DKSH Holdings (Malaysia) Berhad

Annual Report 2023

100 Years in Malaysia

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
Lai Tak Loi	Independent Non-Executive Director
Dr. Leong Yuen Yoong	Independent Non-Executive Director
Fa'izah binti Mohamed Amin	Independent Non-Executive Director
Lian Teng Hai (Retired on May 19, 2023)	Non-Independent Non-Executive Director
Jaclyn Ang Swee Yin (Appointed on May 19, 2023)	Non-Independent Executive Director/ Senior Director, Country Finance, Malaysia
Puneet Mishra (Resigned on September 29, 2023)	Non-Independent Executive Director/ Vice President, FMCG
Sandeep Tewari (Appointed on October 16, 2023)	Non-Independent Executive Director/ Vice President, Healthcare

Audit Committee

Lai Tak Loi	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 Email dksh.malaysia.country.communications@dksh.com

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 Email is.enquiry@my.tricorglobal.com

Stock Exchange Listing

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

Company Secretaries

Teo Soh Fung, SSM Practising No. 202008001818, MAICSA 7046614

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 2023 and provides an outlook into DKSH's further growth.

Management Discussion and Analysis

DKSH's 100 Years of Resilient Performance in a Challenging Economic Landscape

In 2023, DKSH experienced a mixed year amidst fluctuating macroeconomic conditions. The first half of the year was marked by high inflation and unemployment rates, which adversely impacted consumer spending, posing significant challenges to the business landscape. However, there was a notable improvement in the latter part of the year as economic conditions began to stabilize.

Despite the economic uncertainties, DKSH demonstrated resilience in its financial performance. Leveraging its diversified portfolio, the company has successfully navigated through the challenges posed by weaker consumer sentiments, particularly within the consumer goods sector. Additionally, the Healthcare segment exhibited stronger performance, bolstered by a new business development pipeline.

The Group's net sales increased from MYR 7.2 billion in 2022 to MYR 7.5 billion in 2023. Our operating profit after tax grew from MYR 104.2 million in 2022 to MYR 110.5 million in 2023.

Driven by the company's solid performance, the Board has recommended a single tier final dividend of 17.0 sen per ordinary share for the financial year ended December 31, 2023, to be fully paid by July 2024.

Consumer Goods Segment

The Consumer Goods segment's focus on core activities resulted in a revenue growth of 3.5%, increasing from MYR 4.0 billion in 2022 to MYR 4.2 billion in 2023. However, segment profit decreased by 13.6% from MYR 116.5 million in 2022 to MYR 100.7 million in 2023. Despite fluctuating market demand throughout the year, characterized by a surge in Q1 2023 followed by a downturn in Q2 and Q3 2023, Consumer Goods segment successfully onboarded several new clients. Higher personnel expenses and loss allowance in trade receivables were observed in 2023, while 2022 benefited from debt recovery.

We continued our 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.

Management Discussion and Analysis (continued)

Healthcare Segment
The Healthcare segment demonstrated robust performance, with net sales growing from MYR 3.1 billion in 2022 to MYR 3.3 billion in 2023, marking a 6.4% increase. Segment profit witnessed a substantial growth of 26.1%, rising from MYR 61.4 million in 2022 to MYR 77.4 million in 2023. The strong result was driven by a combination of organic growth, new business development in commercial outsourcing and Own Brands, as well as sales force efficiency aimed at driving employee productivity, along with organizational structure optimization.

This segment is projected to experience growth fueled by the rise in healthcare spending over the medium to long term, along with the ongoing outsourcing trend. This outlook presents strong business development opportunities as the Group expands its value-added services offering.

Segment "Others"
As the Group's most consumer-facing business, the Famous Amos segment demonstrated a remarkable resurgence by efficiently managing its batter supply challenges. This led to a revenue increase of 40.2%, from MYR 62.8 million in 2022 to MYR 88.1 million in 2023.

Resilient Performance Amidst Weaker Consumer Sentiment and Subdued Market Volumes
Despite challenges arising from weaker consumer sentiment and subdued market volumes in the current macroeconomic climate, the Group maintains a well-diversified portfolio. We are committed to prioritize gaining new businesses, optimizing productivity, and managing working capital.

To sustain our success, we will continue to focus on enhancing our people capabilities, accelerating digitization, and leveraging automation. Our strategic emphasis remains on securing new businesses, improving cost efficiency, managing working capital, and prudently monitoring the short-term outlook to navigate the prevailing environment.

We are well positioned to benefit from favorable long-term market dynamics, industry trends, and consolidation opportunities 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.

7.5 billion
net sales (2023)

About **3,400** specialists

24 business locations

4 ISO-certified distribution centers
11 regional distribution centers
1 manufacturing plant

Network of more than **170** clients and thousands of customers

Financial Highlights

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

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Net sales	6,457,085	6,355,699	6,738,388	7,162,687	7,524,314
Earnings before interest, tax, depreciation and amortisation	155,177	169,589	214,406	233,458	235,366
Profit before tax	60,958	74,510	126,883	145,262	147,203
Net profit attributable to owners of the parent	39,047	48,888	91,275	104,214	110,515
Exceptional items	(13,369)	-	-	-	-
Net profit excluding exceptional items	52,416	48,888	91,275	104,214	110,515
Total assets employed	2,721,309	2,702,520	2,680,128	2,931,010	3,070,922
Shareholders' equity	620,257	669,147	744,658	831,556	891,633

Corporate Profile

Headquartered in Switzerland, DKSH operates in 36 markets with 29,040 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 3,400 specialists. Headquartered in Petaling Jaya, Selangor with 23 other business locations nationwide, DKSH provides unparalleled market coverage, serving more than 170 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 Holding Ltd. of Switzerland
Founded in 1865, DKSH Holding Ltd. 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 company headquartered in Zurich and operates in 36 markets with 29,040 specialists. In 2023, DKSH generated net sales of CHF 11.1 billion.

