Mr. Tan Keng Chok, a shareholder as follows:

Other than dividends, will the company make the unprecedented move by declaring bonus issues to the shareholders?

The Company's response:

Mr. Juan Aranols informed that the Company has no plans to issue bonus shares at this point of time. The Company would continue to focus on providing consistent and sustainable dividend payments.

3. From Mr. Kow Lih Shi, a shareholder as follows:

- a) What would be the benefit to minorities shareholders of this time corporate action being made?**
- b) How can company minimise risk of corporate action and also ensure no dilution of shares value in upcoming and following financial years?**
- c) What could company rewards for today attending? Will the company reward Touch & Go cash reload for attending?**
- d) After corporate action being made, what there be any impact on minority shares holders?**

The Company's response:

- a) Mr. Juan Aranols replied that most of the questions had been covered earlier in his and the advisers' presentation. He explained that the Company's goal was to make Nestlé Malaysia more profitable and improve its products portfolio. By strengthening the Company's fundamentals, portfolio and dividend policy, the Company aimed to achieve a more robust and higher dividend, resulting in increased business growth that could potentially generate additional profits.
- b) Mr. Juan Aranols informed that the Company anticipated that the risk for this Proposed Acquisition would be very low. He emphasised that the Company had been in the same industry for a long time, thus it was familiar with it and there would be a limited downside associated by acquiring WNM. Mr. Juan Aranols explained that the Proposed Acquisition would not dilute the shareholders' shares as the purchase price would be financed internally.

Mr. Juan Aranols highlighted that the remaining questions had been answered in items (a) and (b) earlier.



4. From Mr. Lim Chew Lin, a shareholder as follows:

With this acquisition, can shareholders expect double profits and dividends?

The Company's response:

Mr. Juan Aranols answered that the profits and dividend may not be doubled. However, the Proposed Acquisition would make the dividend policy of the Company more solid, sustainable and reliable for the shareholders. Mr. Juan Aranols added that he was of the opinion that the Proposed Acquisition would increase the shareholders' value.

5. From Mr. Tan Keng Chok, a shareholder as follows:

Will future EGM be held by allowing physical attendance?

The Company's response:

The Company would continue to hold its general meeting virtually. He explained that modern technology had enabled the Company to hold a more productive meeting. He reiterated that hosting a general meeting virtually was more efficient, effective, and convenient for the shareholders.

- END -