

**Summary of Minutes of the 32<sup>nd</sup> Annual General Meeting held on Thursday, 28 April 2016 at 10.02am 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 Krügel ) Member  
(*Non-Independent, Executive Director*)

**In attendance:**

Tengku Ida Adura Tengku Ismail  
(*Company Secretary*)

**Attendance of Shareholders (in person and by proxy):**

1. The number of shareholders registered in person was 564.
2. The number of proxies submitted was 166.
3. The number of corporate representative was one (1), from the Minority Shareholders Watchdog Group.

## **1. Chairman of Meeting**

Tan Sri Dato' Seri Syed Anwar Jamalullail (“Tan Sri Chairman”), being the Chairman of Nestlé (Malaysia) Berhad (“the Company”) was in the chair and commenced the proceedings of the 32<sup>nd</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 all of the members of the Board of Directors and the Company Secretary who were seated with him.

## **2. Quorum**

The Company Secretary confirmed that with the physical attendance of at least two (2) members, in person, by proxy or representatives (for corporations), representing not less than one-third in nominal amount of the issued shares of the Company is fulfilled, and a quorum 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 210,229,154 shares lodged their proxies within the stipulated time and the holders of 2,545,560 shares had appointed the Chairman to be their proxies. The proxies for these ordinary shares were equivalent to 89.64% of the equity of the Company.

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

## **3. Presentation of the Annual Report 2015**

Tan Sri Chairman presented to the shareholders the Annual Report 2015 titled “Live, Share, Inspire” and read out the summary of the Message to Shareholders as published in the Annual Report 2015.

## **4. Presentation on the Company’s Performance**

Before Tan Sri Chairman proceeded with the business of the meeting, he invited Mr. Alois Hofbauer, the Managing Director of the Company, Mr. Alois Hofbauer to present to the shareholders the Company’s performance for the financial year 2015.

Mr. Alois Hofbauer proceeded to present the Company’s performance for the financial year 2015, which among others covered the following areas :

1. Nestlé S.A. Group and Nestlé Malaysia Group highlights for the year 2015;
2. Powerful Innovations;
3. Market share growth over the last five (5) years;
4. Investment in new manufacturing technology;

5. Reduction in trade net working capital, net profit evolution and increased dividend payout;
6. Company's contribution to society via its Creating Shared Value initiatives;
7. Outlook for 2016.

## 5. **Notice of Annual General Meeting dated 1 April 2016**

The Notice of Annual General Meeting dated 1 April 2016, 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 2015.

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 voting of businesses of the meeting would be by show of hands, unless there is a demand for a poll.

## 6. **AS ORDINARY BUSINESS**

### **Resolution 1 :**

**To receive the statutory financial statements for the financial year ended 31 December 2015 and the Directors' and Auditors' reports thereon.**

The Statutory Financial Statements for the Financial Year Ended 31 December 2015 and the Directors' and Auditors' reports were tabled at the Annual General Meeting pursuant to Section 169(1) of the Companies Act, 1965. It was for discussion only and it was not required to be put to vote.

The Chairman then informed that the Company had received questions from the Minority Shareholders Watchdog Group ("MSWG") and introduced Mr. Lee Leok Soon, the corporate representative from MSWG. The Company has responded to the questions ahead of the Annual General Meeting. The Company Secretary then proceeded to read the questions that were posted by MSWG and the Company's responses to their questions. The questions and responses were also displayed on the screen at the Annual General Meeting and can also be found on the Company's website.

### **6.1 Questions from Members**

The Chairman then invited comments and/or questions from the floor on the Statutory Financial Statements for the Financial Year Ended 31 December 2015 and the Directors' and Auditors' Reports.

Some of the pertinent questions raised which were relevant to the operations of the Company and the Board's responses, in summary, were as below :

MSWG's corporate representative, Mr. Lee Leok Soon commended the Company and the Board on its performance and financial results. He shared his observation that the Company has managed to reduce its audit fees tremendously and it has managed its taxes well and enquired how the Company managed to achieve it.

The Executive Director, Finance & Control, Mr. Martin Peter Krügel explained how the Company was able to reduce the audit fees through the centralisation of audit activities by the Nestlé Group in Switzerland and the benefits gained from the economies of scale. Notwithstanding the initiatives to reduce audit fees, the quality of the Company's audit was never compromised. On tax savings, he explained that this was resulting from the incentives enjoyed by the Company based on its high capital investments.

The Board received questions on whether the Company's good results for the first quarter of 2016, resulting from the promotional activities in the preceding quarter, would also extend to the second and third quarters of 2016, and if the stronger Ringgit would give the Company better profits and margins. Tan Sri Chairman explained that the Company expects that 2016 would be a challenging year, but the Company has been putting in a lot of efforts in terms of innovation, renovation and marketing activities. The Managing Director, Mr. Alois Hofbauer further clarified that whilst the Company's first quarter 2016 results gave some confidence to the Company, it is however cautiously optimistic given the current economic challenges and the lower consumer sentiments. Whilst the Ringgit has improved, there was a risk that commodity prices which were very low in the previous years, may bounce back in the second half of the year. The Company therefore remains cautious.

