

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other Independent Advisers immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the content of this Circular prior to issuance as the Company has been selected by Bursa Securities as one of the eligible listed issuers under the Green Lane Policy. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



Nestlé (Malaysia) Berhad  
Registration No. 198301015532 (110925-W)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO:**

**Proposed Renewal of Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Resolutions in respect of the above will be tabled as Special Business at the Company’s 38<sup>th</sup> Annual General Meeting (“AGM”) to be 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 Thursday, 28 April 2022 at 10.00 a.m. Notice of the AGM together with a Proxy Form are set out in the Administrative Details of AGM 2022.

Please complete and return the Proxy Form in accordance with the instructions thereon as soon as possible to the office of **Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** or at its website at <https://investor.boardroomlimited.com> not later than 48 hours before the time and date set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so, but if you do so, your proxy shall be precluded from attending the AGM.

The last day and time for lodging the Proxy Form is on 26 April 2022 at 10.00 a.m.

**This Circular is dated 28 March 2022**

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## DEFINITION

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Circular:

- “Act” : Companies Act 2016, as amended from time to time;
- “AGM” : Annual General Meeting;
- “BMSB” : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W));
- “Board” : Board of Directors of Nesmal;
- “CPM” : Cereal Partners (Malaysia) Sdn. Bhd. (Registration No. 200201013613 (581276-X));
- “Director(s)” : Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and for the purpose of the Proposal, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or chief executive of Nesmal, its subsidiary or holding company;
- “Listing Requirements” : Main Market Listing Requirements of BMSB;
- “Major Shareholder(s)” : A person who has an interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in the corporation; or
  - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.
- For the purpose of this definition, “interests in shares” has the meaning given in Section 8 of the Act.
- For the purpose of the Proposal, a Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of Nesmal or any other Company which is the subsidiary or holding company of Nesmal;
- “MYR” and “sen” : Malaysian Ringgit and sen, respectively;
- “NAM” : Nestlé Asean (Malaysia) Sdn. Bhd. (Registration No. 199201007491 (238995-M));
- “Nesmal” or “Company” : Nestlé (Malaysia) Berhad (Registration No. 198301015532 (110925-W));
- “Nesmal Group” or “Group” : Nesmal and its subsidiary companies;

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“Nesmal Share(s)”	: Ordinary share(s);
“Nestlé S.A.”	: Nestlé S.A., Vevey, Switzerland, the ultimate holding company for the Nestlé Affiliated Companies Nestlé S.A. and has presence in more than 180 countries worldwide through its subsidiaries or affiliated companies wherein it owns direct and indirect shareholdings. This group of companies are referred to as the Nestlé Affiliated Companies;
“Nestlé Affiliated Companies”	: Companies worldwide wherein Nestlé S.A. has direct or indirect shareholdings;
“NMM”	: Nestlé Manufacturing (Malaysia) Sdn. Bhd. (Registration No. 199401029400 (315081-K));
“NPS”	: Nestlé Products Sdn. Bhd. (Registration No. 197901000966 (45229-H));
“NSA”	: Nestrade S.A. (Registration No. 201602000029 (995635-A));
“NTC-MEA”	: Nestlé Treasury Centre - Middle East & Africa
“NTC-AP”	: Nestlé TC Asia Pacific Pte. Ltd.
“PPM”	: Purina Petcare (Malaysia) Sdn. Bhd. (Registration No. 200201013615 (581278-K));
“Proposal”	: Proposed renewal of Shareholders’ mandate and proposed new Shareholders’ mandate for the Nesmal Group to enter into recurrent related party transactions of a revenue or trading nature;
“Proposed Renewal of Shareholders’ Mandate”	: Proposed renewal of Shareholders’ mandate for the Nesmal Group to enter into recurrent related party transactions of a revenue or trading nature;
“Proposed New Shareholders’ Mandate”	: Proposed new Shareholders’ mandate for the Nesmal Group to enter into recurrent related party transactions of a revenue or trading nature;
“Related Party” or “Related Parties”	: A director, major shareholder or person connected with such director or major shareholder;
“Related Transacting Parties”	: The parties transacting with the Nesmal Group pursuant to the RRPTs for which the Proposal are being sought;
“RRPTs”	: Recurrent related party transactions of a revenue or trading nature of Nesmal Group and which are in the ordinary course of business of Nesmal Group; and
“SPN”	: Société des Produits Nestlé S.A, Vevey, Switzerland, the holding company with 72.61% shareholding in Nesmal as at 1 March 2022;
“WN”	: Wyeth Nutrition (Malaysia) Sdn. Bhd. (Registration No. 199301002691 (257428-D));

