

# **ANNUAL GENERAL MEETING**

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**HANS ESSAADI**  
MANAGING DIRECTOR  
HEINEKEN MALAYSIA BERHAD

*Friday, 11<sup>th</sup> May 2018*

# PUT SAFETY FIRST

**HEINEKEN** Plate No : \_\_\_\_\_

## Site Rules

### Traffic Rules

**NO PPE - NO ENTRY - NO WORK**

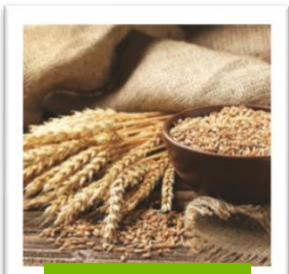
Saya mengesahkan bahawa saya telah membaca dan memahami peraturan keselamatan dan kesihatan Heineken. Saya berjanji akan mematuhi dan memberikan kerjasama sepenuhnya semasa saya berada di sini.

Penyelia: \_\_\_\_\_ Tarikh: \_\_\_\_\_  
Nama: \_\_\_\_\_

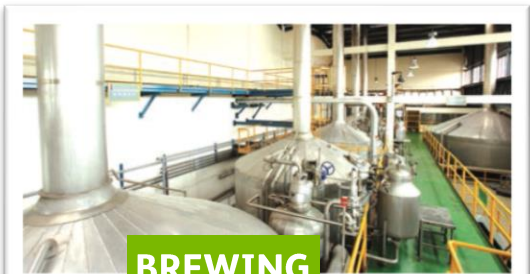
DISPLAY IN CAR WINDOW AT ALL TIMES WHEN ON SITE



# SUSTAINABILITY FROM BARLEY TO BAR



SOURCING



BREWING



EMPLOYEES

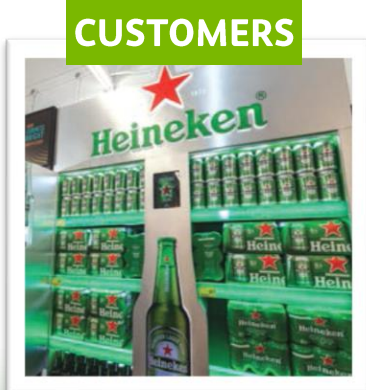


PACKAGING



COMMUNITIES

CONSUMERS



CUSTOMERS



DISTRIBUTION

# EXTERNAL ENVIRONMENT



World Bank: Malaysian urban poor hit hard by inflation



January 24, 2018 6:32 pm JST  
Malaysia December retail inflation up on costlier food, fuel

Analysts expect central bank to raise rate tomorrow amid robust domestic demand



**Star** ONLINE

### Consumers worry about nation's fiscal status, job security, debt, says Nielsen survey

ECONOMY  
Tuesday, 19 Dec 2017 11:35 AM MYT  
By Joseph Chin

Bloomberg Markets

## Malaysia GDP Growth Beats Forecasts as Economy Expands 5.8%

By Anisah Shukry and Pool Koon Chong  
August 18, 2017, 12:00 PM GMT+8  
Updated on August 18, 2017 1:08 PM GMT+8

Highlight

### World Bank lifts Malaysia 2017 GDP growth forecast

Samantha Ho / theedgemarkets.com  
December 14, 2017 12:03 pm +08

led its Malaysia 2017 gross domestic product g into account the nation's accelerated