In relation to the enquiries on whether the Company's products continued to remain competitive in view of the lower consumer sentiments and what were the Company's efforts to reduce sugar in its products, Mr. Alois Hofbauer clarified that the Company has been able to keep its products relevant and prices competitive and these efforts have contributed to the good results in the first quarter of 2016. A lot of investments have also been made in its innovation and renovation initiatives to address the challenges in a sustainable manner. He further shared that besides introducing sugar free products, the Company has been working towards reducing the content of sugar, salt and saturated fat across all its products as the Company is fully committed to comply with the guideline of the World Health Organization ("WHO"). He assured the shareholders that the Company is committed to carry its business in a responsible manner.

With the reduction in trade working capital, the increase in accounts payable and loan amount last year, questions were raised on how the Company was planning to further improve the efficiency of its working capital management. There was also a query on whether the increased trade receivables were non-recoverable. Mr. Martin Peter Krügel explained that in the first quarter of 2016, there have been improvements to the working capital contributed by the increase in accounts payable. Further, 90% of the overdue account receivable amount (as at the end of 2015) have been collected in the first quarter of 2016.

The Company was also working on a suppliers financing scheme to manage the payment terms with its suppliers, which ensures a more sustainable working capital management. He further explained that the loan amount was not merely for working capital, but to finance other items as well for the Company's future growth.

On the enquiries pertaining to the efficiency and the utilisation percentage of the new Sri Muda factory, Mr. Alois Hofbauer explained that the new factory is highly automated and the investment in the new factory has resulted in a higher level of productivity. Even though the Sri Muda factory was only opened last year, the utilisation rate was already at 70%. In relation to the question on whether the Company was employing local or foreign factory workers with the opening of the new factory, Tan Sri Chairman confirmed that at all of the Company's factories, the workers are locals as the Company does not hire foreign factory workers.

Responding to the question on the Company's Capital Expenditure ("CAPEX") spending and management, Tan Sri Chairman explained that the Company has spent approximately RM190 million in CAPEX over the last year. Mr. Alois Hofbauer further clarified that the CAPEX was used to improve the Company's current facilities, among others, investing further in the production lines in Chembong and Batu Tiga factories.

There being no other questions raised, the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon were received as properly laid before the Annual General Meeting.

**7. Resolution 2:**

**To approve the payment of a final dividend of 110 sen per share and a special dividend of 20 sen per share, under a single tier system, in respect of the financial year ended 31 December 2015.**

The Company Secretary tabled the resolution for the payment of a final dividend of 110 sen per share and a special dividend of 20 sen per share, under the single tier system in respect of the financial year ended 31 December 2015 to the shareholders.

Mr. Lee Leok Soon proposed that the resolution be put to vote and Mr. William Voon seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion carried and the resolution to approve the payment of the final dividend of 110 sen per share and a special dividend of 20 sen per share under the single tier system in respect of the financial year ended 31 December 2015 was approved by shareholders.

**8. Resolution 3:**

**To approve the payment of Director's fees of RM 1,060,000 for the financial year ended 31 December 2015 [2014 : RM810,000].**

The Company Secretary tabled the resolution for the payment of Director's fees of RM1,060,000 for the year ended 31 December 2015 to the shareholders.

Tan Sri Chairman informed the shareholders that he would abstain from conducting the voting for the adoption of the resolution as he was personally interested in the resolution. At the consent of the meeting, he further requested for the Managing Director of the Company, Mr. Alois Hofbauer to conduct the voting for the adoption of the resolution.

Mr. Low Kwok Hoe proposed that the resolution be put to vote and Mr. Abraham David Thanaraj seconded the proposal. Mr. Alois Hofbauer thereafter invited the shareholders to vote on the resolution.

Mr. Alois Hofbauer declared that the motion was carried and the resolution to approve the payment of Director's fees of RM1,060,000 for the year ended 31 December 2015 was approved by the shareholders.

Upon completion of the above voting, Mr. Alois Hofbauer passed the chair back to Tan Sri Chairman.

**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 Datuk (Dr.) Rafiah Binti Salim**

The Company Secretary tabled the resolution for the re-election of Tan Sri Datuk (Dr.) Rafiah Binti Salim who was retiring in accordance with Article 90.1 of the Company's Articles of Association. The Company Secretary shared that Tan Sri Datuk (Dr.) Rafiah Binti Salim had confirmed her willingness to be re-elected.