**Registered Office :**

Level 22, 1 Powerhouse  
No. 1, Persiaran Bandar Utama, Bandar Utama  
47800 Petaling Jaya, Selangor Darul Ehsan

Date: 28 March 2022

**Board of Directors:**

**YAM Tan Sri Dato' Seri Syed Anwar Jamalullail**

Chairman, Non-Independent, Non-Executive Director

**Mr. Chin Kwai Fatt**

Independent, Non-Executive Director

**Dato' Hamidah Naziadin**

Independent, Non-Executive Director

**Datin Sri Azlin Arshad**

Independent, Non-Executive Director

**YM Dr. Tunku Alina Raja Muhd Alias**

Independent, Non-Executive Director

**Juan Aranols**

Executive Director

Chief Executive Officer

Alternate Director : Alessandro Monica

**Craig Connolly**

Executive Director

Chief Financial Officer

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To: The Shareholders of Nestlé (Malaysia) Berhad

Dear Sir/Madam,

<p style="text-align: center;"><b>Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</b></p>
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**1. Introduction**

At the previous AGM of the Company held on 28 April 2021, Nesmal had obtained a mandate from you for Nesmal and/or its subsidiaries to enter into RRPTs with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public which are necessary for Nesmal Group's day-to-day operations.

The said mandate for RRPTs shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the Shareholders of Nesmal at the forthcoming AGM.

On 18 March 2022, the Company announced to BMSB that the Board proposes to seek its Shareholders' approval for the Proposal in accordance with Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements.

The purpose of this Circular is to provide you with details of the Proposal, to set out the recommendation by the Board thereon and to seek your approval for the ordinary resolution pertaining to the Proposal to be tabled at the forthcoming AGM.

**2. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

**2.1 Background**

Pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements, a listed issuer may seek Shareholders' mandate for the RRPTs which are necessary for its day-to-day operations subject to the following:

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) The Shareholders' mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of the Listing Requirements;
- (c) The issuance of a circular to Shareholders for the Shareholders' mandate containing information as prescribed in the Listing Requirement;

- (d) In a meeting to obtain Shareholders' mandate, a related party with any interest, direct or indirect ("Interested related party"), must not vote on the resolution to approve the transactions. An interested related party must also ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) The Company will immediately announce to BMSB when the actual value of the RRPTs entered into by the Company, exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more inclusive of any information as may be prescribed by BMSB.

The principal activity of Nesmal is investment holding. The principal activities of its subsidiaries involved in the RRPTs are as follows:

Name	Effective ownership interest as at 1 March 2022 (%)	Principal activities
NPS	100	Marketing and the sale, both locally and for export, of ice cream, powdered milk and drinks, instant coffee and other beverages, chocolate confectionery products, instant noodles, culinary products, cereals and related products.
NAM	100	Manufacturing and sales of chocolate confectionery products.
NMM	100	Manufacturing and exporting of ice cream, powdered milk and drinks, liquid milk, instant coffee and other beverages, instant noodles, culinary products, cereals and related products.

It is anticipated that Nesmal Group would, in the ordinary course of its business, enter into the RRPTs which are necessary for the day-to-day operations with the classes of Related Parties which are disclosed in Section 2.2 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board is seeking Shareholders' mandate which would allow the Nesmal Group to enter into the RRPTs as specified in Section 2.3 of this Circular with the classes of Related Parties as set out in Section 2.2, provided such transactions are necessary for its day-to-day operations, in the ordinary course of its business and are carried out on normal commercial terms and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders.