Corporate Profile (continued)

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.

Consumer Goods 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 24 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.

Healthcare Segment
Under the Healthcare segment, DKSH provides a wide range of integrated and customized solutions, including registration, market entry studies, marketing and sales, redressing, physical distribution, as well as invoicing and cash collection.

DKSH's 220,000-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 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.

DKSH further expands its presence in East Malaysia with the establishment of a 207,000-square foot distribution center in Kota Kinabalu, which serves both Consumer Goods and Healthcare segments. This larger and more advanced distribution center represents a significant capacity upgrade in DKSH's 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.

Corporate Profile (continued)

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 2023, 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 actively collaborates with various brands to create delightful treats for Malaysians and to amplify its brand presence.

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.

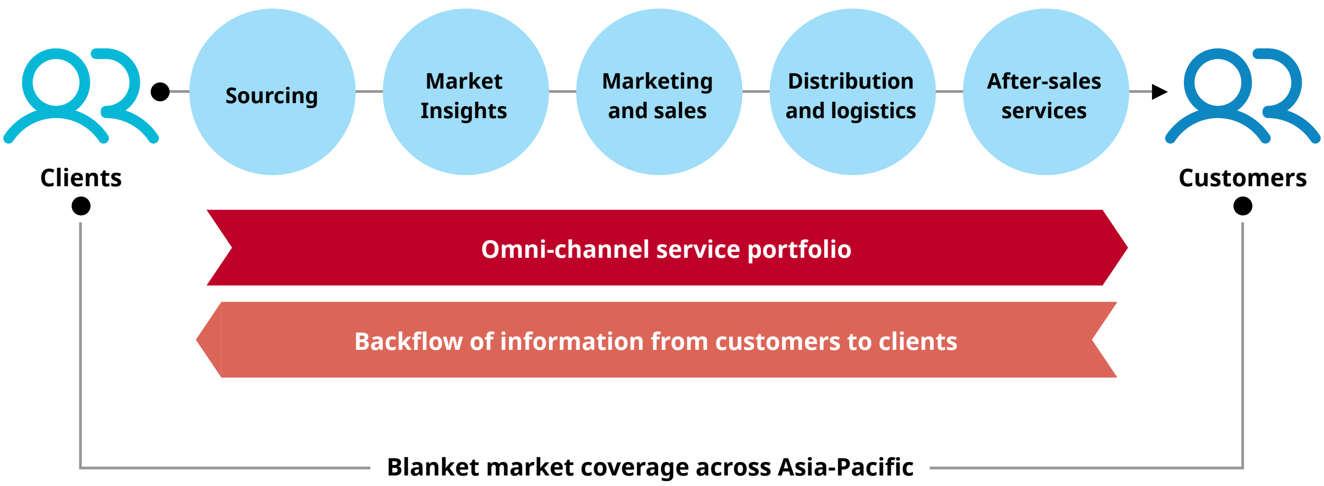
We offer intelligently integrated and tailored services to deliver seamless end-to-end solutions, no matter how big or small the requirements. To do this, we draw on nearly 160 years of experience, deep industry expertise, extensive on-the-ground logistics, and our vast network of business and personal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

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



Corporate Profile (continued)

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, healthcare products and performance materials. 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 ensures 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 with 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 59, 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 2008 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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, 2023.

Directors' Profiles (continued)

Lai Tak Loi

Aged 53, 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. 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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 all four Board meeting held during the financial year ended December 31, 2023.

Directors' Profiles (continued)

Dr. Leong Yuen Yoong

Aged 46, 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, a leader in sustainability, currently serves as Director of Sustainability Studies at the UN Sustainable Development Solutions Network (Asia) and Professor at Sunway University. Her expertise extends beyond academia, shaping future leaders through PhD supervision and influencing policy through insightful analysis. Dr. Leong champions a "decarbonise and re-carbonise" approach, leading the ASEAN Green Future project to transform technical systems while healing and growing natural ecosystems.

Prior to her current roles, Dr. Leong leveraged her engineering background as a Partner at WAYY Consulting, guiding technology and manufacturing companies with market research and strategic planning. Her entrepreneurial spirit is further evident in her co-founding of Natural Ease, which focuses on natural anti-pathogenic solutions.

Dr. Leong 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. Her commitment to lifelong learning is further exemplified by her 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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, 2023.

Directors' Profiles (continued)

Fa'izah binti Mohamed Amin

Aged 56, 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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 three Board meetings held during the financial year ended December 31, 2023.

Directors' Profiles (continued)

Jaclyn Ang Swee Yin

Aged 46, Female, Malaysian
Non-Independent Executive Director
Senior Director, Country Finance, Malaysia

Ms. Ang was appointed to the Board of DKSH Holdings (Malaysia) Berhad on May 19, 2023 as a Non-Independent Executive Director.

Presently, Ms. Ang is the Senior Director, Country Finance, Malaysia of DKSH Malaysia Sdn. Bhd., a wholly owned subsidiary of DKSH Holdings (Malaysia) Berhad since 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 sits on the board of several subsidiaries of DKSH Holdings (Malaysia) Berhad and 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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

Ms. Ang attended two Board meetings held during the financial year ended December 31, 2023 upon her appointment to the Board on May 19, 2023.

Directors' Profiles (continued)

Sandeep Tewari

Aged 51, Male, Indian
Non-Independent Executive Director
Vice President, Healthcare

Mr. Tewari was appointed to the Board of DKSH Holdings (Malaysia) Berhad on October 16, 2023 as a Non-Independent Executive Director.

He joined DKSH Holding Ltd. in July 2020 as Vice President, Healthcare, Cambodia and Laos and subsequently assumed the role of Vice President, Healthcare, Malaysia effective August 1, 2023. In his current role, he is responsible for leading the Healthcare Business Unit in Malaysia and Brunei.