## EMERGING GREEN SHOOTS



Economy Regained Momentum



Growing Incomes

## IN A CHALLENGING ENVIRONMENT



Inflationary Pressures

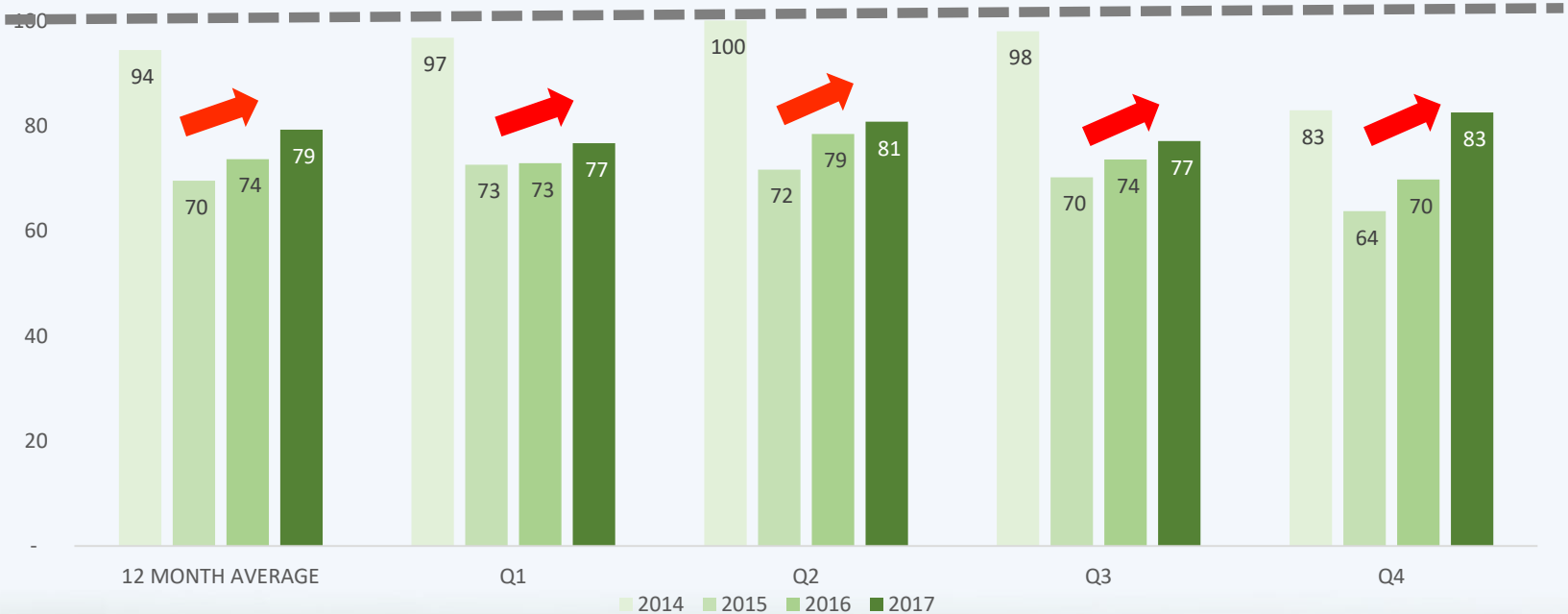


Rising Costs of Living

# IMPROVED CONSUMER SENTIMENT

## Consumer Sentiment Index

100-point optimism threshold



Source: Department of Statistics Malaysia; Malaysian Institute of Economic Research; <http://www.mier.org.my/>



# COMMENDABLE PERFORMANCE

Financial Year ended 31<sup>st</sup> December 2017

## REVENUE

**+ 2.6%**

from RM1.88 billion  
to RM1.93 billion



## PROFIT BEFORE TAX

**+ 4.6%**

from RM347 million  
to RM363 million



## KEY POSITIVES

- Positive turnaround in 2H after a softer 1H
- Commenced local production of cider, gained significant market share in cider category
- New Product Innovation with exciting new launches across all categories (lager, stout, cider & LNA)
- Strengthened commercial execution with market share gain in Modern Off-Trade channel

# PROPOSED DIVIDEND PAY OUT

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**INTERIM DIVIDEND**  
(Paid in October 2017)