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The Proposal will, if approved by the Shareholders at the forthcoming AGM, apply in respect of the RRPTs to be entered into as set out in Section 2.3 of this Circular and shall take effect from and including 28 April 2022, being the date of the forthcoming AGM, and shall continue to be in force until:

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

whichever is the earlier.

Thereafter, approval from the Shareholders for renewal of the mandate and new mandate (if any) will be sought at each subsequent AGM of the Company.

## 2.2 Classes of Related Parties

The Proposal will apply to the following classes of Related Parties:

(a)	Related Transacting Parties	Principal activities	Interested Major Shareholder
	Nestlé Affiliated Companies	Manufacturing and sale of food products and other Shared Services	SPN
	Nestlé Affiliated Companies (PPM)	Marketing, sale and distribution of pet food and pet care products	SPN
	Nestlé Affiliated Companies (WN)	Trading and dealing in nutritional and pharmaceutical products	SPN
	Nestlé Affiliated Companies (NTC-MEA)	Intra Group Financial Services	SPN
	Nestlé Affiliated Companies (CPM)	Agency and Shared Services	SPN
	Nestlé Affiliated Companies (NSA)	Purchase of plant and equipment	SPN



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Relationship with Related Parties:

SPN is the holding company of Nesmal with holdings of 170,276,563 or 72.61% of Nesmal Shares as at 1 March 2022. SPN is also the holding company of PPM, NSA, Wyeth (Hong Kong) Holding Company Limited and NTC-MEA. CPM is a 50%-owned subsidiary of SPN and WN is a wholly owned subsidiary of Wyeth (Hong Kong) Holding Company Limited.

Nestlé S.A. is the holding company of SPN with holdings of 89,000,000 or 100% of the issued and paid-up share capital of SPN.

<b>(b)</b>	<b>Related Transacting Parties</b>	<b>Principal activities</b>	<b>Interested Major Shareholder</b>
	Nestlé Affiliated Companies (NTC-AP)	Intra Group Financial Services	Nestlé S.A

Relationship with Related Parties:

NTC-AP is a wholly owned subsidiary of Nestlé S.A., which in turn is the holding company of SPN with holdings of 89,000,000 or 100% of the issued and paid-up share capital of SPN.

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## 2.3 Nature of RRPTs

The RRPTs which will be covered by the Proposal are general transactions by the Nesmal Group relating to the provisions of or obtaining from, the Related Transacting Parties, products and services in the ordinary course of business of the Nesmal Group which are as follows:

### 2.3 (a) Value of RRPTs

Nature of transactions	Related Party	Related Transacting Parties	Income/Expense to Nesmal Group		
			Estimated Aggregate Value per last mandate (MYR '000)	Actual Transacted Value from 28 April 2021 to 1 March 2022 (MYR '000)	(1) Estimated Aggregate Value for the validity period of the proposed mandate (MYR '000)
<b>Proposed Renewal of Shareholders' Mandate</b>					
Purchase of raw materials, semi-finished and finished food products such as milk, cocoa, coffee beans, cereals, etc., and other services.	Nestlé S.A.	Nestlé Affiliated Companies (Seller)	1,100,000	1,189,718	1,600,000*
Payment of royalties for use of trademarks for the sale of food products such as milk, cocoa, coffee, cereals, pasta, etc.	Nestlé S.A.	Nestlé Affiliated Companies (Trademark owner)	300,000	247,653	320,000
Payment of information technology shared services for use and maintenance of information technology services, etc.	Nestlé S.A.	Nestlé Affiliated Companies (Service provider)	55,000	36,889	55,000

\* Higher estimated value mainly due to higher commodity prices.