Prior to joining DKSH, he served Allergan India Private Ltd for 7 years and Alcon Laboratories for 16 years wherein he held various roles with increasing responsibility beginning with leadership positions in the overall management of sales strategies and business functions, and rose to the position of Country General Manager and led the Malaysia, Singapore and Brunei businesses within Alcon.

Mr. Tewari is an experienced professional with a successful track record of growing businesses across the medical devices, vision care and pharmaceuticals sectors in India and Southeast Asia. During his professional career, he has a myriad of experiences in turning around businesses for India and Southeast Asia markets.

He sits on the board of several subsidiaries of DKSH Holdings (Malaysia) Berhad and does not hold any directorship in other public companies and listed companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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. Tewari attended one Board meeting held during the financial year ended December 31, 2023 upon his appointment to the Board on October 16, 2023.

Key Senior Management's Profiles

Key Senior Management's Profiles

Jaclyn Ang Swee Yin

Aged 46, Female, Malaysian
Non-Independent Executive Director
Senior Director, Country Finance, Malaysia

For details of Ms. Ang, please refer to page 16 of this Annual Report.

Key Senior Management's Profiles (continued)

Sandeep Tewari

Aged 51, Male, Indian
Non-Independent Executive Director
Vice President, Healthcare

For details of Mr. Tewari, please refer to page 17 of this Annual Report.

Key Senior Management's Profiles (continued)

Ooi Eng Keong
(also known as Alex)

Aged 44, 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. He is also an Ordinary Member of the Business Networking Club (BNC) Malaysia.

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 of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Neil McCann

Aged 61, 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 five 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 of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Arminderpal Singh a/l Gurdial Singh
(also known as Arminder Gill)

Aged 43, 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 of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has no convictions for any offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Thamayenthi a/p Narayan @ Narayanan

(also known as Thamayenthi Narayanan)

Aged 46, 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 of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. She has no convictions for any offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Key Senior Management's Profiles (continued)

Serene Lee Huey Fei

(also known as Serene Lee)

Aged 43, Female, Malaysian
Director, Legal, Malaysia & Singapore
Company Secretary

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).

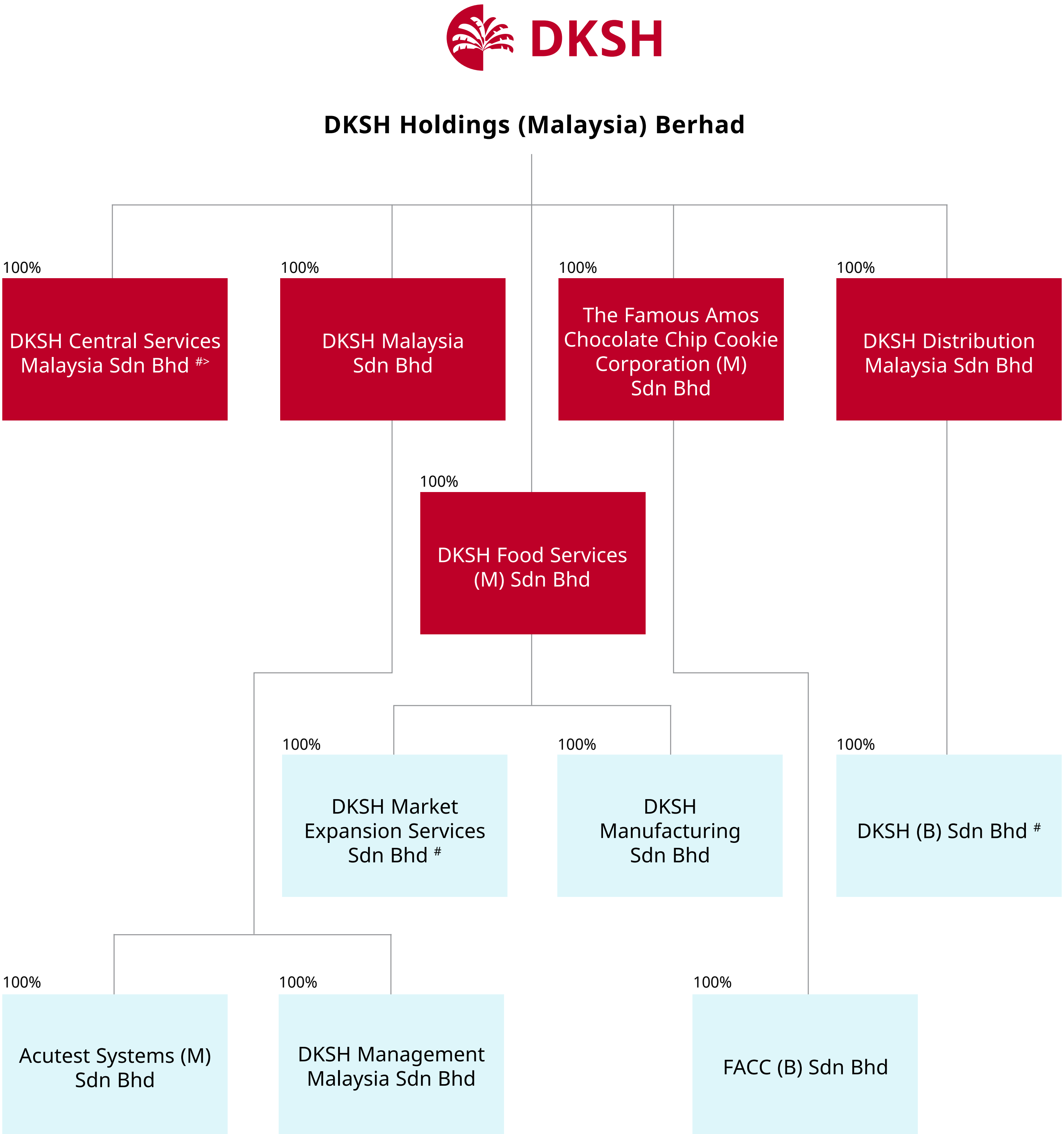
Ms. Lee has over 20 years of solid experience in handling legal and corporate secretarial matters for various industries such as infrastructure, building materials, industrial, oil & gas, logistics and supply chain management. Ms. Lee specializes in leadership roles, personnel management, legal advisory, 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 of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. She has no convictions for any offences within the past five years nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Corporate Structure



Dormant
> *In liquidation*

Sustainability Statement

Integrating sustainability into our core operations is key to securing our future success. We adopt practices today that ensure our relevance and competitiveness in the future. Our commitment to conducting business ethically is aimed to enhance our community, environment, marketplace, and the workplace, ensuring we continue to foster sustainability in every aspect of our operations.

