Annual Report 2022

DKSH Holdings (Malaysia) Berhad

100
Years
in Malaysia

DKSH

Delivering Growth – in Asia and Beyond.

Enriching People's Lives

We provide access to high quality products, services and insights, creating sustainable value for our partners and generating jobs.

Contents

Corporate Information

Board of Directors

Stephen John Ferraby	Non-Independent Non-Executive Chairman
Chan Thian Kiat (Deceased w.e.f. September 1, 2022)	Senior Independent Non-Executive Director
Dr. Leong Yuen Yoong	Independent Non-Executive Director
Fa'izah binti Mohamed Amin	Independent Non-Executive Director
Puneet Mishra	Non-Independent Executive Director/Vice President, FMCG
Lian Teng Hai	Non-Independent Non-Executive Director
Lai Tak Loi (Appointed w.e.f. November 4, 2022)	Independent Non-Executive Director

Audit Committee

Chan Thian Kiat (Deceased w.e.f. September 1, 2022)	Chairman of the Audit Committee
Lai Tak Loi (Appointed w.e.f. November 4, 2022)	Chairman of the Audit Committee
Dr. Leong Yuen Yoong	Member
Fa'izah binti Mohamed Amin	Member

Nomination and Remuneration Committee

Dr. Leong Yuen Yoong	Chairman of the Nomination and Remuneration Committee
Stephen John Ferraby	Member
Fa'izah binti Mohamed Amin	Member

Registered Office

Address: B-11-01, The Ascent, Paradigm, No. 1, Jalan SS 7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan	Phone +60 3 7882 8888 Fax +60 3 7882 8899

Auditors

Ernst & Young PLT, Chartered Accountants Address: Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur	Phone +60 3 7495 8000 Fax +60 3 2095 9076 / 2095 9078

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd Address: Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	Phone +60 3 2783 9299 Fax +60 3 2783 9222

Stock Exchange Listing

Listed on Bursa Malaysia Securities Berhad (Main Market) since December 13, 1994	Stock name: DKSH Stock code: 5908

Company Secretary

Yuen Yoke Ping, SSM Practising No. 201908002645, MAICSA 7014044

Serene Lee Huey Fei, SSM Practising No. 202208000450, LS 0009912

Principal Bankers

Deutsche Bank (Malaysia) Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

Management Discussion and Analysis

The management review of DKSH Holdings (Malaysia) Berhad and its subsidiaries ("the Group" or "DKSH") outlines an in-depth analysis of the financial year 2022 and provides an outlook into DKSH's further growth.

Management Discussion and Analysis

DKSH Celebrates 100 Years of Successfully Overcoming Challenging Times
In May 2022, Malaysia's borders reopened for international travel, resulting in an immediate impact on the economy. The revival of consumer sentiment and an increase in spending led to DKSH's business consolidating its strong and profitable growth.

Driven by this performance, the Board has recommended for a single tier special dividend and single tier final dividend of total 32.0 sen per ordinary share for the financial year ended December 31, 2022 to be fully paid by July, 2023. The single tier special dividend of 16.0 sen per ordinary share for the financial year ended December 31, 2022 was paid out on 20 March 2023.

The Group's net sales increased from MYR 6.7 billion in 2021 to MYR 7.2 billion in 2022. Our operating profit after tax grew from MYR 91.3 million in 2021 to MYR 104.2 million in 2022. These results were driven not only by the market recovery but also DKSH's dedicated focus on driving efficiencies amidst rising commodity prices and contract worker costs.

Marketing and Distribution Segment
This segment includes our Fast-Moving Consumer Goods ("FMCG") business, which provides a full-service offering, including marketing and sales, distribution and logistics, invoicing, credit management, warehousing, delivery, and many other value-added services.

Revenue grew from MYR 3.8 billion in 2021 to MYR 4.0 billion in 2022 – an increase of 5.3%. Segment profit also increased by 13.0% from MYR 103.1 million in 2021 to MYR 116.5 million in 2022. The strong result was due to the major improvement project undertaken throughout 2022, which included optimization of the organization structure through simplification and reduction in approval layers, combined with a sharp focus on client profitability. The various work streams we continued to drive have led to lower operating costs thus driving up the performance. Our constant focus on route-to-market optimization and sales force efficiency to drive accounts receivable collection, employee productivity, and inventory management coupled with organizational structure optimization mentioned above has been at the heart of the significant improvement in our profitability.

With the opening of borders in May 2022 and recovery of out-of-home consumption, there was a noticeable uptick in the hotel, restaurant, and café (HORECA) industry, leading to a surge in sales of large pack food products. This shift in demand also led to a decrease in consumer interest in smaller packs, as more people started returning to their workplaces and prioritizing other activities over home cooking or baking. In addition to the growth in existing customers, FMCG was able to successfully onboard several new clients during the year.

Logistics Segment
This segment includes our Healthcare business, which provides services similar to the Marketing and Distribution segment. However, in this segment, a higher proportion of clients manage their sales due to the highly specialized nature of many of the products.

Net sales grew from MYR 2.9 billion in 2021 to MYR 3.1 billion in 2022, an increase of 6.9%. Segment profit increased by 17.4% from MYR 52.3 million in 2021 to MYR 61.4 million in 2022. The strong result was a combination of organic growth, new business development, and acquisition of new business.

On July 4, 2022, the Group completed the acquisition of AcuTest Systems (M) Sdn. Bhd., a distributor of clinical diagnostic point-of-care testing analyzers, diagnostic and screening devices and instruments, and laboratory systems in Malaysia. This acquisition expanded the Group's portfolio in the medical devices industry, providing access to complementary supplier and product portfolios and a solid customer base.

Management Discussion and Analysis (continued)

The Logistics segment is projected to experience growth driven by the rise in healthcare spending in the medium to long term, along with the ongoing outsourcing trend, which will lead to strong business development as the Group continues to offer more value-added services.

Segment "Others"
The main component of this segment comprises the Famous Amos Chocolate Chip Cookie chain of retail outlets, along with unallocated central overhead costs. As the Group's most consumer-facing business, the Famous Amos segment has experienced the most significant recovery from the pandemic's impact, with a revenue increase of 32.2%, from MYR 47.5 million in 2021 to MYR 62.8 million in 2022.

Resilient Performance in the Face of Inflationary Pressure
Despite the challenges posed by the COVID-19 pandemic as well as the conflict and related sanctions in Ukraine, Russia and/or Belarus, the Group has demonstrated resilience and successfully navigated these turbulent times. Despite the inflationary pressure and economic uncertainties across the globe, overall consumer demand has remained relatively stable.

To maintain our success, we will continue to prioritize driving our people capability, digitization, and automation. Our focus remains on securing new business, improving cost efficiency, managing working capital, and monitoring the short-term outlook to navigate the current environment prudently.

As we celebrate 100 years of our presence in Malaysia in 2023, we are well positioned to benefit from favorable long-term market, industry, and consolidation trends in the Asia Pacific region.

DKSH at a Glance

We help companies to grow their business in new and existing markets. We expand their access to knowledge, their sourcing base, their revenue opportunities, and their market shares. Providing business partners with a comprehensive package of services to reach their individual goals is what we call Market Expansion Services.

Financial Highlights

Consolidated results of DKSH Holdings (Malaysia) Berhad Group (RM'000)

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Net sales	6,010,281	6,457,085	6,355,699	6,738,388	7,162,687
Earnings before interest, tax, depreciation and amortization	77,694	155,177	169,589	214,406	233,458
Profit before tax	60,552	60,958	74,510	126,883	145,262
Net profit attributable to owners of the parent	44,584	39,047	48,888	91,275	104,214
Exceptional items	–	(13,369)	–	–	–
Net profit excluding exceptional items	44,584	52,416	48,888	91,275	104,214
Total assets employed	2,170,133	2,721,309	2,702,520	2,680,128	2,931,010
Shareholders' equity	596,973	620,257	669,147	744,658	831,556

Corporate Profile

Headquartered in Switzerland, DKSH operates in 37 markets with 32,600 specialists.

DKSH is one of the oldest and largest Market Expansion Services providers in Malaysia. Having established its first branch office in 1923 in Penang, the Company has since grown from strength to strength. Today, it employs a workforce of about 3,200 specialists. Headquartered in Petaling Jaya, Selangor with 25 other business locations nationwide, DKSH provides unparalleled market coverage, serving more than 160 clients and thousands of customers across Malaysia.

As the leader in the Market Expansion Services sector with a focus on Asia, DKSH helps other companies and brands to grow their business in new or existing markets. We do this by offering our business partners tailor-made solutions along the entire value chain to support them in successfully achieving their business objectives. As a company, our services give people in Asia access to important daily products, create sustainable value for our partners, and generate jobs across the region.

DKSH Holdings (Malaysia) Berhad was incorporated on December 24, 1991. On December 13, 1994, the Company was publicly listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

In 2019, we strengthened our presence in the fast-moving consumer goods industry with the additional distribution service of chilled and frozen products. We also gained a strong foothold in the confectionery market segment with house brands SCS and Buttercup. At the same time, we expanded our business offering to include Food Services to serve new markets in the hotel, restaurant, and café industries.

DKSH Holdings (Malaysia) Berhad is majority-owned by the DKSH Holding Ltd. of Switzerland ("DKSH Switzerland").

DKSH Holding Ltd. of Switzerland
Founded in 1865, DKSH Holding has a strong Swiss heritage coupled with a long tradition of doing business in and with Asia Pacific, as well as selected markets in Europe and North America.

Publicly listed on the SIX Swiss Exchange since March 2012, DKSH is a global

Corporate Profile (continued)

company headquartered in Zurich and operates in 37 markets with 32,600 specialists. In 2022, DKSH generated net sales of CHF 11.3 billion.

DKSH offers a tailor-made, integrated portfolio of sourcing, marketing, sales, distribution, and after-sales services. It provides business partners with expertise as well as on-the-ground logistics based on a comprehensive network of unique size and depth. Business activities are organized into four (4) specialized Business Units that mirror DKSH's fields of expertise: Consumer Goods, Healthcare, Performance Materials, and Technology.

Our Business Segments
In Malaysia, our business focuses on the fields of consumer goods and healthcare, offering a comprehensive range of Market Expansion Services to business partners in their respective areas.

Business Unit Consumer Goods focuses on fast moving consumer goods, food services, luxury goods as well as fashion and lifestyle products.

Business Unit Healthcare provides access to high-quality products ranging from pharmaceuticals, over-the-counter & consumer health, and medical devices.

Marketing and Distribution Segment
Under this business segment, DKSH provides a comprehensive portfolio of services ranging from marketing to providing sales force, distribution and logistics, invoicing and credit control, handling of inventory and returned goods as well as other value-added services. The businesses represented in this segment are Fast Moving Consumer Goods and Food Services.

The keystone to DKSH's full-service business model lies in its broad range of sales and marketing services, deep market-access insights and knowledge, long-established relationships in the market, and unique distribution reach achieved through an extensive and experienced sales force network of 25 business offices covering key market locations in West and East Malaysia as well as Brunei.

Core to DKSH's Marketing and Distribution infrastructure is an ISO- and TAPA-certified 510,000-square foot distribution center at Jalan Sungai Jati in Klang which has a capacity of 55,000 pallets for ambient and temperature-controlled products catering for Consumer Goods.

DKSH's manufacturing plant in Shah Alam manufacturers its Own Brands of butter and mélange products, including Buttercup which is a leading brand of mélange products in Malaysia.

The strength of our sales force is reinforced by an extensive supply chain infrastructure that is unique in size and depth, while local distribution teams ensure products represented by DKSH are widely accessible in hypermarkets and supermarkets, shops, kiosks, medical halls, and pharmacies throughout Malaysia.

The majority of DKSH's sales team is equipped with hand-held devices using a powerful web-based IT application that is linked directly to DKSH's SAP system to access live inventory information and remotely process orders at any time. Alternatively, orders are also placed by customers directly through the centralized call center.

Logistics Segment
DKSH's logistics services focus on supply chain services ranging from import to forwarding, warehousing and distribution, order processing, and collections. The businesses represented in this segment are primarily Healthcare and parts of Consumer Goods, which are entirely supply chain-centric.

The Logistics segment continues its growth course in East Malaysia with the establishment of a 207,000-square foot distribution center in Kota Kinabalu in 2015. This larger and more advanced distribution center represents a significant capacity upgrade in DKSH's Consumer Goods and Healthcare infrastructure.

It is strategically located in Kota Kinabalu Industrial Park (KKIP) with easy access to Sepanggar Bay Container Port and the city center. This location enjoys high connectivity via various transportation networks, allowing DKSH to directly serve its consumer goods and healthcare customers in the region, including modern and traditional retail outlets, hospitals, clinics, and pharmacies. Today, the Kota Kinabalu distribution center also serves as a regional hub for the company's smaller facilities in Tawau and Sandakan.

DKSH's 190,000-square foot healthcare distribution center in Shah Alam serves customers, including hospitals, clinics, dental centers, pharmacies, and retail outlets throughout Malaysia. The Shah Alam distribution center is a leading service provider for clinical trials in supply chain activities, addressing the

Corporate Profile (continued)

increasingly complex clinical supply packaging, labeling and distribution requirements. Its technologically advanced cold chain and redressing facilities have industry-standard storage for vaccines and bio-tech products. In 2019, this healthcare distribution center received a top-level certification from the Transported Asset Protection Association (TAPA) for its Facility Security Requirements.

In line with DKSH's commitment to quality and compliance, both the Shah Alam and Kota Kinabalu facilities comply with Good Distribution Practice (GDP) and Good Distribution Practice for Medical Device (GDPMD) requirements and adhere to strict ISO 9001:2015 and ISO 13485:2016 international standards.

DKSH's four ISO-certified distribution centers in both West and East Malaysia serve as the "nerve centers" of our supply chain services.

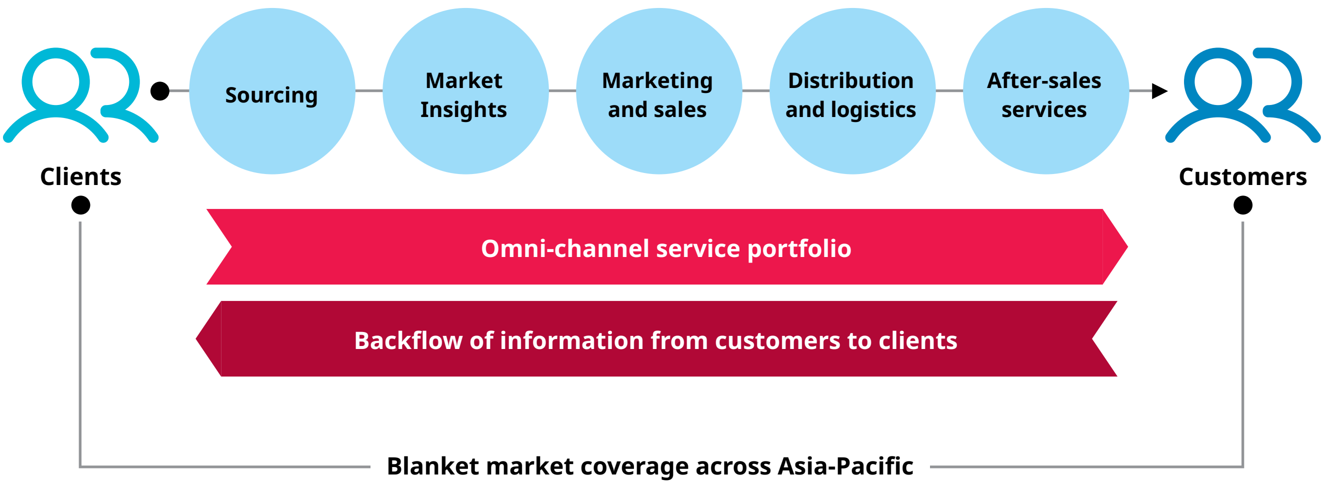
Segment "Others"
The primary business activity in this segment is the Famous Amos chocolate chip cookie business. Famous Amos is a retailer of freshly baked cookies and confectionery items. In 2022, there were a total of 89 Famous Amos outlets located in West and East Malaysia as well as two outlets in Brunei. This segment also includes central overheads including rental.

Famous Amos has expanded to Brunei with two outlets offerings its famous freshly baked homestyle cookies.

Our Core Business: Market Expansion Services
DKSH helps companies grow in existing markets and expand into new ones by providing a complete range of specialized services along the entire value chain. From sourcing, market analysis and research, marketing and sales to distribution and logistics as well as after-sales services, our services are precisely tailored to the exact needs of our clients and customers.

We offer intelligently integrated and tailored services to deliver seamless end-to-end solutions, no matter how big or small the requirements. To do this, we draw on nearly 160 years of experience, deep industry expertise, extensive on-the-ground logistics, and our vast network of business and personal relationships throughout Asia Pacific.

We Provide Access to a Global Sourcing Network
Our unique sourcing network and a deep industry experience enable us to provide any material and product our customers need. We offer the perfect mix of cost effectiveness, quality, and dependable supply. With DKSH, business partners can expand their sourcing base and focus on growing their business.



Corporate Profile (continued)

We Enable Business Partners to Innovate for Growth
In our application, formulation, and product development laboratories, we generate new product ideas and develop and customize them. We work on new ingredients and technology applications, provide hands-on training, and run acceptance tests. We turn our market insight into strategic advice for our business partners.

We Open Up New Revenue Opportunities for Business Partners
DKSH offers a complete array of marketing and sales services for consumer goods and healthcare products. We have a long-standing track record in brand-building and service all relevant channels to market, customers, and outlets. In Malaysia, we offer comprehensive market coverage to help our business partners expand their business.

We Deliver What Our Business Partners Need, at the Right Time and Place
With our unmatched logistics infrastructure and state-of-the-art distribution centers, we transport, store, and distribute clients' products efficiently and professionally across the country. As part of our comprehensive package of Market Expansion Services, we provide many additional specialized services, including supply chain management, regulatory support, logistics, invoicing, and cash collection.

We Are at Our Business Partners' Service Throughout the Entire Lifespan of Their Products
DKSH provides a broad range of after-sales services and support that ensure top-quality standards, fast problem resolution, and the ability to establish a high-value image. We offer real added value to clients and customers.

How We Work with Our Partners
At DKSH, our business partners are either clients or customers, depending on their position in the value chain and the services we provide to them. Our business model is centered on DKSH's role as the key link between clients and customers. We help our partners in growing and adding value to their business and enable them to achieve lasting success.

As a result of our position as a leading company for partners looking to grow their business in Asia Pacific, Europe, and North America, we benefit from economies of scale, unique cross-regional and cross-industry synergies as well as significant bargaining power with the trade.

Leveraging on our strong market presence, clients can capitalize on the superior commercial terms and conditions made available by DKSH. On the other hand, our scope and scale allow us to provide our customers a comprehensive portfolio of products and services.

Our Clients
Our clients are manufacturers of fast-moving consumer goods, pharmaceuticals, consumer health products, medical devices and specialty chemicals who wish to sell their products in markets with high-entry barriers.

Strategically, our clients want to grow their business by increasing sales in existing markets, enhancing efficiency and margins, or launching into new markets.

We support our clients in marketing, selling, and distributing their products as well as providing after-sales services and market insight.

Our Customers
Our customers are manufacturers to whom we provide raw materials which are processed or used in their own production or retailers, such as supermarkets, department stores, bakery ingredient stores, mom-and-pop stores, hospitals, doctors, and pharmacists that resell the products we provide to end consumers. Our customers also include food services distribution channels such as hotels as well as food and beverage establishments.

Strategically, our customers want to increase their sourcing base, market shares, and revenue opportunities.

We support our customers in obtaining the best raw materials, products, and brands at the best price, while providing them with knowledge and market insight.

At DKSH, we have a service philosophy that takes profound responsibility for the goods and brands of our clients. It is about a proactive approach that provides strategic advice based on experience, know-how, and networks of specialists working for DKSH. In striving to be the leading Market Expansion Services provider with a focus on Asia, we stick to what we do best by doing more of the same, more efficiently.

Directors' Profiles

Directors' Profiles

Stephen John Ferraby

Aged 58, Male, Australian
Non-Independent Non-Executive Chairman
Member of the Nomination & Remuneration Committee

Mr. Stephen John Ferraby was appointed to the Board of DKSH Holdings (Malaysia) Berhad on February 21, 2017 as a Non-Independent Non-Executive Director. On May 24, 2017, he was appointed as a Member of the Nomination Committee of the Company. On May 25, 2017, he was re-designated as the Non-Independent Non-Executive Chairman of DKSH Holdings (Malaysia) Berhad. On February 19, 2020, the Board of DKSH Holdings (Malaysia) Berhad set up a Remuneration Committee by way of merging with the Nomination Committee and Mr. Ferraby was appointed as a member of the Remuneration Committee. Currently, Mr. Ferraby is the Non-Independent Non-Executive Chairman and a member of the Nomination & Remuneration Committee of the Company.

He graduated with a Bachelor's degree in Commerce (First Class) from the University of Birmingham, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Ferraby is currently the Head of Corporate Affairs and Strategic Investments and a member of the Executive Committee of DKSH Holding Ltd., Switzerland, a major shareholder of DKSH Holdings (Malaysia) Berhad. He is also a director of aCommerce Group, which is headquartered in Hong Kong. From 2010 to 2015, he was the CFO of DKSH Thailand Ltd. including two years as President of the organization. From 2006 to 2010, he was the CFO Asia Pacific at CEVA Logistics and before that was CFO and CEO at an Australian private equity sponsored company. From 1995 to 2006, he held various positions at Exel PLC, a UK FTSE 100 company, including Group Head of Internal Audit, European Finance Director and five years as CFO Asia Pacific, based in Singapore from 2001. From 1985 to 1995, he served in the fields of audit, advisory and corporate finance at Ernst & Young in Australia and the United Kingdom.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

He has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Mr. Ferraby attended all four Board meetings held during the financial year ended December 31, 2022.

Directors' Profiles (continued)

Lai Tak Loi

Aged 52, Male, Malaysian
Independent Non-Executive Director
Chairman of the Audit Committee

Mr. Lai Tak Loi was appointed to the Board of DKSH Holdings (Malaysia) Berhad on November 4, 2022 as an Independent Non-Executive Director and Chairman of the Audit Committee.

He graduated with a Bachelor of Arts in Economics majoring in Accounting and Finance from University of Manchester, United Kingdom. Mr. Lai has more than 30 years of working experience out of which, for the past 18 years, he held various positions as Chief Executive Officer and Group Chief Financial Officer. He currently holds the position of Group Chief Financial Officer at IMC Pan Asia Alliance Pte Ltd since February 2022. Mr. Lai is a seasoned corporate professional with strong entrepreneurial skills and a proven track record in developing strategy, driving business transformation and establishing and growing financial value of businesses. He has served as a key advisor on various governance committees.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

He has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Mr. Lai attended one Board meeting held during the financial year ended December 31, 2022.

Directors' Profiles (continued)

Dr. Leong Yuen Yoong

Aged 45, Female, Malaysian
Independent Non-Executive Director
Member of the Audit Committee
Chairman of the Nomination & Remuneration Committee

Dr. Leong Yuen Yoong was appointed to the Board of DKSH Holdings (Malaysia) Berhad on June 16, 2021 as an Independent Non-Executive Director and a member of the Audit Committee. Dr. Leong was then appointed as the Chairman of the Nomination & Remuneration Committee. Currently, Dr. Leong is an Independent Non-Executive Director, member of the Audit Committee, and Chairman of the Nomination & Remuneration Committee of the Company.

Dr. Leong Yuen Yoong is Director of Sustainability Studies at the UN Sustainable Development Solutions Network (SDSN) and Professor of Practice at the Jeffrey Sachs Centre on Sustainable Development at Sunway University. She co-leads SDSN's ASEAN Green Future project, which involves decarbonizing of technical systems and recarbonizing of ecosystems. She also supervises PhD students in sustainable development and teaches sustainability.

Dr. Leong began her professional life in Golden Hope Plantations Berhad, Sime Darby Berhad, and the Malaysian Life Sciences Capital Fund, followed by an entrepreneurial career, co-founding two businesses – WAYY Consulting and Natural Ease.

She holds a Ph.D. in International Manufacturing Strategy and Network Systems from the University of Cambridge and a Master of Engineering in Electrical and Electronic Engineering from Imperial College London. She also holds a Certificate in Business Sustainability Management from the University of Cambridge Institute for Sustainability Leadership.

Dr. Leong does not hold any directorship in other public companies and listed companies. She does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

Dr. Leong has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Dr. Leong attended all four Board meetings held during the financial year ended December 31, 2022.

Directors' Profiles (continued)

Fa'izah binti Mohamed Amin

Aged 55, Female, Malaysian
Independent Non-Executive Director
Member of the Audit Committee
Member of the Nomination & Remuneration Committee

Fa'izah binti Mohamed Amin was appointed as an Independent Non-Executive Director and a member of the Audit Committee and Nomination & Remuneration Committee of DKSH Holdings (Malaysia) Berhad on January 1, 2022.

She graduated with a Bachelor of Arts in Political Science from Brock University, Canada. Fa'izah held several high positions as Board Member and Managing Director in large conglomerates and multinational organisations locally and overseas. She presently sits as an Independent Non-Executive Director (INED) in Scicom (MSC) Berhad, Hong Leong Bank Berhad, and Cradle Fund Sdn. Bhd.. Fa'izah sits in multiple advisory councils, inclusive of the esteemed American Chambers of Commerce (AMCHAM), providing expertise and foresight in technology and business.

She does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

She has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Fa'izah attended all four Board meetings held during the financial year ended December 31, 2022.

Directors' Profiles (continued)

Puneet Mishra

Aged 54, Male, Indian
Non-Independent Executive Director/Vice President, FMCG

Mr. Puneet Mishra was appointed to the Board of DKSH Holdings (Malaysia) Berhad on February 23, 2022 as a Non-Independent Executive Director.

Mr. Puneet is a Fellow of the Institute of Chartered Accountants in India. He holds the position as Vice President for Fast Moving Consumer Goods in DKSH Malaysia Sdn. Bhd. from May 2021 to present. Prior to this appointment, Mr. Puneet held various positions such as Cluster Director(West Asia) and CFO South East Asia in one of the world's largest private companies in the fast moving consumer goods industry with core business in confectionery and in his earlier career with the world's largest Soft Drink manufacturer.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

He has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Mr. Puneet attended all four Board meetings held during the financial year ended December 31, 2022.

Directors' Profiles (continued)

Lian Teng Hai

Aged 69, Male, Malaysian
Non-Independent Non-Executive Director

Mr. Lian Teng Hai was appointed to the Board of DKSH Holdings (Malaysia) Berhad on February 26, 2015 as a Non-Independent Executive Director. On November 8, 2018, Mr. Lian was re-designated as the Non-Independent Non-Executive Director of the Company.

Mr. Lian holds a Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom. He retired from DKSH employment in April 2019 as the Senior General Manager, Sales & Client Management, Consumer Goods DKSH Thailand where he was responsible for sustainable growth strategy. Between the period April 2017 to July 2018, Mr. Lian was the Regional Vice President, based in Vietnam, responsible for Consumer Goods DKSH Vietnam and overseeing DKSH Indonesia. Previously, between 2008 to 2017, Mr. Lian was the Vice President of Consumer Goods DKSH Malaysia, responsible for the sales, distribution and supply chain of Consumer Goods, telecommunication products and the operation of food retail chain stores. Mr. Lian has more than 40 years of sales and distribution experience in several industries covering industrial products, fast moving consumer goods, printing and photo imaging, timepiece distribution and retailing and vehicle fleet management. Mr. Lian was formerly an Independent Director and Chairman of Audit Committee of Marco Holdings Berhad (2003-2011) and GPA Holdings Berhad (2011-2013) and board member of Jasa Kita Berhad (2015-2018). He is an honorary advisor to the Malaysian Watch Trade Association since 1994.

Mr. Lian does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

He has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Mr. Lian attended all four Board meetings held during the financial year ended December 31, 2022.

Key Senior Management's Profiles

Key Senior Management's Profiles

Puneet Mishra

Aged 54, Male, Indian
Non-Independent Executive Director/Vice President, FMCG

For details of Mr. Puneet, please refer to page 16 of this Annual Report.

Key Senior Management's Profiles (continued)

Jaclyn Ang

Aged 45, Female, Malaysian
Senior Director, Country Finance, Malaysia

Ms. Ang was appointed as Senior Director, Country Finance, Malaysia of DKSH Malaysia Sdn. Bhd., a wholly owned subsidiary of DKSH Holdings (Malaysia) Berhad on July 25, 2022.

Ms. Ang who has a degree in Bachelor of Commerce (Accounting & Finance) graduated from Monash University, Melbourne, Australia. She is also a chartered accountant of Malaysian Institute of Accountants and CPA Australia. Ms. Ang comes with 23 years of experience, starting off her career in external audit both in Malaysia and Australia before moving into full-fledged accounting and finance capacities, with the last 13 years being within a leadership capacity. She is an experienced finance leader with working experience in Australia, Japan, Philippines, and Malaysia. Prior to DKSH, she was working for Eli Lilly as CFO, ASEAN & North Africa where she partnered closely with the business and commercial teams to drive results.

Currently, Ms. Ang leads the finance team, build capabilities and responsible for the execution of the Group-wide strategic finance initiatives in DKSH Malaysia.

Ms. Ang does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Gary Chee

Aged 55, Male, Malaysian
Vice President, Healthcare, Malaysia

Mr. Gary Chee was appointed as Vice President for Healthcare, Malaysia on January 1, 2021.

Mr. Chee holds an MBA from the Charles Sturt University in Australia. Mr. Chee has 29 years of experience in the healthcare industry. He started his professional career with Roche Pharmaceutical Malaysia and held senior positions across different functions within Roche and across several different markets across the APAC region. His recent postings were in Singapore as the Established Product (EP) Squad Lead for APAC and previously as Business Unit Director for Oncology in Vietnam and Primary & Specialty Care Unit Director in Malaysia.

Currently, Mr. Chee leads the Healthcare Division in Malaysia.

Mr. Chee does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Ooi Eng Keong (Alex)

Aged 43, Male, Malaysian
Director, The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd.

Mr. Ooi was appointed as Director for The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd., a wholly-owned subsidiary of DKSH Holdings (Malaysia) Berhad on January 2, 2018.

Mr. Ooi graduated with a double major in Business Studies & Marketing from Middlesex University, London, UK and a distinction in Master of Business Administration from Cardiff Metropolitan University, Wales.

Mr. Ooi has over 20 years' experience in both FMCG and non-FMCG industry with multi organizational functions (Marketing, Sales & General Management), multi channel (Modern Trade, Traditional Trade & On premise), multi business model (Beverage Franchise, Distributor, Brand Franchise & License), and multi industry (Food, Beverage & Non-Food) exposure in organizations such as URC Snack Foods, Reckitt Benckiser, PepsiCo International, and Texchem Resources Berhad.

Currently, Mr. Ooi is responsible for driving the growth and profitability of Famous Amos in both Malaysia and Brunei, as well as the expansion of the brand into new markets in the South East Asia region. He leads the development and execution of the overall business strategies, goals and implementation of revenue generation initiatives.

Mr. Ooi is also a Committee Member in the Malaysia Retail Chain Association (MRCA) Retail Pillar 2022 - 2024.

Mr. Ooi does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Neil McCann

Aged 60, Male, British
Vice President, Supply Chain Management, Malaysia and Thailand

Mr. Neil McCann was appointed as the Vice President, Supply Chain Management of DKSH Malaysia Sdn. Bhd., a wholly-owned subsidiary of DKSH Holdings (Malaysia) Berhad on December 1, 2022.

Mr. McCann joined DKSH in 2018 to lead Supply Chain Management for Thailand. Over the past four years, the Function has benefited from Mr. McCann's over 30 years of leadership experience as he successfully led its transformation by simplifying the distribution center network, closing legacy distribution centers, and successfully opening four new ones. This major accomplishment would not have been possible without a focus on collaboration and partnership with the Business Units, Functions, clients, and customers.

Mr. McCann's track record in successfully transforming Supply Chain in Thailand resulted in a significant improvement in cost and service metrics. Prior to DKSH, Mr. McCann led operations in large 3PL providers, retail, and manufacturing. Since moving to Asia in 1994, Mr. McCann has lived and worked in Hong Kong, Thailand, Singapore, Indonesia, and Kuwait.

Mr. McCann does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Arminder Gill

Aged 42, Male, Malaysian
Senior Director, Regional IT, South East Asia, India, Australia & New Zealand

Mr. Arminder Gill was appointed as Senior Director, Regional IT, South East Asia, India, Australia & New Zealand of DKSH Corporate Shared Services Center Sdn. Bhd. ("CSSC"), a wholly owned subsidiary of DKSH Holding Ltd on June 2, 2022.

He is a graduate of Bachelor of Science (BSc) Computer Science from University of De Montfort, United Kingdom and holds a Master of Networked Administration, Network and System Administration/Administrator from Jetking College in Bangalore, India.

Mr. Arminder comes with more than 20 years of international technology industry experience. Prior to DKSH, Mr. Arminder held the Global Head of IT and Cybersecurity position at PureCircle Trading Sdn Bhd. Before this, he had worked with Boston Consulting Group, Herbalife International, and Symphony BPO Solutions Sdn Bhd. Mr. Arminder has led multiple digital initiatives in his previous engagements. These include enhancing business processes through digital applications, enabling end-to-end track and trace of products and fleet management. In addition, Mr. Arminder has implemented a crop monitoring system and multiple ERP systems, allowing the business to have real-time access to crop, financial, and other operational information.

Mr. Arminder does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Thamayenthi Narayanan

Aged 45, Female, Malaysian
Director, Country Human Resources

Ms. Thamayenthi was appointed as Director, Country Human Resources of DKSH Malaysia Sdn. Bhd., a wholly-owned subsidiary of DKSH Holdings (Malaysia) Berhad on October 1, 2021.

Ms. Thamayenthi holds a Degree in Computing (Hons) from University of Staffordshire. Ms. Thamayenthi brings with her over 20 years of human capital management experiences cutting across several industries ranging from broadcast, telco, and facilities management.

Her current appointment at DKSH Malaysia is Ms. Thamayenthi's second stint with the organization as she was previously the Associate Director for Talent Management and HR Business Partner to Business Unit Healthcare in DKSH Malaysia between 2017 and 2020. She brings with her extensive experience in formulating full spectrum HR strategies and solutions, human resources operations management; mergers and acquisition; organization change and restructuring; serving companies like Maxis, MEASAT Broadcast Network Systems (Astro), U Mobile, Atalian Global Services, and DKSH Malaysia.

Currently, Ms. Thamayenthi is responsible for the full range of HR solutions to the business and support the Country Management Team as a strategic partner, change agent, and trusted advisor, implementing key HR transformations linked to our business objectives, organization, people, and culture agenda for DKSH Malaysia.

Ms. Thamayenthi does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Serene Lee

Aged 42, Female, Malaysian
Director, Legal, Malaysia & Singapore

Ms. Lee was appointed as the Director, Legal, Malaysia & Singapore of DKSH Malaysia Sdn. Bhd., a wholly-owned subsidiary of DKSH Holdings (Malaysia) Berhad on February 14, 2022.

She graduated with a Bachelor of Laws degree from the University of London, United Kingdom in 2002 and was admitted as an Advocate and Solicitor of the High Court of Malaya in February 2006. She started her career as a practising lawyer, handling a wide range of corporate, commercial, banking and conveyancing matters and pursued her career further by joining PETRONAS as a Legal Counsel wherein she held different legal portfolios for the listed entity, PETRONAS Dagangan Berhad and upstream divisions which include legal advisory for operational, corporate, commercial and management of international oil and gas projects and dealings for Liquefied Natural Gas (LNG).

Ms. Lee has over 18 years of solid experience in handling legal and corporate secretarial matters for various industries such as infrastructure, building materials, industrial, oil & gas, logistics and supply chain management. Ms. Lee specializes in leadership roles, personnel management, legal advisory, negotiating and administering legal, contractual, corporate and commercial documents/agreements for both stakeholders' and clients' businesses. Prior to joining the Company, Ms. Lee held the position of Senior Manager, Legal & Joint Company Secretary at Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad).

In addition to her legal advisory and practising qualification, she is a licensed secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001. She was appointed as Company Secretary of the Company on August 24, 2022.

