

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

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

The Resolution in respect of the above proposal will be tabled as Special Business at the Company's 41st Annual General Meeting ("AGM") to be held at **Grand Ballroom, M World Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia** on Wednesday, 30 April 2025 at 10.00 a.m. The Notice of the AGM together with a Proxy Form are enclosed in the Annual Review 2024 and in administrative details for the AGM.

If you decide to appoint proxy(ies) or corporate representative(s) or attorney(s) to attend, participate, speak and vote on your behalf at the AGM, please complete, sign and return the Proxy Form in accordance with the instructions contained therein as soon as possible to the office of the Share Registrar of the Company, **Tricor Investor & Issuing House Services Sdn. Bhd.** at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online> 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 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 28 April 2025 at 10.00 a.m.

This Circular is dated 28 March 2025

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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 of the Company;
“BMSB”	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W));
“Board”	: Board of Directors of Nesmal;
“Circular”	: This circular to shareholders of the Company dated 28 March 2025;
“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, as amended from time to time;
“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” shall have the meaning given in Section 8 of the Act.
“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;
“Nesmal Share(s)”	: Ordinary share(s) of the Company;

“Nestlé S.A.”	: Nestlé S.A., Vevey, Switzerland, the ultimate holding company for the Nestlé Affiliated Companies 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));
“NS”	: Nestrade S.A. (Registration no.: 201602000029 (995635-A));
“Persons Connected”	In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories: (a) a family member of the Director or Major Shareholder; (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary; (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder; (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation.

“PPM”	: Purina Petcare (Malaysia) Sdn. Bhd. (Registration No.: 200201013615 (581278-K));
“Proposal”	: Proposed renewal of 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 which are necessary for its day-to-day operations and are in the ordinary course of business of the Group as set out in Section 2.3 (a) of this Circular;
“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 necessary for the day-to-day operations of Nesmal Group and are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders;
“SPN”	: Société des Produits Nestlé S.A., Vevey, Switzerland, the holding company with 72.61% shareholding in Nesmal as at 28 February 2025; and
“WN”	Wyeth Nutrition (Malaysia) Sdn. Bhd. (Registration No. 199301002691 (257428-D)).

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Registered Office:

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

Date: 28 March 2025

Board of Directors:

Tan Sri Wan Zulkiflee Wan Ariffin

Chairman, Independent Non-Executive Director

Mr. Chin Kwai Fatt

Independent Non-Executive Director

Dato' Hamidah Naziadin

Independent Non-Executive Director

YM Dr. Tunku Alina Alias

Independent Non-Executive Director

YTM Tan Sri Tunku Puteri Intan Safinaz Sultan Abd Halim

Independent Non-Executive Director

Juan Aranols

Non-Independent Executive Director
Chief Executive Officer

Syed Saiful Islam

Non-Independent Executive Director
Chief Financial Officer

To: The Shareholders of Nestlé (Malaysia) Berhad

Dear Sir/Madam,

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

1. Introduction

At the previous Annual General Meeting of the Company held on 30 April 2024, 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 scheduled to be held on 30 April 2025, unless authority for its renewal is obtained from the Shareholders of Nesmal at the forthcoming AGM.

On 19 March 2025, 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(2), Part E of Chapter 10 of the Listing Requirements, the Company 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) 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

- (d) The Company 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 in its announcement.

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 28 February 2025 (%)	Principal activities
NPS	100	Marketing and sales of ice-cream, powdered milk and drinks, liquid milk and juices, 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 and juices, instant coffee and other beverages, instant noodles, culinary products, cereals and related products.
WN	100	Trading and dealing in nutritional 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.

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 30 April 2025, 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.

2.2 Classes of Related Parties

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

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 (CPM)	Agency and Shared Services	SPN
Nestlé Affiliated Companies (NS)	Purchase of plant and equipment	SPN

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 28 February 2025. SPN is also the holding company of PPM and NS. Additionally, CPM is a 50% owned subsidiary of SPN.

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.