Sustainability Statement

ABOUT THIS REPORT (GRI 2-1, 2-6)
This report aims to provide our stakeholders with a clear and concise assessment of how DKSH Holdings (Malaysia) Berhad ("DKSH" or "DKSH Malaysia") strategically embeds sustainability in our business for the year under review. This report reviews our key sustainability-related risks, opportunities, and impacts relevant to our value creation.

DKSH Malaysia specializes in Market Expansion Services, helping companies grow their business in Malaysia. We support companies entering new markets and expanding in existing ones, leveraging our extensive global networks, industry expertise, and local market knowledge. We help our clients in Consumer Goods and Healthcare grow by distributing, promoting, and servicing their products, and our customers by providing access to high-quality products, services, and insights. DKSH Malaysia is publicly listed on the Main Board of Bursa Malaysia Securities Berhad.

Reporting Frameworks

This Sustainability Statement complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for sustainability reporting. It aligns with the Bursa Malaysia Sustainability Reporting Guide (3rd edition), focusing on the management of material economic and environmental, social, and governance ("ESG") sustainability matters and indicators relevant to all listed issuers ("11 Common Sustainability Matters"). Additionally, we adopt the global best practice reporting benchmarks of the Global Reporting Initiative ("GRI") Standards 2021, United Nations Sustainable Development Goals ("UN SDGs"), and Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations.

Scope and Boundary (GRI 2-2, 2-3)

This Sustainability Statement covers DKSH's business operations within Malaysia that span the fiscal year from January 1 to December 31, 2023 ("FY2023"). Our scope of reporting includes DKSH Malaysia's headquarters in Petaling Jaya, branch offices, distribution centers in Peninsular 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. The DKSH Sustainability Statement is reported annually within the DKSH Malaysia Annual Report.

This Sustainability Statement predominantly covers our efforts in the Economic, Environment, and Social ("EES") pillars. However, in-depth Economic aspects are reported in the Management Discussion and Analysis of this Annual Report, while the Governance aspects are covered in the Corporate Governance Overview Statement of this Annual Report.

Restatement (GRI 2-4)

A revision of GHG emissions across Scope 1, 2, and 3, as well as electricity consumption figures, has been undertaken to improve precision and ensure alignment with available invoices, as well as with updated metrics. Additional facilities have been incorporated into the inventory to consolidate data, and recalculations have been made using the appropriate Grid Emission Factor ("GEF").

We have also restated the Waste data for the past two years due to a change in the calculation method arising from the reclassification of waste from manufacturing as Recyclable which was previously classified as Hazardous Waste.

The health and safety performance data for the past two years has been recalibrated, excluding data from sites not included in DKSH Holdings (M) Berhad's reporting.

We have also taken proactive steps to improve the accuracy and reliability of our Human Resources (HR) data by conducting a thorough restatement for the past two years. We are now better positioned to ensure the integrity of our HR information going forward.

Sustainability Statement (continued)

Materiality

In 2023, we updated our material matters to align with the assessment of materiality conducted at the global level to assess DKSH's impacts and its influence on the operational environment. The material matters identified were then reviewed in the context of the local landscape to ensure their relevance to the local environment. The material matters identified in 2022 are still relevant to the topics identified in 2023. However, the naming convention and categorization have been aligned with the Group's Material Matters. Furthermore, we also mapped the refreshed Material Matters against Bursa Malaysia's 11 Common Sustainability Matters, GRI Standards, and UN SDGs.

DKSH Malaysia Material Matters 2022	Changes in 2023	DKSH Malaysia Material Matters 2023
1 Economic Performance	Reported under Management Discussion and Analysis, and Financial Report section of the DKSH Annual Report	
2 Market Presence	Reported under the Financial Report section of the DKSH Annual Report	
3 Occupational Health and Safety	Renamed and recategorized to	1 Health, Safety, and Well-being
4 Our People	Renamed and recategorized to	2 Employee Attraction, Satisfaction, and Retention
5 Anti-Corruption	Renamed and recategorized to	3 Labor Practices and Human Rights
6 Environmental Responsibility	Renamed and recategorized to	4 Climate Change Mitigation 5 Pollution Prevention 6 Resource Efficiency 7 Climate Change Adaptation ("TCFD Report")
7 Responsible Procurement	Renamed and recategorized to	8 Responsible Supply Chain
8 Information Security 9 Marketing and Labelling	Renamed and recategorized to	9 Ethical Business
10 Local Communities	Renamed and recategorized to	10 Local Community 11 Access to Food, Medicines, and Healthcare
11 Customer Health and Safety	Renamed and recategorized to	12 Product Quality and Safety

For more information on Material Matters, please refer to page 37

Sustainability Statement (continued)

We have structured this Sustainability Statement into three main chapters, each dedicated to specific Material Matters identified. The **Our People** chapter discusses matters related to our employees, who serve as the foundation of our value creation. In the **Our Business** chapter, we outline how we create value through our business model, with a focus on enhancing the sustainability of our supply chain. The **Our Outcome** chapter centers on our commitment to fulfilling our purpose of enriching people's lives.

Integrating United Nations Sustainable Developmental Goals

We are committed to contributing to the United Nations Sustainable Development Goals ("UN SDGs") through our business operations. We believe that by aligning our business operations with the UN SDGs, we can contribute to the global effort to create a more sustainable and equitable world while creating long-term value for all our stakeholders. Many of the 17 SDGs are reflected in our material topics. In particular, we focus on promoting SDGs 2, 3, 4, 5, 8, 9, and 13.