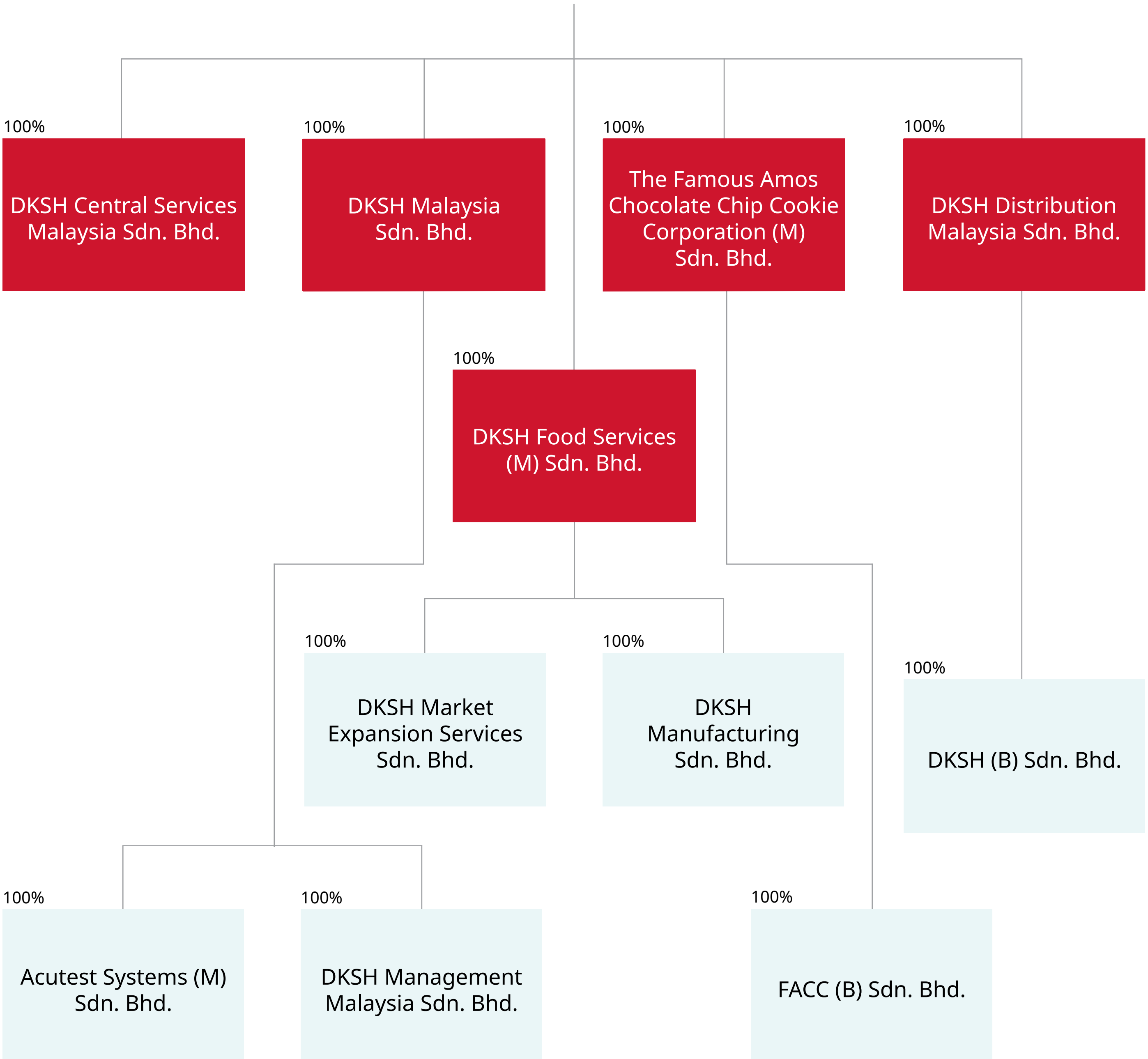
Ms. Lee leads both the Legal and Company Secretarial teams of the Company. She is responsible for the legal functions in Malaysia, Singapore and Brunei.

Ms. Lee does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Corporate Structure

DKSH

DKSH Holdings (Malaysia) Berhad



Sustainability Statement

At DKSH, we strive for continuous improvement in efficiency and effectiveness to minimize our impact on the environment and conduct our business in a fair and responsible manner. We do business in a way that is profitable while creating long-lasting benefits for the community, environment, marketplace, and workplace.

Sustainability Statement

DKSH Malaysia's headquarters in Petaling Jaya.

About This Report (2-1, 2-6)

This report describes DKSH Malaysia's ("DKSH") meaningful journey of sustainable value creation as we strive to respond to our economic, environmental, and social ("EES") impacts. It details our sustainability efforts and achievements for the year in Malaysia and underlines our commitment to sharing and reporting on the disclosures of the EES topics and issues that matter most to the company and our stakeholders. As illustrated in this report, we have taken progressive steps in elevating our sustainability strategies and commitments.

Reporting Framework

This report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and GRI Sustainability Reporting Standards ("GRI") 2021. The overview of our reported information as well as the location of our performance disclosures are listed in the GRI Content Index on pages 68 to 73.

Scope and Boundaries (2-1, 3-1, 2-3)

This report covers DKSH's business operations within Malaysia during the financial year 2022 ("FY2022"), commencing January 1 to December 31, 2022. Our scope of reporting includes DKSH Malaysia's headquarters in Petaling Jaya, branch offices, distribution centers in Peninsula Malaysia and East Malaysia, as well as our manufacturing plant in Shah Alam. Where possible, quantitative data are provided for a three-year performance period.

Assurance

During the preparation of this report, we have ensured that it adheres to appropriate reporting guidelines to maintain its integrity and present information in a balanced, accurate, and meaningful way. This Sustainability Statement has been meticulously reviewed by our Sustainability Committee, prior to review and approval by the DKSH Switzerland's Group Investor Relations and Sustainability teams, as well as DKSH Malaysia's Board of Directors.

Feedback (2-1, 3-1, 2-3)

We value stakeholder feedback and encourage comments and suggestions on how we can improve our sustainability initiatives or reporting. Please direct any comments, questions, or suggestions to:

Christy Chow
Manager, Marketing & Communications

Phone +60 3 7882 8888
dksh.malaysia.country.communications@dksh.com

For better understanding, this report can be read together with the other publicly available online resources such as corporate policies on our corporate website at www.dksh.com.my.

Membership and Associations (2-28)

DKSH Malaysia is affiliated to various credible associations, with a focus on industry associations for the chemical, pharmaceutical and food industries, as well as membership of chambers of commerce.

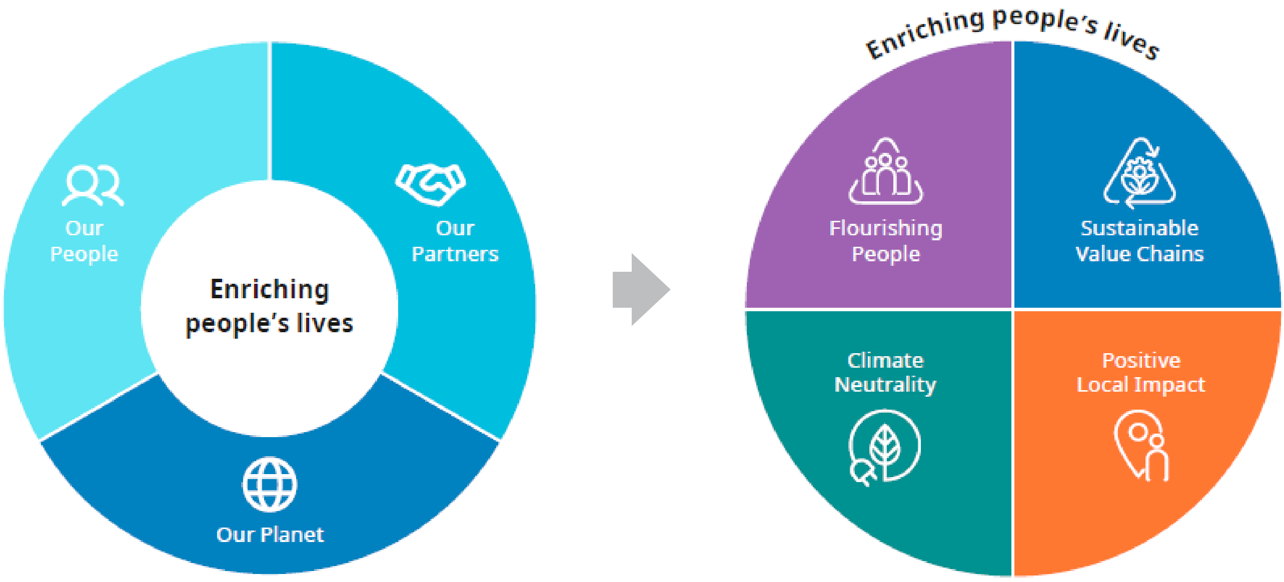
- Federation of Malaysian Manufacturers (FMM)
- GS1 Malaysia
- Malaysian Animal Health and Nutrition Industries Association
- Malaysian Animal Health and Nutrition Industries Association
- Malaysian Electrical Appliances Distributors Association (MEADA)
- Malaysian Employers Federation (MEF)
- Malaysia International Chamber of Commerce and Industry (MICCI)
- Malaysia Medical Device Association
- Malaysian Retailers-Chains Association (MRCA)
- Pharmaceutical Association of Malaysia
- Swiss Malaysian Chamber of Commerce (SMCC)
- Transported Asset Protection Association (TAPA) Asia Pacific

Sustainability Statement (continued)

Our Approach to Sustainability Strategy

DKSH's New Sustainability Framework

In 2022, DKSH Switzerland has updated its previous Sustainability Framework "Our People-Our Partners-Our Planet" and developed a new Sustainability Strategy. In doing so, DKSH Switzerland has made sustainability a focus area in its corporate strategy. Since DKSH Malaysia is a part of DKSH Switzerland, we have also decided to adopt the same framework.



The DKSH Sustainability Framework now reflects the following four objectives of our Sustainability Strategy:

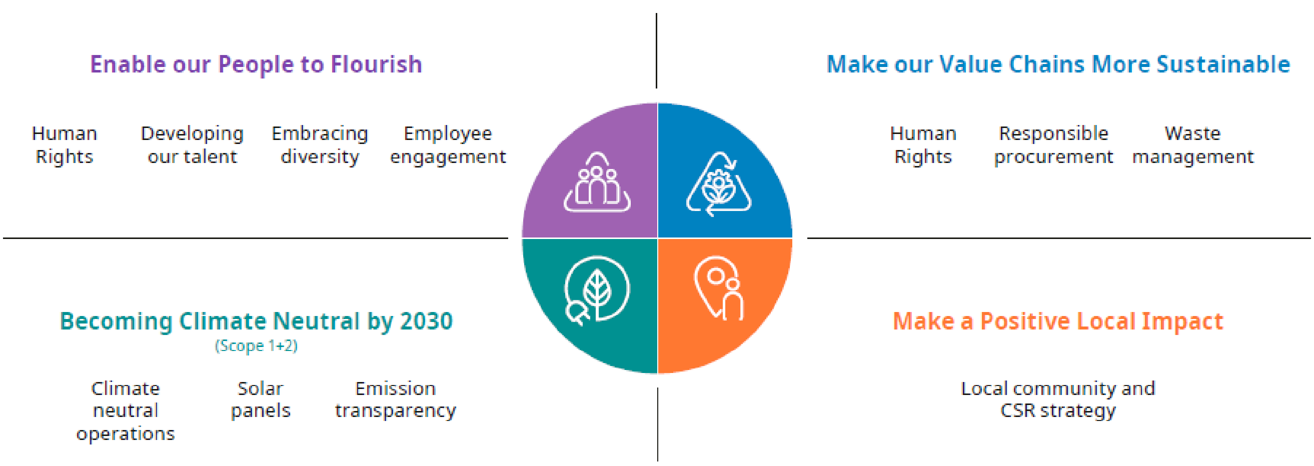
Enable Our People to Flourish
We aim to support our employees so that they can fully develop their talents and engagement. To this end, we create various opportunities for our employees' personal and professional advancement, such as trainings and an open feedback culture. We also respect Human Rights and promote diversity and inclusion to create an enabling working environment for all our employees.

Make our Value Chains More Sustainable
We cooperate with our partners in the value chain to drive sustainability. It means procuring products and services responsibly, i.e. in compliance with Human Rights and minimizing the impact on the environment. We are committed to reducing waste.

Becoming Climate Neutral by 2030
Our focus is on making our own operations (Scopes 1+2) climate neutral by 2030, creating transparency about emissions, and investing in solar panels. We continue to improve the efficiency of our operations – thereby decreasing the energy and CO2 intensity of our business. This happens, for example, through optimizing transport routes and truck loads. In addition, we focus on energy saving equipment, like LED lighting in our distribution centers.

Make a Positive Local Impact
We aim to further promote our projects benefitting local communities. At the heart of what we do – providing access to markets, people, and products – we are guided by our common purpose of enriching people's lives. Our local community projects are focused on bringing positive impact to the communities where we operate, from alleviating hunger to improving life skills. Our local community projects are actively driven by our colleagues in the respective markets.

Our ambition is for each Business Unit to take a proactive and competitive approach to sustainability.

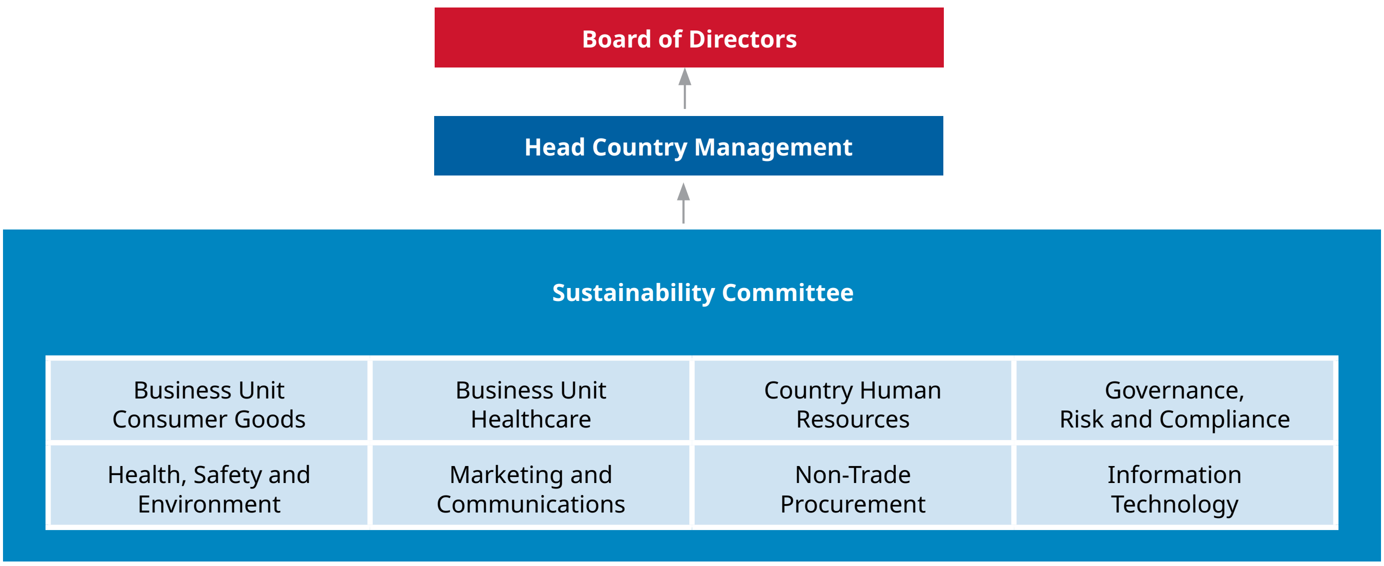


Sustainability Statement (continued)

At DKSH, we integrate sustainability into our business strategy and adopt best practice corporate governance principles in delivering sustainability performance and long-term growth for our stakeholders.

Sustainability Governance (2-9, 2-13, 2-14)
DKSH's sustainability governance is assumed by the Board of Directors, who provide oversight of DKSH's sustainability performance and strategies – including climate-related matters. The Board acknowledges the importance of incorporating sustainability considerations into the Company's business and corporate activities, and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boost the Company's business performance.

To ensure the effectiveness, relevance, and alignment to DKSH's business goals, the Board reviews DKSH's sustainability matters on a quarterly basis. The Head Country Management, Malaysia, who is tasked with driving the sustainability matters, is assisted by a Sustainability Committee made up of representatives of Business Units and Functions. In 2022, the Sustainability Committee met quarterly to inform, discuss, or align on regulatory developments, objectives, key initiatives, projects, or actions, and to monitor corresponding progress, and for knowledge exchange.



Sustainability Statement (continued)

Stakeholder Engagement (2-29)

Stakeholder engagement is one of the platforms we continuously utilize to gain insights and perspectives of our stakeholders' key interests and concerns. Groups were selected based on their ability to influence or impact (directly or indirectly) DKSH's approach to business, or the potential for DKSH to have an impact on them.

Key Stakeholder Group	Engagement Type	Key Areas of Interest
Clients	Periodic meetings and regular business reviews	• Project delivery within timeline and budget
Customers	Periodic meetings and regular business reviews	• Customer responsiveness and customer satisfaction
Employees	Employee surveys, engagement sessions, recreational events	• Employee engagement • Safe and healthy work environment
Government agencies, local councils, and regulatory authorities	On-site inspections, correspondences, social activities	• Compliance with regulations
Local communities	Community engagement activities	• Community support
Shareholders and investors	Shareholder meetings and investor meetings	• Timely disclosure of relevant corporate and financial
Vendors	Periodic meetings and regular business reviews	• Performance monitoring throughout supply chain

Sustainability Statement (continued)

Materiality Assessment (3-1, 3-2, 3-3)

As we are majority-owned by DKSH Switzerland, we made reference to the materiality index that has been established by DKSH Switzerland.

When defining report content and materiality matrix, an extensive list of topics was assembled from several sources, including various industry frameworks, sustainability reports by peers, clients, and customers, as well as important factors identified by DKSH's risk profile. Subsequent steps included an elimination of topics with limited relevance for our business, followed by an impact assessment conducted by survey, involving personnel located in various parts of the business and geographies. Separately, expectations expressed by other important stakeholder groups, such as employees (via employee surveys), clients and customers, were taken up via direct feedback. In fact, many of our top clients and customers have adopted sustainability principles and reporting standards, and they expect DKSH to play its part in their upstream or downstream supply chains. These expectations also relate to stakeholder groups that DKSH does not directly engage with – largely consumers of healthcare and fast-moving, branded consumer goods.

For the current year under review, DKSH focused on the key material topics from the economic, environmental, and social perspectives. As we progress in our sustainability journey, this materiality matrix will be assessed annually to ensure that our sustainability matters are aligned to the long-term business goals of DKSH.

Sustainability Statement (continued)

Economic Sustainability

DKSH is committed to lawful, fair, ethical, and sustainable business practices that are underpinned by a strong corporate governance foundation and framework.

Economic Performance (201-1, 201-3)

DKSH is cognizant that a strong economic and financial performance is crucial as it reflects a business' long-term financial security and profitable growth, indicating the capacity of the business to operate effectively, adapt to the changing economic environment, and generate direct economic values to its stakeholders.

To read more on DKSH's financial performance, which includes the value of benefit plans, over FY2022, please refer to pages 95 to 180 of this Annual Report.

Corporate Governance and Business Ethics (2-6, 2-12, 2-23, 2-26, 205-1, 205-2, 205-3)

The Board, who is responsible for the overall corporate governance of DKSH, is entrusted with the responsibility of exercising reasonable care for the company as well as its resources. To discharge its duties effectively, the Board is guided by Board Charter which sets out the roles and responsibilities of the Board. The Board Charter is reviewed and amended as necessary to be aligned with current circumstances, the company's policies, and applicable rules and regulations.

DKSH Malaysia is governed by the following policies established by DKSH Switzerland and local governance body to demonstrate our commitment and accountability in upholding ethical business practices, including due diligence and respect for human rights:

Sustainability Statement (continued)

- Anti-Bribery and Anti-Corruption ("ABAC") Policy
- Belonging – Diversity, Equity, and Inclusion
- Conflict of Interest ("COI") Declaration
- DKSH Code of Conduct
- Gender Diversity Policy
- Gifts, Hospitality & Entertainment ("GHE") Policy
- Health Safety and Environment ("HSE") Policy
- Interaction With Healthcare Professionals ("IHCP") Manual
- Medical Devices and Technologies ("MedTech") Manual
- Supplier Code of Conduct ("SCOC") Policy
- Third-Party Intermediary ("TPI") Policy
- Whistleblower Policy & Procedures

More details about Corporate Governance, Risk Management, and Internal Control can be found on pages 75 to 88.

In 2022, **100%** of governance body members who have joined the Board for over six months were aware of DKSH's anti-corruption policies. **100%** of the same governance body members have also completed the anti-corruption training.

Anti-Corruption and Integrity in Our Business

Our business is built on trust and integrity. We are committed to safeguarding our corporate value of Integrity as we continually strive to foster an effective compliance culture. Core to our integrity is corruption prevention. As laid down in our Code of Conduct and ABAC policy which are available on DKSH's corporate website and employee intranet, we do not tolerate any form of corruption and bribery.

It is imperative for us that our employees understand our values and expected standards of business conduct and live up to and respect them in all their activities. We place great emphasis on hiring and retaining people who share our values and who protect our business and that of our clients and customers.

100% of our employees are made aware of our anti-corruption policies upon joining, including periodic reminders during their employment with us.

Non-compliance risks are addressed in a comprehensive compliance program, which includes our ABAC and other policies, risk assessment, processes and procedures, training, and education, monitoring as well as confidential reporting and investigation.

DKSH's Compliance Function operates an anti-corruption compliance program in line with our compliance policy framework, which is based on recognized international standards (U.K. Bribery Act, U.S. Foreign Corrupt Practices Act) as well as the Malaysia Anti-Corruption Commission Act 2009.

The stakeholders who oversee the compliance program are the Country Compliance Committee ("CCC"), which is a sub-committee of the Country Management Team ("CMT") of DKSH Malaysia, led by the Head Country Management, as appointed by DKSH Switzerland's Chief Executive Officer. The CCC is responsible for overseeing and reviewing the market's compliance program, policies and procedures, compliance matters, investigations, and any other misconduct reported via the publicly available reporting channel – DKSH Integrity Line. The Head Country Management is supported by dedicated local compliance officers. For compliance initiatives relating to specific Business Units or Functions, the local compliance officers engage directly with the local Business Unit or Function Heads.

As stated in the Code of Conduct and the ABAC policy, employees are required to promptly report any incidents of non-compliance – including demands for bribes or facilitation payments – to their supervisors, the Compliance Function at my.compliance@dksh.com or via DKSH Integrity Line. In addition, an email address managed by the Group Governance, Risk, and Compliance Function is provided in the published Code of Conduct. Internal and external stakeholders are also encouraged to report any wrongdoing via the reporting channels stated in the Whistleblower Policy & Procedure, which is available on DKSH website.

Substantiated cases are investigated, and errant parties adequately sanctioned, with DKSH having zero tolerance for retaliation against anyone who reports incidents in good faith. An annual review of compliance with our standards is made to the senior management to identify trends and focus areas for further compliance efforts.

In 2022, **100%** of DKSH's operations have been assessed for risks related to corruption. **Zero** incidents of corruption were reported in the reporting period.

Sustainability Statement (continued)

Training and communication are important cornerstones of our compliance culture. New employees undergo thorough onboarding procedures upon joining our organization. These include reading and accepting our policy framework and completing certified compliance training. Periodically, all employees are required to refresh their knowledge of DKSH's anti-corruption policies, including the expectations for proper business behavior - all of which are accessible on the employee intranet. In addition, our commitment to responsible business conduct is also often communicated through town hall meetings, annual Compliance Day events, and newsletter.

In 2022, in addition to new recruits completing mandatory compliance training as part of their onboarding procedures, 3,307 employees completed their Code of Conduct refresher e-learning.

Integrity Along Our Supply Chain

As an outsourcing partner to our clients, we are committed to upholding integrity in the supply chain. This includes our downstream business partners whom we rely on for parts of our service delivery. DKSH does not maintain relationships with contractors, suppliers, or vendors that do not share our values and meet our standards of doing business.

In communicating our anti-corruption policies, we focus on business partners who assist us with the execution of our business directly. These include sales intermediaries, such as sub-distributors, tender agents and resellers, and vendors, such as commission agents, consultants, forwarders, importers, customs brokers, fulfilment agents and event organizers.

All these business partners are engaged based on written service contracts that include anti-corruption compliance clauses, with our Supplier Code of Conduct and ABAC policy serving as contractual documents. Virtual training on SCOC is also provided to selected suppliers to help improve their understanding of the policy. Internally, employees are required to complete the due diligence according to the TPI policy, including verification of identity and risk assessment, during the selection, appointment, and management of their business partners.

In 2022, two sessions of SCOC trainings have been conducted for 14 selected suppliers and business partners.

Effectiveness of the Compliance Program

Management is responsible and accountable for ensuring proper application of compliance standards in the business. The Compliance Function supports management through providing advice, methodologies, and tools. The Compliance Function also performs surveys and reviews to assess the level of awareness, effectiveness, understanding, and application of standards and compliance controls through a structured review and tailored enforcement program based on risk assessments. Furthermore, DKSH's Internal Audit Function performs compliance audits through audit assignments derived from its own risk assessment.

Externally, DKSH's compliance program is assessed by prospective or active clients and/or external audit firms appointed by them. We give our full assistance to these assessments, which include thorough due diligence procedures and pre- or post-contract compliance audits and reviews, and make use of the results of such assessments, if any, to further strengthen our compliance program.

Responsible Procurement (204-1)

DKSH's core business model is to enable market access and business growth for manufacturers of products in the industries and markets we serve through our Business Units, specifically in Consumer Goods and Healthcare.

Our main activity is the provision of contract-based marketing and distribution services, with procurement of trading goods directly from our clients, which accounts for the bulk of our procurement activities. Our goods for resale and distribution originate from local and global client bases from around the world. Contracts specify shipping and delivery terms and may vary depending on clients' locations and their fulfilment strategies. Based on agreed terms, we either organize international shipments, take over products at port, or we receive deliveries directly at our distribution centers, which can originate from sources within a country. As enshrined in our Code of Conduct, we only engage with business partners who meet our standards of doing business. We procure goods within well-defined product categories, following ethical standards and stringent contract management procedures.

Manufacturing of Own Brands and Franchise Products

DKSH sources most of its Own Brands products from specialized manufacturers or directly from franchisors, (i.e. Famous Amos), except for a few brands that are manufactured in-house.

Since acquiring Auric Pacific in 2019, we have started producing and marketing our own dairy products such as Buttercup, Twin Cows, and Toucan. Our production site uses locally sourced ingredients, with the exception of a few items not available in the local market. As our primary focus is on ensuring the quality and food safety of our products, our third-party manufactured products

Sustainability Statement (continued)

are sourced from high-quality and responsible suppliers in Australia and New Zealand.

Procurement for Our Own Operation and Service Delivery

At DKSH, we aim to contribute positively to the local economy and create mutual growth with all our stakeholders – including suppliers and vendors. To support this, we encourage procuring goods and services from local suppliers and vendors, who have registered businesses located within Malaysia, as we believe the collaborations will open up opportunities for them to expand their business and stimulate the growth of our local economy.

We take stringent measures to select qualified suppliers and monitor their performance to ensure they meet and deliver on our expectations, as guided by our Non-Trade Procurement (NTP) Policy and SCOC. The NTP policy sets various requirements for supplier selection and management, including both commercial criteria and expectations of business conduct; while SCOC sets out clear expectations and standards that ensures our third-party suppliers and contractors observe the rules of fair competition and ethical business conduct, treat their employees fairly, offer safe working conditions, and respect the environment by minimizing adverse impact on the environment. We believe that applying these standards, particularly those that relate to workplace safety, not only benefit our contractors and suppliers, but also help safeguard the health and well-being of our employees who engage with, or are regularly on-site with our suppliers and contractors.

In 2022, about **80%** of our procurement budget was spent on local suppliers and vendors, which not only lowers our carbon footprint but also contributes to the growth of local Malaysian companies.

Our utmost priority is to provide high quality products and services. To maintain this, we conducted a thorough due diligence process prior to the vendors' appointment, mainly through careful evaluation of vendors' commercial and technical performance. As we fully endorse the principles of free competition, we have taken the necessary measures to ensure a fair and transparent tender process during procurement.

Sustainability Statement (continued)

Environmental Sustainability

Environmental Responsibility

Climate change and the resulting adverse effects on nature and mankind is a huge global challenge and DKSH is committed to playing its part in adverting disastrous global warming.

Historically, our management approach has primarily been compliance-led, with a particular focus on applicable local environmental rules and regulations, as mandated by our global Health, Safety and Environment ("HSE") policy. The policy underlines DKSH's commitment to conducting our business in an environmentally responsible manner and local HSE managers are tasked with maintaining a register of applicable national environmental laws and for ensuring compliance across all our operations through appropriate management and monitoring processes.

We strictly comply with the regulations of the Environmental Quality Act 1974 that include Environmental Quality (Clean Air) Regulations 2014, Environmental Quality (Industrial Effluent) Regulations 2009, Environmental Quality (Sewage) Regulations 2009, and Environmental Quality (Scheduled Wastes) Regulations 2005.

Today, we are taking a more proactive approach to environmental responsibility.

To distribute our clients' products and our own, DKSH Malaysia has 19 distribution centers ("DCs") and warehouses throughout Malaysia. Our DCs and warehouses are typically leased, with a few of them built-to-suit. They account for a significant part of our carbon footprint. For any investment into new facilities, environmental criteria will be considered in the planning phase. The standard that we have set out for building selection is Leadership in Energy and Environmental Design ("LEED") Gold or higher.

As part of our ongoing efforts to improve our environmental impact, we have successfully sourced for a new paper supplier in 2022 and gradually replaced all Programme for the Endorsement of Forest Certification (PEFC)-certified paper with Forest Stewardship Council (FSC)-certified paper across the organization. The reason for this switch is that FSC standards are more rigorous and generally considered of a higher standard.

Sustainability Statement (continued)

In 2022, an Environmental Risk Assessment was carried out at selected facilities in Malaysia. It was found that there were no significant environmental impacts on sources of noise and vibration, air quality, or the presence of Polychlorinated biphenyl (PCB) and Asbestos-Containing Materials (ACMs) at the facilities. However, the assessment did identify areas for improvement in scheduled waste management and in managing water quality, particularly in handling of oil-based materials. Based on the risk assessment, an Environmental Sustainability Plan was developed to focus on energy efficiency, emission reduction, waste management, and other environmental impacts, with specific targets and risk mitigating initiatives to be developed to further manage environmental impact.

Climate Change/Task Force on Climate-Related Financial Disclosure
(2-12, 2-13, 2-14, 201-2)
Climate change is a critical concern for DKSH Malaysia. Considerable opportunities and risks lie ahead because of the changes in our environment caused by global warming and the transition to a low-carbon economy. Understanding and assessing these implications is crucial, especially considering their growing importance to investors and businesses. Our approach is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and builds on the climate action efforts by DKSH Switzerland. For more information, please see DKSH Switzerland Sustainability Report 2022.

This chapter of our Annual Report is drawn up in accordance with the recommended TCFD disclosures to meet the requirements of the Bursa Malaysia Sustainability Reporting Guide. It follows the structure around the four TCFD core elements: governance, strategy, risk management, and metrics and targets.

<u>Governance</u>
On the management level, the main responsibility for sustainability and climate-related issues lies with the Sustainability Committee. It gets guidance and advice from DKSH Switzerland to ensure DKSH Malaysia stays abreast with and understands the sustainability issues relevant to DKSH Switzerland and its business, including climate-related risks and opportunities. To learn more about DKSH Switzerland's Sustainability Governance, please refer to DKSH Switzerland Annual Report 2022, page 6.

DKSH Malaysia's Sustainability Committee is chaired by the Head, Country Management, Malaysia. It consists of members from Business Units, for example Consumer Goods and Healthcare, and representatives from key business functions such as Compliance, Human Resources, and Health, Safety & Environment (HSE). The HSE team is also responsible for quarterly ESG data collection, inclusive of energy and emission data, which is presented to the Sustainability Committee. With this diverse group of participants, DKSH Malaysia ensures awareness throughout all functions and business units for climate-related topics, and ensures that different perspectives are taken into consideration when making strategic decisions.

The Sustainability Committee is governed by the Board of Directors, which bears the overall responsibility for sustainability and climate-related issues. The Board reviews important sustainability matters on a quarterly basis. The Head, Country Management, Malaysia updates the Board on all key sustainability matters. All our climate-related responsibilities are managed within our sustainability governance structure. Detailed information on DKSH Malaysia's sustainability governance structure can be found in page 32.

<u>Strategy</u>
DKSH categorizes climate-related risks and opportunities into physical risks, transitory risks, and physical and transitory opportunities, following the terminology of TCFD. It also differentiates between short-term (0-2 years), medium-term (2-5 years), and long-term (5+ years) time horizons.

The transition risk assessment drew on the Net-Zero Emissions (NZE) scenario of the International Energy Agency (IEA). NZE defines pathways to achieving net-zero CO_2 emissions by 2050 in keeping with the Paris Agreement's goal to limit the rise of global temperatures to 1.5°C relative to pre-industrial levels. The scenario assumes key parameters facilitating the transition to a low-carbon economy in the fields of energy, technological, political, and market developments. It allows DKSH to make scenario-based assumptions about the impacts and risks associated with the transition to net zero CO_2 emissions by 2050.

The physical risk assessment was grounded in scenarios taken from the 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Scenarios looking at 2-degree global warming (SSP1-2.6) and 4-degree global warming (SSP5-8.5) were examined by looking at three different horizons: near term (2040), medium term (2060) and long term (2100). As recommended by TCFD, our analysis focused on the 4-degree scenario to map physical risks to our business associated with a changing climate.

<u>Risk Management</u>
The Board acknowledges its responsibility and is committed to maintain a sound system of internal control and risk management practice. However, such systems can only provide reasonable, but not absolute, assurance

Sustainability Statement (continued)

against material misstatements or losses. DKSH Switzerland has in place a risk management framework to promote effective risk management and enhance the corporate governance assurance process.

All identification and assessment of risks, including climate-related risks, is conducted in accordance with the DKSH Risk Management Policy. For climate-related risks and opportunities, a detailed process has been conducted in 2023. As a first step in the physical risk assessment process, we conducted an in-depth physical hazard assessment for DKSH's entire value chain (our upstream and downstream value chain as well as our own sites) using the IPCC World Atlas' regional information tool. It found that physical hazards such as mean temperature increase (table 1), heavy precipitation (table 2), and drought (table 3) pose a high risk to DKSH's operations. We also expect floods and rising sea levels becoming a more significant issue in the long term because DKSH's own operations as well as its sales market is focused in Malaysia, which sees a high risk level for both hazards.

Table 1: Physical Hazard Assessment for Malaysia (Own Sites and Downstream Supply Chain)

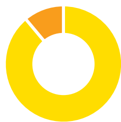
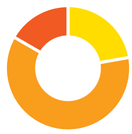
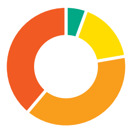
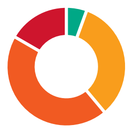
	4-Degree-Scenario (IPCC SSP5-8.5)		
	2040	**2060**	**2100**
Mean Temperature Increase An increase in mean temperature is one sign of changing climatic conditions in a region where rising temperatures are considered most likely. Higher temperatures can lead to longer and more severe droughts impacting agriculture and human health, but also more frequent wildfires and more intense tropical storms.			
Heavy Precipitation Climate change can affect the intensity and frequency of precipitation. More frequent and heavier rain and snow events can destroy infrastructure and buildings. On the other hand, less precipitation can result in a drought, which impacts agriculture and human health.			
Drought Drought is measured by the number of consecutive dry days and has an impact on agriculture and human health.			

Figures refer to the share of regions taken into account, according to the variable "Standardized Precipitation Index", IPCC World Atlas' regional information tool

Legend: Low hazard Very large hazard

Sustainability Statement (continued)

Table 2: Physical Hazard Assessment for Upstream Supply Chain (Sourcing Regions)

	4-Degree-Scenario (IPCC SSP5-8.5)		
	2040	**2060**	**2100**
Mean Temperature Increase An increase in mean temperature is one sign of changing climatic conditions in a region where rising temperatures are considered most likely. Higher temperatures can lead to longer and more severe droughts impacting agriculture and human health, but also more frequent wildfires and more intense tropical storms.			
Heavy Precipitation Climate change can affect the intensity and frequency of precipitation. More frequent and heavier rain and snow events can destroy infrastructure and buildings. On the other hand, less precipitation can result in a drought, which impacts agriculture and human health.			
Drought Drought is measured by the number of consecutive dry days and has an impact on agriculture and human health.			

Figures refer to the share of regions taken into account, according to the variable "Standardized Precipitation Index", IPCC World Atlas' regional information tool

Legend: Low hazard ● ● ● ● ● Very large hazard

Sustainability Statement (continued)

This data was used in a workshop with Key Senior Management and representatives from key Functions such as Health, Safety, and Environment, Supply Chain Management, and Information Technology. They discussed the results of the scenario analyses and prioritized climate-related risks, impacts, and opportunities in the scope of DKSH's business and its up- and downstream value chain. As a result, nine opportunities, eight physical risks, and seven transition risks and related impacts were identified, which may impact our business operations and financial planning.

Material Climate-Related Risks and Opportunities	**Physical risks** Physical effects of climate change	• Disruption of raw material availability for DKSH Malaysia production due to drought • Damage to energy infrastructure • Decreasing raw material availability for DKSH Malaysia suppliers due to drought • Increased cooling of equipment and buildings due to increasing temperature • Health and safety impact on workforce due to heavy precipitation as well as heat stress • Damage to transportation infrastructure through rising sea levels and heavy precipitation • Flooding of warehouses • Destruction of IT infrastructure
	Transitory risks Effects associated with the transition to a low-carbon economy	• Requirements for sustainable packaging and waste disposal • Greater emission reporting obligations • Dependency on electricity supply • Increased carbon pricing • Increase in capital investment • Higher investment in R&D required • High uncertainty about energy supply and prices
	Opportunities Mitigation and adaptation efforts that create opportunities	• Shift in job applicant behavior • Improved access to capital for sustainability related projects • Cross-collaboration with all BU's for knowledge sharing on climate-related issues • Decreased risk of negative impacts on employee health and safety through climate-related physical hazards • Shift towards decentralized energy generation • Improved employee engagement for environmentally conscious companies • Improvements to the Business Continuity Plan (BCP) • Increasing use of lower emission sources of energy • Improve efficiency of energy infrastructure

Sustainability Statement (continued)

Metrics and Targets
DKSH is adapting its business model to reflect risks arising from climate change and to make an active contribution to mitigating climate change. In keeping with these efforts, DKSH Switzerland has defined a path towards climate neutrality by 2030. This target is part of the group-wide Sustainability Strategy and works towards the Swiss Government's climate targets of reducing emissions by 50 percent by 2030 with a 1990 baseline, under the framework of the Paris Agreement. The DKSH Malaysia Sustainability Committee is currently in the midst of working with DKSH Switzerland and DKSH Malaysia local operations team to set climate-related targets. It is expected to be completed by mid-2023.

To continuously measure our performance and report on key performance indicators, we started disclosing our Scope 1-3 emissions in 2022.