Nature of transactions	Related Party	Related Transacting Parties	Income/Expense to Nesmal Group		
			Estimated Aggregate Value per last mandate (MYR '000)	Actual Transacted Value from 28 April 2021 to 1 March 2022 (MYR '000)	(1) Estimated Aggregate Value for the validity period of the proposed mandate (MYR '000)
Sale of food products such as instant noodles, chocolates, beverage, culinary, confectionery, etc	Nestlé S.A.	Nestlé Affiliated Companies (Buyer)	1,050,000	919,567	1,275,000
Rendering of information technology, agency services and other shared services.	Nestlé S.A.	Nestlé Affiliated Companies (Buyer)	44,000	34,421	62,500
Payment of interests for Intra Group Loan.	Nestlé S.A.	Nestlé Affiliated Companies (Loan creditor)	7,000	2,898	10,000
<b>Proposed New Shareholders' Mandate</b>					
Purchase of plant and equipment such as machineries and spare parts to support the manufacturing functions of Nesmal Group.	Nestlé S.A.	Nestlé Affiliated Companies (Seller)	-	-	250,000
<b>TOTAL</b>			<b>2,556,000</b>	<b>2,431,146</b>	<b>3,572,500</b>

Note : (1) The estimated value is based on projected growth, commodity prices and foreign exchange rates. The estimated value may vary and is subject to change

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### **2.3(b) Outstanding amount due under the RRPTs**

As at the financial year ended 31 December 2021, there was no material amount due and owing by the Related Parties to the Company that has exceeded the credit term.

### **2.4 Deviation from Mandate**

The actual value of RRPTs did not exceed the estimated value as approved under the previous Shareholders' mandate granted to the Company at the last AGM.

### **2.5 Rationale**

The RRPTs to be entered into by the Company are all in the ordinary course of business and reflect the long-term commercial relationship between the parties. The RRPTs are undertaken on terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders. All the transactions will be conducted on an "arm's length basis". It is envisaged that in the normal course of the Company's business, the RRPTs between the Nesmal Group and the Related Transacting Parties are likely to occur from time to time and it may be impractical to seek Shareholders' approval on a case-to-case basis before entering into such RRPTs. The seeking of Shareholders' mandate for the Proposal and the renewal thereof on an annual basis would avoid the necessity to convene separate general meetings from time to time to seek Shareholders' approval as and when the RRPTs occur or arise. This would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis and allow manpower resources and time to be channelled towards attaining other corporate objectives. Additionally, the Related Transacting Parties have been reliable suppliers and/or customers of the Company for many years. Hence, the Directors are seeking approval from the Shareholders on the RRPTs as described under Section 2.3 of this Circular.

### **2.6 Benefits of the RRPTs of a revenue or trading nature**

The RRPTs are mainly between the Nesmal Group and the Related Transacting Parties. The close commercial relationships that had been established with the Related Transacting Parties have created an effective network that the Company can draw upon to support its operational needs, deriving synergistic and operational benefits to support its marketing, distribution and manufacturing functions. The continuous support that is extended by the Related Transacting Parties is important and forms an integral part of the Company's corporate strategy to operate as an operation in Malaysia and the linkages between the Nesmal Group and the Related Transacting Parties serves to benefit the Group, which include improvements in the allocation and utilisation of resources, the sharing of marketing, sales and distribution strategy and the consistent supply of machineries, raw and packaging materials and constant availability of skilled personnel.

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## **2.7 Methods or procedures of determining the terms of the RRPTs**

Generally, the prices, terms and conditions of the RRPTs are based on market rates and the availability of the amount and/or resources to be transacted and negotiated on a willing buyer willing seller basis. The Company has established an internal review procedure whereby the RRPTs are undertaken on terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders. The terms of reference of the Audit Committee shall include a review of the RRPTs entered into pursuant to the Proposal, to ensure that they are transacted on terms and conditions which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders in the light of the circumstances concerned. The review procedure will also ensure that the transactions are undertaken on an “arm’s length basis”. As part of the Audit Plan, the internal auditors will carry out a review to ascertain that the procedure established to monitor the RRPTs have been complied with. If a member of the Board of Directors or the Audit Committee has an interest, as the case may be, he or she shall abstain from any decision making by the Board of Directors or the Audit Committee in respect of the RRPTs.