Assurance (GRI 2-5)

In preparing this Sustainability Statement, we ensured compliance with relevant reporting guidelines to uphold its integrity and present information that is balanced, accurate, and meaningful. The DKSH Malaysia Sustainability Committee meticulously reviewed this Sustainability Statement before it was reviewed and approved by Group Investor Relations and Group Sustainability teams, followed by DKSH Malaysia's Board of Directors.

In strengthening the credibility of the Sustainability Statement, the contents of this Sustainability Statement, including all indicators, have been subjected to an internal review by the external auditors appointed by the Company. The boundary of the internal review includes all companies within the Group's financial control. There were no material weaknesses and deficiencies in relation to internal controls, but we have identified some moderate to low priority gaps, and the Management has undertaken proactive actions to remediate the issues.

We engaged an external auditor, Société Générale de Surveillance SA ("SGS") Switzerland, to validate the global reported CO_2 equivalent emissions arising from our worldwide activities, including those in Malaysia, to establish conformance with the requirements of the "GHG Protocol Company Accounting and Reporting Standard".[1]

[1] For more information regarding the Assurance Statement, please refer to the DKSH Holding Ltd. Sustainability Report 2023 on page 86 to 87

Forward-looking Statements

This Sustainability Statement contains forward-looking statements regarding our financial and non-financial position, future priorities, strategies, and growth opportunities based on reasonable assumptions. These statements do not guarantee future results, as actual outcomes may significantly differ due to various events, risks, uncertainties, and other factors.

Feedback (GRI 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
Email: dksh.malaysia.country.communications@dksh.com

For a comprehensive understanding, we recommend reading this Sustainability Statement in conjunction with the Annual Report and other publicly available resources, including corporate policies found on our website at www.dksh.com.my.

Memberships and Associations (GRI 2-28)

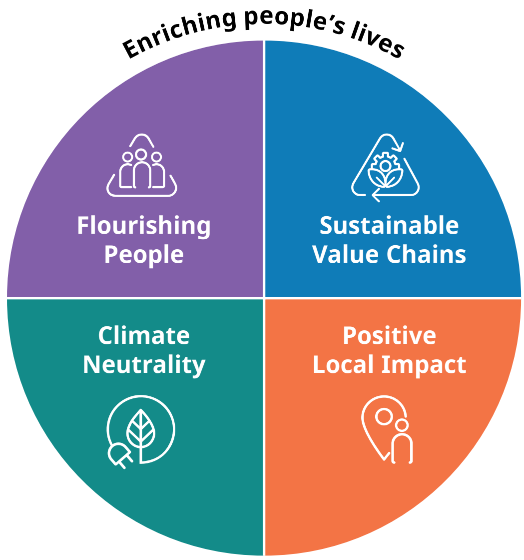
DKSH Malaysia is affiliated with various credible associations, with a focus on industry associations for the chemical, pharmaceutical, and food industries, as well as membership in chambers of commerce.

- Federation of Malaysian Manufacturers ("FMM")
- GS1 Malaysia
- 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 Sustainability Approach

Our sustainability efforts aim to build business resilience while enriching lives and safeguarding the environment. We actively engage with stakeholders, assess our impact areas, and have a clear Sustainability Strategy in place. With strong governance and careful risk management, we are committed to making a difference and ensuring a sustainable future.



Sustainability Approach

Sustainability stands as one of the five core values at DKSH. We are committed to managing the economic and sustainability impacts of our business operations, as highlighted by our materiality assessment. Our aim to foster long-term, profitable growth responsibly reflects our commitment to sustainable future creation. Our core activities not only provide market and product access but also create essential employment opportunities.

In 2023, DKSH Malaysia has embraced a new Sustainability Strategy, embedding sustainability as a core focus within its corporate strategy.

Sustainability Strategy

Guided by our purpose of Enriching People's Lives, our actions contribute to sustainable development in the markets and communities we serve, demonstrating our commitment to making a positive impact. The DKSH Sustainability Framework reflects the following four objectives of our Sustainability Strategy:

Enable Our People to Flourish
We aim to support our employees so that they can maximize their talents and engagement. We create various opportunities for our employees' personal and professional advancement, such as training 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. This means procuring products and services responsibly in a way that respects human rights and minimizes our impact on the environment. We are committed to reducing waste.

Becoming Climate-Neutral by 2030
We are focusing on making our operations (Scope 1+2) climate-neutral by 2030, creating transparency about our emissions, and investing in solar panels. We continue to improve the efficiency of our operations, thereby decreasing the energy and CO_2 intensity of our business, for instance, by optimizing transport routes and truck loads. In addition, we focus on energy-saving equipment, such as LED lighting, in our distribution centers.

Make a Positive Local Impact
We aim to promote our projects benefiting local communities. At the core of what we do is 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 positively impacting the communities where we operate, from alleviating hunger to improving life skills. In 2023, we concentrated on developing our Social Impact Strategy[2] which will guide us in translating the Sustainability Strategy's objective to make a positive local impact into concrete action. This strategy defines activities that are considered to have a social impact and addresses initiatives at the Group, Business Unit, and market levels.

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[2] For more information on the Social Impact Strategy, please refer to the DKSH Holding Ltd. Sustainability Report 2023 on page 72

Sustainability Statement (continued)

2023 Sustainability Overview and Highlights

We strategically integrate sustainability into our operational framework through cross-functional collaboration and targeted initiatives. Our approach includes launching campaigns such as an environmental month to highlight key issues, including climate change, energy efficiency, and waste management. We prioritize continuous learning by engaging in sustainability conferences, seminars, and training, to enhance our capacity for sustainable practices.