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**40 sen**

**FINAL DIVIDEND  
PROPOSED**  
(Payable in June 2018)

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**50 sen**

TOTAL DIVIDEND IN FY17

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**90 sen**

Total dividend in FY17 represents  
**100.7% of FY17's  
Profit After Tax**

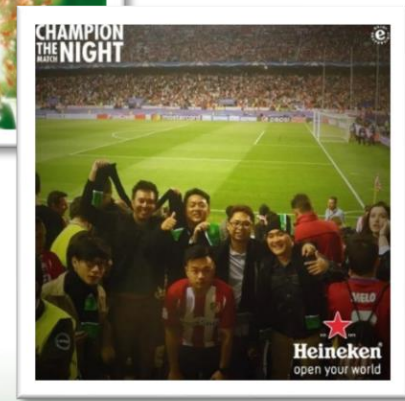
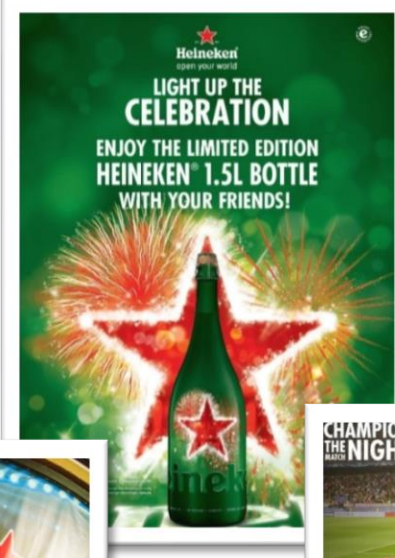
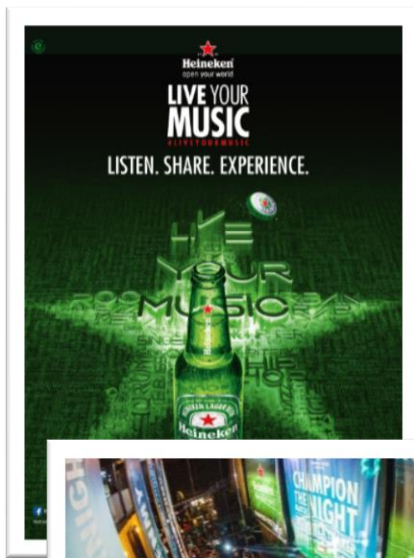
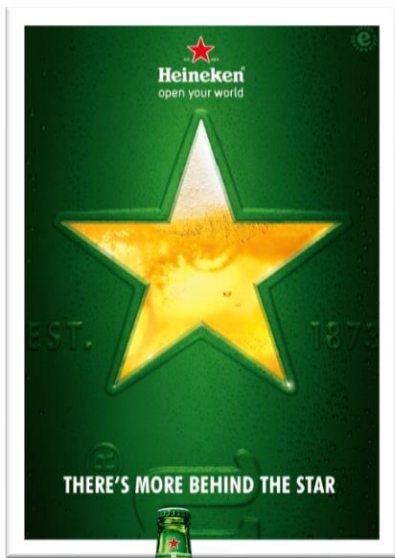


# TIGER – MALAYSIA'S NO. 1 BEER





# HEINEKEN® - WORLD CLASS EXPERIENCES



# STRONGBOW & APPLE FOX – GROWTH IN CIDER



# GUINNESS – MADE OF MORE



# ANCHOR – ALL-TIME LOCAL FAVOURITE

Real Beer  
for  
Real  
Moments



Nah that's the real bro-fist!



# THREE CHEERS AT PUTRA BRAND AWARDS 2017



# FY18 OUTLOOK

Cautiously Optimistic to Deliver Commendable FY18 Performance



Global Economy  
Perking Up



Strengthening  
Ringgit



Consumer  
Sentiment  
Trending Upwards



Addressing the  
Contraband Threat

# FY18 OUTLOOK

## Unchartered Territory Post-GE14

### FINANCIAL TIMES

Moody's wary, ringgit forwards fall after shock Malaysia vote



*Currency*

Ringgit volatility to continue until more clarity emerges, say economists

### Bloomberg

## Malaysia's Opposition Promises to Abolish GST in First 100 Days

### The New York Times

*In Malaysia, the Old Prime Minister Promises a New Order*

Ringgit futures fall approx 2%

Moody's issues caution over Harapan's policy pledges

Potential introduction of populist measures by new Government



HEINEKEN MALAYSIA VISION 2020

TO BE THE **LEADING BREWER** , OF **INSPIRATIONAL BRANDS** , ENJOYED **ANYTIME, ANYWHERE.**





# 54<sup>th</sup> ANNUAL GENERAL MEETING

Friday, 11 May 2018

# ORDINARY RESOLUTION 1

To receive the Audited Financial Statements of the Group for the financial year ended 31 December 2017 together with the Directors and Auditors' Reports thereon.

**Please refer to pages 118 to 171 of the Annual Report.**

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP

## STRATEGIC & FINANCIAL MATTERS

1. Please share with shareholders your views on the plan and budget for the marketing strategy, including the spending on digital platforms which will become a new way to reach mass audiences.
2. We refer to page 126 of the Annual Report where it is stated that the Group is subject to an income tax expense of RM93.1 million in FYE 2017 which translates to an effective tax rate of 25.6% and that this was higher than the effective tax rate of 22.2% in FYE 2016 and also the corporate statutory tax rate of 24%. Please explain the reasons for the increased tax rate for FYE 2017.

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP

## CORPORATE GOVERNANCE

### 1. Practice 4.3 of Malaysian Code on Corporate Governance 2017 (“MCCG”)

The Company on page 13 of the Corporate Governance Report (“CGR”) – Disclosure of MCCG has stated that it has adopted Practice 4.3 – Step Up. However, it also stated that “If the Board continues to retain the Independent Non-Executive Director (“INED”) after year 12, the Board should provide justification and seek annual shareholders’ approval through a two-tier voting process in accordance to the CG Code”.