Greenhouse Gas Emissions (305-1, 305-2, 305-3, 305-4, 305-5, 305-6)
In line with DKSH Switzerland's ongoing commitment to achieving carbon neutrality (Scopes 1+2) in our own operations by 2030, we continue to prioritize the mitigation of our carbon footprint and greenhouse gas (GHG) emissions. We invest in new initiatives and technologies to support this goal.

We recognize that employee commuting significantly contributes to our carbon footprint, and to address this, we offer a Flexible Work Arrangement that includes remote work options. This has been especially useful during the pandemic and continues to be a popular choice even as business operations resume to normal.

Our increasing reliance on digital tools for online meetings, trainings, webinars, and e-based processes such as e-invoice and mCollector, has also contributed to reducing travel-related emissions and accelerated our shift away from paper-based processes.

To better measure and manage our carbon footprint, our current year GHG reporting boundary covers Scope 1, 2, and 3 emissions – with the exclusion of air travel under Scope 3 – of all our business operations within Malaysia and is calculated based on the GHG Protocol Guidance. We are building our capacity to estimate the mentioned excluded emissions and aim to report our GHG emissions more holistically in our future report.

Scope	2022 (kgCO2e)	2021 (kgCO2e)	2020 (kgCO2e)
• Scope 1 (In-house transport fleet and material handling equipment)	393	414	401
• Scope 2 (Electricity consumption in offices, distribution centers, and manufacturing factory)	9,945,627	10,263,969	11,012,310
• Scope 3 (Outsourced transporter)	21,561	20,484	21,873

In addition to the effort in reducing our carbon footprint, we have started purchasing International Renewable Energy Certificates (I-RECs) as creditable claims for renewable energy use, in compliance with GHG Protocol Scope 2 Guideline.

In 2022, we have purchased 9,791 kWh I-REC Certificates in Malaysia, which is equivalent to a similar amount of electricity generated from renewable sources. This represents a step towards reducing our reliance on non-renewable energy sources and promoting the use of renewable energy. We will continue to explore and invest in additional opportunities to further increase our use of renewable energy sources.

Energy Management (302-1, 302-3, 302-4, 302-5)
As a Market Expansion Services provider with a focus on sales, marketing, and distribution, our main environmental impacts relate to our distribution centers, fleet, and business travel. We also have a manufacturing facility that entails a different set of environmental impacts.

DCs account for a significant part of our carbon footprint. Energy is consumed for lighting, cooling, and operating forklifts, and other handling equipment. Temperature-controlled facilities are adequately insulated to reduce cooling requirements and air conditioning systems are carefully calibrated.

Temperature-sensitive products may require storage and transportation in air-conditioned vehicles or in special transportation boxes. In addition to monthly checks of cold rooms by maintenance contractors, our operations

Sustainability Statement (continued)

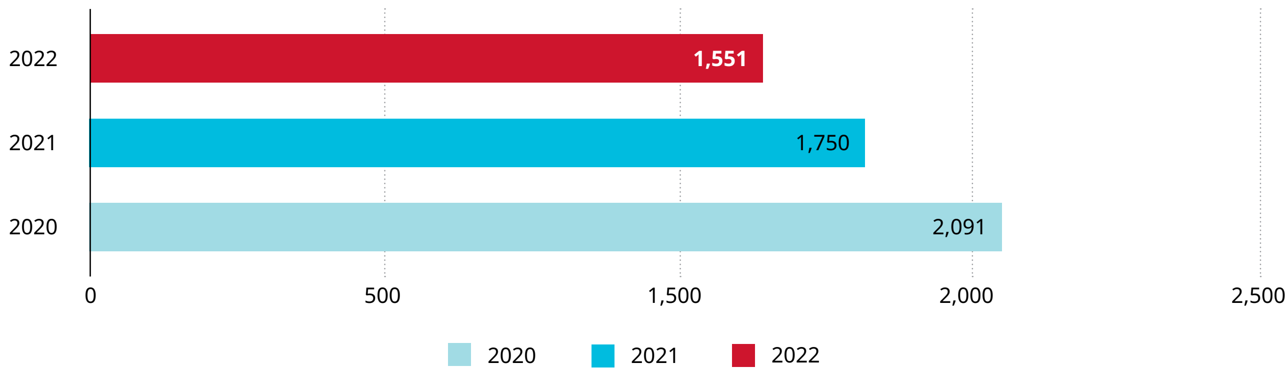
team inspects the operating parameters and conducts thermal imaging scans to identify any failures of the insulation or other sources of inefficiency. We also have implemented 'design principles' such as:

1. Situating freezers inside cold rooms, and cold rooms inside air-conditioned rooms, to reduce the loss of chilled air
2. Segregating docking areas from storage areas to maintain a stable storage temperature
3. Where possible, choosing to build two smaller cold rooms rather than one big one to increase cooling efficiency

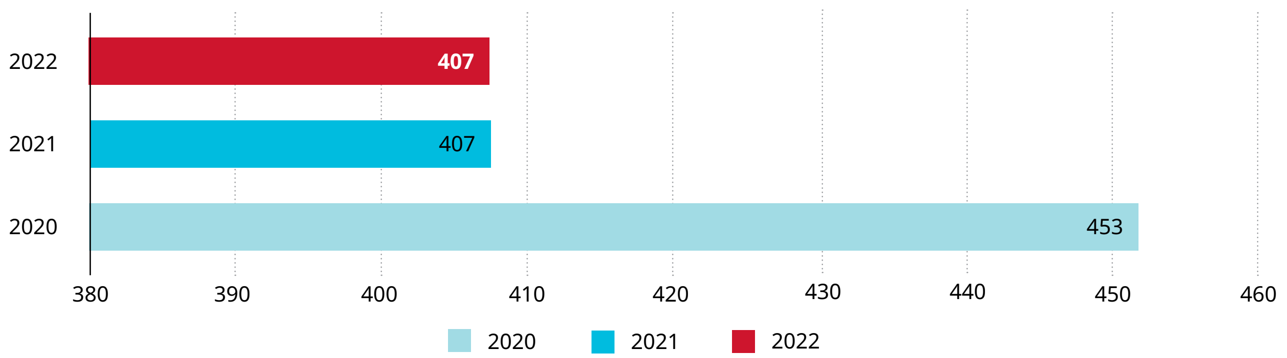
To further reduce energy consumption at our distribution centers, we have also embarked on energy-saving initiatives including the installation of energy monitoring devices, installation of motion sensor lights and timer switches, adjustment of chiller's changeover time, and replacement of lights with energy-efficient lightings. Electricity consumption is monitored so that any energy overconsumption can be quickly identified and rectified.

The chart below summarizes the electricity consumption intensity (kWh/m^2) of our offices, distribution centers, and manufacturing plant. Overall, our energy consumption in 2022 has decreased by 11.3%, attributed to the initiatives that we have taken to reduce electricity consumption, such as switching to LED lights in our offices in phases and replacing the existing office equipment with energy-saving appliances.

Electricity Consumption Intensity – Peninsula Malaysia (kWh/m^2)



Electricity Consumption Intensity – East Malaysia (kWh/m^2)

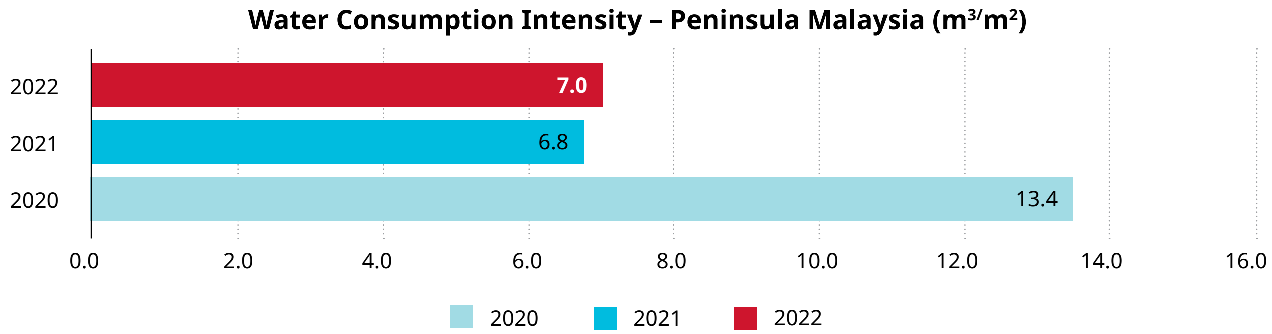


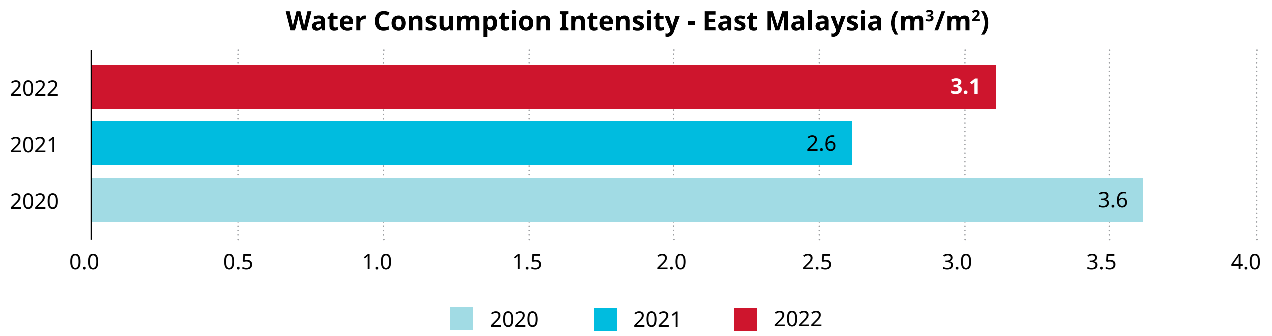
Sustainability Statement (continued)

Water Management (303-1, 303-2, 303-5)
At DKSH, we mainly utilize water sourced from the local municipal for manufacturing processes, at our distribution center, and for domestic purposes. All wastewater is discharged to the public drainage, while industrial effluent will be treated prior to discharge to the public drainage in accordance with the act and regulations set by the local authorities, such as the Department of Environment and the Department of Irrigation and Drainage. Sewage effluent from the sanitary facilities will be conveyed offsite into the sewerage network for treatment by Indah Water Konsortium.

To increase the efficiency of water management across our operations, we implemented measures to optimize water consumption. These measures include regular water meter readings for individual blocks so that any water leakages can be identified and rectified quickly at our distribution centers in Klang Valley and installation of rainwater harvesting system for the cleaning of external toilets and drainage at our Shah Alam Distribution Center ("SADC").

The chart below summarizes the water consumption intensity (m3/m2) of our business locations, distribution centers, and manufacturing plant. Water consumption has slightly increased at all locations in the reporting year as our business activities and operations returned to normal post-pandemic.





Sustainability Statement (continued)

Fuel Management and Emissions
Transportation fuel consumption is one of the significant contributors to our carbon footprint. We aim to increase energy efficiency and choose lower carbon sources of energy where possible. Most of our material handling equipment at the distribution centers is battery-operated. Out of the 90 units of material handling equipment at our major distribution centers, only seven units are powered by diesel and natural gas.

Our capillary distribution network serves thousands of customers daily. Delivery is mostly outsourced to specialized service providers, although we retain overall responsibility for delivery performance. All of our service providers use diesel-powered delivery vehicles. In our high-volume, high-frequency business (e.g., FMCG and Healthcare) with many deliveries drop points to be serviced, delivery route optimization is key for operating efficiently. Fuel savings led to cost savings, representing a win-win situation.

To tackle emissions for our haulage suppliers, we implemented a specialized software targeting transport network optimization in 2019. This enables us to plan the most efficient usage of trucks and the best routes to take.

Despite our widespread use of communication technologies, traveling remains an important factor in our service delivery and in managing the company. Most of these journeys are made by vehicles not controlled by the company, such as business flights, travel by sales and service teams in their own cars, and public transport. Internal approval systems are in place to prevent unnecessary travel. In recent years, we have also upgraded IT communication capabilities and promoted conference and video calls which proved to be practical.

Waste Management (306-1, 306-2, 306-3, 306-4, 306-5)
We undertake measures to ensure the effluent generated through our manufacturing processes and domestic usage is within the permissible limits stipulated by the regulatory authorities.

Preparing goods for delivery requires the use of packaging (mostly cardboard cartons and plastic for pallet wrapping) and packaging waste is generated from incoming shipments. Healthcare cold chain goods need particularly extensive packaging to protect delicate items and we have set standards for shipping healthcare products. Where possible, we use returnable packaging. To optimize packing material usage in air-conditioned and ambient packing, we use automated packing equipment. The machine speeds up the process of packaging and shipping while creating minimal waste and maximizing protection for packed items.

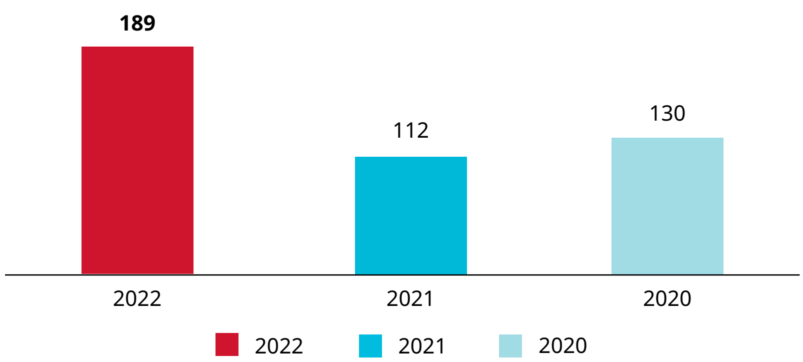
To further reduce waste generated on our premises, we have implemented the following initiatives:

- Installation of recycling bins (including e-waste bin) to encourage employees to segregate their office waste into recyclable and non-recyclable wastes
- Discontinuation of the use of single-use plastic bottles
- Collaborate with licensed vendors for waste collection and recycling activity
- Tracking of waste management activities (generated, reusable, recyclable, recovery, and disposal) based on categories
- Paperless initiative and process digitalization

Hazardous waste that resulted from our operations in the distribution centers and manufacturing facility is carefully monitored and discharged according to the law and local authorities' requirements as stated in Scheduled Waste Regulations 2005. Our waste management practices are also subject to internal and external monitoring to ensure full compliance with the legal requirements.

This year, we generated a total of 189 tons of hazardous waste and 100% of the hazardous waste was treated prior to incineration. These hazardous wastes are stored and labeled in a designated storage area prior to collection by appointed third-party contractors approved by the Malaysian regulator for treatment and incineration.

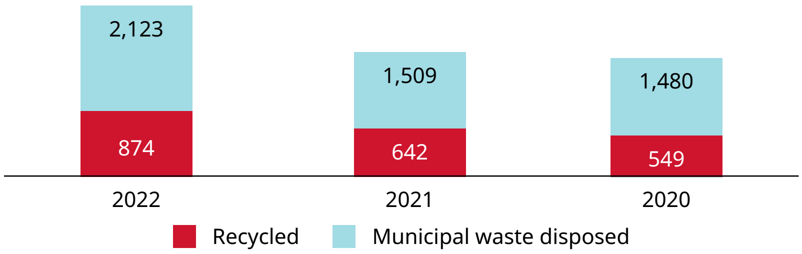
Hazardous Waste (tons)



Sustainability Statement (continued)

When managing our non-hazardous waste, we look for opportunities to reduce consumption at source through the initiatives mentioned earlier across our operations. We send our recyclables to recycling companies through a licensed contractor and in 2022, we recycled 874 tons of non-hazardous waste across all our business locations.

Non-Hazardous Waste (Tons)



Sustainability Statement (continued)

Social Sustainability

Customer Health and Safety

(416-1, 416-2)

DKSH's business is built on trust and integrity. Our clients entrust us with the marketing and distribution of their products and expect us to preserve the quality and safety of their goods whilst under our care and custody. Irrespective of the product categories we are handling – which include items as diverse as pharmaceuticals and consumer goods – we are committed to operating quality management systems to ensure we meet the high standards necessary to safeguard the health and safety of customers, consumers, and patients. This includes assurance that all our products originate from authentic manufacturing processes, avoiding potential safety issues from counterfeit products.

Our management approach adapts to the different business lines and product categories we handle and the corresponding regulations governing them. The Quality Assurance, Regulatory Affairs, and Supply Chain Management teams in each Business Unit regularly perform quality audits and reviews to ensure ongoing compliance with applicable standards.

Our operations are also frequently audited by our clients or their appointed auditors to ensure that storage and handling of products meet their expected standards. Due to the sensitivity of the products, most of these audits occur in the Healthcare business. In 2022, 26 such audits took place in Business Unit Healthcare.

Any deviations from applicable standards detected through reviews, audits, or complaints are promptly reported and addressed. Product recall procedures are in place and DKSH constructively cooperates with authorities, clients, and suppliers should recalls occur.

DKSH recorded zero incidents of non-compliance concerning the health and safety impacts of products and services in 2022.

Business Unit Consumer Goods

Our focus is on the proper handling and storing of goods in line with good warehousing and distribution practices. Storage and handling of products is executed as per agreed

Sustainability Statement (continued)

specifications with our clients to ensure the integrity and safety of our products throughout their life cycle. This can include adaptation of products to local regulatory requirements.

DKSH complies with applicable regulations set by the food and drug administration. Freshness is key for food and beverage products. Some products must be stored under temperature-controlled conditions to preserve their quality. Our IT systems support good storage practices that enable methods such as FIFO (first in, first out) or FEFO (first expired, first out) to minimize product waste.

Business Unit Healthcare

Products in the healthcare sector must focus on patient safety and meet stringent quality standards specified by clients and regulators. All our Healthcare distribution facilities are approved by the local health authorities with adherence to the Good Distribution Practice ("GDP"), and our Shah Alam facility is approved for Good Manufacturing Practice ("GMP"). To consistently maintain high standards of products and services during distribution, we have also engaged a certification body to inspect, audit, and certify our Quality Management System for adherence to ISO 9001, ISO 13485, and Good Distribution Practice for Medical Devices.

<u>Pharmacovigilance (PV)</u>

Regulations on drug safety are continuously evolving and differ from market to market and across regions. This poses a challenge for all our healthcare clients. In Business Unit Healthcare, we have a customer-facing regulatory team providing a reporting platform and collating adverse event reports associated with medicines from end-users to diligently manage drug safety expectations.

<u>Counterfeit products</u>

Counterfeit products are a significant concern in the healthcare industry. We have established internal best practices related to the management of suspected counterfeit products and our SAP systems are structured for batch traceability across the entire supply chain.

<u>Product recalls</u>

If safety concerns trigger a product recall, our SAP systems allow for the full traceability of products and enable a fast and efficient recall. We have established internal best practice procedures in the event of a recall, which includes setting up a product recall committee to steer escalation, tracking, and monitoring of the entire process in collaboration with our clients.

Marketing and Labelling (417-1, 417-2, 417-3)

Our company's main activity is to market and distribute products sourced from manufacturers. Many of our products are imported and require local customization before being fit for sale. Additionally, a core activity in our service delivery to clients and customers is the advertising and promotion of our products.

The marketing of our products can involve various risks if not managed properly and supported with the relevant and necessary product information. Rising public awareness and new policy initiatives on transparency have increased demand for correct and complete product information, making this topic highly relevant to DKSH's business model and brand reputation.

Product adaptation and customization to meet regulatory requirements, including product labeling, is an important DKSH service offering. Our regulatory affairs teams in the various Business Units are responsible for establishing relevant Standard Operating Procedures and for monitoring compliance, with assistance from our quality assurance teams. In our Business Unit Healthcare, where regulations are particularly stringent, we perform customization work in accordance with GMP.

For the marketing of our own-brand products, our regulatory affairs teams ensure compliance with applicable laws. For all the products distributed by the Business Units Consumer Goods and Healthcare, we observe guidelines on responsible marketing published by the relevant industry bodies. Policies, procedures, and controls are in place and are supported by training activities to ensure that the marketing of our products meets our standards and expectations.

DKSH carefully monitors and validates relevant product data from clients on an ongoing basis and takes corrective actions where appropriate. Any complaints about marketing and labeling are addressed by the relevant Business Unit.

In 2022, DKSH recorded two incidents related to marketing and labeling practices.

The first incident involved non-compliance with product labeling, as a warning letter was issued due to a missing batch number and expiry date on a product. The affected batch were immediately quarantined, and an investigation concluded that the incident was a random case with low risk and occurred due to light printing. The manufacturer has since changed the printing equipment to prevent similar incidents from occurring in the future.

Sustainability Statement (continued)

The second incident was related to non-compliance with marketing communications, as the validity expiry of a product's point-of-sale advertisement material was missing at a chain pharmacy. The materials were promptly removed, and no penalty was imposed by the local authority. Subsequently, an advertisement checklist was developed for employees' references. No similar incidents have since been reported.

Industry-Specific Risks in the Healthcare Business

Advertising and promotion of healthcare products in many jurisdictions are highly regulated, often limited, or even disallowed. Many products are prescribed or dispensed by healthcare professionals, or they require professional expertise for their application. Various segments in the healthcare industry (specifically for prescription drugs and medical devices) and in the food sector (e.g. infant nutrition) have adopted codes of ethics advocating responsible marketing of their products. DKSH adheres to these standards through membership in the Pharmaceutical Association of Malaysia ("PhAMA") and Malaysia Medical Devices Association ("MMDA"), and by operating management programs to ensure compliance by employees and service providers. Medical device advertisement approval is required from Medical Device Authority (MDA) in Malaysia. Any advertisements related to over-the-counter products, health supplements, and traditional products are also subjected to the guidelines and approvals from the Medicine Advertisement Board.

Our People

As a services provider with about 3,200 employees, our success largely depends on the availability of skilled professionals who share our values. As our reputation is built on trust, integrity, and reliability, we seek to retain talent to maintain stable relationships with our business partners.

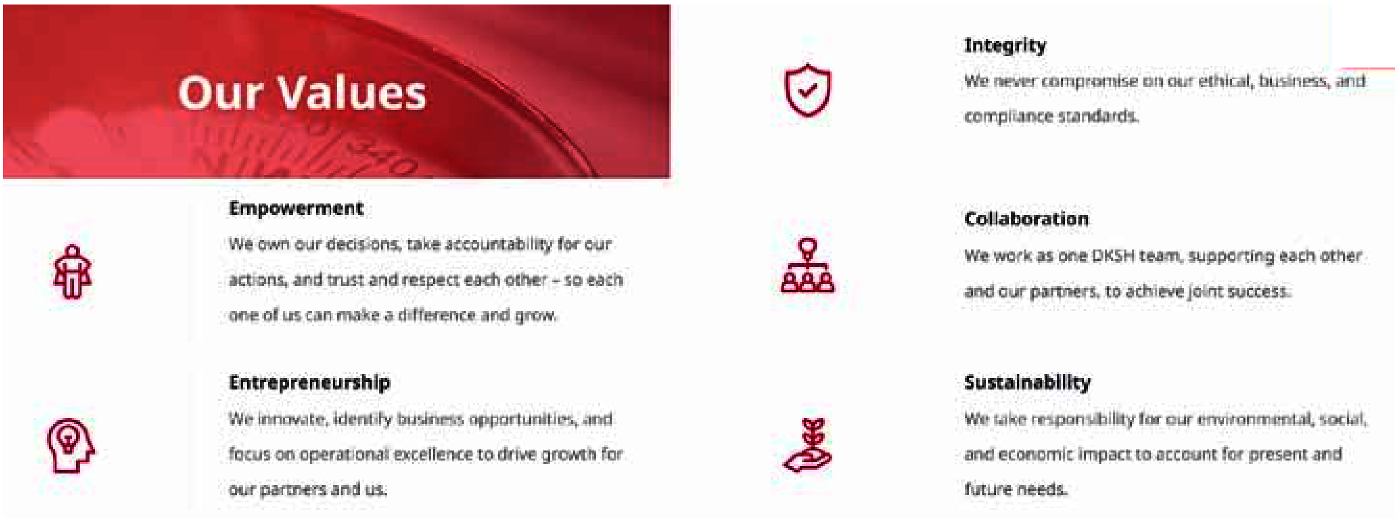
As a testament to our continued success as an organization that create a working environment that fosters learning development, professionalism, well-being, and equality for its employees, DKSH was awarded the prestigious Employee Experience Awards 2022 in two categories – silver for Most Innovative and Sustainable Office Design and bronze for Best Succession Planning Strategy.

DKSH Identity

Over nearly 160 years, DKSH Switzerland has developed from a traditional trading house to the leading Market Expansion Services provider in Asia Pacific, as well as selected markets in Europe and North America. Enriching people's lives is our core purpose and this extends beyond our goods, services, and insights to our workforce.

Our core values – integrity, empowerment, collaboration, entrepreneurship, and sustainability – play a critical role in defining our culture and behavior. To help us bring the culture to life, we use the People DNA, which is now used in all people processes, from hiring to performance management, personal development, talent identification, and rewards and recognition.

Sustainability Statement (continued)



Diversity And Inclusivity (2-7, 202-2, 405-1, 405-2)
Our employees are at the heart of everything we do. We believe that our diverse workforce is the key foundation that empowers us to drive growth and be the difference.

In line with DKSH Code of Conduct, Belonging – Diversity, Equity, and Inclusion Policy, and Gender Diversity Policy, DKSH values diversity by the way of fair, respectful and equal treatment of all its employees and those who seek employment with DKSH. It is part of the Company' strategy to acknowledge and accommodate the differences including origin, nationality, religion, race, gender, age, disability, sexual orientation, or any other relevant category.

As part of DKSH's continuous efforts in sustaining our competitive advantages, the Board recognizes and embraces the benefits of having a diverse Board and Senior Management. In this respect, the Board has achieved the target for 30% women participation in 2022.

Total Number of Employees

Note: All disclosures relating to employee numbers are based on headcount, rather than full-time equivalents. All data was extracted from DKSH's SAP HRIS system.

Sustainability Statement (continued)

Total Number of Employees by Employment Type (Full-Time and Part-Time), by Gender

Gender	Permanent	% of total	Temporary	% of total	Total
Female	1,811	57%	108	3%	1,919
Male	1,178	37%	68	2%	1,246
Other	–	–	–	–	–
Total	2,989	94%	176	6%	3,165

Note: Permanent employees is equivalent to full-time employees

Total Number of Employees by Employment Type (Full-Time and Part-Time), by Gender

Gender	Full-Time	% of total	Part-Time	% of total	Total
Female	1,811	60%	23	1%	1,834
Male	1,178	39%	–	–	1,178
Other	–	–	–	–	–
Total	2,989	99%	23	1%	3,012

Note: Permanent employees is equivalent to full-time employees

Total Number of Employees by Employment Contract (Permanent and Temporary), by Region

Region	Permanent	% of total	Temporary	% of total	Total
West Malaysia	2,461	78%	161	5%	2,622
East Malaysia	528	17%	15	0%	543
Total	2,989	94%	176	6%	3,165

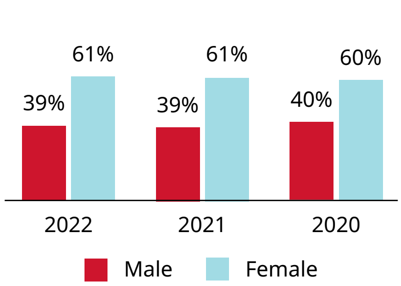
Total Number of Employees by Employment Type (Full-Time and Part-Time), by Region

Region	Full-Time	% of total	Part-Time	% of total	Total
West Malaysia	2,461	82%	19	1%	2,480
East Malaysia	528	18%	4	0%	532
Total	2,989	99%	23	1%	3,012

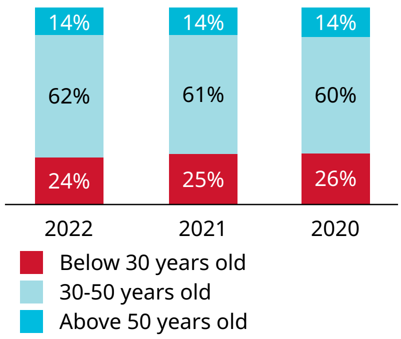
Sustainability Statement (continued)

For this reporting period, our gender ratio remained at 1.6 : 1.0 (women : men) and 62% of our workforce falls within the 30-50 years old age group. This age group represents experienced individuals with invaluable knowledge and skillsets that are essential to our organization's success, who we can continue to develop professionally into future leaders of the industry.

Employee Distribution by Gender

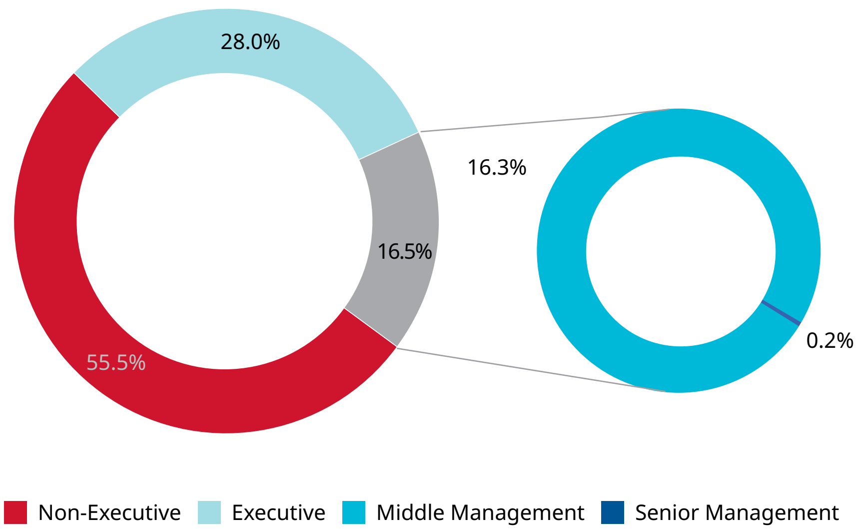


Employee Distribution by Age Group



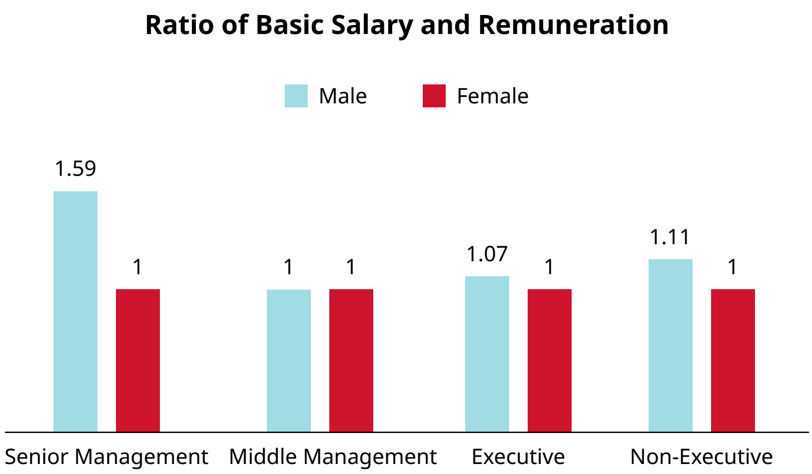
DKSH recognizes that hiring locals will help create a more inclusive and diverse workplace, and contribute to the economic and social development of the communities in which we operate in. In 2022, 63% of our senior management team was hired from the local community.

Employee Distribution by Employee Category



Sustainability Statement (continued)

For this reporting period, our overall ratio of remuneration was 1.09 : 1.00 (men : women), indicating an improvement from last year's ratio of 1.14 : 1.00 and the 2020 ratio of 1.11 : 1.00. This suggests that we have made significant progress in reducing gender pay gaps within our organization. However, we recognize that there is still more work to be done to ensure that our remuneration policies are equitable and inclusive, and we remain committed to this goal.



Employee Well-Being (401-2, 401-3, 403-6)
We acknowledge the importance of supporting our employees' health and well-being, as we believe motivated and healthy employees will boost business productivity. Recognizing their key role in the success of the company, DKSH provides a competitive remuneration package that comes with a variety of benefits to its full-time employees, based on applicable policies. Standard benefits include life insurance, healthcare, disability and invalidity coverage, dental and optical benefits, staff discounts, statutory retirement provision, compassionate and congratulatory leave such as parental leave. We also grant half-day festive eve leave for recognized national festivals.

In 2022, all of our total employees were entitled to parental leave. 92 employees benefited from parental leave, of which 100% of employees continued to work after their parental leave ended.

	♀	♂
Total number of employees entitled to parental leave	1919	1246
Total number of employees that took parental leave in 2022	68	24
Total number of employees that returned to work after parental leave ended	68	24
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work.	68	24
Return to work rate (in percentage)	100%	100%
Retention rate (in percentage)	100%	100%

Sustainability Statement (continued)

Apart from benefits and leave entitlement, we have developed a series of employee wellness programs and activities with emphasis on physical, mental, and social health throughout the year on various platforms, to foster a positive work environment, as well as to ensure our whole workforce remains motivated and committed to achieving success.

As we understand the importance of listening to our employees' voices and in an effort to seek continuous improvement, we have also launched the Your Voice@DKSH employee engagement survey in 2022 to ensure that our initiatives remained relevant.

Employee Engagement Programs 2022
• Virtual Town Halls
• Festive gifts
• Health-related webinars
• Care packages
• Employee awards
• Virtual fitness classes
• Batik painting online class
• Virtual contest

Mental health has become an important aspect of overall well-being in the workplace. Given the importance of mental health, we offer an Employee Assistance Program, which provides employees and family members with access to confidential and complimentary therapy and counselling sessions with licensed counsellors. This service is available 24/7 and can be accessed by phone, online, or through face-to-face consultation.

Employee Assistance Program @ DKSH

What can it do for me?
EAP provides a safe and non-judgemental space for you to work through issues that you are going through. Everyone has different abilities to handle their ongoing difficulties and if you need an extra helping hand, EAP is here to help.

What are my entitlements under the EAP program?
You have access to a 24-hour hotline whenever you are feeling overwhelmed or faced with a crisis. You have five FREE therapy sessions with mental health professionals from The Mind and it is open to your immediate dependents, as per defined by the HR department.

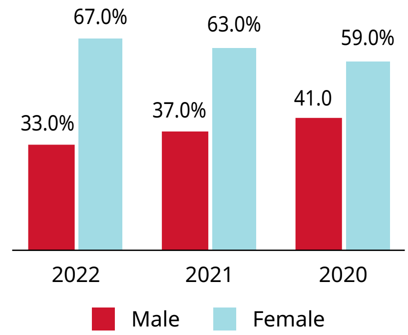
Sustainability Statement (continued)

Talent Recruitment (401-1)
We are committed to being an employer of choice and prioritize efforts to attract and retain top talent. In 2022, we welcomed 670 new employees. However, we also recorded an average turnover rate of 25.2%. While we acknowledge that the rate of employee turnover has increased this year, we recognize that this trend is mainly attributed to the strong job market resulting from the economic recovery following the COVID-19 pandemic. We are actively taking steps to address this challenge, including investing in employee engagement and retention initiatives to maintain a sustainable workforce.

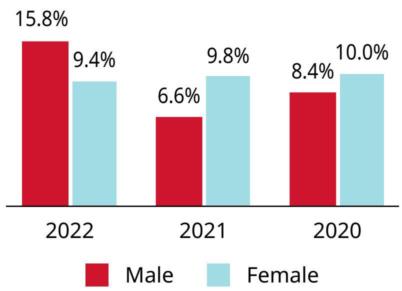
In an effort to identify and groom future leaders within the industry, we provide learning opportunities through DKSH's Junior Executive Trainee (JET) program – a comprehensive graduate development program that is designed to attract and prepare high-performing fresh graduates to acquire management skills through experiential learning by providing cross-function exposure in DKSH. In 2022, we welcomed eight new trainees who are rotated across divisional functions and involved in challenging projects over the course of 12 months.

In addition to the JET program, DKSH has also offered employment opportunities to five fresh graduates – in support of the Malaysian Government's Professional Training and Education for Growing Entrepreneurs ("PROTÉGÉ") program, an initiative to create a pool of competent, well-trained, knowledgeable, and skilled graduates through industrial attachment. Over their 12 months stint with DKSH, the trainees were rotated across the functions within the Business Unit Healthcare to gain a holistic learning experience.

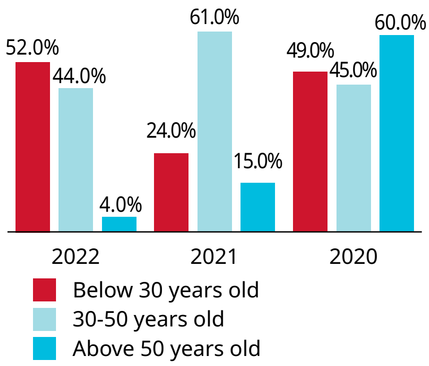
New Hire by Gender



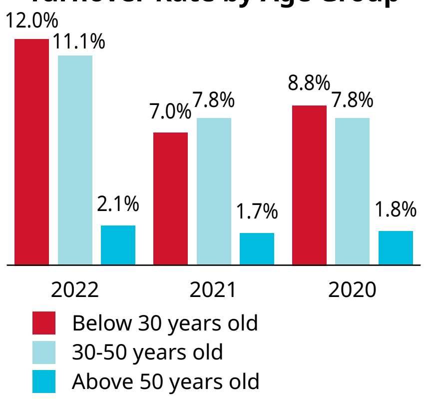
Turnover Rate by Gender



New Hire by Age Group

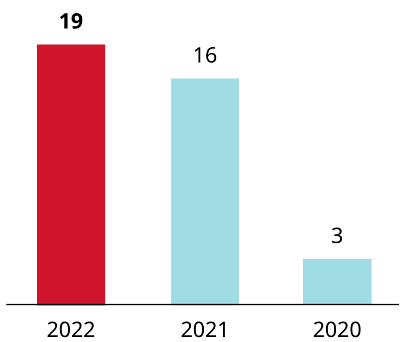


Turnover Rate by Age Group



As part of the national agenda to increase the participation of women in the workforce, DKSH introduced a career comeback program to recruit and retain women who have taken a break from their career and are now eager to re-enter the workforce. Initiatives to support this program include part-time and reduced work options, as well as flexible working hours to accommodate specific work conditions such as women in their final trimester of pregnancy. We believe that this program not only benefits our organization by increasing the diversity and talent of our workforce, but also supports the broader goal of promoting gender equality and empowering women in the workforce.