In 2023, we have also further enhanced the accuracy of our data through the improvement in our data management infrastructure, investment in systems that improve data collection and reporting processes, thereby reinforcing the integrity of our sustainability reporting and enabling precise tracking of our progress.

Flourishing People

Our Approach

Human rights | Developing our talent | Embracing diversity | Employee engagement

2023 Highlights

- Scored 73 in 2023 Your Voice@DKSH Employee Engagement Survey, up from 72 in 2022
- Top strengths rated by employees:
  - Encouraged to learn from mistakes
  - Good opportunity to learn and grow within the company
  - Provided with the space to find new and better ways to get things done
- Achieved 93% average employee participation in training programs
- Internal mobility rate for manager level and above was 34.8%
- Increased per employee training hours to 15.95 in 2023 from 14.2 in 2022
- Hiring to ensure there is a right mix of diversity and inclusiveness

Sustainable Value Chains

Our Approach

Human rights | Responsible procurement | Waste management

2023 Highlights

- Ensured products and services adhered to ethical practices and comply with health, safety, environmental, and other applicable standards
- Recorded zero non-compliance for the year
- 99% of vendors are local

Climate Neutrality

Our Approach

Climate-neutral operations | Solar panels | Emission transparency

2023 Highlights

- Installation of Solar PV system 577kWp at Shah Alam Distribution Center ("SADC")
- Introduced Environment Month campaign to raise environmental awareness
- Reduction in electricity consumption (after offsetting renewable energy purchase) by 39.88%
- Engaged third-party auditor, SGS, to validate the GHG emissions data in our reporting system

Positive Local Impact

Our Approach

Local community | Social impact strategy

2023 Highlights

- Invested MYR 202,580 in Corporate Social Responsibility initiatives, up by 56%
- Adopted seven schools and provided monthly school expenses for 120 Orang Asli schoolchildren in collaboration with SUKA Society
- Collaborated with The Lost Food Project to tackle food insecurity in Malaysia, reaching out to over 60 NGOs
- Gotong-royong clean-up activities along slip road leading to DKSH CGL 1 warehouse to prevent emerging dengue cases
- Continued project "Opportunities in Rejuvenating Careers for the Hearing Impaired" ("ORCHID") to help hearing impaired community with job opportunities

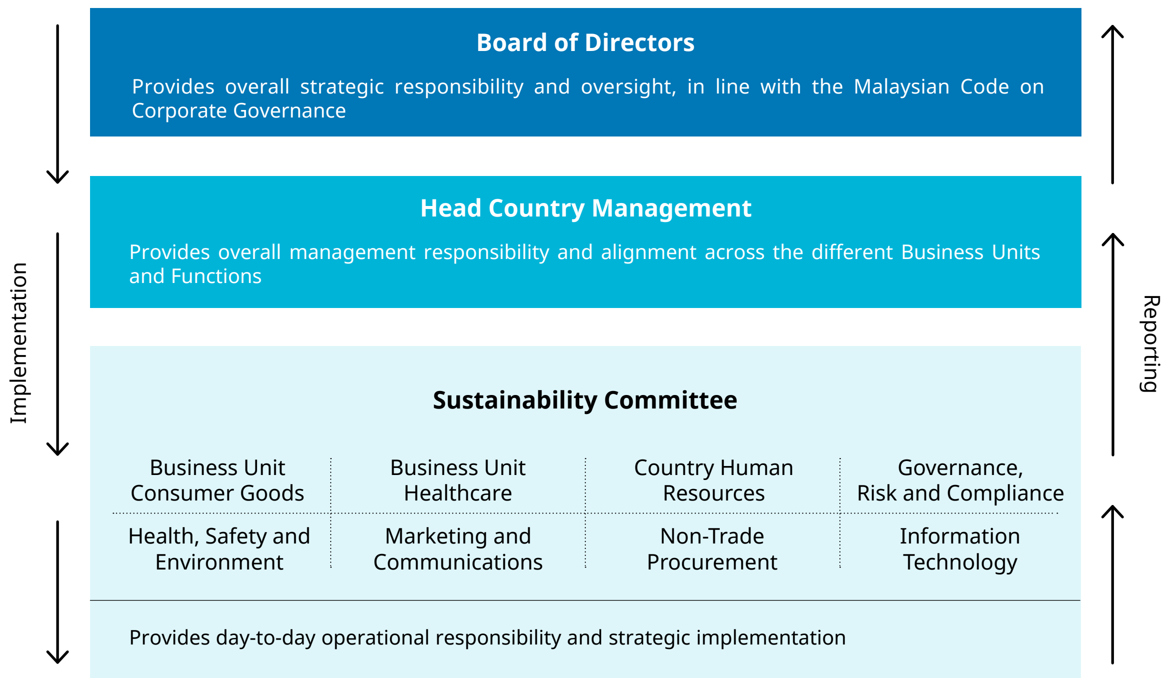
Sustainability Statement (continued)

Sustainability Governance (GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14)

Effective governance is crucial for embedding sustainability into our long-term growth strategy. DKSH's Board of Directors, as the highest governance body, oversees the company's sustainability governance, including monitoring sustainability performance and strategies. The Board recognizes the critical role sustainability plays in integrating into the company's business and corporate activities, understanding its importance for crafting successful business strategies that deliver sustainable value to stakeholders and enhance the company's overall performance.

To ensure sustainability efforts are effective, relevant, and aligned with DKSH's business objectives, the Board conducts quarterly reviews of sustainability matters. The Head Country Management for Malaysia, charged with leading sustainability initiatives, is supported by a Sustainability Committee composed of representatives from various Business Units and Functions. The Head Country Management and the Sustainability Committee meet at least four times a year, or whenever necessary. In 2023, this committee convened quarterly to exchange information, discuss regulatory developments, set objectives, launch key initiatives, and monitor progress.