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 30 April 2024 to 28 February 2025 (MYR '000)	(1) Estimated Aggregate Value for the validity period of the proposed mandate (MYR '000)
Proposed Renewal of Shareholders' Mandate					
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)	2,250,000	1,630,095	2,250,000
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)	380,000	247,578	350,000
Payment of information technology shared services for use and maintenance of information technology services, etc.	Nestlé S.A.	Nestlé Affiliated Companies (Service provider)	80,000	57,973	80,000

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 30 April 2024 to 28 February 2025 (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)	1,400,000	1,079,963	1,486,000
Rendering of information technology, agency services and other shared services.	Nestlé S.A.	Nestlé Affiliated Companies (Buyer)	52,000	43,931	63,200
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)	150,000	22,580	100,000
TOTAL			4,312,000	3,082,120	4,329,200

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.

2.3(b) Outstanding amount due under the RRPTs

As at the financial year ended 31 December 2024, the outstanding amount due and owing by the Related Parties to the Group which has exceeded the credit term are as follow:

Related transacting party	≤ 1 year (RM'000)	> 1 year to 3 years (RM'000)	> 3 years to 5 years (RM'000)	> 5 years (RM'000)
Nestlé Affiliated Companies (Buyer)	45,834	-	-	-

There were no late payment charges imposed on the outstanding amount due by the Related Parties as the outstanding balance was all trade in nature and payment was in line with the Group's normal business practices. Management is constantly monitoring and following up with the relevant Related Parties for settlement of the outstanding amounts.

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 Group at the last AGM.

2.5 Rationale

The RRPTs to be entered into by the Group 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 Group'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 the administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis and allowing manpower resources and time to be channelled towards achieving other corporate objectives. Additionally, the Related Transacting Parties have been reliable suppliers and/or customers of the Group 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

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 Group can draw upon to support its operational needs, deriving synergistic and operational benefits to support its marketing, distribution and

manufacturing functions. The continuous support provided by the Related Transacting Parties is vital to the Company's corporate strategy in Malaysia. The synergies between the Nesmal Group and the Related Transacting Parties contribute significantly to the Group's operations by enhancing resource allocation and utilisation, facilitating the sharing of marketing and distribution strategies, and ensuring a reliable supply of machinery, raw materials, packaging materials, and access to skilled personnel.

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, prevailing regulations on foreign exchange, geopolitical situations and the availability of the amount and/or resources to be transacted and negotiated on a willing buyer willing seller basis. In view that the Related Parties with whom the Company trades with are based mostly overseas, 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 taking cognisance of the various and differing impositions and regulations governing movement of currencies currently put in place by governments of various countries where our Related Parties are from. The terms of reference of the Audit and Risk 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". Consequent to the various geopolitical events affecting supply chains faced by our Related Parties, the Audit and Risk Committee had undertaken a review of the current trading conditions and when adjustments to the credit terms were required, the necessary assessment were carried out and tabled to the Board. The Board had approved the revisions to credit terms necessary at terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders. These terms were undertaken at arm's length.

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 Audit and Risk Committee has an interest in the RRPTs, as the case may be, he or she shall abstain from any decision-making by the Audit and Risk 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 and Risk 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 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 2024 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 the Company.

2.10 Statement by the Audit and Risk Committee

The Audit and Risk Committee of the Company has seen and reviewed the procedures established in Section 2.7 of this Circular in the treatment of RRPTs and is 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 and Risk Committee that the review procedures are sufficient to ensure that the transactions are conducted on an “arm’s length basis”. Furthermore, the Audit and Risk 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 and Risk 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 and Risk 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.

The Chief Executive Officer of the Company, Juan Aranols and Chief Financial Officer of the Company, Syed Saiful Islam, 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, Syed Saiful Islam, 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 Syed Saiful Islam), 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 Syed Saiful Islam, 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 41st AGM, the notice of which is enclosed in the Administrative Details of AGM 2025, will be conducted at Grand Ballroom, M World Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 30 April 2025 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 the AGM, please complete, sign and return the Proxy Form which is available in the Annual Review 2024 and Administrative Details of AGM 2025. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online> (e-Proxy Lodgement). All Proxy Forms submitted must be received by the Share Registrar of Company not less than 48 hours before the time appointed for the holding of the meeting (i.e. Monday, 28 April 2025 at 10.00 a.m.) or any adjourned meeting thereof. In default, the instrument of proxy shall not be treated as valid. The completion and returning of the Proxy Form does not preclude you from attending the AGM should you subsequently wish to do so, but if you do so, your proxy shall be precluded from attending the AGM.