At least three (3) other contemporaneous transactions with unrelated third parties for similar products, services and/or quantities will be used as comparison, whenever possible, to determine whether the price and terms offered to or by the Related Parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products, services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by or to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPTs are not detrimental to the Company or the Group.

## **2.8 Threshold of Authority**

There is no specific threshold for the approval of Recurrent Related Party Transactions within the Group as the transaction prices entered with the Related Parties are guided by the prevailing market prices carried out on “arm’s length basis”, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority Shareholders. All RRPTs entered into by the Nesmal Group are approved and monitored by the Audit Committee and approved by the Board. The interested Directors shall abstain from all deliberations related to the RRPTs.

## **2.9 Conditions and disclosure of the Proposal**

The Proposal will be subject to annual renewal and shall only continue to be in force until each subsequent AGM of the Company at which the Proposal will be tabled annually or revoked or varied by resolution passed by the Shareholders of the Company in a general meeting, whichever shall first occur. The breakdown of the aggregate value of the RRPTs conducted pursuant to the Proposal during the financial year ended 31 December 2021 will be disclosed in the Annual Report of the Company based on the type of the RRPTs, the Related Parties involved in each type of the RRPTs and their relationship with Company.

## **2.10 Statement by the Audit Committee**

The Audit Committee of the Company has seen and reviewed the procedures established in Section 2.7 of this Circular in the treatment of RRPTs and are satisfied that the procedures are sufficient to ensure that the RRPTs are monitored, tracked and identified in a timely and orderly manner. The RRPTs will be undertaken 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 the minority Shareholders. It is the view of the Audit Committee that the review procedures are sufficient to ensure that the transactions are conducted on an “arm’s length basis”. Furthermore, the Audit Committee of the Company shall also have the discretion to request for additional procedure to be followed if it considers such a request to be appropriate. The RRPTs are presented to the Audit Committee and the Board on a quarterly basis whereas the RRPT procedures and processes are reviewed annually by Nestlé Internal Audit and thereafter presented to the Audit Committee and to the Board.

## **2.11 Major Shareholders’ and Directors’ interests**

Nestlé S.A. and SPN, the Major Shareholders, are deemed interested in the Proposed Renewal of Shareholders’ Mandate relating to the RRPTs involving Nestlé Affiliated Companies, as listed in Section 2.3(a) of this Circular.

Though the Chief Executive Officer of the Company, Juan Aranols and Chief Financial Officer of the Company, Craig Connolly, do not personally hold shares in the Company, they, being persons nominated and appointed by SPN, are also deemed interested in the Proposed Renewal of Shareholders’ Mandate relating to the RRPTs involving Nestlé Affiliated Companies in Section 2.3(a) of this Circular.

Save as aforesaid, none of the other Directors and/or Major Shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders’ Mandate. The Chief Executive Officer, Juan Aranols and Chief Financial Officer, Craig Connolly, have abstained and will continue to abstain from Board deliberations in relation to the RRPTs that involve the interest of Nestlé S.A.

The interested Directors and/or Major Shareholders will abstain from voting in respect of the resolution for the Proposed Renewal of Shareholders’ Mandate that involve their interests at the AGM to be convened. The interested Directors and/or Major Shareholders also undertake that they will ensure that the persons connected with them, if any, will abstain from voting in respect of the resolution for the Proposed Renewal of Shareholders’ Mandate that involve their interests at the AGM to be convened.

## **2.12 Directors’ recommendations**

The Board of Directors of Nesmal (with the exception of Juan Aranols and Craig Connolly), having considered all aspects of the Proposed Renewal of Shareholders’ Mandate, is of the opinion that it is in the best interest of Nesmal Group. Accordingly, our Board (with the exception of Juan Aranols and Craig Connolly, who have abstained and will continue to abstain from Board deliberations and voting in respect of the RRPTs that involve the interests of Nestlé S.A.) recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders’ Mandate to be tabled at the forthcoming AGM.