Career Comeback Program



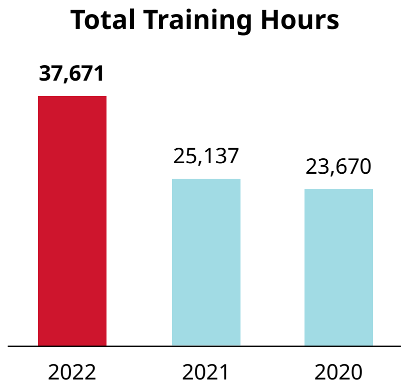
Sustainability Statement (continued)

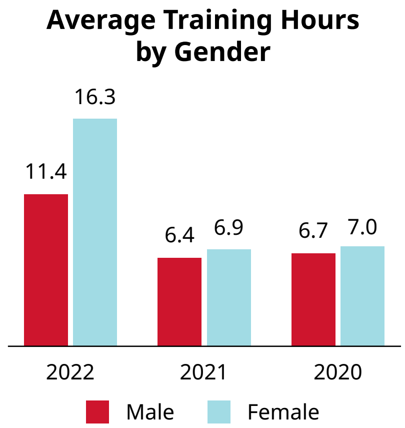
Learning and Development (404-1, 404-2)
In learning and development, we subscribe to a 70-20-10 learning approach. This approach recognizes that the greatest impact of learning comes from job-related, hands-on experience, and occupational training (70 percent). The remaining impact comes from learning through others (20 percent) and through formal courses (10 percent), largely provided internally via DKSH's Fantree Academy, our in-house learning and development center.

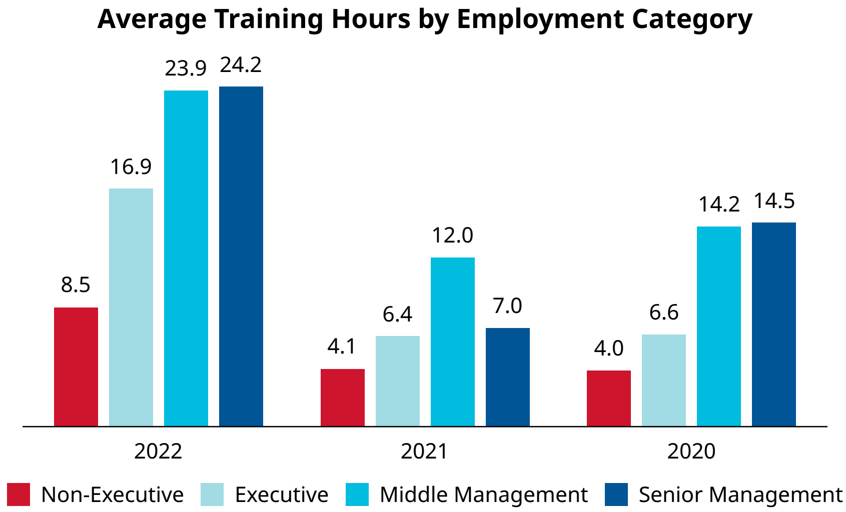
The DKSH Fantree Academy offers around 296 courses to develop capabilities across all levels of the organization. The programs span three pillars: essential skills, leadership programs, and functional skills. Training is provided through various channels, including classroom, instructor-led, on-the-job training, and training through the company's learning management system, Maya. Since 2015, DKSH has expanded the number of courses, places available, and the number of employees trained. By providing opportunities for growth and learning, we support employees to reach their career potential, which in turn benefits productivity and strengthens Group performance.

During this reporting period, our employees across the company have committed to an impressive total of 37,671 hours in training. This represents an average of 14.2 training hours per employee. Approximately MYR 942,000 was invested in internal and external training development programs in 2022.

The investment made towards internal and external training development programs shows our commitment to our employees' growth and development. We believe that these efforts will continue to enhance our employees' skills and knowledge, leading to increased productivity and better organizational performance.







Employee Recognition (404-3)
Recognition is a key part of our approach to retaining talent. This includes our focus on promoting internal mobility across markets and organizational units, which enables our employees to gain new experiences. We regularly advertise job openings internally to foster career progression and only recruit externally if no suitable internal applications are received. Especially for management-level employees, DKSH tracks the proportion of internally filled vacant positions and reports this figure to senior management.

Our Mobility Guidelines, part of DKSH Switzerland's Group Compensation and Benefits, provide guidance on supporting employees as they move through the company, such as subsidizing costs and providing cultural training to expatriate workers and their families when entering a new market.

Sustainability Statement (continued)

Each year, we celebrate employees who have most embodied our corporate values through the DKSH Fantree Awards. Last year, we also recognized employees' outstanding accomplishments and behaviors based on the principles of SPOT (Specific, Personal, Outstanding and Timely) through the SPOT Recognition Awards.

Employee Recognition Program	2022	2021	2020
DKSH Fantree Awards Malaysia recipients	N/A	22	14
Long Service Award recipients	299	259	32
SPOT Recognition Award recipients	78	114	N/A

On performance review, at DKSH, we encourage employees to own their professional development through proactive engagement. An important feature is the yearly performance review where employees can discuss and agree on their personal development plan with their manager. It is a requirement of our Employment Policy that all employees participate in a formal annual appraisal of their performance with their manager. This is carried out through the DKSH Talent Portal, an online performance and talent management solution. Regular dialogues between managers and employees on development objectives, including constructive and focused feedback, are also a part of the development journey at DKSH.

All our employees who are eligible have a yearly appraisal. **100%** percent of employees received a comprehensive performance review in 2022. All decision-making with respect to appraisals, development opportunities and promotions upholds our equal opportunities commitment.

Occupational Health and Safety (403-1 to 403-10)

Employees are our most important assets and health and safety in the workplace remain a top priority at DKSH. Our occupational health and safety ("OHS") management program focuses on two key topics: (i) workplace safety in our distribution center operations and (ii) safe driving, given our extensive marketing, sales, service, and delivery activities across our Business Units. In addition to these focus areas, the program also covers risks related to people and the environment from the transportation, storage, and handling of hazardous materials.

The management of OHS risks is enshrined in our corporate HSE policy which mandates HSE governance and execution. We have established a working HSE committee whereby committee members are selected by their respective Business Units and Functions to work together with the Country HSE Manager in operating a HSE management system ("HSE-MS") that ensures compliance with applicable regulations, with due consideration to the nature and risk profile of local operations. These qualified HSE managers are tasked with the implementation and monitoring of HSE-MS. Subsequently, the HSE performance against the corporate policy is monitored and reported to a global supervisory committee quarterly.

Sustainability Statement (continued)

To further create a healthy and safe workplace environment, the HSE team also enforced a Smoke-free Workplace Policy in all DKSH premises. This greatly minimizes potential fire risks resulting from smoking activities.

In adherence to requirements from the Department of Occupational Safety & Health Malaysia ("DOSH"), and as a part of the general duties as prescribed under the Occupational Safety and Health Act 1994 (Act 514), DKSH operates a Standard Operating Procedure on Hazard Identification and Risk Assessment and Risk Control ("HIRARC") for all operation activities. The objective is to identify and highlight risks related to work activities, measure, and evaluate the severity of the risk, and ensure appropriate mitigation plans are in place to minimize and control the risk. We also provide HIRARC Inspection Form for respective process owner from each BUs and Functions to perform the assessment This document is reviewed on a yearly basis or as and when required. Following safety audits, corrective action plans are used to address any issues. A set of Stop Work Order processes was also in place to allow workers and contractors to remove themselves from work situations that they believe could cause injury or ill health.

In 2022, a "You See You Act" program was launched at DKSH warehouses to encourage workers to report any hazards or non-compliance with COVID-19 SOPs that they observe in the workplace. The findings from the reporting program indicated several areas where improvements can be made to ensure a safer working environment. These include enforcing the use of pedestrian walkways within the warehouse compound, ensuring staff comply with safety distance requirements during MHE operation, and ensuring pallets are located in their designated places. We will implement measures to address these issues, such as increased training and communication, and regularly monitoring and enforcing compliance with safety protocols.

Training and education are important elements in ensuring all employees are aware of health and safety requirements and take responsibility for their own well-being and the safety of others. New employees receive comprehensive HSE induction training on top of any job-specific training they require. All new recruits must complete induction training (with signed attendance records) before commencing duties. Periodic refreshers are held, and attendance is monitored. On top of the usual HSE induction training and HIRARC training, we have also conducted the training programs below in 2022:

- Basic First Aid, C.P.R, and A.E.D Training
- Occupational Safety and Health (Amendment) Act 2022 by DOSH
- Build an Accident-Free Work Mindset by DOSH
- Hearing Conservation
- Chemical Handling Management
- PPE Awareness
- Emergency Response and Preparedness

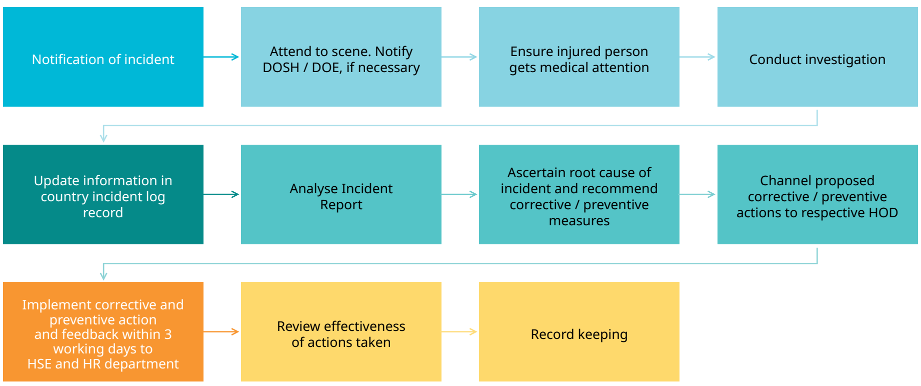
On top of the training programs, DKSH also held regular fire drill exercises at our offices and warehouses, conducted health and safety-related awareness programs, and communicated OHS circulars to our employees.

Building on the "5S" model of workplace organization, we have a "7S" program within our major distribution centers to create healthy and safe workplaces: Sort, Set-in-order, Shine, Standardization, Sustain, Safety, and Security.

We are committed to taking all the necessary precautions to prevent harm to anyone operating at any of our facilities, through adequate safety procedures, including the provision of signage, safety equipment, and personal protective gear. This also extends to contractors operating on our sites, addressed via Working Instructions on Visitor Safety, Contractor Safety, and Permit to Work (which also covers safe driving) and Contractor Guidelines.

Incident Investigation and Resolution
In line with our commitment to continuous improvement of OHS, it is essential that any incidents are reported and investigated, and that remedial action is taken to prevent reoccurrence.

All incidents reporting and investigation are required to follow the Accident Incident Reporting and Investigation (RG3) procedure.



Sustainability Statement (continued)

Assessment and reviews are conducted jointly by the HSE Manager and relevant risk owners to determine if the HSE management system is effectively implemented and delivering expected performance, assessing whether the respective team has complied with the policy and standards established by DKSH and applicable regulatory agencies.

Health and Safety Performance
In 2022, our workplace safety was audited by key clients, customers, standards boards, and regulatory bodies, plus our internal Supply Chain Management and HSE teams. Key hazards we identified and addressed mainly consisted of improper behaviors relating to operating forklifts and powered equipment, stacking of loads and storage of materials, manual uplifting and/or handling as well as the risk of exposure to potentially hazardous substances. Actions taken to manage risks include engineering and administrative controls, training, as well as the provision of personal protective equipment.

In 2020, we have conducted an internal review of the housing conditions of our foreign labor to ensure compliance with the Workers' Minimum Standards of Housing and Amenities Act 446 (Amendment) 2019. Based on the findings of the assessment, we have made some improvements to the housing facilities in 2021 to enhance livability.

Work-Related Injuries

	Number			Rate [1]		
Employees	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Fatalities from work-related injuries	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries	2	1	1	0.5	0.3	0.19
Number of hours worked (in million)	8	8	8.2	–	–	–

	Number			Rate [1]		
Workers (excluding employees or contractors not hired by DKSH)	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Fatalities from work-related injuries	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries	5	2	1	2.2	1.0	0.5
Number of hours worked (in million)	2.2	2.1	2.1	–	–	–

[1] per 1,000,000 hours worked

Sustainability Statement (continued)

The above data was compiled via an internal reporting system guided by Occupational Safety and Health Administration ("OSHA") reporting requirements. The Country HSE Manager is responsible for recording incidents into incident registers and reporting these for consolidation at DKSH Switzerland's level.

With regard to the OHS injuries, the overall number of injuries in the reporting year has gradually decreased year-on-year due to the increase of workplace safety awareness amongst the employees as well as workers whose workplace is controlled by DKSH. The main types of injuries reported this year were related to slips, trips, falls, and injuries related to contact with objects/ equipment. To address this problem, we are taking immediate steps to determine the source of accidents and subsequently prevent the recurrence of such accidents. We further intensified our efforts to ensure employees' safety at workplace through Safety Environment Management System (HSEMS) gap analysis, enhancement of HSE engagement, such as conducting awareness and competencies training, as well as enhancement on emergency response and preparedness.

As transportation-related services are core in our business operation model, the HSE team has organized the DKSH Health, Safety and Environment Day 2022 with its topic focused on road safety, and invited speakers from the Social Security Organization (SOSCO) and the Kuala Lumpur District Police Headquarter, to help educate and create awareness around the safety of the operators of vehicles, passengers, and pedestrians.

Labor Standards (2-30, 406-1, 407-1, 408-1, 409-1)

At DKSH, our workforce is as diverse as our business. Therefore, we acknowledge that it is important for us to uphold the highest standards of human rights in all our operations and supply chains. Our commitment to human rights is guided by international frameworks, including the International Labor Organization (ILO) Indicators of Forced Labor and SEDEX Human Rights Risk Assessment Standard. We also abide by the local employment laws such as Employment Act 1955, Passports Act 1966, National Registration Act 1959, and Immigration Act 1959/63 for all our operations in Malaysia.

Upholding Human Rights

Our stance on human rights and commitment to eliminate discrimination, forced labor, and child labor is made clear through our Code of Conduct and Supplier Code of Conduct. We expect our employees, suppliers, and stakeholders to hold fast to the same principles. Violation of these principles can lead to contract termination.

When it comes to recruitment, our policy is to only hire candidates who meet the legal requirements, as part of our commitment to contribute towards eradicating child labor from the market.

Besides, we operate management programs and set in place recruitment processes in line with applicable local laws and labor regulations to prevent child or forced labor, or illegal workers, and to ensure decent and safe workplaces, fair and timely pay, and adequate rest periods. In 2022, we have completed a human rights risk assessment audit to ensure compliance to local and international labor standards. We have identified certain findings in our vendor management process and are currently implementing corrective actions while maintaining continuous monitoring to address these gaps.

In addition, as part of our measures to embed human rights in the corporate culture, we provide training to all our employees, which specifically state that the company values diversity in the workforce, such as differences in backgrounds and cultures, and that any form of discrimination, harassment or bullying is not acceptable.

The training also gives examples of unacceptable behaviors, which include employees being prevented from activities such as practicing their religion, giving feedback or suggestions, or joining groups which discuss workplace benefits.

We encourage all employees to report any cases of misconduct to the site manager or to HR and emphasize that reports will be kept confidential. Organizationally, we practice a business partnering approach whereby representatives of the HR department are stationed within operations, allowing employees to easily access their support.

In 2022, DKSH recorded no incidents or grievances of discrimination, child labor, and forced labor.

Freedom of Association and Collective Bargaining

DKSH respects employees' rights to freedom of association and collective bargaining and does not prohibit them from exercising those rights.

Sustainability Statement (continued)

Meetings and discussions with the union are held as and when required, and the key outcomes are generally related to employee engagement programs and the welfare of union members. Going forward, HR is planning to conduct quarterly conversations with the union representatives.

We have three bargaining agreements in place (West Malaysia, Sabah, and Sarawak) which are renewed every three years.

At the end of 2022, 35% of DKSH's employees were covered by collective bargaining agreements (2021: 27.27%).

Employees who are not covered by the collective bargaining agreements have their working conditions and terms of employment defined in the General Employment Policy and individuals' employment contracts.

Information Security (418-1)

The operation of our business results in a significant accumulation of data relating to our products and services as well as to our customers and business partners. Unavoidably in our business, we also serve clients who are competitors in the marketplace. Ensuring confidentiality is therefore crucial. At times, personal data needs to be collected relating to employees, contractors, and others. In today's digital and interconnected world, risks of data theft or leakage have risen, and information security has become a key topic for any business.

In line with our Code of Conduct, we are fully committed to processing and protecting personal data with due care and to comply with applicable data protection laws as well as DKSH's principles of protecting confidentiality. As the Company is majority-owned by DKSH Switzerland, our information security program and cyber security strategy is endorsed and supported by the Executive Committee and the Board of Directors of DKSH Switzerland. The overall program functions directly under DKSH Switzerland's Chief Information Officer. Our strategy focuses on cyber threat preventive countermeasures, stepping up organization information security maturity and group-wide cyber security awareness programs.

In line with our strategy, we have an IT Security Policy in place and a dedicated global Information Security team, which is available via a 24/7 hotline for urgent security matters.

In 2022, IT security awareness training for all employees were conducted through the company's learning management system, Maya. In Malaysia, we have a local IT team responsible for tracking and ensuring the employees attend the training, as well as sending out regular email reminders.

Quarterly DKSH Switzerland's Group-wide IT newsletters, ad-hoc IT news flashes, and collaborative platform Tech Talk ensure that awareness of sensitive topics is raised across all markets.

In 2021, DKSH has achieved ISO 27001:2013 recertification, which will be valid till 2024, for the scope of Information Security Management System of SAP infrastructure. The certification demonstrates that DKSH has successfully implemented a systematic approach to managing sensitive information and protecting it from unauthorized access, theft, and damage. It also shows that the company has identified and assessed risks to its information security and put in place controls to manage and reduce those risks.

Our quality assurance team ensures that the required standards are maintained on an ongoing basis.

DKSH has implemented a new Group Data Privacy Policy, a new Website Policy, and a Global Privacy Governance Structure in line with the EU General Data Protection Regulation ("GDPR") in 2019. Under this structure, our Global Privacy Lead oversees the work of Privacy Coordinators in Malaysia who are the go-to persons for data security in every Business Unit and Function.

DKSH Switzerland's Group Internal Audit conducts independent audits on access management. Furthermore, the DKSH Switzerland's Group IT Security team performs audits on all market IT installations on a regular basis.

In 2022, DKSH received no complaints regarding data breaches of customer privacy and loss of customer data from outside parties or regulatory bodies. Similarly, DKSH is not aware of any identified leaks, thefts, or losses of customer data.

Sustainability Statement (continued)

Local Communities (413-1, 413-2)

A strong commitment to the local communities we operate in has always been a key part of our business.

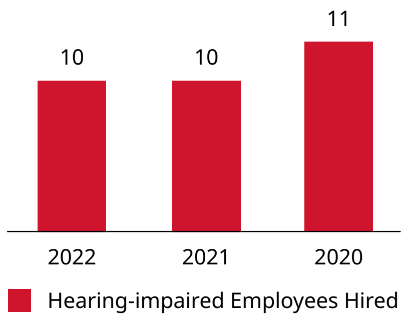
We are committed to promoting sustainable economic growth by providing stable jobs with fair employment terms and opportunities for personal development, and by upholding high standards for conducting our business responsibly. Furthermore, through our capillary distribution network, we enable market access for healthcare products and other necessary items, contributing to the quality of life in the communities we serve.

Alongside our business activities, we strive to create a positive impact by engaging in projects and selected sponsorship programs to develop and support local communities. However, as stated in our Code of Conduct, DKSH does not engage in political processes, and we refrain from any form of donation to political causes.

As a part of our efforts to integrate our Corporate Social Responsibility ("CSR") programs with equity and inclusion, we are open to opportunities to offer roles to local people who have struggled to enter the workplace.

In 2016, Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd., a business entity wholly owned by DKSH, launched Project ORCHID (Opportunities in Rejuvenating Careers for the Hearing Impaired) in collaboration with the Malaysian Federation of the Deaf to empower the hearing-impaired community by providing them with career opportunities. In 2022, as a result of Project ORCHID, 10 hearing-impaired individuals were employed at selected Famous Amos outlets.

Famous Amos Project ORCHID



In addition to that, Famous Amos has collaborated with Kechara Soup Kitchen – a non-profit organization that strives to reduce homelessness, food wastage, and poverty in Malaysia – to upcycle its previous uniforms under the Kechara Empowerment project, following its brand refresh initiative in 2019.

These uniforms were repurposed into reusable multipurpose pouches, which form part of the premium gifts under Famous Amos' customer loyalty program. This initiative not only has the environmental benefit of reducing the amount of textile waste sent to landfills but also fosters entrepreneurship and boosts economic activity among the underprivileged community.

Sustainability Statement (continued)

This year, we continue to serve and support the local community surrounding our operations, as well as the community at large. Our CSR programs are grouped into three focus areas – Health & Wellness, Education, and Environment.

Health & Wellness
DKSH continued the Bantuan Kasih food-aid program which supplements underprivileged families with monthly groceries. Bantuan Kasih program was carried out in four states in the country – Klang Valley, Ipoh, Penang, and Sarawak – benefitting 45 low-income families.

Through our ongoing partnership with The Lost Food Project, a pioneer of sustainability food banking in Malaysia, we have donated about 29,000 kilograms of nutritious surplus food and provided more than 83,000 meals to the urban poor in 2022. Our effort has also successfully prevented over 72,000 kilograms of carbon dioxide equivalent of greenhouse gas emissions from being produced.

Sustainability Statement (continued)

Education

One of our core initiatives under the Education pillar involves promoting literacy and supporting education equality rights among the indigenous community.

For five consecutive years, DKSH has partnered with SUKA Society – a non-governmental organization that protects and preserves the best interests of children, to reach the communities in remote areas where education is severely limited.

In 2022, we have adopted two Orang Asli preschools in Kampung Sungai Poh, Gopeng, Perak, and Kampung Kipouvo, Penampang, Sabah, through SUKA Society, benefitting a total of 35 indigenous preschoolers aged from four to six.

Apart from sponsoring the preschool's monthly expenses, the DKSH volunteers from both East and West Malaysia have also visited the two adopted schools respectively and spent some time interacting with the children to understand their daily activities and needs. During the visits, the volunteers cleaned the school compound, repainted the school, assembled a gazebo and a playground, as well as donated furniture, school supplies, educational books, toys, and living needs – in hope of further enhancing the young children's schooling experience.

Visit to Kg. Kipouvo, Penampang, Sabah.

Visit to Kg. Sungai Poh, Gopeng, Perak.

In addition to the above, DKSH has also sponsored a total of MYR 10,000 to SUKA Society in support of a fence-building project for a pre-school located in Kampung Tanam, Kuala Rompin, Pahang, to provide a safe and conducive school environment for the young children to study and play in.

Before

After

Sustainability Statement (continued)

Environment

In 2022, DKSH has focused its efforts on advocating and educating our employees and the local communities on marine conservation.

From April to June 2022, we launched a marine conservation virtual campaign and communicated a series of newsletters to raise awareness among our employees. We have also engaged with Zero Waste Malaysia to hold a "Zero Waste" talk to further educate employees about living a zero-waste life.

In conjunction with the International Coastal Clean-up Day on September 10, about 140 DKSH employees joined Reef Check Malaysia – a non-profit organization committed to protecting and conserving the marine ecosystems, and volunteers around the world to carry out a beach clean-up program across eight states, including Johor, Kelantan, Sabah, Pahang, Sarawak, Malacca, and Selangor. Through the joint effort, we have collected a total of 456.3kg of coastal trash and data showed that the most common marine debris were cigarette butts, plastic bags, and plastic beverage bottles.

Apart from that, we have also organized an underwater clean-up program, with 19 DKSH employees performing a total of five dives in various locations around Tenggol Island, Terengganu, led by experienced dive supervisors from the Tenggol Coral Beach Resort. Throughout the dives, the volunteers collected 10kg of underwater marine debris, extracted approximately 50 crowns-of-thorns starfish, and collected about 35kg of trash from the shoreline through a coastal clean-up activity.

DKSH managed our social and environmental footprint by actively engaging our local community and the environment through various CSR projects.

Sustainability Statement (continued)

GRI Content Index

GRI Indicator	Content of Disclosure	References	Omissions/ Comments
GRI 2: General Disclosure 2021			
2-1	Organizational details	Page 29	
2-2	Entities included in the organization's sustainability reporting	Corporate Structure (Page 29)	
2-3	Reporting period, frequency and contact point	Page 29	
2-4	Restatements of information	–	No restatement
2-5	External assurance	–	For FY2022, we only sought assurance from internal stakeholders (refer to page 29). We aim to obtain external assurance for our future report.
2-6	Activities, value chain and other business relationships	Corporate Profile (Page 7-10)	
2-7	Employees	Page 52-53	
2-8	Workers who are not employees	–	Data not available
2-9	Governance structure and composition	Page 32	
2-10	Nomination and selection of the highest governance body	Corporate Governance (Page 75-85)	
2-11	Chair of the highest governance body	Corporate Governance (Page 75-85)	
2-12	Role of the highest governance body in overseeing the management of impacts	Page 32	
2-13	Delegation of responsibility for managing impacts	Page 32	
2-14	Role of the highest governance body in sustainability reporting	Page 32	
2-15	Conflicts of interest	Corporate Governance (Page 75-85)	

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	References	Omissions/ Comments
GRI 2: General Disclosure 2021 (continued)			
2-16	Communication of critical concerns	Corporate Governance (Page 75-85)	
2-17	Collective knowledge of the highest governance body	Corporate Governance (Page 75-85)	
2-18	Evaluation of the performance of the highest governance body	Corporate Governance (Page 75-85)	
2-19	Remuneration policies	Corporate Governance (Page 75-85)	
2-20	Process of determine remuneration	Corporate Governance (Page 75-85)	
2-21	Annual total compensation ratio	Corporate Governance (Page 75-85)	
2-22	Statement on sustainable development	Management Discussion and Analysis (Page 4-5)	
2-23	Policy commitments	Page 35-36	
2-24	Embedding policy commitments	Page 35-36	
2-25	Processes to remediate negative impacts	Page 35-36	
2-26	Mechanisms for seeking advice and raising concerns	Page 35-36	
2-27	Compliance with laws and regulations	Page 35-36	
2-28	Membership associations	Page 29	
2-29	Approach to stakeholder engagement	Page 33	
2-30	Collective bargaining agreements	Page 62	
GRI 3: Material Topics 2021			
3-1	Process to determine materials topics	Page 34	
3-2	List of material topics	Page 34	
3-3	Management of material topics	Page 34	

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	References	Omissions/ Comments
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Page 35	
201-2	Financial implications and other risks and opportunities due to climate change	Page 40	
201-3	Defined benefit plan obligations and other retirement plans	Page 35	
201-4	Financial assistance received form government	–	A minimal amount has been received by DKSH. However, we are unable to disclose the exact figure due to confidentiality reasons.
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	We comply with the local minimum wage rules. However, comparison data is unavailable this year.
202-2	Proportion of senior management hired from the local community	Page 52	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Page 37	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Page 35-36	
205-2	Communications and training about anti-corruption policies and procedures	Page 35-36	
205-3	Confirmed incidents of corruption and actions taken	Page 35-36	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Page 44	
302-2	Energy consumption outside of the organization	–	Not applicable
302-3	Energy intensity	Page 44	
302-4	Reduction of energy consumption	Page 44	
302-5	Reductions in energy requirements of products and services	Page 44	

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	References	Omissions/ Comments
GRI 303: Water and Effluents 2016			
303-1	Interactions with water as a shared resource	Page 46	
303-2	Management of water discharge-related impacts	Page 46	
303-3	Water withdrawal	–	Not applicable
303-4	Water discharge	–	Not applicable
303-5	Water consumption	Page 46	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Page 44	
305-2	Energy indirect (Scope 2) GHG emissions	Page 44	
305-3	Other indirect (Scope 3) GHG emissions	Page 44	
305-4	GHG emissions intensity	Page 44	
305-5	Reduction of GHG emissions	Page 44	
305-6	Emissions of ozone-depleting substances (ODS)	Page 44	
305-7	Nitrogen oxides (NOx), sulfure oxides (Sox), and other significant air emissions	–	Not applicable
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Page 47	
306-2	Management of significant waste-related impacts	Page 47	
306-3	Waste generated	Page 47	
306-4	Waste diverted from disposal	Page 47	
306-5	Waste directed to disposal	Page 47	
GRI 401: Employment 2016			
401-1	New employee hire and employee turnover	Page 57	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 55	
401-3	Parental leave	Page 55	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Page 59-62	
403-2	Hazard identification, risk assessment, and incident investigation	Page 59-62	

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	References	Omissions/ Comments
GRI 403: Occupational Health and Safety 2018 (continued)			
403-3	Occupational health services	–	Not applicable
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 59-62	
403-5	Worker training on occupational health and safety	Page 59-62	
403-6	Promotion of worker health	Page 55	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 59-62	
403-8	Workers covered by an occupational health and safety management system	Page 59-62	
403-9	Work-related injuries	Page 59-62	
403-10	Work-related ill health	Page 59-62	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Page 58	
404-2	Programs for upgrading employee skills and transition assistance programs	Page 58	
404-3	Percentage of employees receiving regular performance and career development reviews	Page 58	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Page 52	
405-2	Ratio of basic salary and remuneration of women to men	Page 52	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Page 62	
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 62	
GRI 408: Child Labor 2018			
408-1	Operations and suppliers at significant risk for incidents of child labor	Page 62	

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	References	Omissions/ Comments
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 62	
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Page 64	
413-2	Operations with significant actual and potential negative impacts on local communities	Page 64	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Page 49	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 49	
GRI 417: Marketing and Labelling 2016			
417-1	Requirements for product and service information and labeling	Page 50	
417-2	Incidents of non-compliance concerning product and service information and labeling	Page 50	
417-3	Requirements for product and service information and labeling	Page 50	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 63	

Corporate Governance Overview Statement

DKSH’s Board of Directors has committed itself to maintaining the highest standards of integrity and transparency in its governance.

Corporate Governance Overview Statement

The Board of Directors of the Company ("the Board") believes that good corporate governance and sustainable business performance are intertwined. The Board is committed to upholding high standards of integrity and transparency in its governance and ensuring comprehensive application of the Principles and Recommended Practices set out in the Malaysian Code on Corporate Governance ("MCCG"). In this process, the Board and Management are furthermore supported by the initiatives of the international DKSH Group of Switzerland ("DKSH Switzerland").

The Board is pleased to report on the application of the Recommended Practices of the MCCG to shareholders on the Group's corporate governance practices during the financial year ended December 31, 2022 in accordance with the MCCG and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

This statement is to be read together with the Corporate Governance Report 2022 ("CG Report") of the Company. The application of each Practice set out in the MCCG during the financial year ended December 31, 2022 is disclosed under DKSH Malaysia' Corporate Governance Report published on the Company's website:

http://www.dksh.com/my-en/home/investors/announcements

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities
Roles and Responsibilities of the Board
The Board has overall responsibility for the Company's strategic planning and direction, and for overseeing the conduct of the Company's business, corporate governance, investor relations, risks management practices and internal controls.

The Board has adopted a Board Charter which formalizes clear roles and responsibilities for the discharge of the Board's fiduciary and leadership functions. The Board Charter is subject to review by the Board as necessary to determine its adequacy for current circumstances, the Company's policies and applicable rules and regulations and is available on the Company's website at www.dksh.com.my

In executing its responsibilities, the Board has established dedicated committees and functions, and conducts respective performance reviews. Notwithstanding the delegation of specific authority to the Board Committees, the Board remains responsible for its fiduciary duties. The Board also ensures that the senior management is of sufficient calibre to implement the Board's strategies and corporate objectives and promote sustainability, taking into account the interest of various stakeholders.

As the Company is majority-owned by DKSH Switzerland, it practices a worldwide executive management program covering talent life cycle management, including appointing, professional learning and development, fixing the performance orientated compensation program of senior management and where appropriate, cross border assignments.

The Board also establishes a corporate culture which ensures that ethical conduct is permeated throughout the Company. The Company's Code of Conduct complimented by Group Policies and Guidelines, clearly express the Company's expectations as an employer and provides detailed guidance to employees on expected business and ethical behaviour. The Code of Conduct includes an internal reporting process for events of non-compliance and is available on the Company's website at www.dksh.com.my

The Board has adopted a Whistleblower Policy and Procedures and published it on the Company's website at www.dksh.com.my, in line with the requirement under the Section 15.29 of the Main Market Listing Requirements and guided by Guidance 3.2 of the Malaysian Code on Corporate Governance (MCCG) and T.R.U.S.T. principles of Guidelines on Adequate Procedures.

This Policy shall also similarly apply to any vendors, partners, associates or any individuals, including the general public, in the performance of their assignment or conducting the business for or on behalf of the Group.

Board Balance and Effectiveness
The Board collectively has a broad range of qualifications, the right mix of skills, experience and knowledge relevant to effectively direct and supervise the Company's business activities and ensure that the interests of all stakeholders are adequately protected.

The Independent Directors provide an effective check and balance in the functioning of the Board. Their presence is essential in providing unbiased, objective and impartial opinion, advice and judgment to the Board deliberations, mitigating risks of any possible conflict of interest or undue influence from interested parties.

The Independent and Non-Executive Directors play key roles in the Board Committees, namely Audit and Nomination and Remuneration Committees in shaping, contributing ideas and assisting the Board in making informed decisions towards the development and strengthening of the governance structures of the Company. None of the Non-Executive Directors participate in the day-to-day management of the Group, allowing them to bring impartial and objective participation at Board or Board Committee deliberations and decision making.

Corporate Governance Overview Statement (continued)

There is a distinct division of roles and responsibilities of the Chairman of the Board and the Head Country Management, Malaysia, Vice President, FMCG. The Chairman of the Board is a Non-Independent Non-Executive Director who provides leadership at Board level and is responsible for encouraging overall Board and individual Director's effectiveness, drawing their respective knowledge, strength, experience and skills. The Head Country Management, Malaysia, Vice President, FMCG, who is also a Non-Independent Executive Director, bears overall responsibilities for the Group's operational and business units organization effectiveness and ensuring that the strategies, policies and matters approved by the Board are effectively implemented. The Head Country Management, Malaysia, Vice President, FMCG, assisted by the Management team, is responsible for the management of the Group's business and also functions as the intermediary between the Board and Management.

Board Meetings and Supply of Board Information

The Board meets at least four (4) times a year, with additional meetings convened on an ad-hoc basis as and when decisions on urgent matters are required between scheduled meetings.

The meetings of the Board and Board Committees are scheduled in advance of the calendar year and an annual Schedule of Meetings is circulated to allow Directors to plan ahead.

The Directors have demonstrated their time commitment towards fulfilling their roles and responsibilities as Directors of the Company and all Directors have complied with the minimum requirement on attendance at Board meetings as provided in the Listing Requirements. During 2022, four Board meetings were held and the attendance of each Director thereat is set out in the table below.

The Board: Composition and Attendance at the Board Meetings Held in 2022

Directors	Designation	No. of Meetings Attended
Stephen John Ferraby	Non-Independent Non-Executive Chairman	4/4
Chan Thian Kiat (deceased w.e.f. September 1, 2022)	Senior Independent Non-Executive Director	3/4
Lian Teng Hai	Non-Independent Non-Executive Director	4/4
Dr. Leong Yuen Yoong	Independent Non-Executive Director	4/4
Fa'izah binti Mohamed Amin	Independent Non-Executive Director	4/4
Puneet Mishra	Non-Independent Executive Director/ Vice President, FMCG	4/4
Lai Tak Loi * (appointed w.e.f. November 4, 2022)	Independent Non-Executive Director	1/4

* Total number of meetings held subsequent to appointment.

The Board recognizes the importance of being fully informed on material matters that may have an impact on the Company and/or the Group. The fact that the Head Country Management, Malaysia, Vice President, FMCG is also a Board member, supports a regular flow of information between the Board and Management.

Matters specifically reserved for the Board's decision, including quarterly interim financial results, are forwarded to its members prior to the meetings. Comprehensive meeting papers comprising matters arising, findings/updates, results, presentations, recommendation and any other relevant information are prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions. The Board is given sufficient time to evaluate reports and proposals and if necessary, request additional information to enable the Board to make informed and effective decisions.

Where necessary, members of the Management team are invited to attend Board or Board Committee meetings to report and update on specific items on the agenda to enable the Board/Board Committee members to arrive at an informed decision.

Minutes of the Board Meetings have been accurately recorded by the Company Secretaries to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

Corporate Governance Overview Statement (continued)

The Chairman of the Board and Board Committees ensure that all its members are given ample opportunity to express their views and opinions during meetings. Directors are encouraged to share their views and insights in the course of deliberations and to partake in discussions. Discussions, decisions and conclusions are duly recorded in the minutes of meetings, which are circulated to Board members and subsequently confirmed by the Chairman of the meeting.

The Chairman of the respective Board Committee informs the Directors at Board meetings of any salient matters raised at the respective Board Committee meetings which require the Board's notice, direction or approval.

There are no restrictions for Directors, individually or collectively, to obtain independent professional advice at the Company's expense in furtherance of their duties, as and when the need arises. The Board also has access to information on the affairs of the Group which allows it to oversee the Company's business and performance and has access to the advice and services of senior management and the Company Secretaries.