Given the increasing importance of Climate Action, discussions on climate change have become a regular feature at the highest levels of our organization, including the Board of Directors and Senior Management Meetings. They are integrated into the sustainability governance framework. Each Business Unit and Function carries out detailed evaluations of climate-related aspects, focusing on key areas such as carbon emissions, energy usage, and supply chain risks. The important insights and recommendations from these evaluations are then presented to the senior management team and the Board of Directors to ensure that climate considerations are prioritized in the organization's top-level decision-making processes.



Sustainability Statement (continued)

Management of Material Risks and Opportunities

We take proactive measures to manage risks at every level of our organization. Our strategic activities, decision-making processes, and daily operations are all informed by our commitment to delivering on our strategic objectives and creating value for stakeholders. We rely on a comprehensive Enterprise Risk Management ("ERM") Policy and Framework that helps us identify, analyze, evaluate, manage, and monitor potential risks.

Risk Category	Mitigating Actions	Opportunities
Energy Source	a) Equip production facilities and offices with energy-efficient LED lighting b) Upgrade old air conditioning systems to 5-star rated Energy-Saving Air Conditioners c) Install solar panels at The Hub ("FACC") and SADC	• Use of lower emission source of energy • Participate in renewable energy programs and adoption of energy efficiency measure
Resources Efficiency	a) Facilitate delivery by aligning vehicle size with product capacity b) Install additional water meters at each facility for precise tracking of potential wastewater usage and fostering a comprehensive strategy to decrease overall water consumption	• Use of more efficient production and distribution process • Reduce water usage and consumption
Information Security	a) Make IT security training compulsory for all employees b) Implement periodic phishing campaigns as an ongoing learning initiative c) Enforce use of multi-factor authentication for enhanced security measures	• Increase reliability of operation by reducing the likelihood of security breaches, data compromises, and unauthorized access

Stakeholder Engagement (GRI 2-29)

We prioritize ongoing dialogue with our stakeholders to remain informed about significant developments and impacts, ensuring our strategies are aligned in the right direction. We strive to understand the perspectives and insights of our stakeholders, which are vital for shaping our business and sustainability strategy.

Key Stakeholder Group	Why Are They Important To Us	How We Engage With Stakeholders	Key Areas of Interest	Our Response
Clients	Our clients play a key role in enhancing our revenue streams through sustained contractual agreements, fostering financial stability, and sustainability. Their contributions are crucial in helping us achieve our company goals, which include expansion, increasing market share, improving distribution, and executing our strategic plans effectively.	Periodic meetings and regular business reviews	Project delivery within timeline and budget	• Provide unmatched logistics infrastructure and distribution centers • Provide additional specialized services as needed • Offer long-term business strategies based on our local expertise and market intelligence

Sustainability Statement (continued)

Key Stakeholder Group	Why Are They Important To Us	How We Engage With Stakeholders	Key Areas of Interest	Our Response
Customers	Our customers are the primary source of revenue, providing essential capital that underpins the financial stability and sustainability of our business.	Periodic meetings and regular business reviews	Customer responsiveness and customer satisfaction	• Provide competitive pricing for products • Provide sustainable products and services • Provide knowledge and market insights
Employees	Our people contribute knowledge and technical expertise that drives our business operations forward. Representing DKSH, they play a key role in communicating with our customers and suppliers, ensuring our values and standards are upheld. They are responsible for overseeing and managing the daily operations of the organization, maintaining efficiency and effectiveness across all levels.	Employee surveys, engagement sessions, recreational events	Employee engagement, high performing teams, cross-functional and cross-BU collaboration	• Conduct employee engagement surveys for better engagement • Upskill and reskill employees through learning and development programs • Prepare for development of leadership roles and succession planning
Government agencies, local councils, and regulatory authorities	We engage with the government to ensure our business's sustainability and align our operations with regulatory requirements to mitigate the risk of financial and licensing losses	On-site inspections, correspondences, social activities	Compliance with regulations	• On-site governance inspection and audit report by regulatory authorities on production of goods in factory • On-site inspection report by regulatory authorities on Good Distribution Practice and Cold Chain inspection • Audit by external auditor ("SGS") on ISO 9001, ISO13485, GDP, and Good Distribution Practices ("GDP")

Sustainability Statement (continued)

Key Stakeholder Group	Why Are They Important To Us	How We Engage With Stakeholders	Key Areas of Interest	Our Response
Local communities	Local communities are important to us as they directly impact and are impacted by our operations. Engaging with them strengthens our social license to operate, enhances our reputation, and helps us understand and meet local needs.	Company Website, Social Media, Community engagement activities	Community support	• Provide educational support to Orang Asli children under All-Round Improvement in School Education program ("ARISE"), in collaboration with SUKA Society • Engage with Orang Asli children through school visits to understand and address their needs • Create sustainable economic opportunities by providing job training programs • Provide job opportunities for individuals with hearing impairments • Introduce digitization in supply chain to reduce environmental footprint
Shareholders and investors	Our shareholders and investors provide us with capital infusion that boosts our market valuation and ensures access to capital markets. Their support enhances our visibility and credibility, underpinning our financial health and facilitating sustainable growth.	Company Website, quarterly announcement, AGM, analyst, and investor meetings	Timely disclosure of relevant corporate and financial information	• Provide transparent communication about financial performance, strategy, risks, and future outlook • Maintain active communication with shareholders and investors • Engage with financial analysts
Suppliers/ Vendors	Vendors are essential to our operations, offering the resources and services that drive our business forward. Their reliability and quality standards directly influence our product offerings and operational efficiency. Engaging with vendors allows us to build strong, collaborative relationships, ensuring a steady supply chain.	Periodic meetings and regular business reviews	Performance monitoring throughout supply chain	• Regular discussions with vendors on their sustainability goals • Encourage vendors to explore sustainability topics such as electric vehicles, solar panels, and energy efficient practices (lighting / water consumption)
Consumers	Consumers of our products. They contribute to our sales and shape our offerings. Their satisfaction influences our reputation and growth.	Marketing and advertising, and feedback channels	Quality and relevance of products	• Facilitate the availability of high-quality products in the market

Sustainability Statement (continued)

Material Matters (GRI 3-1, 3-2)

A materiality analysis was conducted in 2022, taking into consideration evolving stakeholder interests and changes in the regulatory and political landscape across our operational footprint. In 2023, we observed no changes in our material topics compared to the 2022 analysis. The process to assess impacts and identify material topics involved:

Step

1 Analyzing megatrends and sector-specific issues relevant to DKSH.

2 Conducting desk research to determine topics significantly affecting key stakeholders and areas where stakeholders and the environment impact us. This analysis had a global scope with a specific focus on Southeast Asian markets, as most of DKSH's business operations are based in this region.