This is contrary to Step Up 4.3 of the MCCG which does not provide for any extension of tenure beyond the 9-year tenure of INEDS.

We hope the Board would take note of this.

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP

## 2. Practice 4.1 & 4.5 of MCCG

Practice 4.1 of MCCG requires at least half of the board to comprise Independent Directors. For Large Companies, the board should comprise a majority of independent directors.

Practice 4.5 of MCCG requires the board to disclose in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For large companies, the board must have at least 30% women directors.

The Company has departed from both Practice 4.1 and 4.5 as stated on pages 11 and 15 respectively of its Corporate Governance Report. We take note of the explanations by the Company that it is undergoing a review process in order to adhere to the Practices. However, there is no timeframe stated for the Company to meet the targets of a majority of INEDS on the board and at least 30% women directors on the board.

Under paragraph 3.2(c) of Practice Note 9 of the Main Market Listing Requirements, Large Companies must disclose the timeframe required to achieve the application of the Practices.

We hope the Board would take note of this.

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP

## 3. Special Resolution – Proposed Adoption of New Constitution of the Company

In relation to the circular to shareholders for the proposed adoption of the Company's new Constitution, please highlight the material changes made to the new Constitution as compared to the existing Memorandum and Articles of Association.

Clause	Key Changes in the new Constitution	Reference in CA2016 & Listing Requirements
11	Replacement of the term “nominal value” with “total number” – in line with the abolishment of the concept of par/nominal value.	Section 74 of CA2016 & Paragraph 6.03 of the LR.
–	Article 67 of the Constitution has been deleted in entirety to remove the option to pass members’ resolutions through written resolutions. – Under Sections 297 – 308 of CA2016, only <u>private</u> companies are permitted to have shareholders' written resolutions.	Sections 297 – 308 of CA2016
67	Deletion of the provision on voting via show of hands and members’ right to demand for a poll at shareholders’ meeting and confine the clauses to voting by poll.	Paragraph 8.29A of LR
78	Amendment to allow appointment of more than one proxy to attend shareholders’ meeting.	Section 334 of CA2016
80	Amendment to reduce the cut off time for deposit of proxy form from 48 hours to 24 hours before the time set for taking of the poll at shareholders’ meeting.	Section 334 of CA2016
92&93	Amendment to reflect the requirement for shareholders’ approval for payment of Directors’ fees and benefits, reimbursement and special remuneration payable to Directors.	Section 230 of CA2016 Paragraphs 7.23, 7.24 and 7.31 of the LR



Clause	Key Changes in the new Constitution	Reference in CA2016 & Listing Requirements
105	We have opted to exclude the Third Schedule of the CA2016 which provides for “Proceedings of the Board” unless the same has been provided for in the Constitution.	Section 212 of CA2016
63	We have opted to maintain the quorum for shareholders’ meeting at three (3). (Default provision in CA2016 is for two (2) shareholders personally present at the meeting.	Section 328 of CA2016
134	We have opted to maintain the use of common seal. Having a common seal is optional under CA2016.	Section 61 of CA2016
138	Amendment to allow Directors to declare dividends from time to time provided that the Company is solvent	Section 131 and 132 of CA2016.
160	<p>Amendment to provide options for the Company to send notices and documents to shareholders via electronic means.</p> <p><b>Note : The service of a notice or document via electronic means shall be to a shareholder’s e–mail address as it appears on the Record of Depositors or Register of Members. As such, shareholders are encouraged to update their details accordingly.</b></p>	Section 319 of CA2016 Paragraph 2.19B of LR

# Q&A SESSION

## ORDINARY RESOLUTION 2

To approve the payment of a single tier final dividend of 50 sen per stock unit in respect of the financial year ended 31<sup>st</sup> December 2017.

Ex-Date : 16 May 2018

Entitlement Date : 18 May 2018

Payment Date : 6 June 2018

If approved, total dividend payout for the year will amount to 90 sen per stock unit.

## **ORDINARY RESOLUTIONS 3, 4 & 5**

To re-elect the following Directors who retire pursuant to the Company's Constitution:

Retire by rotation pursuant to Article 89

**Resolution 3 : Datin Ngiam Pick Ngoh, Linda**

**Resolution 4 : Hans Essaadi**

Retire pursuant to Article 96

**Resolution 5 : Lim Rern Ming, Geraldine**

# DATIN NGIAM PICK NGOH, LINDA

## INDEPENDENT DIRECTOR Malaysian, age 62

*Appointed on 3 December 2012*

- Former Group Managing Director/CEO of Star Media Group Berhad.
- Former Board Member of the Audit Bureau of Circulations (ABC) Malaysia and the Advertising Standards Authority Malaysia.
- Represented The Star on the Malaysian Newspapers Publishers Association (MNPA) as its Honorary Secretary.
- Presently contributes her time to the 30% Club Malaysia through co-leading the Media & Communications Workgroup.
- Obtained her Bachelor of Arts (Hons) in Social Science from the University of Malaya and Diploma in Advertising and Marketing from the Institute of Communications, Advertising and Marketing, UK.