Support of Company Secretaries
The Board has direct access to the advice and services of the Companies Secretaries who support the Board in carrying out its roles and responsibilities. The Company Secretaries play an advisory role to the Board and facilitate overall compliance with the relevant requirements, codes or guidance and legislations including communication of key decisions and recommendations between the Board, Board Committees and Management. They also ensure statutory records of the Company are properly maintained and relevant disclosures, submissions and filings are made in a timely fashion to the regulators on behalf of the Company and the Board.

The Board is regularly updated and appraised of the latest developments in the legislation and regulatory framework affecting the Group.

In compliance with Practice 1.5 of the MCCG, the Board is supported by two Company Secretaries:
- Yuen Yoke Ping
- Serene Lee Huey Fei

The Company Secretaries are member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and licensed secretary of the Companies Commission of Malaysia. Both the Company Secretaries are qualified to act as Company Secretary under Section 235(2) and Section 241 of the Act. For FY 2022, the Company Secretaries have attended the relevant continuous professional development program as required by Companies Commission of Malaysia for practicing Company Secretaries.

As at the date of this statement, both the Company Secretaries have registered with Companies Commission of Malaysia to act as Company Secretaries with the Registrar.

(2) Board Composition
Board Composition and Size
For FY 2022, the Board consists of six (6) members: one (1) Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Non-Independent Executive Director, who is also the Head Country Management, Malaysia, Vice President, FMCG and one (1) Non-Independent Non-Executive Director. The Company experienced a great loss following the death of Senior Independent Non-Executive Director and Chairman of Audit Committee, the late Chan Thian Kiat, on September 1, 2022. The Board wishes to record its appreciation and gratitude to the late Chan Thian Kiat for his significant contribution and services during his tenure as Chairman of Audit Committee and member of the Board. In replacement thereof, Lai Tak Loi was appointed as Independent Non-Executive Director and Chairman of Audit Committee on November 4, 2022. Therefore, the prescribed requirement for one third of the membership of the Board to be independent Board members is fulfilled. This also applies to Practice 5.2 of the MCCG where at least half of the Board comprises independent directors.

The Company has complied with Practice 5.9 of the MCCG 2021, by having 33% women directors in its Board.

During the year, the Board also approved new policies and procedures to promote good business conduct in the organisation among others, the establishment of the Directors' Fit and Proper Policy in May 2022 and the Gender Diversity Policy in August 2022, which are both available on the Company's website at www.dksh.com.my

The Gender Diversity Policy provides a framework for the Company to achieve improved employment and career development opportunities to all its employees and those who seek employment in the Company.

The Nomination Remuneration Committee and the Board, in conducting the fit and proper assessment, shall be guided by the Directors' Fit and Proper Policy.

All members of the Board are required to have the necessary qualities, competencies and experience that allows them to perform their duties and carry out the responsibilities required of the position in the most effective manner.

The Board acknowledged as part of the continuous efforts in sustaining the Company's competitive advantages, the Company recognises and embraces the benefits of having a diverse Board and Senior Management, and sees increasing diversity, including but not limited to, both Board level and Senior Management, as an essential and important element.

Corporate Governance Overview Statement (continued)

The Board composition and size are periodically assessed by the Board through the Nomination and Remuneration Committee for appropriateness to meet the current and future needs of the Company. The Independent Directors who constitute more than one-third of the composition of the Board, provide a check and balance in the functioning of the Board and enhance its effectiveness. All members of the Board have extensive professional background, bringing with them vast experience and knowledge.

The profiles of the members of the Board are set out on pages 12 to 17 of this Annual Report.

Board Committees
The Board has delegated specific responsibilities to two Board Committees, namely the Nomination and Remuneration Committee and Audit Committee, each with clearly defined functions and terms of reference. These Committees assist the Board in making informed decisions through focused and in-depth deliberations on issues within their respective purview. The Committees report to the Board on the matters considered and their recommendation thereon. The final decision on all matters, however, lies with the Board after considering recommendations by the Committees except to the extent that certain matters are delegated by the Board to the said Committees.

Nomination and Remuneration Committee
For FY 2022, the Nomination and Remuneration Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Chairman as follows:

The Nomination and Remuneration Committee: Composition and Attendance at the Nomination and Remuneration Committee Meeting Held in 2022

Directors	Designation	No. of Meetings Attended
Dr. Leong Yuen Yoong	Chairman	3/3
Stephen John Ferraby	Member	3/3
Fa'izah binti Mohamed Amin	Member	3/3

Duties and responsibilities of the Nomination and Remuneration Committee are set out in its terms of reference approved by the Board which are available on the Company's website.

For FY 2022, the Nomination and Remuneration Committee met three times during the year under review with full attendance of its members.

Details of the activities undertaken by the Nomination and Remuneration Committee in discharging its duties during 2022 are set out as below:

(i) Reviewed the skills and competencies of the Board of Directors;
(ii) Assessed the size and composition of the Board and Committees;
(iii) Reviewed the attendance of the Board Members at Board and Board Committees Meetings;
(iv) Assessment of the training needs of Board Members through the assessment of individual Directors;
(v) Evaluated the eligibility of the retiring Directors by rotation to stand for re-election at the previous Annual General Meeting held in 2022. Criteria used in this assessment are guided by the Bursa Securities's Corporate Governance Guide;
(vi) Conducted the fit and proper assessment on any person identified to be appointed as a director or to continue holding the position as a director within DKSH Holdings (Malaysia) Berhad;
(vii) Conducted online assessment of the Board, Board Committees, Individual Directors and the independence of Independent Directors. Criteria used in these assessments are guided by the Bursa Securities's Corporate Governance Guide after taking into consideration the current and future needs of the Company;
(viii) Conducted the online assessment of the Audit Committee Member's Self and Peers; and
(ix) Reviewed of Non-Executive Directors' fees.

Annual Board and Committees Assessment
The annual assessment of each individual Director enables the Board to ensure that each of the Board members including the Head Country Management, Malaysia, Vice President, FMCG has the character, experience, integrity, competence and time to effectively discharge the respective role.

Corporate Governance Overview Statement (continued)

The Nomination and Remuneration Committee was satisfied that the Board has the right size and the Board composition is well balanced having considered the appropriate mix of skills, experience, strength and independence and the diversity required to meet the current and future needs of the Company.

Appointment to the Board
The Nomination and Remuneration Committee is responsible for the nomination and election process and for making recommendations to the Board for appointment of new Directors. The Board, after reviewing recommendations of the Nomination and Remuneration Committee, evaluates the suitability of an individual to be appointed.

The Board sets out expectations on the character, knowledge, experience, integrity, competence and time commitment for its members and protocols when assessing new appointments. As recommended by the Nomination and Remuneration Committee, a Board Diversity Policy was adopted by the Board in 2015, taking into account the provisions under the Code of Conduct. The Policy articulates the diversity attributes and needs of the Board and the approach it would take to address such needs and in the process, strengthen its composition. The Policy plays an integral role in the selection of candidates for Board membership. Whilst the Board recognizes and embraces the benefits of Board diversity, the Board believes in providing equal opportunities to all based on merit as well as complementing and expanding the skills, knowledge and experience of the Board as a whole.

In February 2018, a board matrix detailing the qualifications, skills, experience and areas of expertise was developed and used as reference for the Board to analyse the composition and requirements of the Board.

Re-election/Election of Directors
In line with the Listing Requirements, all Directors of the Company shall retire from office at least once every three (3) years whilst pursuant to the Company's Constitution, one third of the Directors will retire by rotation at the Annual General Meeting ("AGM") of the Company. A retiring Director shall be eligible to offer himself for re-election subject to the shareholders' approval.

Pursuant to Article 105 of the Company's Constitution, Dr. Leong Yuen Yoong and Lian Teng Hai are due for retirement at the forthcoming 31st AGM. Lian Teng Hai, has expressed his intention not to seek for re-election. Therefore, Lian Teng Hai will retain office until the close of the 31st AGM of the Company.

Lai Tak Loi who was appointed by the Board in November 2022, is subject to re-election at the forthcoming 31st AGM pursuant to Article 101 of the Company's Constitution. The Nomination and Remuneration Committee reviewed the eligibility of Lai Tak Loi and Dr. Leong Yuen Yoong for their re-election at the forthcoming 31st AGM to ensure that they will continue to contribute to the Board. The Board has also approved the Nomination and Remuneration Committee's recommendation to support their re-election as Directors of the Company.

The Board is satisfied that the retiring Directors will continue to bring their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions. In February 2023, the Board approved the recommendation of the Nomination and Remuneration Committee that both retiring Directors are eligible for re-election at the forthcoming 31st AGM.

With regards to the election of new Non-Independent Executive Director, the Nomination and Remuneration Committee in April 2023 has evaluated the suitability of Jaclyn Ang Swee Yin as a new Director of the Company and recommended the proposal to elect Jaclyn Ang to the Board for consideration. The Board after considering her qualification, skills and experience, recommended to put forth the resolution to elect Jaclyn Ang as Director in the 31st AGM of the Company.

The profiles of the retiring Directors as well as Director standing for election at the forthcoming AGM of the Company, are set out on pages 13, 14 and 20 of this Annual Report.

Board Assessment
The Nomination and Remuneration Committee is responsible to conduct an annual assessment on the effectiveness of the Board, Board Committees, as well as the performance of individual Directors and its independence where applicable. The assessment aims at ensuring the Board members, individually and collectively, work efficiently and effectively in achieving their responsibilities as set out in the Board Charter or the respective terms of reference of the Board Committees.

The assessment of the Board was structured to ensure a balanced and objective review by the Directors in key areas. The internally developed criteria used in the assessment are guided by the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and customized to meet the expectations of the Board and the Company. Where appropriate, the Nomination Committee will review the assessment criteria.

Corporate Governance Overview Statement (continued)

The assessment questionnaires are designed using rating scales to assist the evaluation process. All Board members completed the assessment questionnaires by way of online assessment and on a confidential basis. The Directors' responses are collated and a comprehensive summary of the findings and recommendations is submitted to the Nomination and Remuneration Committee for evaluation, after which, the findings and recommendations are escalated to the Board for its consideration and proposed actions based on the Nomination and Remuneration Committee's recommendations. All Directors' responses from the annual assessment conducted were formally and properly documented. The results of the assessment indicated that the performance of the Board, the Board Committees and the individual Directors during the review period had been good and therefore, they had been effective in their overall discharge of functions and duties. It was also indicated from the results that there was no apparent weaknesses/shortcoming identified that warrants specific action plan to address the same.

Independence of Directors

Pursuant to the Revised MCCG, Practice 5.3, it recommends that the Board must justify and seek shareholders' approval through a two-tier voting approach in the event it retains an Independent Director who has served in that capacity for more than nine years without re-designation as a Non-Independent Director.

For FY 2022 and up to the date of this Statement, the Board noted that none of its Board members have attained more than nine years of service as Independent Directors.

The Board noted that the Independent Directors have executed a declaration letter confirming their independence pursuant to relevant Main Listing Requirements of Bursa Securities. Based on the outcome of the abovementioned assessments, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

The Board, taking into account the assessment conducted by the Nomination and Remuneration Committee, reviews the independence of all Independent Directors annually. The Nomination and Remuneration Committee adopts the assessment criteria provided in the Bursa Securities's Corporate Governance Guide. Further, an annual confirmation of independence is obtained from the respective Independent Directors affirming that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgement or the ability to act in the best interests of the Group as prescribed in the Listing Requirements.

For the year under review, the Nomination and Remuneration Committee and the Board had, after evaluating the aforesaid annual assessment and considering the annual declaration made by Independent Directors, concluded that all Independent Directors of the Company had satisfied the criteria for independence as prescribed in the Listing Requirements. The Board is also satisfied with the level of independence demonstrated by these Directors in the management, and objective in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

Directors' training

All Directors are aware of the continuing education program requirement pursuant to the Listing Requirements. All Directors have attended and completed the Directors' Mandatory Accreditation Program ("MAP") as prescribed by the Bursa Securities.

The Board evaluates and determines the training needs of the Directors on a continuous basis and ensures its members have access to appropriate continuing education programs to enhance their business acumen and professionalism in discharging their duties. The Directors devote sufficient time to regularly expand their knowledge and enhance their skills to enable them to actively participate and contribute in their deliberations, discussions and decisions at Board and Board Committee levels. The Board is also kept informed of the requirements and updates issued by Bursa Securities and other regulatory authorities.

During the financial year under review, all Directors attended a number of training and seminar programs covering topics on finance, governance, corporate and global business and industry developments, which they have individually or collectively considered as relevant in the discharge of their duties as Directors of the Company.

The Company Secretaries facilitate the organization of internal training programs and Directors' attendance at external programs including keeping Directors informed of relevant external programs. A complete record of all internal and external programs attended by the Directors are kept and maintained by the Company Secretary.

Corporate Governance Overview Statement (continued)

Details of internal and external training programs, seminars, briefings etc attended by the Directors in 2022:

Name of Directors	Description of Training Programs, Seminars, Briefings etc.
Stephen John Ferraby	• Tricor Hive Sdn Bhd - Amendments to Listing Requirements – 2022, Application of Fit and Proper Policy for the appointment and re-election of Directors, Disclosure requirements on the application of Fit and Proper Policy • ICDM - At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework
Chan Thian Kiat	• ICDM - Audit Committee Dialogue & Networking – Session #1 • CPA Australia - Rethinking corporate governance for the ESG world • Bursa Malaysia - Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Tricor Hive Sdn Bhd – Amendments to Listing Requirements – 2022, Application of Fit and Proper Policy for the appointment and re-election of Directors, Disclosure requirements on the application of Fit and Proper Policy • CPA Australia - The new OECD Transfer Pricing Guidelines 2022
Dr. Leong Yuen Yoong	• ICDM - Audit Committee Dialogue & Networking – Session #1 • Bursa Malaysia - Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Tricor Hive Sdn Bhd – Amendments to Listing Requirements – 2022, Application of Fit and Proper Policy for the appointment and re-election of Directors, Disclosure requirements on the application of Fit and Proper Policy • ICDM - At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework • Securities Commission Malaysia (SC) - AOB's Conversation with Audit Committees • ICDM - Advocacy Dialogue on the Bursa Malaysia's Enhanced Sustainability Reporting Framework • ICDM - FCD Series Module D: Financial Essentials for Non-Finance Directors • LeadWomen - Bursa Malaysia Immersive Session: The Board "Agender"
Lian Teng Hai	• Bursa Malaysia - Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Tricor Hive Sdn Bhd - Amendments to Listing Requirements – 2022, Application of Fit and Proper Policy for the appointment and re-election of Directors, Disclosure requirements on the application of Fit and Proper Policy • ICDM - At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework
Puneet Mishra	• Bursa Malaysia - Mandatory Accreditation Programme (MAP) • Bursa Malaysia - Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Tricor Hive Sdn Bhd – Amendments to Listing Requirements – 2022, Application of Fit and Proper Policy for the appointment and re-election of Directors, Disclosure requirements on the application of Fit and Proper Policy • ICDM - At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework

Corporate Governance Overview Statement (continued)

Name of Directors	Description of Training Programs, Seminars, Briefings etc.
Fa'izah binti Mohamed Amin	• Bursa Malaysia - Mandatory Accreditation Programme (MAP) • Tricor Hive Sdn Bhd – Amendments to Listing Requirements – 2022, Application of Fit and Proper Policy for the appointment and re-election of Directors, Disclosure requirements on the application of Fit and Proper Policy • ICDM - At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework
Lai Tak Loi	• ICDM - At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework

Directors' remuneration

The determination of the remuneration of the Directors is a matter of the Board as a whole. The remuneration payable to Non-Executive Directors who are not employed by the DKSH Group of Companies is proposed by the Board and is subject to shareholders' approval at the Annual General Meeting of the Company. The remuneration shall commensurate with the experience, expertise and responsibilities undertaken and role played by the individual Director concerned.

In February 2020, the Board set up a Remuneration Committee by way of merging with the Nomination Committee. This aims to improve its efficiency and effectiveness in discharging the Board's duties.

As the Company is majority-owned by DKSH Switzerland, the remuneration of the Executive Directors is based on DKSH Switzerland's own world-wide remuneration policy and procedures which are set in line with international standards. The Executive Directors' remuneration is established by evaluating the scope of their functions within the context of the Malaysian market, and the responsibilities and skills required to perform their roles successfully subject to the annual internal performance review.

In addition, the remuneration of the Executive Directors is also directly linked to the achievement of actual financial results and financial key performance indicators of the Group.

Details of Directors remuneration (both Executive and Non-Executive) is shown under Note 6 of the Company's audited financial statements for the financial year ended December 31, 2022 on pages 131 to 132 of this Annual Report.

For financial year ended December 31, 2022 the disclosure of the remuneration for the Directors are as follows:

Group

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	–	241	241
Salaries	942	–	942
Bonuses	722	–	722
Benefits-in-kind	–	–	–
Others	378	–	378

Note: Others include Employees Provident Fund ("EPF")

Corporate Governance Overview Statement (continued)

Group

Directors' Remuneration	Number of Directors Executive Director	Non-Executive Director
RM50,000 and below	–	1
RM50,001 - RM100,000	–	4
RM100,001 - RM150,000	–	–
RM450,001 - RM500,000	1	–
RM1,550,001 - RM1,600,000	1	–

Company

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	–	241	241
Salaries	–	–	–
Bonuses	–	–	–
Benefits-in-kind	–	–	–
Others	–	–	–

Note: Others include Employees Provident Fund ("EPF")

Company

Directors' Remuneration	Number of Directors Executive Director	Non-Executive Director
RM50,000 and below	–	1
RM50,001 - RM100,000	–	4
RM100,001 - RM150,000	–	–
RM450,001 - RM500,000	–	–

Corporate Governance Overview Statement (continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(1) Audit Committee

Audit Committee of the Company

The Audit Committee of the Company was established by the Board in September 1994 and comprises solely of Independent Non-Executive Directors.

As at the date of this Statement, the Chairman of the Audit Committee is Mr. Lai Tak Loi, Independent Non-Executive Director, while Dr. Leong Yuen Yoong and Fa'izah binti Mohamed Amin are the members of the Audit Committee.

The Audit Committee has met the requirements of Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the requisite qualification prescribed by Bursa Malaysia Securities Berhad on Audit Committee.

The Audit Committee engages on a continuous basis with the senior management of the Company, as well as the internal and external auditors.

Practice 9.2 of the Revised MCCG required the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. The Terms of Reference of the Audit Committee has been updated accordingly in order for the AC to formalize such policy.

During 2022, the Audit Committee met four (4) times. Details of the activities undertaken by the Audit Committee during the financial year under review and the summary of duties and responsibilities as outlined in the Audit Committee's approved by the Board are set out in the Audit Committee Report on pages 89 to 91 of this Annual Report. The terms of reference of the Audit Committee are available on the Company's website at www.dksh.com.my

Financial Reporting

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of the affairs of the Company and the Group.

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process, compliance with applicable accounting standards and the quality of its financial reporting. Based on the Audit Committee's recommendation, the Board approves the quarterly and annual financial statements of the Group for disclosure to the shareholders and the regulatory authorities.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements for the year ended 2022 is set out on page 94 of this Annual Report.

Relationship With the Auditors

Through the Audit Committee, the Board maintains a formal and professional relationship with the internal and external auditors and ensures the Company has transparent procedures with the auditors in line with the auditors' professional requirements. The role of the Audit Committee in relation to both auditors is described in the terms of reference of the Audit Committee which is available on the Company's website.

The Audit Committee reviews and discusses with the external auditors any issues arising from the interim and final audits, audit plans, audit findings and other matters of concern. The Audit Committee members meet with the external auditors at least twice a year without the presence of the Executive Directors and Management.

For the financial year under review, the external auditors confirmed that they are and have been independent throughout the conduct of the audit engagement. The Audit Committee makes its own annual assessment of their suitability and independence in connection with the recommendation to retain them as auditors and also ensures that provisions of other non-audit services rendered by them is not in conflict with their audit function.

The Audit Committee is satisfied that the objectivity and independence of the external auditors are not in any way impaired by reasons of the non-audit services provided to the Group.

(2) Risk Management and Internal Control Framework

Risk Management and Internal Controls

The Board maintains a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets. The Board recognizes its overall responsibility for the Group's internal control system and its effectiveness including reviewing its adequacy and integrity. The internal and external auditors support the Board in exercising its supervisory and control functions.

Mindful of its duties in terms of identification of principal risks as well as the need to institute risk management and internal control measures, the Board has adopted an Enterprise Risk Management ("ERM") Framework to manage its risk and opportunities. A management committee known as ERM Committee, which reports directly to the Country Management Team ("CMT") and subsequently to the Audit Committee ("AC"), was established by the Board in February 2020 with the primary responsibility of ensuring the effective functioning of the adopted ERM Framework.

Corporate Governance Overview Statement (continued)

The Group adopts a balanced and pragmatic risk management approach in achieving its objectives. An overview of the state of risk management and internal controls of the Group is set out in the Statement on Risk Management and Internal Control on pages 86 to 88 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(1) Communication With Stakeholders

Shareholder Communication and Investor Relations

The Company acknowledges the need for shareholders to be informed of all material business matters affecting the Company. The Company observes a corporate disclosure policy in accordance with Bursa Securities's Corporate Disclosure Guide and has in place appropriate corporate communications policies and procedures when liaising with shareholders and investors to ensure dissemination of information that is factual, accurate and clear in a timely manner.

The Company actively engages all its stakeholders through various platforms including the announcements via BursaLINK, disclosures on the Company's website and engagement through the investor relations activities. In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders and the investing public with an overview of the Group's performance and operations. Shareholders and the investing public may also obtain the up-to-date information and activities of the Company and/or the Group, corporate announcements, quarterly results and annual reports by accessing the Company's website at www.dksh.com.my. The Company maintains and ensures that its website is current, informative and contains information relevant to all shareholders.

The Company believes that the AGM is the principal platform of communication with shareholders of the Company for better appreciation of the Company's objectives and challenges. The Board encourages shareholders' participation during question and answer sessions at the AGM and provides sufficient opportunity for shareholders to communicate their expectations and concerns. The external auditors are invited to the meeting to provide their professional and independent view to shareholders on the conduct of the statutory audit and the preparation and content of their audit report, if required.

The Group's Investor Relations function plays an important role in providing proactive engagements and communication with shareholders and investors. The Company conducts regular investor relations meetings post announcement of results and welcomes the visit of investors for dialogue or discussions on the performance of the Group. The Non-Independent Non-Executive Chairman is available for such meetings to address queries or issues regarding the Company and/or the Group may be conveyed to him. During the year under review, five (5) investor relations meetings were held.

(2) Conduct of General Meetings

Notice of Annual General Meeting

In accordance with the Constitution of the Company, a notice to convene the AGM is issued by the Board. Pursuant to Practice 13.1 of the Revised MCCG, notice is given at least twenty-eight (28) days prior to the meeting.

The Board had on April 27, 2022 issued its Notice of Thirtieth AGM of the Company ("30th AGM") at least twenty eight (28) days before the date of the meeting i.e May 26, 2022 in compliance with Practice 13.1 of the Revised MCCG.

Attendance of Directors at General Meetings

All Board members attended the AGM of the Company held on May 26, 2022 and provided responses to the shareholders on the key matters arose during the Meeting. Mr. Stephen John Ferraby, Non-Independent Non-Executive Chairman had presented a short review of the Company's 2021 performance and key initiatives for 2022 to the shareholder on operations highlights, financial snapshot and growth strategies.

Poll Voting

The Company had conducted the poll voting electronically for all resolutions set out in the Notice of 30th AGM held on May 26, 2022. The Company has appointed an independent scrutineer to validate the votes cast at the 30th AGM. The poll results were announced by the Company to the Bursa Securities on the same day.

Compliance Statement

The Board is satisfied that the Company had observed good governance practices and in all, complied with the principles and recommendations of the Code.

This statement is made in accordance with Board's approval on April 20, 2023.

Statement on Risk Management and Internal Control

The Board of Directors ("the Board") is committed to a sound system of risk management and internal controls. These have and always will be an essential success factor for the Group and are an integral part of our organization's culture. The Board is therefore pleased to present its Statement on Risk Management and Internal Control for the financial year ended December 31, 2022, which has been prepared pursuant to Paragraph 15.26 (b) of the Main Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Malaysian Code on Corporate Governance and the Statement on Risk Management and Internal Control; Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of internal control of the Group (comprising the Company and its subsidiaries) during the financial year.

Board's responsibility

The Board is responsible for the adequacy and effectiveness of the Group's risk management processes and internal control system to protect the assets of the Group and to safeguard shareholders' investments. Risk management and internal controls are embedded in the Group's management systems which range from the business planning processes, the management of client relationships, to the execution of the Group's daily business affairs.

The Group's system of internal controls is designed to manage and control risks within an acceptable risk appetite, rather than to eliminate risks altogether. Due to the inherent limitations of internal controls, the system can only provide reasonable but not absolute assurance against material misstatements, losses or fraud.

Management assists the Board in implementing and continuously fostering the risk management and internal control system of the Group. Management has therefore established a regular risk review and a Group risk register, as well as a documented Internal Control system, which is subject to review. Management also regularly evaluates and identifies the key risks and establishes action plans to further improve controls and reduce risks.

Enterprise Risk Management

The Board recognizes that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve continued profitability and sustainable growth in shareholders' value. In pursuing these objectives, the Group has in place a risk management framework to promote effective risk management and enhance the corporate governance assurance process.

To further strengthen the risk management of the Group, the Board has set up an Enterprise Risk Management ("ERM") Committee in February 2020 which reports directly to the Country Management Team, which consists of the members of senior management of the Group and subsequently to the Audit Committee, with the primary responsibility of ensuring the effective functioning of the risk management framework.

The ERM Committee has developed a risk assessment template, whereby the current year actual incidences and impacts for the respective risks identified were recorded for review and mitigating actions were established.

The ERM Committee meeting is held every quarter to identify, assess, evaluate and manage risks of the Group. Principal risks are identified and appropriate risk mitigations are planned for implementation. These are reviewed on quarterly basis to ensure ongoing effectiveness, adequacy and integrity. Enhancements are made in line with the Board's commitment to improve the Group's governance, risk management and internal control framework, and practicing effective control culture and environment for the Group's business operations. The on-going ERM exercise is presented quarterly to the Audit Committee for the Board to be updated on the risk management.

The Group's risk management framework encompasses the following key elements:

(i) Risk register: The Group regularly reviews its risk management system and the related risk registers which is guided by the ISO 31000 – Risk Management Principles and guidelines. This risk management system includes significant strategic, operational, financial and compliance risks, as well as clearly defined action plans. The Board was briefed by Management on the Risk Register 2021 and on the regular risk reviews conducted by Management;

(ii) Treasury: The Treasury department follows strictly the DKSH Corporate Treasury policy and is monitored by the Corporate Treasury Center in Singapore. The Group executes a conservative financial risk policy and hedges significant foreign exchange risks pertaining to the accounts payables; and

(iii) Insurance: The Group consciously covers and transfers certain risks exposure by securing adequate insurance coverage based on the Group's guidelines provided in the Group Policy on Risk and Insurance.

Internal control system

The following internal control components have been embedded to assist the Board to maintain a sound system of internal controls in the Group:

(i) Internal Control System ("ICS"): The Group maintains a formally documented ICS which focuses on the most critical financial reporting and operational risks. The ICS has been in place for

Statement on Risk Management and Internal Control (continued)

more than ten (10) years and has since its beginning undergone regular reviews and testing by Management, whilst risks relevant to financial reporting have been reviewed and assessed by external auditors. Management further provides assurance on the adequacy and effectiveness of the internal control system through annual Management Certifications;

(ii) Policies and procedures: The Group has put in place various formally documented policies and procedures and they are implemented throughout the Group. These policies and procedures are subject to periodic reviews, updates and continuous improvements to reflect the changing risks and operational needs;

(iii) Tone at the top: The Group's management team actively enforces good governance and internal controls and further instils a culture of risk management and zero tolerance for fraud; All Board members serving more than 6 months have completed DKSH Anti-Bribery and Anti-Corruption training as at 2022;

(iv) Code of Conduct ("CoC"): The CoC was updated in 2020. This policy complements our corporate values and sets overall standards for ethical and compliant behavior in all business dealings by employees and appointed third parties (further guided by the Supplier's Code of Conduct). To foster understanding and compliance with the CoC, it is compulsory for all employees to complete the CoC New Hire e-learning module launched in March 2016 and obtain a certification. In 2020, a CoC refresher course was rolled-out to all employees and was successfully completed by all employees. The CoC is also an integral part of the induction programs for new employees;

(v) Anti-Bribery and Anti-Corruption Policy ("ABAC"): This policy which was reviewed and updated in 2021 by the Board of Directors, supplements the Group's CoC and outlines a clear zero tolerance policy for bribery and corruption. It sets out the anti-bribery and corruption controls and procedures which are adopted to prevent and mitigate the Group's bribery risks. It is compulsory for new employees to complete the ABAC training module and obtain a certification. A refresher training for a targeted group of employees as selected by the Group's Governance, Risk and Compliance Function was conducted in 2022 and most of the selected employees had completed the refresher course in 2022;

(vi) Limits of Authority ("LOA"): LOA which provides clarity on authorities assigned at Corporate, Business Unit, as well as country level was updated in 2022 and is reviewed periodically to cater for the changing business environment in which the Group operates;

(vii) Anti-Fraud Policy: In line with the Group's fraud policy which was updated in 2020, the Audit Committee and the management team review all fraud cases and ensures that the Group's zero fraud tolerance policy is adhered to. Formal reports are issued on all fraud cases and a fraud logbook is maintained to record and monitor recuperation strategy, efforts and successes including any sanction or legal action taken;

(viii) Fraud/Non-Compliance Reporting: The Group has made available in 2016, a fraud/non-compliance platform for fraud/non-compliance related matters to be reported by employees and others. Genuine and legitimate concerns can be raised via e-mail to myethics@dksh.com and/or my.compliance@dksh.com. In 2020, DKSH Holding Ltd. launched the new "Integrity Line" for the employees and external stakeholders to report any potential misconduct at https://dksh.integrityline.org/;

(ix) Whistleblower Policy and Procedures: Since 2019, the Group has demarcated the direct reporting channels to serve as a platform for all employees and external parties to raise legitimate concerns about illegal, unethical or otherwise inappropriate behavior observed in the course of our business. These include questionable accounting, fraud or employee misconduct. The policy assures whistleblowers protection from reprisals and handled with confidential safeguards, if reports are made in good faith or are not malicious;

(x) Insider Trading Policy: The Group has established measures to eliminate trading of shares during blocked periods and for persons with insider knowledge and the policy was reviewed in June 2019;

(xi) Financial Reporting: The monthly and year-end financial reports are provided to Management, business managers and Finance department for review and discussion as well as the international DKSH Group of Switzerland for scrutiny;

(xii) Credit Control: Formalized credit control procedures are in place and reviewed regularly;

(xiii) Inventory Management: Stringent controls are in place for inventories, which are further subject to regular cycle counts and stock takes;

Statement on Risk Management and Internal Control (continued)

(xiv) System access rights: Regular reviews of system access rights and segregation of duties have been carried out to strengthen internal controls;

(xv) Internal Audit: The Internal Audit Department, which has been in place since the Company's listing on Bursa Malaysia in 1994, continues to independently review key business processes, risks and evaluate compliance with policies and procedures as well as assess the adequacy and effectiveness of internal controls. Findings and corrective measures are regularly reported to the Audit Committee. The modus operandi of Internal Audit is further explained on pages 90 to 91 of this Annual Report;

(xvi) Governance, Risk and Compliance ("GRC"): The GRC Department is a central contact point for all matters relating to the Company's Governance, Risk Management and Ethics and Compliance initiatives. The GRC department reports all Compliance updates to the Country Compliance Committee, a subset of the Country Management Team; and

(xvii) Organization Structure: The Board provides direction and oversight to the Group and Management and is supported by established Board Committees, namely the Audit Committee and the Nomination Committee. Each Committee has clearly defined terms of reference. Responsibility for implementing the Group's strategies, operation and day-to-day businesses is delegated to the Head Country Management & Vice President, FMCG and Management. The organization structure sets out clear segregation of roles and responsibilities, lines of accountability and limits of authority to ensure effective and independent stewardship.

Other Elements of the Group's Risk Management and Internal Control Processes

(i) Business Continuity Planning: A formalized business continuity plan is established; and

(ii) Enterprise Resource Planning System: All operating units of the Group run on a standardized and integrated SAP platform with system integrated controls.

Review of This Statement by External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the statement factually inaccurate.

Conclusion

For the year under review, and up to the date of approval of this statement, the Board considers the risk management framework and internal control system throughout the Group as sound and adequate to safeguard the shareholders' investment, stakeholders' interest and the Group's assets. The Board is satisfied that various initiatives and reviews undertaken in 2022 have further strengthened the effectiveness of the risk management processes and the internal control environment of the Group. There were no significant control failures or weaknesses that would result in material misstatements, losses or fraud.

The Board has received assurance from the Senior Director, Country Finance, Malaysia who is primarily responsible for the financial management of the Group that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the year under review and up to the date of approval of this statement.

The Board together with Management will continuously assess the suitability, adequacy and effectiveness of the Group's system of risk management and internal controls and will take corrective measures to enhance the system, as and when necessary.

This statement is made in respect of the financial year ended December 31, 2022 and in accordance with the Board's approval on April 5, 2023.

Audit Committee Report

The Audit Committee of DKSH Holdings (Malaysia) Berhad is pleased to present the Audit Committee Report for the financial year ended December 31, 2022 ("FY 2022") in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is Lai Tak Loi, appointed by the Board as member of Audit Committee and assumed the role of Chairman since November 4, 2022. This complies with Paragraph 15.09 (1) of the Main LR of Bursa Malaysia. All members have more than 20 years of business experience in various management, finance and audit functions and are financially literate.

The Audit Committee of DKSH Holdings (Malaysia) Berhad was established by the Board of Directors (the "Board") in September 1994. In performing their duties and discharging their responsibilities, the Audit Committee is guided by its terms of reference. The Audit Committee's Terms of Reference is available at the Company's website at www.dksh.com.my

Composition and Meetings

Four Audit Committee meetings were held in 2022. As a standing practice, all other Directors and the Senior Director, Country Finance, Malaysia were invited to attend all Audit Committee Meetings (except private sessions). The Senior Director, Country Finance, Malaysia facilitates the presentation as well as provides clarification on audit issues arising from the Group's operation. The Head of Internal Audit Department was invited to attend the Audit Committee Meetings to table their Internal Audit reports. During the financial year, 4 Audit Committee Meetings were held with full attendance recorded for all committee members. Lai Tak Loi attended 1 Meeting held subsequent to his appointment as a member and Chairman of the Audit Committee on November 4, 2022. The details of attendance of each Audit Committee member at the Committee's meetings during 2022 are set out below:

Audit Committee: Composition and Attendance at the Audit Committee Meetings Held in 2022

Name	Status	No. of Meetings Attended
Chan Thian Kiat	Chairman, Senior Independent Non-Executive Director (Deceased on September 1, 2022)	3 out of 4 meetings
Dr. Leong Yuen Yoong	Member, Independent Non-Executive Director	4 out of 4 meetings
Fa'izah binti Mohamed Amin	Member, Independent Non-Executive Director	4 out of 4 meetings
Lai Tak Loi	Chairman, Independent Non-Executive Director (Appointed on November 4, 2022)	1 out of 4 meetings

For FY 2022, the External Auditors attended two Audit Committee meetings during the financial year. At the meetings, the Audit Committee had separate private sessions with the External Auditors without the presence of any Executive Director and Management of the Company to discuss relevant audit issues and obtain feedback.

Minutes of the Audit Committee Meetings were recorded by the Company Secretaries and tabled for confirmation at the next following Audit Committee Meeting and subsequently presented to the Board for notation. The Audit Committee Chairman conveyed to the Board on issues of significant concern raised by the Audit Committee, Internal Auditors and/or External Auditors.

Online Assessment of Term of Office and Performance

The Company has developed its online Audit Committee members' self and peer assessments survey which was duly completed by the Audit Committee members. Upon review, the Nomination Committee noted the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference of the Audit Committee, thereby complying with Paragraph 15.20 of the Main Listing Requirements of Bursa Malaysia.

Summary of the Work of Audit Committee in 2022

In 2022, the Audit Committee conducted its activities in line with the above described responsibilities. The following is a summary of the main activities carried out by the Committee during the FY 2022:

Audit Committee Report (continued)

(i) Reviewed the quarterly financial results and annual audited financial statements before recommending to the Board for approval, focusing particularly on:
   a) The overall performance of the Group;
   b) The prospects for the Group;
   c) The changes and implementation of major accounting policies and practices; and
   d) Compliance with accounting standards and other legal requirements.

(ii) Reviewed the significant assumptions made in preparing the financial statements, including accounting estimates that have been identified as having high estimation uncertainty;

(iii) Reviewed the results of the interim and final audit by the External Auditors and the resolution of issues or areas of concern highlighted in their report;

(iv) Reviewed the independence, objectivity and effectiveness of the External Auditors and the services provided;

(v) Conducted the annual assessment on the suitability and independence of the External Auditors and received written assurance from the External Auditors confirming that they were, and have been independent throughout the conduct of their audit engagement in accordance with all relevant professional and regulatory requirements;

(vi) Reviewed with the External Auditors on the scope of work, audit plan and fees for the statutory audit for the financial year 2021 and thereafter recommend to the Board;

(vii) Assessment of the adequacy and effectiveness of the system of internal controls, reporting and risk management;

(viii) Assessment on the adequacy and performance of the Internal Audit Function;

(ix) Reviewed and approved the annual internal audit plan, scope of work and adequacy of its resources and monitoring of the audit plan;

(x) Reviewed the internal audit reports and the work performed by Internal Audit including audit findings, proposed action plans and status updates of internal audit recommendation;

(xi) Received the quarterly updates on investigations into fraud and ethics case reported;

(xii) Received the quarterly updates of new/amended accounting standards relevant to the Company;

(xiii) Reviewed the results of ad-hoc investigation audits performed by Internal Audit and the corrective actions taken;

(xiv) Reviewed the renewal of the 2022 Shareholders' Mandate for recurrent related party transactions of a revenue and trading nature entered with DKSH Holding Ltd and/or its subsidiaries before recommending their approval to the Board;

(xv) Received the quarterly updates on the actual value of recurrent related party transactions of a revenue and trading nature entered into by the Company and its subsidiaries and compliance with the authority granted pursuant to the 2021/2022 Shareholders' Mandate obtained for recurrent related party transactions;

(xvi) Reviewed the Whistleblower and Anti-Bribery and Anti-Corruption (ABAC) Policy and Procedure of the Group; and

(xvii) Reviewed the Audit Committee Report and the Statement of Risk Management and Internal Control before recommending their approval to the Board for inclusion in the Company's 2021 Annual Report.