### 3. AGM

The 38<sup>th</sup> AGM of the Company, the notice of which is enclosed in the Administrative Details of AGM 2022, will be conducted on virtual basis through live streaming from the broadcast venue at Level 22, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 28 April 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposal under the agenda of Special Business as set out in the Notice.

If you are unable to attend and vote remotely at our AGM, you will also find enclosed in the Administrative Details of AGM 2022, a Proxy Form which you are requested to complete, sign and return in accordance with the instructions printed thereon. The completed Form of Proxy should be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at its website at <https://investor.boardroomlimited.com> ("eProxy Lodgement"). All proxy form submitted must be received by the Poll Administrator of the Company not later than 48 hours before the time set for holding the AGM should you wish to appoint a proxy or proxies to attend and vote for you and on your behalf at the AGM or any adjournment thereof. The completion and returning of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so, but if you do so, your proxy shall be precluded from attending the AGM.

Should you wish to personally participate at the AGM remotely, please register electronically using Remote Participation and Electronic Voting facilities which will be made available on the online portal of Boardroom at <https://meeting.boardroomlimited.my>. Please refer to the steps as set out in the Administrative Details in order to register, participate and vote remotely at the Company's virtual 38<sup>th</sup> AGM. The Administrative Details can be accessed from our website at <https://www.nestle.com.my/investors/annual-general-meetings>

### 4. Further information

Shareholders are advised to refer to the attached Appendix for further information.

Yours faithfully,  
For and on behalf of the Board of  
**Nestlé (Malaysia) Berhad**  
**Registration No. 198301015532 (110925-W)**

**YAM Tan Sri Dato' Seri Syed Anwar Jamalullail**  
Non-Independent, Non-Executive Chairman

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## APPENDIX

### FURTHER INFORMATION

#### 1. Directors' responsibility statement

This Circular has been seen and approved by the Directors of Nesmal and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts whereby the omission of which would make any statement herein misleading.

#### 2. Material litigation

Save as disclosed below, as at 1 March 2022, the Nesmal Group is not engaged in any material litigation, arbitration or claims either as plaintiff or defendant, and the Directors of Nesmal do not have any knowledge of any proceedings pending or threatened against the Nesmal Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Nesmal Group:

- (a) On 6 March 2019, Mad Labs Sdn. Bhd. ("Mad Labs") had initiated a suit against NPS to claim for the sum RM139,344,262.25 for inter alia, the unauthorised and/or unlawful use of Mad Lab's QR Code on its products/packaging.
- (b) Mad Labs' claim was subsequently disputed by NPS and on 22 April 2019, NPS had in addition to filing its defence, NPS has filed a separate action at the Intellectual Property Court against Mad Labs and its sole director and shareholder, Chow Kien Loon ("CKL") to challenge, amongst others, Mad Labs' claim of ownership in the QR Code.
- (c) On 9 December 2019, both the suits filed by Mad Labs and NPS were subsequently consolidated and the trial hearing of both the consolidated suits finally commenced on 10 June 2021. The trial is still ongoing and the Court has fixed 4 to 6 April 2022 for trial continuation.
- (d) Based on the opinion rendered by solicitors representing NPS, Messrs. Zaid Ibrahim & Co., NPS has a reasonably strong case against Mad Labs and CKL. Accordingly, the Board is of the opinion that no provision needs to be made for this claim.

#### 3. Material contracts

Neither Nesmal nor any of its subsidiaries has entered into any other contracts which are or may be material (not being contracts entered into in the ordinary course of business of Nesmal and/or any of its subsidiaries) within the past two (2) years immediately preceding the date of this Circular.



**4. Documents available for inspection**

Copies of the following documents are available for inspection at the Registered Office of the Company at Level 22, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular to the date of the forthcoming AGM:

- (a)** the Constitution of Nesmal;
- (b)** the audited financial statements of the Nesmal Group for the two (2) financial years ended 31 December 2020 and 2021; and
- (c)** the latest unaudited results of Nesmal Group since the last audited financial statements for the financial year ended 31 December 2021.
- (d)** the relevant cause papers in respect of material litigation referred to in item (2) above.

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