# HANS ESSAADI

## MANAGING DIRECTOR

**Dutch, age 52**

*Appointed on 1 March 2013*

- Has been with HEINEKEN for more than 25 years, in increasingly senior commercial roles which include:
  - a) From 2008 to 2012, General Manager of Sirocco, a joint venture between HEINEKEN and Emirates in Heineken Region – Africa and Middle East, oversaw several key markets in the Gulf Region and managed a portfolio of brands from various principals including HEINEKEN International, AB InBev, Molson Coors and Asia Pacific Breweries.
  - b) From 2005 to 2008, General Manager of Brau Union International Vienna, Austria, the export operation of HeinekenCentral and Eastern Europe, oversaw offices in Slovenia, Serbia and Germany.
- Obtained his Bachelor's Degree in Finance from Hotelschool, the Hague



# LIM RERN MING, GERALDINE

## NON-INDEPENDENT NON-EXECUTIVE DIRECTOR Singaporean, age 46

*Appointed on 1 November 2017*

- Presently, Regional Legal Director for HEINEKEN and also a member of the HEINEKEN Asia Pacific Management Team.
- Started her tenure at HEINEKEN in 2013 following its take-over of Asia Pacific Breweries Limited, where she had been General Counsel since 2004.
- More than 20 years of experience in legal practice and in the in-house legal function for various Singapore listed companies.
- At Asia Pacific Breweries Limited, she was responsible for legal, compliance and enterprise risk management.
- Listed in the 2017 GC Powerlist Southeast Asia (Most Influential Lawyers in Business).
- Obtained her LLB Honours from National University of Singapore



## ORDINARY RESOLUTION 6

To approve the payment of Directors' fees and benefits up to an amount of RM710,000 to the non-executive Directors of the Company for the financial year ending 31 December 2018.

		RM
Annual fee	Non-Executive Director	75,000
	Audit & Risk Management Committee member	5,000
	Nomination & Remuneration Committee member	4,000
Annual allowance	Board Chairman	100,000
	Audit & Risk Management Committee Chairman	8,000
	Nomination & Remuneration Committee Chairman	6,000
Meeting allowance (per meeting attended)	All Non-Executive Directors	1,200
Benefits in kind (estimate) <i>(include but not limited to products entitlement &amp; travelling expenses)</i>		50,000



## **ORDINARY RESOLUTION 7**

To re-appoint Messrs Deloitte PLT as auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.

## ORDINARY RESOLUTION 8

To re-appoint Mr Martin Manen to continue to hold office as Independent Director of the Company until the conclusion of the next AGM.

Mr Manen has served as an Independent Director of the Company for a cumulative term of more than 9 years.

# MARTIN GILES MANEN

## SENIOR INDEPENDENT DIRECTOR Malaysian, age 63

*Appointed on 29<sup>th</sup> August 2008*

- Started his career with KPMG, served 11 years in Malaysia and the UK, undertaking audit, tax and business advisory assignments.
- Served more than 21 years with Sime Darby Group holding various senior positions.
- CEO of a public relations and communication consultancy firm from 2007 to 2009.
- A Chartered Accountant and member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.



## ORDINARY RESOLUTION 9

To approve the Proposed Mandate for recurrent related party transactions of a revenue or trading nature.

Details of the recurrent related party transactions are provided on pages 3 and 4 of the Circular to Shareholders dated 12 April 2018.

GAPL Pte Ltd (major shareholder) and its nominees namely Mr Hans Essaadi, Mr Choo Tay Sian (Kenneth), Mr Yong Weng Hong and Ms Lim Rern Ming (Geraldine) shall abstain from voting on this matter.

# **SPECIAL RESOLUTION**

To approve the Proposed Adoption of a New Constitution of the Company.

Details of the proposal are provided in the Circular to Shareholders dated 12 April 2018.

# POLL VOTING

## POLL ADMINISTRATOR

- Tricor Investor & Issuing House Services Sdn Bhd

## INDEPENDENT SCRUTINEER

- Coopers Professional Scrutineers Sdn Bhd

# POLL RESULTS ANNOUNCEMENT