There were no restrictions of resources or information to the Audit Committee that would have impaired the effective execution of the Audit Committee's responsibilities. Throughout the financial year, the Chairman of the Audit Committee has been in continuous contact with senior management, as well as the internal and External Auditors.

Summary of the Work of the Internal Audit Function

The Audit Committee is supported by the in-house Internal Audit department in the discharge of its duties and responsibilities. The Internal Audit Function which is independent, undertakes regular, objective and systematic review of the Group's system of internal controls, risk management and governance processes so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group. The Head of Internal Audit Department is currently supported by an Assistant Manager and two Senior Executives. The Internal Audit Function reports directly and regularly to the Chairman of the Audit Committee and a private meeting without the Management is held at least three times a year with the Chairman of the Audit Committee and since November 2020, the members of Audit Committee are invited for the private meeting as well.

The objective, authority and responsibility of the Internal Audit department as well as the nature of assurance and consultancy activities provided by the Function are described in the Internal Audit Charter. The Audit Committee has reviewed the Charter to ensure an appropriate structure, scope of activities, access and reporting arrangements are in place.

Audit Committee Report (continued)

The annual internal audit plan is reviewed and approved by the Audit Committee prior to the commencement of the audits. The audit plan is formulated based on a risk-based approach, which involved a combination of risk-assessment conducted by the Internal Audit Function and reviewed of the Group Risk Profile as prepared by the Risk Management Department. The audit approach is to focus on high risk business processes and to assess the effectiveness of internal controls therein.

The audit reports, including significant findings in respect of any non-compliance/process improvement, recommendations based on root cause analysis and along with overall audit conclusion, are highlighted for Management and Audit Committee's attention. Measures and agreed actions by Management to address the improvement areas highlighted are followed-up and reviewed on a quarterly basis.

As a subsidiary of the international DKSH Group of Switzerland, the Internal Audit department receives regular support, training and resources from the Global Internal Audit team, which is based in Singapore. In the year under review, Internal Audit has continued its collaborative efforts with the Global Internal Audit team. This has benefited audits and audit coverage and the transfer of knowledge and best practices from other DKSH world-wide operations into the Malaysian operations.

The internal audit activities carried out during the year encompassed the following:

(i) Operational, financial and compliance audits, as well as fraud investigations;
(ii) Collaboration with auditors from the Global Internal Audit team on selected areas;
(iii) Follow-up on implementation of recommendations and/or corrective actions by Management in addressing issues based on the audit findings; and
(iv) Performing of ad-hoc consultation and operational reviews as requested by the Audit Committee and/or Management.

The Audit Committee has assessed the adequacy and performance of the Internal Auditors for FY 2022 based on the following main criteria:

(i) Qualification;
(ii) Understanding;
(iii) Charter and Structure;
(iv) Skills and experiences;
(v) Communication;
(vi) Internal Audit Function; and
(vii) Performance.

All Internal Auditors have relevant audit background and experience. The total costs incurred for the Internal Audit function in respect of the financial year ended December 31, 2022 was approximately RM 501,432 (2021: RM 509,061) comprising mainly salaries, travelling, training and operational expenses.

This Audit Committee Report is made in accordance with the Resolution of the Board of Directors passed on February 21, 2023.

Additional Compliance Information

Utilisation of Proceeds
During the financial year, no proceeds were raised by the Company from any corporate proposal.

Share Buybacks
The Company did not undertake any share buy-back exercise during the financial year.

Recurrent Related Party Transactions of a revenue or trading nature ("RRPTs")
At the last Annual General Meeting of the Company held on May 26, 2022, the Company had obtained approval from shareholders to allow the Group to enter into RRPTs as specified in the Circular to Shareholders of the Company dated April 27, 2022.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the details of RRPTs conducted during the financial year 2022 pursuant to the aforesaid shareholders' mandate are set out in the table below:

	Nature of RRPTs	Transacting parties with whom DKSH Group Transact(s)	Interested Related Parties (as defined hereinunder) *	Amount transacted during the financial year 2022 RM'000
(i)	Hosting and support of system applications, data processing applications, provision of infrastructure and support facilities, provision of IT and organizational consultancy services by the transacting party to DKSH Holdings (Malaysia) Berhad and its subsidiaries ("DKSH Group")	DKSH Corporate Shared Services Center Sdn. Bhd. ("CSSC")	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	29,421
(ii)	Sale of goods by DKSH Group to transacting parties	DKSH Holding Ltd. and its subsidiaries	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	9,393
(iii)	Provision of distribution and logistics services by DKSH Group to transacting parties	DKSH Holding Ltd. and its subsidiaries	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	18,901
(iv)	Provision of Merchandising Services and Promotion Services by transacting parties for products distributed by DKSH Group	DKSH Holding Ltd. and its subsidiaries	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	16,072

Additional Compliance Information (continued)

***Notes:**

1) DKSH Resources (Malaysia) Sdn. Bhd. ("DKSH Resources") is a major shareholder of DKSH Holdings (Malaysia) Berhad ("DHMB") (74.31% direct interest as at March 31, 2023) and a wholly-owned subsidiary of DKSH Asia.
2) DKSH Holdings (Asia) Sdn. Bhd. ("DKSH Asia") is the holding company of DKSH Resources and a wholly-owned subsidiary of DKSH Holding Ltd.
3) DKSH Holding Ltd. is the holding company of DKSH Asia and the ultimate holding company of DKSH Resources.
4) Stephen John Ferraby ("SJF") is a Non-Independent Non-Executive Director and has been nominated to the Board of DHMB by DKSH Resources. SJF is a person connected with DKSH Holding Ltd., DKSH Asia and DKSH Resources.
5) Lian Teng Hai ("LTH") is a Non-Independent Non-Executive Director and has been nominated to the Board of DHMB by DKSH Resources. LTH is a person connected with DKSH Holding Ltd., DKSH Asia and DKSH Resources.

Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for financial year 2022 are as follows:

	Group (RM)	Company (RM)
Audit services rendered	573,500	99,650
Non-Audit services rendered • Report on Directors' Statement on Risk Management and Internal Control	5,000	5,000
Total	578,500	104,650

Material Contracts and Contracts relating to loan

None of the Directors and/or major shareholders has any material contract with the Company and/or its subsidiaries either still subsisting at the end of the financial year ended December 31, 2022 or entered into since the end of the previous financial year.

Directors' Training and Education

The Directors attended numerous trainings during the financial year ended December 31, 2022 and the details of trainings are disclosed in the Statement on Corporate Governance on pages 81 and 82 of this Annual Report.

Share issuance scheme for employees

The Group did not offer any share scheme for employees during the financial year ended December 31, 2022.

List of Properties

The Group did not own any properties as at December 31, 2022.

Statement of Directors' Responsibility

In Respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of the CA in Malaysia, and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

This Statement on Directors' Responsibility is made in accordance with a resolution of the Board of Directors passed on April 20, 2023.

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended December 31, 2022.

Principal activities
The Company is principally an investment holding company. The principal activities of the Group are the provisioning of Market Expansion Services, which range from marketing, to providing sales force, distribution and logistics, invoicing and credit control, handling of inventory and returned goods and other value added services. These services are provided to consumer goods, healthcare and performance materials clients. The Group also operates retail outlets selling Famous Amos cookies, manufacturing and supplying of butter and margarine, and related bakery, confectionery and dairy products.

Other information relating to the subsidiaries are disclosed in Note 13 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit/(loss) net of tax	104,214	(2,403)
Profit/(loss) attributable to owners of the parent	104,214	(2,403)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends
The amount of dividend paid by the Company since December 31, 2021 was as follows:

	RM'000
In respect of the financial year ended December 31, 2021, a final single tier dividend of 11.0 sen per share, on 157,658,076 ordinary shares was paid on July 28, 2022	17,342

Dividends
The Directors have declared a special single tier dividend of 16.0 sen per share on 157,658,076 ordinary shares amounting to RM25,225,292. The financial statements for the current financial year do not reflect this declared special dividend. Such dividend will be accounted for in the financial year ending December 31, 2023.

The Directors have recommended for shareholders' approval, at the forthcoming Annual General Meeting, a final single tier dividend of 16.0 sen per share on 157,658,076 ordinary shares amounting to RM25,225,292. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the financial year ending December 31, 2023.

Directors' Report (continued)

Directors
The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Stephen John Ferraby	
Lian Teng Hai	
Dr. Leong Yuen Yoong	
Fa'izah binti Mohamed Amin	(Appointed on January 1, 2022)
Puneet Mishra*	(Appointed on February 23, 2022)
Lai Tak Loi	(Appointed on November 4, 2022)
Datuk Haji Abdul Aziz bin Ismail	(Resigned on January 1, 2022)
Jason Michael Nicholas McLaren*	(Resigned on January 6, 2022)
Chan Thian Kiat	(Deceased on September 1, 2022)

* This Director is also a Director of the Company's subsidiaries.

The names of the Directors of the subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Ooi Eng Keong	
Hoo Fan Lee	
Gan Wen Nie	
Thamayenthi Narayanan	
Liew Mei Ling	
Ten Lam Sam @ Teh Lam Sam	
Chan Choon Moy	
Than Lee Seei	(Appointed on June 13, 2022)
Chee Weng Loon	(Appointed on July 21, 2022)
Jaclyn Ang Swee Yin	(Appointed on September 15, 2022)
Ng Hong Sim	(Resigned on June 13, 2022)

Directors' benefits
Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' Report (continued)

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2022	**Acquired**	**Deceased/ Resigned**	**At 31.12.2022**
Ultimate holding company **DKSH Holding Ltd.**				
Stephen John Ferraby	21,061	3,788	–	24,849
The Company **DKSH Holdings (Malaysia) Berhad**				
Stephen John Ferraby	10,000	–	–	10,000
Chan Thian Kiat	5,000	–	(5,000)	–
Subsidiaries **DKSH (B) Sdn. Bhd.**				
Jason Michael Nicholas McLaren	1	–	(1)	–
FACC (B) Sdn. Bhd.				
Jason Michael Nicholas McLaren	1	–	(1)	–

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Holding companies

The immediate and intermediate holding companies of the Company are DKSH Resources (Malaysia) Sdn. Bhd. and DKSH Holdings (Asia) Sdn. Bhd. respectively, both of which are incorporated in Malaysia. The ultimate holding company of the Company is DKSH Holding Ltd., a company incorporated in Switzerland and listed on the SIX Swiss Exchange.

Indemnity and insurance

During the financial year, the total amount of indemnity given to the Directors and officers of the Group and of the Company is limited to a maximum liability of RM22,000,000 in aggregate. The total amount of insurance premium paid for the financial year ended December 31, 2022 was RM12,000.

Directors' Report (continued)

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
   (ii) to ensure that any current assets which were unlikely to realize their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realize.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:
   (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:
   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:
   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant event

The Directors regard the acquisition of a subsidiary during the financial year to be a significant event. Details of significant event are disclosed in Note 13 to the financial statements.

Directors' Report (continued)

Auditors and auditors' remuneration
The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated April 5, 2023.

Puneet Mishra **Fa'izah binti Mohamed Amin**

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Puneet Mishra and Fa'izah Binti Mohamed Amin, being two of the Directors of DKSH Holdings (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 105 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated April 5, 2023.

Puneet Mishra

Fa'izah binti Mohamed Amin

Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Puneet Mishra, being the Director primarily responsible for the financial management of DKSH Holdings (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 105 to 180 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Puneet Mishra
at Kuala Lumpur, Wilayah Persekutuan
on April 5, 2023

Puneet Mishra

Before me,

Mohd Fitry Abdul Ghani
Commissioner of Oaths
No. W703

Independent Auditors' Report

to the Members of DKSH Holdings (Malaysia) Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion
We have audited the financial statements of DKSH Holdings (Malaysia) Berhad, which comprise the statements of financial position as at December 31, 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 105 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at December 31, 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion
We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities
We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. We have determined that there is no key audit matter to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to the matter reported below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

Risk
We draw your attention to Note 2.18(a) and Note 3.2 to the financial statements.

Total revenue for the Group for the financial year ended December 31, 2022 amounted to RM7.16 billion, which represents the most significant amount in the financial statements of the Group.

Independent Auditors' Report

to the Members of DKSH Holdings (Malaysia) Berhad (Incorporated in Malaysia) (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Revenue recognition (continued)

Risk (continued)
The Group derives different streams of revenues arising from different structures of transactions and arrangements with its suppliers and customers from its business models.

Management has determined the following streams of revenues from its business models:

- Revenue from Marketing and Distribution stream is primarily derived from the comprehensive portfolio of services provided, ranging from marketing and sales, to distribution and logistics, invoicing and credit control, handling of inventory and trade returns and other value-added services; and
- Revenue from Logistic stream is derived from supply chain services provided, ranging from warehousing and distribution, to order processing and collections. This also includes distribution of prepaid telephone cards.

Tailor-made services offered along this value chain result in distinctive services being provided to cater the needs of each supplier and customer of the Group. For each distinctive arrangement, management has to exercise judgement to determine whether the Group has the primary responsibility for providing the goods or services or for fulfilling the order, pricing latitude and inventory risk.

Hence, assessing whether a sale transaction contains the features of acting as principal or as an agent requires significant judgement. This requires detailed analysis of each contract regarding terms of business arrangements. These judgements could result in a risk that revenue from the sale of goods and/or services rendered is presented in gross amounts instead of net amounts, or vice versa.

Our audit response
In addressing this area of focus, we have performed, amongst others, the following procedures:

a) We have read and analyzed the contractual terms of the contracts with suppliers and arrangement with customers, on sampling basis, to evaluate management's assessment with regard to whether the Group is acting as principal or agent in accordance with MFRS 15 Revenue from Contracts with Customers;
b) We have used data analytics to identify any material new revenue streams; and
c) We have tested the internal controls over the recording of revenue transactions based on the revenue streams.

Information other than the financial statements and auditors' report thereon
The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon which we obtained prior to the date of this auditors' report, and the Group's 2022 Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

Independent Auditors' Report

to the Members of DKSH Holdings (Malaysia) Berhad (Incorporated in Malaysia) (continued)

Report on the audit of the financial statements (continued)

Information other than the financial statements and auditors' report thereon (continued)
In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements
The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

to the Members of DKSH Holdings (Malaysia) Berhad (Incorporated in Malaysia) (continued)

Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Phang Oy Lin
No. 02985/03/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
April 5, 2023

Statements of Comprehensive Income

For the Financial Year Ended December 31, 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	4	7,162,687	6,738,388	2,575	24,363
Changes in inventories of finished goods		56,873	(19,681)	–	–
Raw materials and packaging materials used and finished goods purchased		(6,433,025)	(5,948,346)	–	–
Other income		15,275	23,788	935	10,419
Staff costs	5	(263,407)	(258,231)	–	–
Warehousing and logistics expenses		(153,747)	(137,474)	–	–
Reversal of loss allowance on trade receivables		2,325	820	–	–
Rental expenses		(2,227)	(2,035)	–	–
Depreciation of property, plant and equipment		(10,011)	(10,422)	–	–
Depreciation of rights-of-use assets		(37,155)	(36,909)	–	–
Amortization of intangible assets		(13,028)	(12,159)	–	–
Traveling and entertainment expenses		(11,738)	(8,747)	–	–
Information technology and communication expenses		(35,143)	(31,288)	–	–
Utilities, upkeep, repairs and maintenance costs		(18,973)	(16,909)	–	–
Office expenses		(5,259)	(6,959)	–	–
Other selling, advertising and promotional expenses		(53,199)	(88,256)	–	–
Other expenses		(26,984)	(30,664)	(1,708)	(4,896)
Finance costs	7	(28,002)	(28,033)	(4,205)	(13,674)
Profit/(loss) before tax	8	145,262	126,883	(2,403)	16,212
Income tax expense	9	(41,048)	(35,608)	–	(1,805)
Profit/(loss) net of tax		104,214	91,275	(2,403)	14,407
Other comprehensive income					
Currency translation differences to be reclassified to profit or loss in subsequent periods		26	2	–	–
Other comprehensive income for the financial year, net of tax		26	2	–	–
Total comprehensive income/(loss) for the financial year		104,240	91,277	(2,403)	14,407
Profit/(loss) attributable to owners of the parent		104,214	91,275	(2,403)	14,407
Total comprehensive income/(loss) attributable to owners of the parent		104,240	91,277	(2,403)	14,407
Earnings per share attributable to owners of the parent • basic (sen)	10	66.10	57.89	–	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at December 31, 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	27,644	26,406	–	–
Intangible assets	12	378,064	369,631	–	–
Investments in subsidiaries	13	–	–	563,028	563,028
Deferred tax assets	14	7,751	7,975	–	–
Advances to subsidiaries	15	–	–	594	20,788
Right-of-use assets	26	132,313	115,294	–	–
		545,772	519,306	563,622	583,816
Current assets					
Inventories	16	789,954	726,928	–	–
Right of return assets	17	3,294	2,552	–	–
Trade and other receivables	18	1,550,673	1,319,772	725	1,379
Advances to subsidiaries	15	–	–	–	225,500
Advances to holding company	15	3,532	–	3,532	–
Tax recoverable		1,862	2,093	603	–
Cash and bank balances	19	35,923	109,477	40	48
		2,385,238	2,160,822	4,900	226,927
Total assets		2,931,010	2,680,128	568,522	810,743
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	20	182,172	182,172	182,172	182,172
Foreign currency translation reserve		173	147	–	–
Retained earnings	21	649,211	562,339	313,676	333,421
Total equity		831,556	744,658	495,848	515,593

Statements of Financial Position

As at December 31, 2022 (continued)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current liabilities					
Trade and other payables	22	1,557,925	1,321,499	512	584
Derivative financial instruments	23	1,108	1,287	–	905
Borrowings (unsecured)	24	188,259	450,000	–	225,000
Income tax payable		15,003	10,262	–	118
Lease liabilities	26	34,288	27,738	–	–
		1,796,583	1,810,786	512	226,607
Non-current liabilities					
Borrowings (unsecured)	24	186,289	20,744	72,162	68,543
Provision for other liabilities	25	2,851	2,771	–	–
Deferred tax liabilities	14	4,905	6,675	–	–
Lease liabilities	26	106,426	94,494	–	–
Other payable	22	2,400	–	–	–
		302,871	124,684	72,162	68,543
Total liabilities		2,099,454	1,935,470	72,674	295,150
Total equity and liabilities		2,931,010	2,680,128	568,522	810,743

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes In Equity

For the Financial Year Ended December 31, 2022

		Attributable to owners of the parent			
		Non-distributable		Distributable	
	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group					
At January 1, 2022		182,172	147	562,339	744,658
Total comprehensive income		–	26	104,214	104,240
Transaction with owners					
Dividend for financial year ended December 31, 2021	27	–	–	(17,342)	(17,342)
Total transaction with owners		–	–	(17,342)	(17,342)
At December 31, 2022		182,172	173	649,211	831,556
At January 1, 2021		182,172	145	486,830	669,147
Total comprehensive income		–	2	91,275	91,277
Transaction with owners					
Dividend for financial year ended December 31, 2020	27	–	–	(15,766)	(15,766)
Total transaction with owners		–	–	(15,766)	(15,766)
At December 31, 2021		182,172	147	562,339	744,658

Statements of Changes In Equity

For the Financial Year Ended December 31, 2022 (continued)

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
Company				
At January 1, 2022		182,172	333,421	515,593
Total comprehensive income		–	(2,403)	(2,403)
Dividend for financial year ended December 31, 2021	27	–	(17,342)	(17,342)
Total transaction with owners		–	(17,342)	(17,342)
At December 31, 2022		182,172	313,676	495,848
At January 1, 2021		182,172	334,780	516,952
Total comprehensive income		–	14,407	14,407
Dividend for financial year ended December 31, 2020	27	–	(15,766)	(15,766)
Total transaction with owners		–	(15,766)	(15,766)
At December 31, 2021		182,172	333,421	515,593

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended December 31, 2022

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Cash flows from operating activities				
Profit/(loss) before tax	145,262	126,883	(2,403)	16,212
Adjustments for non-cash items:				
Property, plant and equipment:				
• depreciation	10,011	10,422	–	–
• written off	314	123	–	–
• net gain on disposals	(23)	(42)	–	–
Depreciation of right-of-use assets	37,155	36,909	–	–
Reversal of provision for property restoration cost	(28)	–	–	–
Inventories:				
• written off	21,886	26,366	–	–
• net reversal of write-down of slow moving inventories	(3,618)	(2,421)	–	–
Reversal of loss allowance on trade receivables	(2,325)	(820)	–	–
Interest income (Note c)	(510)	(664)	(2,575)	(9,874)
Interest expense (Note b)	28,002	28,033	4,205	13,674
Dividend income	–	–	–	(14,489)
Gain on lease modification and addition	–	(47)	–	–
Rent concessions COVID-19	(131)	(1,684)	–	–
Gain on disposal of a subsidiary	–	(8,520)	–	(6,364)
Net unrealized foreign exchange (gains)/losses	(348)	103	(30)	–
Net unrealized derivative gains	(179)	(4,835)	(905)	(4,056)
Amortization of intangible assets	13,028	12,159	–	–
Operating cash flows before changes in working capital	248,496	221,965	(1,708)	(4,897)
Changes in working capital:				
Inventories	(78,815)	(12,267)	–	–
Right of return assets	(742)	(1,052)	–	–
Receivables	(226,394)	41,881	(424)	192
Payables	232,236	2,211	(1)	115
Cash flows generated from/(used in) operations	174,781	252,738	(2,133)	(4,590)
Dividend received	–	–	–	14,489
Interest received (Note c)	483	664	3,683	11,930
Interest paid (Note b)	(28,028)	(28,169)	(4,276)	(13,771)
Tax paid	(38,853)	(36,275)	(721)	(2,783)
Net cash flows generated from/(used in) operating activities	108,383	188,958	(3,447)	5,275

Statements of Cash Flows

For the Financial Year Ended December 31, 2022 (continued)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	102	197	–	–
Purchase of property, plant and equipment (Note a)	(10,835)	(8,411)	–	–
Investment in a subsidiary	–	–	–	(12,500)
Net cash inflows from disposal of a subsidiary (Note 13)	–	18,657	–	18,864
Net cash outflows from acquisition of a subsidiary (Note 13)	(18,450)	–	–	–
Net cash flows (used in)/generated from investing activities	(29,183)	10,443	–	6,364
Cash flows from financing activities				
Dividends paid on ordinary shares	(17,342)	(15,766)	(17,342)	(15,766)
Net repayment of external borrowings	(95,000)	(83,000)	(225,000)	(275,000)
Net advances from/(to):				
• intermediate holding company	237	265	237	265
• immediate holding company	(13,224)	(12,788)	(13,224)	(13,488)
Repayment of lease liabilities	(35,710)	(34,039)	–	–
Net advances to subsidiaries	–	–	258,768	292,284
Net cash flows (used in)/generated from financing activities	(161,039)	(145,328)	3,439	(11,705)
Changes in cash and cash equivalents	(81,839)	54,073	(8)	(66)
Currency translation differences	26	2	–	–
Cash and cash equivalents at beginning of financial year	109,477	55,402	48	114
Cash and cash equivalents at end of financial year (Note 19)	27,664	109,477	40	48

Note:

(a) The additions in property, plant and equipment were acquired by way of:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Cash	10,835	8,411	–	–
Deferred payment	1,394	229	–	–
Provision for property restoration cost	–	161	–	–
Less: Payment made for previous financial year acquisitions	(229)	(189)	–	–
Additions (Note 11)	12,000	8,612	–	–

Statements of Cash Flows

For the Financial Year Ended December 31, 2022 (continued)

Note: (continued)

(b) A reconciliation of interest expense and interest paid is as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Interest paid	28,028	28,169	4,276	13,771
Interest payable	156	182	292	363
Less: Payment made for previous financial year interest expense	(182)	(318)	(363)	(460)
Interest expense (Note 7)	28,002	28,033	4,205	13,674

(c) A reconciliation of interest income and interest received is as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Interest received	483	664	3,683	11,930
Interest receivable	27	–	121	1,229
Less: Receipt for previous financial year interest income	–	–	(1,229)	(3,285)
Interest income (Note 8)	510	664	2,575	9,874

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

December 31, 2022 (continued)

1. Corporate Information

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at B-11-01, The Ascent, Paradigm, No. 1, Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The immediate and intermediate holding companies of the Company are DKSH Resources (Malaysia) Sdn. Bhd. and DKSH Holdings (Asia) Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The ultimate holding company of the Company is DKSH Holding Ltd., a company incorporated in Switzerland and listed on the SIX Swiss Exchange.

The Company is principally an investment holding company. The principal activities of the Group are the provisioning of Market Expansion Services, which range from marketing, to providing sales force, distribution and logistics, invoicing and credit control, handling of inventory and returned goods and other value added services. These services are provided to consumer goods, healthcare and performance materials clients. The Group also operates retail outlets selling Famous Amos cookies, manufacturing and supplying of butter and margarine, and related bakery, confectionery and dairy products.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on April 5, 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Several amendments and interpretations apply for the first time in 2022, but do not have a material impact on the financial statements of the Group and of the Company. These amendments and interpretations were Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations), Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment), Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets), Subsidiary as a first -time adopter (Annual Improvements to MFRS 1 First-time Adoption of International Financial Reporting Standards) and Fees in the '10 per cent' test for derecognition of financial liabilities (Annual Improvements to MFRS 9 Financial Instruments).

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

A number of amendments, such as MFRS 17 Insurance Contracts, Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts), Definition of Accounting Estimates (Amendments to MFRS 108), Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112), MFRS 16 Lease Liability in a Sale and Leaseback (Amendments to MFRS 16) are effective for annual periods beginning after January 1, 2023 and earlier application is permitted. Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) effective date was postponed. The Group has not early adopted the new or amended standards. The amended standards are not expected to have a significant impact on the Group's financial statements.

2.4 Economic entities in the Group

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.4 Economic entities in the Group (continued)

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.5 Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realized within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.6 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative disclosures of fair value measurement hierarchy — Note 31(e)
- Financial instruments (including those carried at amortized cost) — Notes 18, 22

2.7 Intangible assets

(a) Trademarks

Acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks over its estimated useful life of an average of 10 years. The accounting policy on impairment of non-financial assets is disclosed in Note 2.10.

(b) Goodwill

The accounting policy on goodwill is disclosed in Note 2.4(b).

(c) Distribution rights

Distribution rights acquired in a business combination are recognized at fair value at the acquisition date. Distribution rights have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over its estimated useful life ranging from 3 - 5 years. The accounting policy on impairment of non-financial assets is disclosed in Note 2.10.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of comprehensive income.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statements of comprehensive income during the financial year in which they are incurred. The present value of the expected cost for the restoring an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The accounting policy on restoration cost is further disclosed in Note 2.17.

Property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarized as follows:

Renovations	3 - 10 years
Plant and machinery	5 - 10 years
Furniture, fittings and equipment	3 - 10 years
Motor vehicles	5 years

Depreciation on work-in-progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the financial year.

At the end of the financial year, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note 2.10.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other gains/(losses) from operations.

2.9 Investments in subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

Investment in a subsidiary is carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of comprehensive income.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the financial year.

The impairment loss is charged to the statements of comprehensive income. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognized in the statements of comprehensive income.

2.11 Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy on impairment of non-financial assets is disclosed in Note 2.10.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.11 Leases (continued)

As lessee (continued)
The Group's property leases principally relating to warehouse and office typically include an initial non-cancellable period with an option to renew for an additional fixed period.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. All relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that could affect the exercise.

The Group applies the short-term lease recognition exemption in case the lease period is shorter than 12 months. It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

As lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.12 Inventories
Inventories comprise raw materials, packaging materials and finished goods. Inventories are stated at the lower of cost and net realizable value.

Cost is principally determined on a weighted average basis and comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. The cost of conversion includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.13 Share capital

(a) Classification
Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

(b) Dividends distribution
Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognized in the period in which the dividends are approved.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.14 Taxes

(a) Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognized in the statements of comprehensive income except to the extent that the tax relates to items recognized outside the statements of comprehensive income, either in other comprehensive income or directly in equity.

(b) Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all temporary differences, except:
- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statements of comprehensive income is recognized outside the statements of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.14 Taxes (continued)

(c) Sales and Services Tax ("SST")
When SST is incurred, SST is recognized as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Whereas, revenue is recognized net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.15 Employee benefits

(a) Short term employee benefits
The Group recognizes a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

(b) Defined contribution plan
Companies incorporated in Malaysia contribute to the Employees Provident Fund, the defined contribution plan. The Group's contributions are charged to the statements of comprehensive income. Once the contributions have been paid, the Group has no further payment obligations.

2.16 Cash and cash equivalents
For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and bank balances and short-term deposits, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Restoration cost
Provision for restoration cost is estimated cost of dismantling, removing or restoring the property, plant and equipment at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition

(a) Sale of goods and rendering of services
The Group's sales are generated from the distribution of consumer goods, healthcare products and performance material products and from rendering of services. Revenue is recognized when a contractual promise to a customer has been fulfilled by transferring control over the promised goods or services, principally at the time of shipment to or receipt of the products by the customer, or over time when the services are performed. The Group's contractual promises generally represent one performance obligation. However, if a contract includes more than one performance obligation, the consideration is allocated based on the standalone selling prices of the individual performance obligations. The amount of revenue recognized is based on the expected consideration in exchange for the goods and services, taking into account contractually defined terms (e.g. trade discounts, cash discounts, volume rebates and returns) and excluding taxes or duty.

In both Marketing and Distribution, and Logistics segments, the Group enters into contracts with its suppliers for the distribution of products. Under these contracts, the Group might also provide procurement, marketing, sales, warehousing, logistics and collection services. The Group assesses on a contract-by-contract basis whether it is acting as a principal or agent. In some cases, the Group might not be considered the party primarily responsible for fulfilling the promise to the customer to provide the products, and/or might not have inventory risk before products has been transferred to the customer and/or might not have discretion in establishing the price for the specified product. In limited cases where the Group is acting as an agent, only the margin on sale, the fees or commissions earned are recorded in net sales.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return, allowance and rebate. The rights of return, allowance and rebate give rise to variable consideration.

(i) Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the most likely amount method to estimate the goods that will not be returned. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability (included in trade and other payables). A right of return asset and corresponding adjustment to cost of sales are also recognized for the right to recover products from a customer.

(ii) Allowance and rebate
The Group provides allowance and rebate to certain customers based on certain criteria and consideration. Allowance and rebate are offset against amounts payable by the customer. To estimate the variable consideration for the expected future allowance and rebate, the Group applies the most likely amount method. The Group then applies the requirements on constraining estimates of variable consideration.

(b) Other revenue
Other revenue earned by the Group is recognized on the following basis:
- Interest income is recognized using the effective yield method.
- Rental income is recognized as they accrue unless collectability is in doubt.
- Dividend income is recognized when the entity's right to receive payment is established.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.19 Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

2.20 Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.21 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognized in the statements of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognized initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statements of comprehensive income of the Group and of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statements of comprehensive income for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. Exchange differences arising from such non-monetary items are also recognized directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognized in the statements of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.22 Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15. The accounting policy for revenue recognition is set out in Note 2.18.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.22 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's and the Company's financial assets at amortized cost includes trade receivables, cash and bank balances and other financial receivables.

Financial assets at fair value through OCI (debt instruments)
The Group and the Company do not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
The Group and the Company have not elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
The Group and the Company have not classified any financial assets at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's and the Company's statements of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.22 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Derecognition (continued)
When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. These provisions represent the difference between the trade receivables gross carrying amount and the estimated net collectible amount. The Group considers a financial asset in risk of default when contractual payments are 270 days past due. Trade receivables are written off against the provision account when there is an official announcement of liquidation or bankruptcy confirming that the receivable will not be collected.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s and the Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.22 Financial instruments - initial recognition and subsequent measurement (continued)

(b) Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has designated derivative financial instruments as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Financial liabilities at amortized cost (other financial liabilities)
The Group's and the Company's other financial liabilities include trade and other payables.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. For other financial liabilities, gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Notes to the Financial Statements

December 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

2.23 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a currently legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, and to realize the asset and settle the liability simultaneously.

2.24 Borrowing costs
Borrowing costs are capitalized as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalized until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognized in the statements of comprehensive income in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Segment reporting
For management purposes, the Group is organized into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. These segmental information are reviewed by the chief operating decision maker. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Significant accounting judgments and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill
Goodwill are tested for impairment at least annually and upon the occurrence of an indication of impairment. The impairment tests are performed annually at the same time each financial year at the cash-generating unit ("CGU") level. The Group defines its CGUs based on the way that it monitors and derives economic benefits from the acquired goodwill. The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount. The recoverable amount is the greater of the fair value less cost of disposal and value-in-use. Generally, the Group starts with a value-in-use calculation based on the future projected free cash flows discounted at an appropriate pre-tax rate of return. These calculations use free cash flow projections for the next five years based on financial budgets and economic growth rates approved by the Executive Committee. The discount rate reflects the current assessment of the time value of money and the risks specific to the CGUs (essentially country risks). The carrying amount of goodwill at December 31, 2022 was RM359 million (2021: RM342 million). Further details are disclosed in Note 12.

Notes to the Financial Statements

December 31, 2022 (continued)

3. Significant accounting judgments and estimates (continued)

3.2 Critical judgment in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Revenue recognition - Principal versus agent considerations

The Group derives different streams of revenues arising from different structures of transactions and arrangements with its suppliers and customers from its business models.

The determination of whether the Group is principal or agent requires judgement. In making this judgement, the Group evaluates, among other factors, whether the Group has the primary responsibility for providing the goods or services or for fulfilling the order, latitude in establishing the price and control over inventory risk. Therefore, the Group reviews its contractual arrangements with each supplier and customer to assess whether they are acting as principal or agent in a specific arrangement. The Group also reviews its contractual arrangements when there are variations to the contract terms.

Management exercises judgement based on the above features to determine whether the Group is acting as principal or agent for each arrangement.

4. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sale of goods	7,048,677	6,637,700	–	–
Rendering of services	114,010	100,688	–	–
Interest income:				
• subsidiaries	–	–	2,525	9,873
• immediate holding company	–	–	47	–
• others	–	–	3	1
Dividend income:				
• subsidiaries	–	–	–	14,489
	7,162,687	6,738,388	2,575	24,363
Timing of transfer of goods and services				
At a point in time	7,048,677	6,637,700	–	–
Over time	114,010	100,688	–	–
	7,162,687	6,738,388	–	–

Notes to the Financial Statements

December 31, 2022 (continued)

5. Staff costs

	Group	
	2022 RM'000	**2021 RM'000**
Salaries and bonuses	186,221	179,811
Defined contribution plan	27,939	27,532
Other employee benefits	51,237	53,015
	265,397	260,358
Staff costs included in cost of conversion of inventories	(1,990)	(2,127)
	263,407	258,231

Included in staff costs are Executive Directors' remuneration as disclosed in Note 6.

6. Directors' remuneration

The details of remuneration received/receivable by the Directors of the Group and of the Company for the financial year are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-executive Directors:				
• fees	241	241	241	241
Executive Directors:				
• salaries	942	795	–	–
• bonuses	722	325	–	–
• defined contribution plan	203	–	–	–
• other employee benefits	175	522	–	–
	2,042	1,642	–	–
Total remuneration	2,283	1,883	241	241

Notes to the Financial Statements

December 31, 2022 (continued)

6. Directors' remuneration (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-executive Directors:				
• fees				
Lee Chong Kwee	–	34	–	34
Datuk Haji Abdul Aziz bin Ismail	–	53	–	53
Chan Thian Kiat	53	66	53	66
Lian Teng Hai	55	53	55	53
Dr. Leong Yuen Yoong	65	35	65	35
Fa'izah binti Mohamed Amin	55	–	55	–
Lai Tak Loi	13	–	13	–
Total remuneration				
• Non-executive Directors	241	241	241	241
Executive Directors:				
Jason Michael Nicholas McLaren				
• salaries	13	795	–	–
• bonuses	404	325	–	–
• other employee benefits	34	522	–	–
	451	1,642	–	–
Puneet Mishra				
• salaries	929	–	–	–
• bonuses	318	–	–	–
• defined contribution plan	203	–	–	–
• other employee benefits	141	–	–	–
	1,591	–	–	–
Total remuneration				
• Executive Directors	2,042	1,642	–	–

Notes to the Financial Statements

December 31, 2022 (continued)

7. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense:				
• bankers' acceptances	340	312	–	–
• promissory notes	874	517	–	–
• revolving credit	6,360	6,256	267	–
• term loans	11,697	11,995	2,354	11,995
• advances from holding companies	467	728	467	728
• advance from subsidiaries	–	–	1,117	951
• lease liabilities (Note 26)	7,343	7,082	–	–
• others	921	1,143	–	–
	28,002	28,033	4,205	13,674

8. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
• statutory audits	574	504	100	95
• other services	5	5	5	5
Amortization of intangible assets	13,028	12,159	–	–
Property, plant and equipment:				
• depreciation	10,011	10,422	–	–
• written off	314	123	–	–
• net gain on disposals	(23)	(42)	–	–
Depreciation of right-of-use assets	37,155	36,909	–	–
Reversal of provision for property restoration cost	(28)	–	–	–
Gain on lease modification and addition	–	(47)	–	–
Rent concessions COVID-19	(131)	(1,684)	–	–
Interest income:				
• subsidiaries	–	–	(2,525)	(9,873)
• immediate holding company	(47)	–	(47)	–
• related company	(3)	–	(3)	–
• external parties	(460)	(664)	–	(1)

Notes to the Financial Statements

December 31, 2022 (continued)

8. Profit/(loss) before tax (continued)

The following items have been included in arriving at profit/(loss) before tax: (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net derivatives (gains)/losses:				
• realized	(4,340)	4,921	910	4,051
• unrealized	(179)	(4,835)	(905)	(4,056)
Net foreign exchange (gains)/losses:				
• realized	(724)	1,180	–	–
• unrealized	(348)	103	(30)	–
Gain on disposal of a subsidiary (Note 13)	–	(8,520)	–	(6,364)
Inventories:				
• written off	21,886	26,366	–	–
• net reversal of write-down of slow moving inventories	(3,618)	(2,421)	–	–
Reversal of loss allowance on trade receivables	(2,325)	(820)	–	–
Rental expenses	2,227	2,035	–	–
Rental income:				
• related companies	(1,122)	(1,132)	–	–
• external parties	(1,825)	(393)	–	–

9. Income tax expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax:				
• Current financial year	44,649	35,093	5	1,805
• (Over)/under provision in prior financial years	(824)	1,144	(5)	–
	43,825	36,237	–	1,805
Deferred tax (Note 14):				
• Relating to origination and reversal of temporary differences	(3,345)	(1,984)	–	–
• Under provision in prior financial years	568	1,355	–	–
	(2,777)	(629)	–	–
Total income tax expense	41,048	35,608	–	1,805

Notes to the Financial Statements

December 31, 2022 (continued)

9. Income tax expense (continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. Pursuant to the Finance Act 2021, a one-off corporate income tax rate of 33% (known as Cukai Makmur) is imposed on non-small and medium enterprises on chargeable income above RM100 million for year of assessment 2022. Chargeable income of up to RM100 million will continue to be taxed at 24%. Cukai Makmur was levied on DKSH Malaysia Sdn. Bhd., a wholly owned subsidiary of the Company.

Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction. The income tax rate applicable to the subsidiaries, DKSH (B) Sdn. Bhd. and FACC (B) Sdn. Bhd. in Brunei is 18.5% (2021: 18.5%).

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Profit/(loss) before tax	145,262	126,883	(2,403)	16,212
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	34,863	30,452	(577)	3,891
Different tax rate in other country	5	14	–	–
Effect of higher tax rate under Cukai Makmur	3,939	–	–	–
Expenses not deductible for tax purposes	3,328	4,778	582	2,919
Income not subject to tax	–	(2,068)	–	(5,005)
Utilization of previously unrecognized deferred tax assets	(876)	(164)	–	–
Deferred tax assets not recognized	45	97	–	–
(Over)/under provision of income tax in prior financial years	(824)	1,144	(5)	–
Under provision of deferred tax in prior financial years	568	1,355	–	–
Income tax expense	41,048	35,608	–	1,805

Notes to the Financial Statements

December 31, 2022 (continued)

10. Earnings per share - Basic

The earnings per share is calculated by dividing the net profit for the financial year attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022 RM'000	**2021 RM'000**
Profit net of tax attributable to owners of the parent	104,214	91,275
Weighted average number of ordinary shares in issue ('000)	157,658	157,658

	Group	
	2022 sen	**2021 sen**
Earnings per share - Basic	66.10	57.89

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the financial year.

Notes to the Financial Statements

December 31, 2022 (continued)

11. Property, plant and equipment

	Renovations RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Group						
At December 31, 2022						
Cost						
At January 1, 2022	35,297	25,262	54,648	1,624	–	116,831
Additions	4,008	4,270	3,273	–	449	12,000
Acquisition of a subsidiary (Note 13)	–	–	55	–	–	55
Disposals	–	–	(1,975)	–	–	(1,975)
Written off	(2,042)	(476)	(1,692)	(5)	–	(4,215)
At December 31, 2022	37,263	29,056	54,309	1,619	449	122,696
Accumulated depreciation						
At January 1, 2022	26,489	15,533	47,213	1,190	–	90,425
Charge for the financial year	2,711	3,009	4,523	181	–	10,424
Disposals	–	–	(1,896)	–	–	(1,896)
Written off	(1,746)	(467)	(1,683)	(5)	–	(3,901)
At December 31, 2022	27,454	18,075	48,157	1,366	–	95,052
Net carrying amount	9,809	10,981	6,152	253	449	27,644

Notes to the Financial Statements

December 31, 2022 (continued)

11. Property, plant and equipment (continued)

	Renovations RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Group (continued)						
At December 31, 2021						
Cost						
At January 1, 2021	34,175	21,904	56,410	1,838	–	114,327
Additions	1,106	4,182	2,420	–	904	8,612
Disposals	(14)	(77)	(200)	(214)	–	(505)
Reclassification	904	–	–	–	(904)	–
Written off	(766)	(407)	(3,735)	–	–	(4,908)
Disposal of a subsidiary	(108)	(340)	(247)	–	–	(695)
At December 31, 2021	35,297	25,262	54,648	1,624	–	116,831
Accumulated depreciation						
At January 1, 2021	24,063	13,994	46,153	1,136	–	85,346
Charge for the financial year	3,269	2,242	5,010	208	–	10,729
Disposals	(13)	(76)	(107)	(154)	–	(350)
Written off	(736)	(403)	(3,646)	–	–	(4,785)
Disposal of a subsidiary	(94)	(224)	(197)	–	–	(515)
At December 31, 2021	26,489	15,533	47,213	1,190	–	90,425
Net carrying amount	8,808	9,729	7,435	434	–	26,406

(a) The depreciation charged for the financial year of RM413,000 (2021: RM307,000) is included as part of the cost of conversion of inventories during the financial year.

Notes to the Financial Statements

December 31, 2022 (continued)

12. Intangible assets

	Group			
	Trademarks RM'000	Goodwill RM'000	Distribution rights RM'000	Total RM'000
Cost:				
At January 1, 2021, December 31, 2021, January 1, 2022	8,493	342,261	60,655	411,409
Acquisition of a subsidiary (Note 13)	–	16,249	5,212	21,461
At December 31, 2022	8,493	358,510	65,867	432,870
Accumulated amortization:				
At January 1, 2021	8,388	–	21,231	29,619
Amortization during the financial year	27	–	12,132	12,159
At December 31, 2021 and January 1, 2022	8,415	–	33,363	41,778
Amortization during the financial year	27	–	13,001	13,028
At December 31, 2022	8,442	–	46,364	54,806
Net carrying amount:				
At December 31, 2022	51	358,510	19,503	378,064
At December 31, 2021	78	342,261	27,292	369,631

(a) Trademarks

Trademarks refer to the Alladdin's and Eva's trademarks acquired by the Group. The estimated average useful life of these trademarks is 10 years. Alladdin's trademark had been fully amortized in 2017 while Eva's trademark has remaining amortization period of 1.7 years (2021: 2.7 years).

(b) Distribution rights

Distribution rights refer to the distribution contracts that were acquired through business combination. Distribution rights have a finite useful life and are amortized using the straight-line method over its estimated useful life ranging from 3 to 5 (2021: 5) years.

(c) Goodwill

The goodwill of RM342,261,000 arose from the acquisition of equity interest in DKSH Food Services (M) Sdn. Bhd. and its subsidiaries during the financial year ended December 31, 2019 ("DKSHFS Goodwill").

Acquisition during the financial year

During the current financial year, the Group recognized a goodwill of RM16,249,000 from the acquisition of the entire equity interest in AcuTest Systems (M) Sdn. Bhd. ("AcuTest Goodwill"). Further information relating to the acquisition of the subsidiary is disclosed in Note 13.

Notes to the Financial Statements

December 31, 2022 (continued)

12. Intangible assets (continued)

(c) Goodwill (continued)

Impairment test for goodwill
For the purposes of goodwill impairment testing, DKSHFS Goodwill has been allocated to the Consumer Goods CGU, while the AcuTest Goodwill has been allocated to the Healthcare CGU. The recoverable amounts of CGUs are determined based on value-in-use calculation, which use free cash flow projections for the next five financial years based on financial budgets and economic growth rates approved by the Executive Committee.

The following key assumptions were applied for value-in-use calculations:

	Pre-tax discount rate		Growth rate	
	2022	**2021**	**2022**	**2021**
Cash-generating unit				
Consumer Goods	15.24%	14.18%	2.47%	2.01%
Healthcare	14.37%	–	2.47%	–

As a result of the impairment test, management did not identify an impairment for these CGUs.

The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations (all else equal):

DKSHFS Goodwill
- A 2.8% (2021: 3.0%) and 0.3% point increase in the discount rate would result in an impairment of RM2 million (2021: RM1 million) and RM0.2 million.
- Lower earnings before interest and tax projection for 2023 and thereafter by 15.5% (2021: 19.0%) and 3.0% during forecast period 2023-2027 (2021: 2022-2026) would result in an impairment of RM0.5 million (2021: RM1 million) and RM0.1 million.

AcuTest Goodwill
- A 16.0% (2021: Nil) point increase in the discount rate would result in an impairment of RM0.6million (2021: Nil).
- Lower earnings before interest and tax projection for 2023 and thereafter by 66.0% (2021: Nil) during forecast period 2023-2027 (2021: Nil) would result in an impairment of RM0.3million (2021: Nil).

The fluctuation of growth rate with all other variables remain constant will not have any significant impact to the impairment of goodwill.

Notes to the Financial Statements

December 31, 2022 (continued)

13. Investments in subsidiaries

	Company	
	2022 RM'000	**2021 RM'000**
Non-current assets		
Unquoted shares at cost	563,028	563,028
Movement in unquoted shares account:		
At January 1	563,028	563,028
Investment in a subsidiary	–	12,500
Disposal of a subsidiary	–	(12,500)
At December 31	563,028	563,028

Details of the subsidiaries are as follows:

		Proportion of ownership interest		
Name of Company	**Country of incorporation**	**2022 %**	**2021 %**	**Principal activities**
DKSH Malaysia Sdn. Bhd. ("DMSB")	Malaysia	100	100	Provision of Market Expansion Services for consumer goods, healthcare and performance materials clients.
DKSH Distribution Malaysia Sdn. Bhd. ("DDM")	Malaysia	100	100	Provision of Market Expansion Services for healthcare clients.
The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd. ("FACCM")	Malaysia	100	100	Sale of chocolate chip cookies and operation of retail outlets.
DKSH Central Services Malaysia Sdn. Bhd.^α	Malaysia	100	100	Provision of estate management services.#
DKSH Food Services (M) Sdn. Bhd. ("DFS")	Malaysia	100	100	Investment holding company.

Notes to the Financial Statements

December 31, 2022 (continued)

13. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

		Proportion of ownership interest		
Name of Company	**Country of incorporation**	**2022 %**	**2021 %**	**Principal activities**
Held through DMSB:				
• DKSH Management Malaysia Sdn. Bhd.	Malaysia	100	100	Distribution and marketing of a wide range of consumer products.#
• AcuTest Systems (M) Sdn. Bhd. (“AcuTest”)^	Malaysia	100	–	Provision of medical laboratory services, related tests and supply laboratory and medical equipment and its related accessories.
Held through DDM:				
• DKSH (B) Sdn. Bhd.*	Brunei Darussalam	100	100	Provision of Market Expansion Services for consumer goods, healthcare and performance materials clients.#
Held through FACCM:				
• FACC (B) Sdn. Bhd.*	Brunei Darussalam	100	100	Sale of chocolate chip cookies and operation of retail outlets.
Held through DFS:				
• DKSH Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturer of and dealer in butter and margarine and related confectionery products.
• DKSH Market Expansion Services Sdn. Bhd.	Malaysia	100	100	Supply of bakery and confectionary materials, and other general products.

All other companies are audited by Ernst & Young PLT, except for the following:
* Audited by a member firm of Ernst & Young Global.
^ Audited by a firm of auditors other than Ernst & Young PLT.
α This subsidiary has been placed under members’ voluntary liquidation during the financial year.
These subsidiaries remained dormant during the financial year.

Notes to the Financial Statements

December 31, 2022 (continued)

13. Investments in subsidiaries (continued)

Acquisition of a subsidiary

During the financial year, DMSB, a wholly owned subsidiary, acquired the entire equity interest in AcuTest for a total consideration of RM26,033,000, comprising a base consideration of RM21,233,000 of which RM19,200,000 was paid on July 4, 2022 and RM2,033,000 was paid on September 15, 2022, and an earnout of RM4,800,000, payable over the next 2 financial years when the operations of AcuTest achieves certain financial performance targets ("AcuTest Targets"). The Directors have assessed and concluded that the likelihood of acheiving AcuTest Targets is probable, and have accordingly accrued for the earnout in Note 22.

AcuTest is a distributor of clinical diagnostic point-of-care testing analyzers, diagnostic and screening devices, instruments, and laboratory systems in Malaysia. The acquisition of Acutest was part of the strategic plan of the Group to diversify the Group's existing medical device business and to further expand their presence in the fragmented medical devices industry in Asia Pacific.

The fair values of the identifiable assets and liabilities of AcuTest Systems as at the date of acquisition were:

	Fair value RM'000
Assets:	
Property, plant and equipment (Note 11)	55
Intangible assets (Note 12)	5,212
Inventories	1,786
Trade and other receivables	2,155
Cash and bank balances	2,783
	11,991
Liabilities	
Trade and other payables	(976)
Deferred tax liabilities (Note 14)	(1,231)
	(2,207)
Total identifiable net assets acquired, at fair value	9,784
Goodwill arising on acquisition (Note 12)	16,249
Purchase consideration	26,033
Total cash outflow on acquisition is as follows:	
Purchase consideration	26,033
Less: Earnout	(4,800)
Less: Net cash acquired with the subsidiary	(2,783)
Net cash outflow from acquisition of a subsidiary	18,450

Notes to the Financial Statements

December 31, 2022 (continued)

13. Investments in subsidiaries (continued)

Acquisition of a subsidiary (continued)

The goodwill of RM16,249,000 relates to synergies and footprint improvements. None of the goodwill is expected to be deductible for income tax purposes.

From the date of acquisition, AcuTest contributed net sales amounting to RM12,057,000 and a profit after tax of RM2,083,000. Had the Group acquired AcuTest on January 1, 2022, the contribution to net sales would have been RM24,114,000 with a corresponding profit after tax of RM4,166,000 as of December 31, 2022.

External transaction cost of RM246,000 has been expensed as incurred under other operating expenses

The Group has recognized deferred tax liabilities of RM1,250,000 with regards to temporary differences tax effects associated with its intangible asset of RM5,212,000.

Incorporation and disposal of a subsidiary

On December 23, 2021, the Company announced the proposed disposal of the entire equity interest in DKSH Performance Materials Malaysia Sdn. Bhd. ("DPMM") to DKSH Switzerland Ltd. ("DPMM Disposal") for a total consideration of RM18,864,000 ("Disposal Consideration"). DPMM was set up on September 9, 2021 as part of an internal reorganization to carry out the business of Performance Materials and as a result, the Performance Materials' inventories, property, plant and equipment, and business of DMSB were transferred to DPMM on November 1, 2021.

Although the DPMM Disposal was completed on January 4, 2022, the Company had received the Disposal Consideration on December 30, 2021. Additionally, the Directors have assessed and determined that the conditions precedent attached to the DPMM Disposal were met on December 29, 2021. Accordingly, the Company has accounted for the DPMM Disposal in the financial year ended December 31, 2021.

The disposal had the following effects on the financial position of the Group and of the Company in the financial year ended December 31, 2021:

	Group 2021 RM'000
Property, plant and equipment	180
Inventories	7,999
Trade and other receivables	4,158
Cash and bank balances	207
Trade and other payables	(1,500)
Advance from immediate holding company	(700)
	10,344
Disposal proceeds	(18,864)
Gain on disposal to the Group (Note 8)	(8,520)
Cash inflow arising on disposals:	
Cash consideration	18,864
Cash and cash equivalent of subsidiary disposed	(207)
Net cash inflow on disposal	18,657

Notes to the Financial Statements

December 31, 2022 (continued)

13. Investments in subsidiaries (continued)

Incorporation and disposal of a subsidiary (continued)
The disposal had the following effects on the financial position of the Group and of the Company in the financial year ended December 31, 2021: (continued)

	Company 2021 RM'000
Cost of investment	12,500
Disposal proceeds	(18,864)
Gain on disposal to the Company (Note 8)	(6,364)
Cash inflow arising on disposals:	
Cash consideration	18,864

14. Deferred tax

	Group	
	2022 RM'000	2021 RM'000
At January 1	1,300	671
Acquisition of a subsidary (Note 13)	(1,231)	–
Recognized in statement of comprehensive income (Note 9)	2,777	629
At December 31	2,846	1,300

Notes to the Financial Statements

December 31, 2022 (continued)

14. Deferred tax (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	As at January 1, 2021 RM'000	Recognized in statement of comprehensive income RM'000	As at December 31, 2021 RM'000	Acquisition of a subsdiary RM'000	Recognized in statement of comprehensive income RM'000	As at December 31, 2022 RM'000
Deferred tax liabilities:						
Intangible assets	(9,462)	2,911	(6,551)	(1,251)	3,120	(4,682)
Right-of-use assets	(26,366)	4,124	(22,242)	–	(6,997)	(29,239)
Property, plant and equipment	(415)	(1,065)	(1,480)	–	264	(1,216)
	(36,243)	5,970	(30,273)	(1,251)	(3,613)	(35,137)
Offsetting	26,694		23,598			30,232
	(9,549)		(6,675)			(4,905)
Deferred tax assets:						
Receivables	1,934	(364)	1,570	–	(169)	1,401
Inventories	3,775	265	4,040	20	(1,705)	2,355
Lease liabilities	27,842	(3,927)	23,915	–	7,378	31,293
Unutilized tax losses	579	(579)	–	–	–	–
Unabsorbed capital allowances	324	(324)	–	–	–	–
Others	2,460	(412)	2,048	–	886	2,934
	36,914	(5,341)	31,573	20	6,390	37,983
Offsetting	(26,694)		(23,598)			(30,232)
	10,220		7,975			7,751

Notes to the Financial Statements

December 31, 2022 (continued)

14. Deferred tax (continued)

	Group	
	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	7,751	7,975
Deferred tax liabilities	(4,905)	(6,675)
	2,846	1,300

Deferred tax assets have not been recognized in respect of the following items:

	Group	
	2022 RM'000	2021 RM'000
Unabsorbed capital allowances	178	106
Unutilized business losses	9,991	12,063
Other deductible temporary difference	4	1,468
	10,173	13,637

Deferred tax assets have not been recognized where it is not probable that future taxable profits will be available against which the deductible temporary differences can be utilized for certain subsidiaries in the Group.

The Malaysia Finance Act gazetted on December 27, 2018 has imposed a time limitation to restrict the carry forward of the unutilized tax losses. The unutilized tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 10 consecutive years of assessment until year of assessment 2028 and any balance of the unutilized thereafter shall be disregarded.

However, for any unutilized tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 10 (2021: 10) consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilized tax losses thereafter shall be disregarded.

The foreign unabsorbed business losses applicable to subsidiary companies incorporated in Brunei are pre-determined by and subject to the tax legislation of Brunei.

Notes to the Financial Statements

December 31, 2022 (continued)

15. Advances to related parties

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Advances to subsidiaries	–	–	594	20,788
Current				
Advances to:				
• a subsidiary	–	–	–	225,500
• immediate holding company	3,532	–	3,532	–
	3,532	–	3,532	225,500
Total advances	3,532	–	4,126	246,288

Advances to subsidiaries are unsecured and carry interest rates which range between 1.85% to 3.40% (2021: 2.80% to 3.20%) per annum. Advances of RM594,000 (2021: RM20,788,000) are not intended to be recalled, in full or in part, within the next 12 months from the reporting date. In prior year, advances of RM225,500,000 were repayable within the next 12 months.

Advances to immediate holding company are unsecured and carry interest rates which range between 1.85% to 2.85% (2021: Nil) per annum. These advances are repayable within the next 12 months (2021: Nil).

16. Inventories

	Group	
	2022 RM'000	2021 RM'000
Raw materials (at cost)	13,778	7,610
Packaging materials (at cost)	2,701	2,716
Finished goods (at lower of cost and net realizable value)	773,475	716,602
	789,954	726,928

During the financial year, the amount of inventories recognized as an expense in the statement of comprehensive income of the Group was RM6,376,152,000 (2021: RM5,968,027,000) and the amount written off was RM21,886,000 (2021: RM26,366,000).

Notes to the Financial Statements

December 31, 2022 (continued)

17. Right of return assets

	Group	
	2022 RM'000	2021 RM'000
Right of return assets	3,294	2,552

Under MFRS 15, right of return assets are recognized for the right to recover products from customers when the customers exercise their right of return.

18. Trade and other receivables

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current					
Trade receivables	**(a)**	1,533,380	1,305,729	–	–
Third parties		1,532,944	1,305,729	–	–
Related companies		436	–	–	–
Less: Loss allowance on trade receivables		(13,644)	(20,640)	–	–
		1,519,736	1,285,089	–	–
Other receivables					
Deposits		9,379	8,954	2	2
Prepayments		967	1,382	602	804
Net Goods and Services Tax ("GST") refundable		626	626	–	–
Sundry receivables		19,642	22,824	–	–
Amounts due from:					
• holding company	**(b)**	27	–	27	–
• fellow subsidiaries	**(b)**	–	–	94	573
• related companies	**(b)**	296	897	–	–
		30,937	34,683	725	1,379
Total trade and other receivables		1,550,673	1,319,772	725	1,379
Add: Advances to related parties (Note 15)		3,532	–	4,126	246,288
Less: Prepayments		(967)	(1,382)	(602)	(804)
Less: Net GST refundable		(626)	(626)	–	–
Add: Cash and bank balances (Note 19)		35,923	109,477	40	48
Total financial assets at amortized cost		1,588,535	1,427,241	4,289	246,911

Notes to the Financial Statements

December 31, 2022 (continued)

18. Trade and other receivables (continued)

(a) Trade receivables

Credit terms of trade receivables range from payment in advance to 90 days (2021: payment in advance to 90 days). They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Neither past due nor impaired	1,419,488	1,205,631
Less than three months past due but not impaired	90,922	63,550
Between three to six months past due but not impaired	9,316	14,201
More than six months past due but not impaired	10	1,707
	100,248	79,458
Impaired	13,644	20,640
	1,533,380	1,305,729
Trade receivables - nominal amounts	13,644	20,640
Less: loss allowance on trade receivables	(13,644)	(20,640)
	–	–

Set out below is the movement in the allowance accounts used to record the impairment:

	Group	
	2022 RM'000	**2021 RM'000**
Movement in allowance accounts:		
At January 1	20,640	22,102
Reversal of allowance for impairment	(2,325)	(820)
Written off	(4,671)	(642)
At December 31	13,644	20,640

Notes to the Financial Statements

December 31, 2022 (continued)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Credit risk management with respect to trade receivables is disclosed in Note 31(d).

The currency exposure profile of net trade receivables is as follows:

	Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	1,496,780	1,267,151
Brunei Dollar	19,470	16,493
US Dollar	1,911	862
Singapore Dollar	436	–
Australian Dollar	268	301
Japanese Yen	3	36
Sterling Pound	35	163
Swiss Franc	–	45
Euro	833	38
	1,519,736	1,285,089

(b) Related party balances

The amounts receivable from fellow subsidiaries and related companies are unsecured, non-interest bearing and repayable within 60 days (2021: 60 days).

The currency exposure profile of related party balances is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	269	664	92	573
US Dollar	–	188	–	–
Swiss Franc	–	18	–	–
Singapore Dollar	27	27	–	–
	296	897	92	573

Notes to the Financial Statements

December 31, 2022 (continued)

19. Cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	35,914	109,477	40	48
Short-term deposits	9	–	–	–
	35,923	109,477	40	48
Bank overdraft (Note 24)	(8,259)	–	–	–
Cash and cash equivalents	27,664	109,477	40	48

Short term deposits are made for varying periods of between one day to 3 months, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposits rates.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	16,947	99,377	40	48
US Dollar	12,429	3,717	–	–
Singapore Dollar	856	2,005	–	–
Euro	674	640	–	–
Swiss Franc	90	214	–	–
Australian Dollar	1,749	1,754	–	–
Thai Baht	2,109	1,348	–	–
Brunei Dollar	1,069	422	–	–
	35,923	109,477	40	48

20. Share capital

	Group and Company			
	Number of shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid:				
Ordinary shares				
At January 1/December 31	157,658	157,658	182,172	182,172

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

December 31, 2022 (continued)

21. Retained earnings

The Company may distribute dividends out of its retained earnings as at December 31, 2022 under the single tier system.

22. Trade and other payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade payables				
Third parties	1,379,719	1,164,368	–	–
Other payables				
Accruals	103,565	103,505	119	165
Sundry payables	56,910	44,364	83	124
Refund liabilities	7,888	3,007	–	–
Amounts due to:				
• intermediate holding company	64	57	64	57
• immediate holding company	–	44	–	44
• subsidiaries	–	–	228	181
• related companies	9,779	6,154	18	13
	178,206	157,131	512	584
Total trade and other payables (current)	1,557,925	1,321,499	512	584
Non-current				
Other payables				
Sundry payables	2,400	–	–	–
Total trade and other payables	1,560,325	1,321,499	512	584
Less: Refund liabilities	(7,888)	(3,007)	–	–
Add: Borrowings (Note 24)	374,548	470,744	72,162	293,543
Add: Lease liabilities (Note 26)	140,714	122,232	–	–
Total financial liabilities at amortized cost	2,067,699	1,911,468	72,674	294,127

Included in sundry payables (current and non-current, of equal amounts) are earnout accrued amounting to RM4,800,000 arising from the acquisition of AcuTest as disclosed in Note 13.

Notes to the Financial Statements

December 31, 2022 (continued)

22. Trade and other payables (continued)

The currency exposure profile of payables is as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Trade payables		
Ringgit Malaysia	1,270,708	1,099,016
US Dollar	71,797	49,975
Euro	17,083	4,594
Singapore Dollar	6,716	1,460
Australian Dollar	5,017	1,176
Japanese Yen	1,570	398
Thai Baht	5,295	6,985
New Zealand Dollar	1,533	624
Sterling Pound	–	47
Chinese Yuan	–	93
	1,379,719	1,164,368

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Sundry payables				
Ringgit Malaysia	56,743	44,169	83	124
Brunei Dollar	167	195	–	–
	56,910	44,364	83	124
Amounts due to related parties				
Ringgit Malaysia	5,729	4,838	310	295
Swiss Franc	197	309	–	–
US Dollar	3,544	565	–	–
Singapore Dollar	–	185	–	–
Japanese Yen	–	9	–	–
Thai Baht	96	88	–	–
Brunei Dollar	277	261	–	–
	9,843	6,255	310	295

Notes to the Financial Statements

December 31, 2022 (continued)

22. Trade and other payables (continued)

The average credit terms of payables are as follows:

	Group/Company	
	2022	**2021**
Trade payables	0 to 210 days	0 to 210 days
Sundry payables	30 days	30 days
Amounts due to related parties	60 days	60 days

The amounts payable to intermediate holding company, immediate holding company, subsidiaries and related companies are unsecured and non-interest bearing.

23. Derivative financial instruments

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current				
• Forward foreign exchange contract	(1,108)	(382)	–	–
• Interest rate swap contract	–	(905)	–	(905)
Total derivative financial instruments	(1,108)	(1,287)	–	(905)

Notes to the Financial Statements

December 31, 2022 (continued)

23. Derivative financial instruments (continued)

	Contract value RM'000	Fair value RM'000	Liabilities RM'000
Group			
2022			
At fair value through profit or loss			
Forward foreign exchange contracts	73,561	72,453	(1,108)
2021			
At fair value through profit or loss			
Interest rate swap contract	225,000	224,095	(905)
Forward foreign exchange contracts	85,810	85,428	(382)
			(1,287)
Company			
At fair value through profit or loss			
Interest rate swap contract			
2021	225,000	224,095	(905)

The Group's derivative financial instruments relate to forward foreign exchange contracts which are entered into in currencies other than the Group's functional currency to manage exposure to fluctuations in foreign currency exchange rates on specified transactions.

At December 31, 2022, the settlement dates on open forward contracts ranged between 6 days and 9 months (2021: 7 days and 6 months).

At December 31, 2021, the Group and the Company has an interest rate swap agreement in place with a notional amount of RM225 million whereby the Group and the Company receive a variable rate equal to 3 Months KLIBOR on the notional amount and pay interest at a fixed rate equal to 3.69%. The swap is being used to actively hedge its interest rate risk that may arise from changes in KLIBOR rate. The Group and the Company had fully settled the notional amount of RM225 million in March 2022.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the floating rate loan (i.e., notional amount, maturity, payment and reset dates.) The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate swap is identical to the hedged risk component.

Notes to the Financial Statements

December 31, 2022 (continued)

23. Derivative financial instruments (continued)

The foreign currency amounts to be received and contractual exchange rates of the Group's outstanding contracts are as follows:

Hedged item	Currency to be received	Currency to be paid	RM'000 equivalent	Contractual rate
At December 31, 2022				
Trade payables:				
EUR 911,042	EUR	MYR	4,212	1EUR=RM4.6233
THB 101,525,414	THB	MYR	12,997	1THB=RM0.1280
USD 12,069,884	USD	MYR	53,951	1USD=RM4.4699
AUD 620,835	AUD	MYR	1,879	1AUD=RM3.0270
CHF 110,708	CHF	MYR	522	1CHF=RM4.7156
			73,561	
At December 31, 2021				
Trade payables:				
EUR 1,333,687	EUR	MYR	6,478	1EUR=RM4.8571
THB 89,330,480	THB	MYR	11,285	1THB=RM0.1263
USD 15,034,498	USD	MYR	63,069	1USD=RM4.1950
AUD 1,512,169	AUD	MYR	4,635	1AUD=RM3.0655
CHF 74,780	CHF	MYR	343	1CHF=RM4.5874
			85,810	

The fair value of outstanding derivative financial instruments of the Group at the reporting date were at unfavorable net position of RM1,108,000 (2021: RM1,287,000).

The fair value of outstanding derivative financial instruments of the Company in the previous financial year was at unfavorable net position of RM905,000.

Notes to the Financial Statements

December 31, 2022 (continued)

24. Borrowings (unsecured)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current				
Bank overdraft (Note 19)	8,259	–	–	–
Revolving credit	90,000	225,000	–	–
Term loans	90,000	225,000	–	225,000
External borrowings	188,259	450,000	–	225,000
Non-current				
Term loans	175,000	–	–	–
Advances from:				
• intermediate holding company	11,289	11,052	11,289	11,052
• immediate holding company	–	9,692	–	9,692
• subsidiaries	–	–	60,873	47,799
	186,289	20,744	72,162	68,543
Total loans and borrowings	374,548	470,744	72,162	293,543

Notes to the Financial Statements

December 31, 2022 (continued)

24. Borrowings (unsecured) (continued)

Reconciliation of liabilities/(assets) arising from financing activities

	Lease liabilities (Note 26) RM'000	Bank overdraft, bankers' acceptance revolving credit and term loans RM'000	Advances from intermediate holding company RM'000	Advances from/(to) immediate holding company RM'000	Total RM'000
Group					
At January 1, 2022	122,232	450,000	11,052	9,692	592,976
Net repayments	(35,710)	(86,741)	–	–	(122,451)
New leases	50,994	–	–	–	50,994
Rent concessions COVID-19	(131)	–	–	–	(131)
Lease modification	3,309	–	–	–	3,309
Exchange difference	20	–	–	–	20
Net advances from/(to)	–	–	237	(13,224)	(12,987)
At December 31, 2022	140,714	363,259	11,289	(3,532)	511,730
At January 1, 2021	116,450	533,000	10,787	23,180	683,417
Net repayments	(34,039)	(83,000)	–	–	(117,039)
New leases	42,074	–	–	–	42,074
Rent concessions COVID-19	(1,684)	–	–	–	(1,684)
Lease modification	(569)	–	–	–	(569)
Net advances from/(to)	–	–	265	(13,488)	(13,223)
At December 31, 2021	122,232	450,000	11,052	9,692	592,976

Notes to the Financial Statements

December 31, 2022 (continued)

24. Borrowings (unsecured) (continued)

Reconciliation of liabilities/(assets) arising from financing activities (continued)

	Term loans RM'000	Advances from intermediate holding company RM'000	Advances from/(to) immediate holding company RM'000	Advances (to)/from to subsidiaries RM'000	Total RM'000
Company					
At January 1, 2022	225,000	11,052	9,692	(198,489)	47,255
Net repayment of borrowings	(225,000)	–	–	–	(225,000)
Net advances from/(to)	–	237	(13,224)	258,768	245,781
At December 31, 2022	–	11,289	(3,532)	60,279	68,036
At January 1, 2021	500,000	10,787	23,180	(490,773)	43,194
Net repayment of borrowings	(275,000)	–	–	–	(275,000)
Net advances from/(to)	–	265	(13,488)	292,284	279,061
At December 31, 2021	225,000	11,052	9,692	(198,489)	47,255

The revolving credits were unsecured and repayable within the 12 (2021: 12) months.

Advances from intermediate holding company and immediate holding company bear interest which ranges between 3.20% to 3.40% (2021: 2.80% to 3.10%) per annum. These advances are unsecured and are not repayable within the next 12 (2021: 12) months.

Advances from subsidiaries are deposits of excess cash placed with the Company and bear interest which ranges between 1.85% to 2.85% (2021: 1.85%) per annum. These advances are unsecured and are not repayable within the next 12 (2021: 12) months.

The term loans were unsecured fixed rates loans and repayable in full in March 2025 (2021: March 2022). The bank overdraft was unsecured with an interest computed based on Base Lending Rate + 0.5% per annum.

Weighted average financial year end effective interest rates

	Group	
	2022 %	2021 %
Bank overdraft	6.70	–
Revolving credit	3.48	2.95
Term loans	4.10 - 4.29	4.39

Notes to the Financial Statements

December 31, 2022 (continued)

25. Provision for other liabilities

	Group	
	2022 RM'000	2021 RM'000
Property restoration cost:		
At January 1	2,771	3,126
Addition:		
• Property, plant and equipment	–	161
• Right-of-use assets	131	–
Utilization	(23)	–
Reversal of provision (Note 26)	–	(516)
Write-back of provision (Note 8)	(28)	–
At December 31	2,851	2,771

The amount represents a provision for property restoration cost upon expiry of lease term ranging from 5 to 7 (2021: 5 to 8) years.

26. Leases

Group as a lessee

The Group has lease contracts for various items of property used in its operations. Leases of property generally have lease terms between 2 and 8 (2021: 2 and 8) years. The Group's obligations under its leases are secured by the lessor's titled to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and therefore income from leasing is insignificant. There are several lease contracts that include extension and termination options and variable lease payments.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the financial year:

	Group Properties	
	2022 RM'000	2021 RM'000
At January 1	115,294	111,442
Depreciation charge for the financial year	(37,435)	(37,184)
Additions	50,994	42,127
Lease modification	3,309	(575)
Adjustment on properties restoration costs	131	(516)
Exchange differences	20	–
At December 31	132,313	115,294

The depreciation charged for the financial year included RM280,000 (2021: RM275,000) which is included in the cost of conversion of inventories during the financial year.

Notes to the Financial Statements

December 31, 2022 (continued)

26. Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

	Group	
	2022 RM'000	2021 RM'000
At January 1	122,232	116,450
Additions	50,994	42,074
Accretion of interest (Note 7)	7,343	7,082
Payments	(43,053)	(41,121)
Rent concessions COVID-19	(131)	(1,684)
Lease modification	3,309	(569)
Exchange differences	20	–
At December 31	140,714	122,232
Current	34,288	27,738
Non-current	106,426	94,494
	140,714	122,232

The maturity analysis of lease liabilities are disclosed in Note 31(c) to the financial statements.

The following are the amounts recognized in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	37,435	37,184
Interest expenses on lease liabilities (Note 7)	7,343	7,082
Expenses relating to short-term leases (presented as rental expenses)	770	610
Variable lease payments (presented as rental expenses)	1,457	1,425
Total amount recognized in profit or loss	47,005	46,301

The Group had total cash outflows for leases of RM45,280,000 (2021: RM43,156,000). The Group also had non-cash additions to right-of-use assets and lease liabilities RM50,994,000 (2021: RM42,127,000) and RM50,994,000 (2021: RM42,074,000) respectively. The Group does not have future cash outflows relating to leases that have not yet commenced as at December 31, 2022.

Notes to the Financial Statements

December 31, 2022 (continued)

26. Leases (continued)

Group as a lessor

The Group, with consent from the landlord has entered into operating leases for its leased office. The lease have terms of 2 years. Rental income recognized by the Group during the year is RM1,825,000 (2021: RM393,000).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are, as follows:

	Group	
	2022 RM'000	2021 RM'000
Within one year	1,217	1,825
Between 1 and 2 years	–	1,217
	1,217	3,042

27. Dividends

Dividends paid in respect of ordinary shares for the financial year are as follows:

	Group and Company			
	2022		2021	
	Gross dividend per share Sen	Amount of dividends RM'000	Gross dividend per share Sen	Amount of dividends RM'000
Final dividend:				
For financial year ended December 31, 2021				
paid on July 28, 2022:	11.0	17,342	–	–
• single tier				
For financial year ended December 31, 2020				
paid on August 5, 2021:				
• single tier	–	–	10.0	15,766
Dividends in respect of the year	11.0	17,342	10.0	15,766

The Directors have declared a special single tier dividend of 16.0 sen per share on 157,658,076 ordinary shares amounting to RM25,225,292. The financial statements for the current financial year do not reflect this declared special dividend. Such dividend will be accounted for in the financial year ending December 31, 2023.