4. Further information

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

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

Tan Sri Wan Zulkiflee Wan Ariffin
Chairman
Independent Non-Executive Director

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 28 February 2025, 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:

On 6 March 2019, NPS was served with a Writ of Summons and Statement of Claim by Mad Labs Sdn. Bhd. ("Mad Labs"), seeking for amongst others, the sum amounting to RM139,344,262.25. Mad Labs alleged unauthorised use of their QR Code, breach of an implied contract, unjust enrichment and negligence. NPS subsequently filed its Statement of Defence and a separate action against Mad Labs and its sole Director and shareholder, Chow Kien Loon for amongst others, to challenge the ownership of Mad Labs in the QR Code, negligence, unlawful interference with trade as well as defamation and trade libel. Both suits filed by Mad Labs and NPS were subsequently consolidated and heard by the High Court (Intellectual Property Division). The trial which commenced in June 2021, concluded in April 2023 with the High Court delivering its written judgment dated 24 January 2025 on the following findings:

- Mad Labs does not own any intellectual property rights in the QR Code. Damages on royalty basis amounting to RM139,344,262.25 was dismissed;
- Mad Labs' claim for breach of an implied contract was dismissed;
- Mad Labs and its director were negligent, damages to be assessed in favor of NPS;
- NPS's report to the Malaysian Communications and Multimedia Commission was not malicious;
- While Mad Labs lacks ownership in the QR Code, it was generated by and under the exclusive control of Mad Labs. The continued use by NPS of the QR Code without the permission of Mad Labs gave rise to unjust enrichment by NPS. NPS was directed to compensate Mad Labs for the continued use after the trial period;
- A permanent injunction against NPS's use of the QR Code was granted;
- Mad Labs and its director were not found guilty of defamation and NPS's claim for unlawful interference with trade was also dismissed.

The High Court has further directed for damages and costs to be separately assessed and determined.

Meanwhile, NPS and Mad Labs have filed their respective Records of Appeal with the Court of Appeal to appeal against the High Court decision. Following the issuance of the full written judgment by the High Court Judge, the parties will seek further directions from the Court of Appeal regarding the hearing date.

The solicitors, Linda Wang Su & Boo, representing NPS are of the view that the Appellant has a reasonably fair chance of success in its appeal at the Court of Appeal. Accordingly, the Board is of the opinion that no provision needs to be made for this claim.

3. Material contracts

Save as disclosed below, there were no other material contracts entered into by the Group within two (2) years immediately preceding the date of this Circular:

On 22 February 2023, NPS, a wholly-owned subsidiary of the Company, has entered into a conditional Shares Purchase Agreement (“SPA”) with Wyeth (Hong Kong) Holding Company Limited (“Wyeth Hong Kong”) for the acquisition of 1,969,505 ordinary shares, representing 100% equity interest in WM for a total purchase consideration of RM165.0 million to be fully satisfied in cash (Proposed Acquisition).

As of 22 February 2023, SPN is deemed interested in the Proposed Acquisition by being a major shareholder with 72.61% direct equity interest in the Company and being the sole shareholder and immediate holding company of Wyeth Hong Kong. Juan Aranols (Chief Executive Officer), Syed Saiful Islam (Chief Financial Officer) being the Directors nominated by SPN, accordingly have abstained from all Board deliberations and voting in respect of the Proposed Acquisition.

On 30 June 2023, all Conditions Precedent as stipulated in the SPA have been fulfilled, and that the payment for the Purchase Consideration has been settled in full and the Proposed Acquisition is deemed completed.

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 2023 and 2024;
- (c) the latest unaudited results of Nesmal Group since the last audited financial statements for the financial year ended 31 December 2024;



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- (d) the relevant cause papers in respect of material litigation referred to in item (2) above; and
 - (e) the material contracts referred to in item (3) above.

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