Mr. Chin Phark Khiang proposed that the resolution be put to vote and Ms. Leong Ming Chee seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion was carried and the resolution to re-elect Tan Sri Datuk (Dr.) Rafiah Binti Salim who was retiring in accordance with Article 90.1 of the Company's Articles of Association was approved by the shareholders.

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

**(ii) Alois Hofbauer**

The Company Secretary tabled the resolution for the re-election of Mr. Alois Hofbauer who was retiring in accordance with Article 90.1 of the Company's Articles of Association. The Company Secretary shared that Mr. Alois Hofbauer had confirmed his willingness to be re-elected.

Ms. Poh Chung Wee proposed that the resolution be put to vote and Mr. Low Kwok Hoe seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion was carried and the resolution to re-elect Mr. Alois Hofbauer who was retiring in accordance with Article 90.1 of the Company's Articles of Association was approved by the shareholders.

**11. Resolution 6:  
To re-appoint Messrs KPMG (Firm No. AF0758) as auditors of the Company and to authorise the Directors to fix their remuneration.**

The Company Secretary tabled the resolution to re-appoint Messrs KPMG (Firm No. AF0758) as auditors of the Company and to authorise the Directors to fix the auditors' remuneration. The Company Secretary shared that Messrs KPMG had confirmed their willingness to be re-appointed.

Mr. Chin Phark Kiang proposed that the resolution be put to vote and Mr. Loh Kiat Seng seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion was carried and the resolution to re-appoint Messrs KPMG (Firm No. AF0758) as auditors of the Company and to authorise the Directors to fix the auditors' remuneration was approved by the shareholders.

**12. AS SPECIAL BUSINESS**

**Resolution 7:**

**Re-appointment of Toh Puan Dato' Seri Hajjah Dr. Aishah Ong as a director pursuant to Section 129 of the Companies Act, 1965.**

The Company Secretary tabled the resolution for the re-appointment of Toh Puan Dato' Seri Hajjah Aishah Ong who was retiring pursuant to Section 129(2) of the Companies Act, 1965. The Company Secretary shared that Toh Puan Dato' Seri Hajjah Aishah Ong had confirmed her willingness to be re-appointed.

Mr. William Voon proposed that the resolution be put to vote and Mr. Law Kwok Hoe seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion was carried and the resolution to re-appoint Toh Puan Dato' Seri Hajjah Aishah Ong who was retiring pursuant to Section 129 of the Companies Act, 1965 was approved by the shareholders.

**13. Resolution 8:  
Re-appointment of Tan Sri Datuk Yong Poh Kon as a director pursuant to Section 129 of the Companies Act, 1965.**

The Company Secretary tabled the resolution for the re-appointment of Tan Sri Datuk Yong Poh Kon who was retiring pursuant to Section 129(2) of the Companies Act, 1965. The Company Secretary shared that Tan Sri Datuk Yong Poh Kon had confirmed his willingness to be re-appointed.

Mr. Chin Phark Kiang proposed that the resolution be put to vote and Ms. Leong Ming Chee seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion was carried and the resolution to re-appoint Tan Sri Datuk Yong Poh Kon who was retiring pursuant to Section 129 of the Companies Act, 1965 was approved by the shareholders.

**14. Resolution 9:  
Proposed Renewal of 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 1 April 2016.**

The Company Secretary tabled the resolution for the proposed renewal of 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 1 April 2016. The Company Secretary explained that Nestlé S.A. as a related party and shareholder of the Company shall abstain from voting on the resolution. Nestlé S.A. was represented by the Managing Director of the Company, Mr. Alois Hofbauer.

Mr. Poh Chung Wee proposed that the resolution be put to vote and Ms. Kwan Soke Fun seconded the proposal. Tan Sri Chairman thereafter invited the shareholders to vote on the resolution.

Tan Sri Chairman declared that the motion was carried and the resolution for the proposed renewal of 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 1 April 2016 was approved by the shareholders.

**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.

Tan Sri Chairman informed the shareholders that he would abstain from conducting the voting for the adoption of the resolution as he was personally interested in the resolution. At the consent of the meeting, he further requested for the Managing Director of the Company, Mr. Alois Hofbauer to conduct the voting for the adoption of the resolution.

Mr. Lee Leok Soon, the corporate representative from MSWG shared with the members that as a matter of policy, MSWG would abstain from voting when the director has served between 12 to 15 years, and MSWG would vote against the resolution if the director has served more than 15 years. Thus, MSWG would abstain from voting under this resolution.

Mr. William Voon proposed that the resolution be put to vote and Ms. Tan Tien Lung seconded the proposal. Mr. Alois Hofbauer thereafter invited the shareholders to vote on the resolution.

Mr. Alois Hofbauer declared that the motion was carried and 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 was approved by the shareholders.

Upon completion of the above voting, Mr. Alois Hofbauer passed the chair back to Tan Sri Chairman.

**16. 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:

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