The Directors have recommended for shareholders' approval, at the forthcoming Annual General Meeting, a final single tier dividend of 16.0 sen per share on 157,658,076 ordinary shares amounting to RM25,225,292. The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend, if approved by the shareholders, will be accounted for in the financial year ending December 31, 2023.

Notes to the Financial Statements

December 31, 2022 (continued)

28. Commitments

Capital commitments

Capital expenditures not provided for in the financial statements are as follows:

	Group	
	2022 RM'000	2021 RM'000
Property, plant and equipment:		
• Approved and contracted for	2,642	356

29. Significant related party transactions

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company, and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Sales of goods and services:				
Sales of goods and services:				
• related companies (goods)	9,393	5,211	–	–
• related companies (rental)	1,122	1,132	–	–
• related companies (cost sharing)	735	601	–	–
• related companies (information technology charges)	119	55	–	–
• related companies (human resources charges)	660	647	–	–
• a related company (warehousing and distribution services)	282	–	–	–
	12,311	7,646	–	–
Others (interest):				
• subsidiaries	–	–	2,525	9,873
• immediate holding company	47	–	47	–
• related company	3	–	3	–
Others (dividend):				
• subsidiaries	–	–	–	14,489
	50	–	2,575	24,362
	12,361	7,646	2,575	24,362

Notes to the Financial Statements

December 31, 2022 (continued)

29. Significant related party transactions (continued)

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company, and related parties took place at terms agreed between the parties during the financial year: (continued)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
(b) Purchases of goods and services:				
Purchases of goods and services:				
• related companies (goods)	18,901	7,035	–	–
• a related company (services)	16,072	15,678	–	–
• a related company (management fee)	8,927	8,827	–	–
• a related company (royalty fee)	3,934	4,502	–	–
• a related company (information technology charges)	29,421	25,154	17	–
	77,255	61,196	17	–
Others (interest):				
• immediate holding company	110	354	110	354
• intermediate holding company	357	374	357	374
• subsidiaries	–	–	1,117	951
	467	728	1,584	1,679
	77,722	61,924	1,601	1,679

The above transactions were transacted at terms and conditions mutually agreed with related parties.

Notes to the Financial Statements

December 31, 2022 (continued)

29. Significant related party transactions (continued)

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company, and related parties took place at terms agreed between the parties during the financial year: (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(c) Net advances from/(to):				
Intermediate holding company	237	265	237	265
Immediate holding company	(13,224)	(13,488)	(13,224)	(13,488)
Subsidiaries	–	–	258,768	292,284
	(12,987)	(13,223)	245,781	279,061

(d) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-executive Directors:				
• fees	241	241	241	241
Key management personnel:				
• Salaries and bonuses	7,251	7,068	–	–
• Defined contribution plan	991	863	–	–
• Other employee benefits	2,280	2,443	–	–
	10,522	10,374	–	–
	10,763	10,615	241	241

Notes to the Financial Statements

December 31, 2022 (continued)

29. Significant related party transactions (continued)

The related parties of the Group and of the Company are as follows:

Related parties	Relationships
DKSH Holding Ltd.	Ultimate holding company
DKSH Holdings (Asia) Sdn. Bhd.	Immediate holding company of DRSB
DKSH Resources (Malaysia) Sdn. Bhd. ("DRSB")	Immediate holding company
DKSH Distribution Malaysia Sdn. Bhd.	Subsidiary
DKSH (B) Sdn. Bhd.	Subsidiary
DKSH Central Services Malaysia Sdn. Bhd.	Subsidiary
DKSH Malaysia Sdn. Bhd.	Subsidiary
DKSH Management Malaysia Sdn. Bhd.	Subsidiary
The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd.	Subsidiary
FACC (B) Sdn. Bhd.	Subsidiary
DKSH Food Services (M) Sdn. Bhd.	Subsidiary
DKSH Manufacturing Sdn. Bhd.	Subsidiary
DKSH Market Expansion Services Sdn. Bhd.	Subsidiary
AcuTest Systems (M) Sdn. Bhd.	Subsidiary
DKSH Corporate Shared Services Center Sdn. Bhd.	Related company
DKSH Luxury & Lifestyle (Malaysia) Sdn. Bhd.	Related company
DKSH Technology Sdn. Bhd.	Related company
DKSH Singapore Pte. Ltd.	Related company
DKSH Smollan Field Marketing (Malaysia) Sdn. Bhd.	Related company
PT DKSH (Indonesia), Jakarta	Related company
DKSH (Thailand) Ltd.	Related company
DKSH Japan K.K., Tokyo	Related company
Medinova AG	Related company
DKSH Management Ltd.	Related company
DKSH Market Expansion Services Pte. Ltd.	Related company
DKSH South East Asia Pte. Ltd.	Related company
DKSH South East Asia Pte. Ltd. (SG Division)	Related company
FAVOREX Pte. Ltd.	Related company

Notes to the Financial Statements

December 31, 2022 (continued)

29. Significant related party transactions (continued)

The related parties of the Group and of the Company are as follows: (continued)

Related parties	Relationships
DKSH Switzerland Ltd.	Related company
DKSH Vietnam Co. Ltd.	Related company
DKSH Philippines Inc.	Related company
DKSH Marketing Services Pte. Ltd.	Related company
DKSH Hong Kong Ltd.	Related company
Edward Keller (Philippines) Inc.	Related company
DKSH Performance Materials Malaysia Sdn. Bhd.	Related company
DKSH (Myanmar) Ltd.	Related company
DKSH Performance Materials Australia Pty Ltd	Related company
PT Wicaksana Overseas International Tbk	Related company
DKSH Performance Materials Singapore Pte. Ltd.	Related company
DNIV Electronics Sdn. Bhd.	Related company

Subsidiary refers to companies within the listed Group of DKSH Holdings (Malaysia) Berhad.

Related company refers to companies outside the listed Group of DKSH Holdings (Malaysia) Berhad and companies under the Group of DKSH Holding Ltd..

30. Segmental information

The Group is organized into three main business segments:
- Marketing and distribution services
- Logistics services
- Others - Famous Amos chocolate chip cookie business and central overheads

All the major operations of the Group are carried out in Malaysia. Accordingly, the segment reports as presented below had been reviewed by the chief operating decision maker.

Notes to the Financial Statements

December 31, 2022 (continued)

30. Segmental information (continued)

(a) Primary reporting format - business segments

	Marketing and distribution services RM'000	Logistics services RM'000	Others RM'000	Eliminations RM'000	Group RM'000
At December 31, 2022					
Revenue					
Sale of goods	3,977,700	3,008,188	62,789	–	7,048,677
Rendering of services	38,886	75,124	–	–	114,010
Segment revenue	4,016,586	3,083,312	62,789	–	7,162,687
Intersegment revenue	2,050	–	–	(2,050)	–
Revenue	4,018,636	3,083,312	62,789	(2,050)	7,162,687
Results					
Segment results	116,541	61,407	(4,684)	–	173,264
Finance costs					(28,002)
Income tax expense					(41,048)
Profit for the financial year					104,214
Net assets					
Segment assets	1,453,617	940,841	78,483	–	2,472,941
Unallocated assets					458,069
Total assets					2,931,010
Segment liabilities	(699,541)	(755,156)	(65,736)	–	(1,520,433)
Unallocated liabilities					(579,021)
Total liabilities					(2,099,454)
Other information					
Capital expenditure	4,777	4,595	2,628	–	12,000
Depreciation of property, plant and equipment	2,375	3,849	4,200	–	10,424
Depreciation on right-of-use assets	19,315	8,477	9,643	–	37,435
Amortization of intangible assets	12,159	869	–	–	13,028
Reversal of loss allowance on trade receivables	(799)	(1,371)	(155)	–	(2,325)
Inventories written off	16,745	4,360	781	–	21,886

Notes to the Financial Statements

December 31, 2022 (continued)

30. Segmental information (continued)

(a) Primary reporting format - business segments (continued)

	Marketing and distribution services RM'000	Logistics services RM'000	Others RM'000	Eliminations RM'000	Group RM'000
At December 31, 2021					
Revenue					
Sale of goods	3,765,952	2,824,297	47,451	–	6,637,700
Rendering of services	34,025	66,663	–	–	100,688
Segment revenue	3,799,977	2,890,960	47,451	–	6,738,388
Intersegment revenue	1,838	–	–	(1,838)	–
Revenue	3,801,815	2,890,960	47,451	(1,838)	6,738,388
Results					
Segment results	103,139	52,262	(485)	–	154,916
Finance costs					(28,033)
Income tax expense					(35,608)
Profit for the financial year					91,275
Net assets					
Segment assets	1,235,135	832,586	88,548	–	2,156,269
Unallocated assets					523,859
Total assets					2,680,128
Segment liabilities	(564,177)	(645,319)	(77,104)	–	(1,286,600)
Unallocated liabilities					(648,870)
Total liabilities					(1,935,470)
Other information					
Capital expenditure	1,259	4,591	2,762	–	8,612
Depreciation of property, plant and equipment	2,709	3,271	4,749	–	10,729
Depreciation on right-of-use assets	20,598	8,008	8,578	–	37,184
Amortization of intangible assets	12,159	–	–	–	12,159
Loss allowance on trade receivables	2,172	(2,805)	(187)	–	(820)
Inventories written off	22,520	3,132	714	–	26,366

Segment assets consist primarily of property, plant and equipment, right-of-use assets, inventories, right of return assets, and trade receivables. Segment liabilities comprise primarily of trade payables and lease liabilities. Capital expenditure comprises additions to property, plant and equipment (Note 11).

Notes to the Financial Statements

December 31, 2022 (continued)

30. Segmental information (continued)

(a) Primary reporting format - business segments (continued)

	Group	
	2022 RM'000	2021 RM'000
Unallocated assets mainly consists of:		
Intangible assets	378,064	369,631
Cash and bank balances	35,923	109,477
Other receivables	30,937	34,683
Deferred tax assets	7,751	7,975
Others	5,394	2,093
	458,069	523,859
Unallocated liabilities mainly consists of:		
Accruals and other payables	(160,475)	(147,869)
Bank overdraft	(8,259)	–
Revolving credit	(90,000)	(225,000)
Advances from holding companies	(11,289)	(20,744)
Term loans	(265,000)	(225,000)
Amounts due to:		
• intermediate holding company	(64)	(57)
• immediate holding company	–	(44)
• related companies	(9,779)	(6,154)
Deferred tax liabilities	(4,905)	(6,675)
Others	(29,250)	(17,327)
	(579,021)	(648,870)

(b) Secondary reporting format - geographical segments

Although the Group has two operations in Brunei Darussalam, there is no disclosure of the operations as separate geographical segment as the revenue contributed by the foreign incorporated companies are not material to constitute an independent geographical segment as stipulated under MFRS 8: Operating Segments.

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies

The activities of the Group and of the Company expose the Group and the Company to a variety of financial risks, in the areas of interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company are adequately protected. Financial risk management involves risk reviews, monitoring of the compliance of internal control systems and adherence to DKSH Holding Ltd. Group's financial risk management policies.

(a) Interest rate risk

Interest rate exposures arise from the Group's and the Company's loans and borrowings and advances to subsidiaries. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

To manage this, in prior financial year, the Group entered into interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as below:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Net financial (liabilities)/assets:				
• Fixed rate instruments	(265,000)	(225,000)	–	(225,000)
• Floating rate instruments	(97,757)	(245,744)	(68,036)	177,745
	(362,757)	(470,744)	(68,036)	(47,255)

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of comprehensive income.

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(a) Interest rate risk (continued)

Sensitivity analysis for floating rate instruments
A change of 5% in interest rates at the reporting date would result in the profit before tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Floating rate instruments (denominated in RM):				
5% increase	(3)	(88)	(25)	68
5% decrease	3	88	25	(68)

(b) Foreign currency risk
The Group is exposed to transactional currency risk primarily through sales, purchases and payments on behalf that are denominated in a currency other than the functional currency to which they relate. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Brunei Dollar ("BND"), Euro ("EUR"), Swiss Franc ("CHF"), Australian Dollar ("AUD"), Thai Baht ("THB"), Sterling Pound ("GBP"), Singapore Dollar ("SGD"), Japanese Yen ("JPY"), New Zealand Dollar ("NZD") and Chinese Yuan ("CNY").

The Group is required to hedge its foreign currency risk exposure arising from foreign currency cash flows that are not naturally offset by a simultaneous opposite commercial transaction in the same currency or mitigated in another way against its functional currency.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in its functional currency are as follows:

	Note
Trade receivables	18 (a)
Due from related companies	18 (b)
Cash and bank balances	19
Trade and other payables	22
Due to related companies	22

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, BND, EUR, CHF, AUD, THB, GBP, SGD, JPY, NZD and CNY exchange rates against the functional currency of the Group entities, with all other variables held constant.

		Group	
		2022 Profit net of tax RM'000	**2021 Profit net of tax RM'000**
USD/RM	• strengthened 5%	(2,085)	(1,743)
	• weakened 5%	2,085	1,743
BND/RM	• strengthened 5%	780	642
	• weakened 5%	(780)	(642)
EUR/RM	• strengthened 5%	(592)	(149)
	• weakened 5%	592	149
CHF/RM	• strengthened 5%	4	(1)
	• weakened 5%	(4)	1
AUD/RM	• strengthened 5%	(112)	33
	• weakened 5%	112	(33)
THB/RM	• strengthened 5%	(121)	(218)
	• weakened 5%	121	218
GBP/RM	• strengthened 5%	1	4
	• weakened 5%	(1)	(4)
SGD/RM	• strengthened 5%	(205)	15
	• weakened 5%	205	(15)
JPY/RM	• strengthened 5%	(60)	(14)
	• weakened 5%	60	14
NZD/RM	• strengthened 5%	(58)	(24)
	• weakened 5%	58	24
CNY/RM	• strengthened 5%	–	(4)
	• weakened 5%	–	4

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(c) Liquidity risk

The Group and the Company manage operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. The Company relies on the distribution of dividends and interest income from subsidiaries to meet its working capital requirements.

The table below analyzes the Group's and the Company's financial liabilities into relevant maturity profile based on the remaining period in the statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

Analysis of undiscounted financial instruments by remaining contractual maturities

	Less than one year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
2022				
Trade and other payables	1,557,925	2,400	–	1,560,325
Borrowings	197,719	192,901	–	390,620
Lease liabilities	40,542	109,655	10,618	160,815
Derivatives - settled net	73,561	–	–	73,561
	1,869,747	304,956	10,618	2,185,321
2021				
Trade and other payables	1,321,499	–	–	1,321,499
Borrowings	450,664	21,408	–	472,072
Lease liabilities	33,645	89,846	21,276	144,767
Derivatives - settled net	87,847	–	–	87,847
	1,893,655	111,254	21,276	2,026,185

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Analysis of undiscounted financial instruments by remaining contractual maturities (continued)

	Less than one year RM'000	More than one year RM'000	Total RM'000
Company			
2022			
Trade and other payables	512	–	512
Borrowings	2,454	74,616	77,070
	2,966	74,616	77,582
2021			
Trade and other payables	584	–	584
Borrowings	227,193	70,736	297,929
Derivatives - settled net	2,037	–	2,037
	229,814	70,736	300,550

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and other financial instruments.

The Group's current credit risk grading framework comprise the following categories:

Category	Definition of category	Basis for recognizing expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is more than 270 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL
III	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

Group	Note	Category	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
At December 31, 2022						
Trade receivables - third parties	18	Note 1	Lifetime ECL (simplified)	1,532,944	(13,644)	1,519,300
Sundry receivables	18	I	12-month ECL	19,642	–	19,642
Amounts due from related companies (trade and non-trade)	18	I	12-month ECL	759	–	759
					(13,644)	
At December 31, 2021						
Trade receivables - third parties	18	Note 1	Lifetime ECL (simplified)	1,305,729	(20,640)	1,285,089
Sundry receivables	18	I	12-month ECL	22,824	–	22,824
Amounts due from related companies (trade and non-trade)	18	I	12-month ECL	897	–	897
					(20,640)	

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

Company	Note	Category	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
At December 31, 2022						
Advances to related parties	15	I	12-month ECL	4,126	–	4,126
Amounts due from:						
• related parties (non-trade)	18	I	12-month ECL	121	–	121
					–	
At December 31, 2021						
Advances to related parties	15	I	12-month ECL	246,288	–	246,288
Amounts due from:						
• fellow subsidiaries (non-trade)	18	I	12-month ECL	573	–	573
					–	

Note 1 Trade receivables

For trade receivables, the Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Sundry receivables, advances to subsidiaries and amounts due from fellow subsidiaries and related companies

Expected credit loss is determined individually after considering the historical default experience and financial strength. Based on management's assessment, the probability of the default of these receivables is low and hence, ECL is insignificant.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. However, the Company has a significant concentration of credit risk in the form of advances to a subsidiaries.

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(e) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: cash and bank balances, receivables and payables (including amounts due to/ from related companies) and short-term borrowings.

Set out below is a comparison, of the carrying amounts and fair value of the financial instruments, other than those carrying amounts that are reasonable approximations of fair values:

	2022		2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial liabilities				
Interest-bearing borrowings				
• Advances from holding companies	11,289	11,289	20,744	20,744
• Fixed rate term loans	265,000	259,003	225,000	225,000
Sundry payables	2,400	2,400	–	–
Derivative financial instruments	73,561	72,453	310,810	309,523
Company				
Financial liabilities				
Interest-bearing borrowings				
• Advances from related companies	72,162	72,162	68,543	68,543
• Fixed rate term loans	–	–	225,000	225,000
Derivative financial instruments	–	–	225,000	224,095

Long term fixed rate and variable rate borrowings are evaluated by the Group and the Company based on parameters such as interest rates, specific country risk factors and the risk characteristics of the financed project.

The fair value of the interest-bearing borrowings are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting date.

Notes to the Financial Statements

December 31, 2022 (continued)

31. Financial risk management objectives and policies (continued)

(e) Fair values (continued)

The fair values of derivative financial instruments are determined based on the quoted market price of similar derivatives as they are not traded on an active market. These derivatives are classified as Level 2 financial instruments in accordance with MFRS 7 "Financial Instruments: Disclosures" classification hierarchy.

	Level 2			
	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Derivative financial instruments	72,453	309,523	–	224,095

The Group and the Company do not have any financial instruments classified as Level 1 and Level 3 as at December 31, 2022 and 2021.

32. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business via a mixture of equity and its debt obligation in adherence to DKSH Holding Ltd. Group's financial risk management policies.

The Group optimizes the overall capital management performance through improvement in the cash flows. The Group's cash flows management focuses on inventories, receivables and payables by ensuring that it has sufficient liquidity to meet its obligations. No significant changes were made in the objectives, policies or processes during the financial years ended December 31, 2022 and December 31, 2021.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans and borrowings	374,548	470,744	72,162	293,543
Less: Cash and bank balances	(35,923)	(109,477)	(40)	(48)
Net debt	338,625	361,267	72,122	293,495
Equity attributable to the owners of the parent, representing total capital	831,556	744,658	495,848	515,593
Total capital and net debt	1,170,181	1,105,925	567,970	809,088
% of net debt to total capital and net debt	29%	33%	13%	36%

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

Analysis of Shareholdings

As of March 31, 2023

Total number of issued shares	:	157,658,076
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of shareholders	:	2,970

Analysis by size of shareholdings (as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	215	7.24	1,745	Negligible
100 to 1,000	1,355	45.62	1,067,531	0.68
1,001 to 10,000	1,069	35.99	4,133,373	2.62
10,001 to 100,000	268	9.02	8,281,250	5.25
100,001 to less than 5% of issued shares	62	2.09	27,019,101	17.14
5% and above of issued shares	1	0.03	117,155,076	74.31
Total	**2,970**	**100.00**	**157,658,076**	**100.00**

Directors' Interests in Shares in the Company (as per the Register of Directors' Shareholdings)

	Direct interest		Deemed interest	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Stephen John Ferraby	10,000	0.006	–	–
Lai Tak Loi	–	–	–	
Dr. Leong Yuen Yoong	–	–	–	–
Fa'izah binti Mohamed Amin	–	–	–	–
Puneet Mishra	–	–	–	–
Lian Teng Hai	–	–	–	–

Directors' Interests in Shares in a Related Corporation (as per the Register of Directors' Shareholdings)

	Direct interest		Deemed interest	
DKSH (B) Sdn Bhd - Subsidiary	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Hoo Fan Lee	1	Negligible	–	–
FACC (B) Sdn Bhd – Subsidiary				
Hoo Fan Lee	1	Negligible	–	–

Save as disclosed above, none of the Directors had any interest in shares of the Company or its related corporations.

Analysis of Shareholdings

As of March 31, 2023 (continued)

Shareholdings of Substantial Shareholders in the Company (as per the Register of Substantial Shareholders)

Name	Direct interest No. of shares held	Direct interest % of issued shares	Deemed interest No. of shares held	Deemed interest % of issued shares
DKSH Resources (Malaysia) Sdn Bhd	117,155,076	74.31	–	–

Top 30 largest shareholders (as per the Record of Depositors)

	Name	No. of shares held	% of issued shares
1.	DKSH Resources (Malaysia) Sdn Bhd	117,155,076	74.31
2.	Lembaga Tabung Angkatan Tentera	5,626,400	3.57
3.	Neoh Choo EE & Company, Sdn. Berhad	1,800,000	1.14
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small – Cap Fund	1,725,200	1.09
5.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	1,380,700	0.88
6.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Syariah Growth Opportunities Fund (50156 TR01)	1,294,900	0.82
7.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Lembaga Tabung Haji (Al-Wara’)	1,282,200	0.81
8.	HSBC Nominees (Tempatan) Sdn Bhd BQ Pictet and Cie for Permodalan Nasional Berhad	1,247,000	0.79
9.	HSBC Nominees (Asing) Sdn Bhd Caceis Bank for HMG Globetrotter	744,101	0.47
10.	See Hock Chuan	681,000	0.43
11.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Eastspringesg)	494,700	0.31
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	481,800	0.31
13.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)	413,900	0.26
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Texas Emerging Managers Long Only Program, L.P.	356,800	0.23

Analysis of Shareholdings

As of March 31, 2023 (continued)

Top 30 largest shareholders (as per the Record of Depositors) (continued)

	Name	No. of shares held	% of issued shares
15.	HSBC Nominees (Tempatan) Sdn. Bhd HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)	344,400	0.22
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	343,000	0.22
17.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	330,000	0.21
18.	Tan Hock Hin	324,000	0.21
19.	Wong Lok Jee & Ong Lok Jee	320,000	0.20
20.	Lee Yau Chew	300,000	0.19
21.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Susy Ding	300,000	0.19
22.	Ten Woon Hwa	286,000	0.18
23.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Kenanga Syariahextra Fund (N14011960240)	279,800	0.18
24.	Tay Boon Teck	268,500	0.17
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kim Ong	263,000	0.17
26.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Peng Seng (CCTS)	261,000	0.17
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Boon Keat	245,000	0.16
28.	Lim Hoo Seng Holdings Sdn Bhd	208,000	0.13
29.	Ng Teck Lin	208,000	0.13
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kho Cheok Lian (MY1290)	207,000	0.13
Total		**139,171,477**	**88.28**

Notice of Annual General Meeting

Notice is hereby given that the Thirty-First Annual General Meeting ("31st AGM") of DKSH Holdings (Malaysia) Berhad (199101021067 (231378-A)) ("the Company") will be held on Friday, May 19, 2023 at 10:00 a.m. at Ballroom I & II, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan to transact the following businesses:

Agenda

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended December 31, 2022 and the Reports of the Directors and Auditors thereon.
   (Refer Note 9)

2. To approve the payment of a final single tier dividend of 16.0 sen per share for the financial year ended December 31, 2022.
   Ordinary Resolution 1

3. To approve the Directors' fees payable up to an amount of RM 280,000 for the period from May 20, 2023 until the next Annual General Meeting of the Company to be held in 2024.
   Ordinary Resolution 2

4. To re-elect Dr. Leong Yuen Yoong who retires pursuant to Article 105 of the Constitution of the Company.
   Ordinary Resolution 3

5. To re-elect Lai Tak Loi who retires pursuant to Article 101 of the Constitution of the Company.
   Ordinary Resolution 4

6. **Election of new director**
   THAT Jaclyn Ang Swee Yin, having given her consent to act pursuant to Section 201 of the Companies Act 2016, be and is hereby elected as a Director of the Company in a Non-Independent Executive capacity, with effect from the conclusion of this Annual General Meeting.
   Ordinary Resolution 5

7. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending December 31, 2023 and to authorize the Directors to fix their remuneration.
   Ordinary Resolution 6

As Special Business:

To consider and if thought fit, to pass with or without modifications, the following as Ordinary Resolution:

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
   "THAT, subject to the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("DKSH Group") to enter into all arrangements and/or transactions of a revenue or trading nature involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of DKSH Group ("Related Parties") as specified in Section 2.5(a) of the Circular to Shareholders dated April 20, 2023 ("Proposed Shareholders' Mandate") provided that such arrangements and/or transactions are:
   (i) recurrent transactions of a revenue or trading nature;
   (ii) necessary for the day-to-day operations; and
   (iii) carried out in the ordinary course of business on normal commercial terms which are consistent with DKSH Group's normal business practices and policies, on terms and price not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

AND THAT such authority conferred by the shareholders of the Company upon passing of this resolution pertaining to the Proposed Shareholders' Mandate will continue to be in force until:
(i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered to complete and to do all such acts and things, including executing all such documents as may be required, as they may consider expedient or necessary to give effect to this resolution."
Ordinary Resolution 7

Notice of Annual General Meeting (continued)

9. To transact any other business of which due notice is given.

Notice of Dividend Entitlement and Payment Dates

Notice is also hereby given that subject to the approval of members at the 31st AGM of DKSH Holdings (Malaysia) Berhad (199101021067 (231378-A)) ("the Company") to be held on Friday, May 19, 2023, a final single tier dividend of 16.0 sen per share in respect of the financial year ended December 31, 2022 will be paid on July 20, 2023 to shareholders whose names appear in the Record of Depositors of the Company on July 5, 2023.

A Depositor shall qualify for entitlement to the dividend in respect of:
(i) shares transferred into the Depositor's securities account before 4.30 p.m on July 5, 2023 in respect of transfers; and
(ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By order of the Board

Serene Lee Huey Fei (LS0009912)
SSM PC No. 202208000450
Yuen Yoke Ping (MAICSA 7014044)
SSM PC No. 201908002645

Company Secretaries

Petaling Jaya
April 20, 2023

Notes:

Proxy
1. A member of the Company entitled to attend and vote at a general meeting of the Company is entitled to appoint proxy(ies) to attend, vote and speak on such member's behalf. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.

3. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointer or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or under the hand of an officer or attorney duly authorised.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the shareholdings to be represented by each proxy in the instrument appointing the proxies.

5. The instrument appointing the proxy must be deposited at the office of the Company's Share Registrar, 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time appointed for holding the meeting or adjournment thereof; otherwise the instrument of proxy shall not be treated as valid and person so named shall not be entitled to vote in respect thereof. Only original copies of the duly executed form of proxy are acceptable. Alternatively, you may submit the proxy appointment electronically via TIIH Online at https://tiih.online before the proxy form cut off time as mentioned above. Kindly refer to the Administrative Guide for further information on the electronic submission of proxy form.

6. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

Entitlement to attend AGM
7. For the purpose of determining members who shall be entitled to attend the 31st AGM, only the Company's members whose names appear in the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd on May 12, 2023 shall be entitled to attend the said meeting or appoint proxies to attend, vote and speak on their behalf.

Voting by poll
8. Pursuant to Paragraph 8.29A (1)of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote by poll.

Notice of Annual General Meeting (continued)

Audited Financial Statements and the Reports of the Directors and Auditors thereon

9. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Final Single Tier Dividend

10. With reference to Section 131 of the Companies Act 2016 ("CA 2016"), a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On April 18, 2023, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval. The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on July 20, 2023 in accordance with the requirements under Section 132(2) and (3) of CA 2016.

Directors' fees

11. Pursuant to Section 230(1) of the CA 2016, fees and benefits payable to Directors of the Company will have to be approved by shareholders at a general meeting. In this respect, the Board has agreed that the shareholders' approval shall be sought at the 31st AGM on the Directors' fees payable with effect from May 20, 2023 until the next AGM in 2024.

    The Directors' fees of an amount up to RM 280,000 are payable to Non-Executive Directors ("NEDs") who are not employed by DKSH group of companies. The Directors' fees are calculated based on the assumption that all the NEDs will remain in office until the next AGM in 2024 and have included additional provisional sum for future increase in directors' fees of NEDs. There is no change in the structure of the proposed Directors' fees for the period from May 20, 2023 until the next AGM in 2024. The Board will seek shareholders' approval at the next AGM in the event the Directors' fees proposed is insufficient.

Director who retires by rotation pursuant to Article 105 of the Constitution of the Company

12. Lian Teng Hai, a Director who retire by rotation in accordance with Article 105 of the Constitution of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the 31st AGM of the Company.

Re-election of Directors who retire pursuant to Articles 105 and 101 of the Constitution of the Company

13. Dr. Leong Yuen Yoong and Lai Tak Loi are due for retirement at this 31st AGM and being eligible, have offered themselves for re-election as Directors of the Company. The Board has considered the Nomination and Remuneration Committee's evaluation of the eligibility of the two retiring Directors and is satisfied that they will continue to bring their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions.

Election of new Director

14. The Nomination and Remuneration Committee has evaluated the suitability of Jaclyn Ang Swee Yin as a new Director of the Company and recommended the proposal to elect Jaclyn Ang to the Board for consideration. The Board after considering her qualification, skills and experience recommended to put forth the resolution to elect Jaclyn Ang as Director in the 31st AGM of the Company. Jaclyn Ang has given her consent to act pursuant to Section 201 of the Companies Act 2016.

    Currently, Jaclyn Ang is the Senior Director, Country Finance, Malaysia, and Chief Financial Officer ("CFO") of the Company.

Re-appointment of Auditors

15. Messrs Ernst & Young ("EY"), the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the financial year ending December 31, 2023. The Board has approved the Audit Committee's recommendation that they be retained having considered relevant feedback on their experience, performance and independence.

Notice of Annual General Meeting (continued)

Explanatory Note to Special Business:

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

The proposed Ordinary Resolution 7, if passed, will renew the authority obtained at the last AGM in 2022 and allow DKSH Group to enter into recurrent related party transactions with DKSH Holding Ltd. and its subsidiaries involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of DKSH Group, which are of a revenue or trading nature and necessary for DKSH Group's day-to-day operations.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated April 20, 2023.

Statement Accompanying Notice of Thirty-First Annual General Meeting (pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Dr. Leong Yuen Yoong is standing for re-election as Director of the Company. Her profile is set out as below:

Dr. Leong Yuen Yoong, aged 45, female, a Malaysian, was appointed to the Board of DKSH Holdings (Malaysia) Berhad on June 16, 2021 as an Independent Non-Executive Director and a member of the Audit Committee. Dr. Leong was then appointed as the Chairman of the Nomination & Remuneration Committee. Currently, Dr. Leong is an Independent Non-Executive Director, member of the Audit Committee, and Chairman of the Nomination & Remuneration Committee of the Company.

Dr. Leong Yuen Yoong is Director of Sustainability Studies at the UN Sustainable Development Solutions Network (SDSN) and Professor of Practice at the Jeffrey Sachs Centre on Sustainable Development at Sunway University. She co-leads SDSN's ASEAN Green Future project, which involves decarbonizing of technical systems and recarbonizing of ecosystems. She also supervises PhD students in sustainable development and teaches sustainability.

Dr. Leong began her professional life in Golden Hope Plantations Berhad, Sime Darby Berhad, and the Malaysian Life Sciences Capital Fund, followed by an entrepreneurial career, co-founding two businesses – WAYY Consulting and Natural Ease.

She holds a Ph.D. in International Manufacturing Strategy and Network Systems from the University of Cambridge and a Master of Engineering in Electrical and Electronic Engineering from Imperial College London. She also holds a Certificate in Business Sustainability Management from the University of Cambridge Institute for Sustainability Leadership.

Dr. Leong does not hold any directorship in other public companies and listed companies. She does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

Dr. Leong has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Dr. Leong attended all four Board meetings held during the financial year ended December 31, 2022.

Lai Tak Loi is standing for re-election as Director of the Company. His profile is set out as below:

Lai Tak Loi, aged 52, male, a Malaysian, was appointed to the Board of DKSH Holdings (Malaysia) Berhad on November 4, 2022 as an Independent Non-Executive Director and Chairman of the Audit Committee.

He graduated with a Bachelor of Arts in Economics majoring in Accounting and Finance from University of Manchester, United Kingdom. Mr. Lai has more than 30 years of working experience out of which, for the past 18 years, he held various positions as Chief Executive Officer and Group Chief Financial Officer. He currently holds the position of Group Chief Financial Officer at IMC Pan Asia Alliance Pte Ltd since February 2022. Mr. Lai is a seasoned corporate professional with strong entrepreneurial skills and a proven track record in developing strategy, driving business transformation and establishing and growing financial value of businesses. He has served as a key advisor on various governance committees.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad, nor any conflict of interest with the Company.

He has no convictions for offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Mr. Lai attended one Board meeting held during the financial year ended December 31, 2022.

Notice of Annual General Meeting (continued)

Election as Non-Independent Executive Director

Jaclyn Ang Swee Yin is standing for election as Non-Independent Executive Director of the Company. Her profile is set out as below:

Jaclyn Ang, aged 45, female, a Malaysian, was appointed as Senior Director, Country Finance, Malaysia of DKSH Malaysia Sdn. Bhd., a wholly owned subsidiary of DKSH Holdings (Malaysia) Berhad on July 25, 2022.

Jaclyn Ang who has a degree in Bachelor of Commerce (Accounting & Finance) graduated from Monash University, Melbourne, Australia. She is also a chartered accountant of Malaysian Institute of Accountants and CPA Australia. Jaclyn Ang comes with 23 years of experience, starting off her career in external audit both in Malaysia and Australia before moving into full-fledged accounting and finance capacities, with the last 13 years being within a leadership capacity. She is an experienced finance leader with working experience in Australia, Japan, Philippines and Malaysia. Prior to DKSH, she was working for Eli Lilly as CFO, ASEAN & North Africa where she partnered closely with the business and commercial teams to drive results.

Currently, Jaclyn Ang leads the finance team, build capabilities and responsible for the execution of the Group-wide strategic finance initiatives in DKSH Malaysia.

Jaclyn Ang does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Proxy Form

for the Thirty-First Annual General Meeting

DKSH Holdings (Malaysia) Berhad

(199101021067 (231378-A))

No. of Shares held:	CDS Account No.:

I/We (full name and in capital letters) ____________________

NRIC (new and old)/Passport/Company No.: ____________ of (full address) ____________________

____

being a member of **DKSH Holdings (Malaysia) Berhad**, hereby appoint (full name as per NRIC and in capital letters) __________

____________________ NRIC No. (new and old): ____________________

of (full address) ____________________

and (if more than one (1) proxy) (full name as per NRIC and in capital letters) ____________________

NRIC No. (new and old): ____________________ of (full address) ____________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held at Ballroom I & II, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, May 19, 2023 at 10:00 a.m. or at any adjournment thereof. I/We indicate with an "X" in the spaces below how I/we wish my/our vote to be cast:

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a final single tier dividend of 16.0 sen per share for the financial year ended December 31, 2022.		
2.	To approve the Directors' fees payable for the period from May 20, 2023 until the next Annual General Meeting of the Company to be held in 2024.		
3.	To re-elect Dr. Leong Yuen Yoong as a Director of the Company.		
4.	To re-elect Lai Tak Loi as a Director of the Company.		
5.	To elect Jaclyn Ang Swee Yin as a Director of the Company, with effect from the conclusion of this Annual General Meeting		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
7.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.		

Subject to the above stated voting instruction, my/our proxy/proxies may vote or abstain from voting on any resolutions as he/she may think fit.

____

Signature of Member/Common Seal *(if Member is a Corporation)*

Dated this __________ day of ______________, 2023.

The proportions of my/our shareholdings to be represented by my/our proxies are as follows:

First Proxy
No. of shares: ____________
Percentage: ____________ %

Second Proxy
No. of shares: ____________
Percentage: ____________ %

Notes:

1. A member of the Company entitled to attend and vote at a general meeting of the Company is entitled to appoint proxy(ies) to attend, vote and speak on such member's behalf. A proxy may but need not be a member of the Company there shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.
3. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointer or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or under the hand of an officer or attorney duly authorised.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the shareholdings to be represented by each proxy in the instrument appointing the proxies.
5. The instrument appointing the proxy must be deposited at the office of the Company's Share Registrar, 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof; otherwise the instrument of proxy shall not be treated as valid and person so named shall not be entitled to vote in respect thereof. Only original copies of the duly executed form of proxy are acceptable. Alternatively, you may submit the proxy appointment electronically via TIIH Online at https://tiih.online before the proxy form cut off time as mentioned above. Kindly refer to the Administrative Guide for further information on the electronic submission of proxy form.
6. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.
7. Only the Company's members whose names appear in the Record of Depositors on May 12, 2023 shall be entitled to attend the said meeting or appoint proxies to attend, vote and speak on their behalf.

Fold this flap for sealing

Then fold here

Affix
Stamp

The Share Registrar of
DKSH Holdings (Malaysia) Berhad
(199101021067 (231378-A))

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here

Resilient Unique Scalable

Well-diversified, unique and scalable, our business is resilient and difficult to replicate, resulting in strong barriers to entry and exit. Our diversity is broad in terms of industries, markets, products, services and business partners serviced and forms the foundation of our sustainable and profitable growth. The majority of the products we handle are close to the daily needs of the people in the markets where we are active, contributing to the resilience of our business model.

DKSH Holdings (Malaysia) Berhad
199101021067 (231378-A)

B-11-01, The Ascent, Paradigm
No. 1, Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya
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