3 Validating findings through interviews with senior DKSH managers representing various key Business Units, Functions, and regions, all of whom regularly engage with stakeholders. These interviews provided additional insights into diverse stakeholder expectations.

4 Review and approval of the assessment results by the Executive Committee and the Board of Directors at the Global level.

As part of our assessment as per Step 2 and Step 3 above, DKSH Malaysia conducted a thorough review of the material topics and confirmed their relevance to the operating landscape in Malaysia. To enhance alignment, we mapped the refreshed Material Matters to Bursa Malaysia's Common Sustainability Matters, ensuring our sustainability focus remains consistent with industry standards and best practices.

DKSH Malaysia Material Matters 2023	Bursa Malaysia 11 Common Sustainability Matters
1. Labor Practices and Human Rights 2. Ethical Business	1. Anti-Corruption 2. Data Privacy & Security
3. Responsible Supply Chain	3. Supply Chain Management
4. Climate Change Mitigation 5. Pollution Prevention 6. Resource Efficiency 7. Climate Change Adaptation (TCFD Report)	4. Energy Management 5. Water 6. Waste Management 7. Emissions Management
8. Product Quality and Safety 9. Health, Safety, and Well-being	8. Health and Safety
10. Employee Attraction, Satisfaction, and Retention	9. Labor Practices and Standards 10. Diversity
11. Local Community Development 12. Access to Food, Medicines, and Healthcare	11. Community / Society

Sustainability Statement (continued)

Our People

We place our employees at the core of everything we do. Ensuring their health, safety, and well-being is crucial for our success. We aim to provide a safe, equitable, and welcoming work environment, while also supporting our staff in achieving their fullest potential through various training and development opportunities.

1. Health, Safety and Well-being

▸ (GRI 403)

We value our employees, prioritizing their health and safety in every aspect of our operations. Our Occupational Health and Safety ("OHS") management program is focused on ensuring workplace safety and employees' well-being. This includes the establishment of safe work instructions, conducting risk assessments, compliance monitoring, Health, Safety, and Environment ("HSE") training, communication and awareness, emergency preparedness, and injury/illness prevention, particularly in our distribution center operations; and promoting safe driving practices due to our extensive marketing, sales, service, and delivery activities across all our Business Units. Beyond these primary areas, our program also addresses the risks associated with transporting, storing, and handling hazardous materials, safeguarding both people and the environment.

Our HSE policy focuses on managing risks and ensures we follow strict governance and execution standards. Our HSE policy provides a framework for various guidelines and Standard Operating Procedures ("SOPs"), which helps manage specific HSE risks. Our HSE committee, composed of members chosen from different Business Units and Functions, works closely with the Country HSE Manager to run the HSE Management System ("HSE-MS"). This system helps us comply with all relevant regulations and consider the specific risks of operations in different locations. Our HSE managers are in charge of putting this system into action and monitoring it. Every quarter, we report our progress to a global supervisory committee.

Sustainability Statement (continued)

Following the guidelines set by the Department of Occupational Safety and Health Malaysia ("DOSH"), and under the obligations of the Occupational Safety and Health Act 1994 ("Act 514"), DKSH has established a Standard Operating Procedure for Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") across all operational activities. The goal is to spot and assess risks associated with work tasks, gauge their severity, and ensure we have effective plans to reduce and manage these risks. For this purpose, we provide a HIRARC Inspection Form for process owners in each Business Unit and Function to conduct their assessments. This form is updated annually or whenever necessary. After safety audits, we develop corrective action plans to resolve any identified problems. We also have in place a Stop Work Order process which allows workers and contractors to halt work and remove themselves from situations they believe could pose a risk of injury or health issues.

We conduct pre-employment health checks for manufacturing employees and material handling equipment ("MHE") operators for warehouse operations.
► (GRI 403-3)

To ensure employee participation in health and safety decisions, our Site HSE Committee, representing all departments, is actively involved in discussions and decisions about health and safety practices.
► (GRI 403-4)

Workers (employees and non-employees) covered by an occupational health and safety management system
► (GRI 403-8)

	2021		2022		2023	
OHS System	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Employee	3,249	80.1%	3,164	79.2%	3,387	79.2%
Non-Employee	808	19.9%	832	20.8%	892	20.8%
Total	4,057	100%	3,996	100%	4,279	100%

Training is key to ensuring that all employees know about and follow health and safety rules, caring for their own safety and the safety of others. Every new employee goes through in-depth health and safety training as soon as they join, which they must complete and sign off on or before starting their job. We also regularly offer refresher training to keep everyone's knowledge up to date, and we keep track of attendance. In 2023, 1,258 employees underwent training on health and safety, which included these training programs:

Awareness Program

HSE Week (Warehouse Safety Rules, Hazard Identification, First Aid, Basic Fire Fighting, and Chemical Spillage Response)

PPE Program Hearing

Educates employees on selecting and wearing appropriate PPE tailored to their job activities, ensuring protection from potential hazards, and provides guidance on maintaining PPE in optimal condition

Conservation Program

Implementing noise risk assessment, audiometric testing, employee training, provision of hearing protection, and hierarchy of controls for identified noise hazards

The HSE team organized Environment Month 2023, engaging employees in a series of discussions and knowledge-sharing sessions. These activities, led by industry experts, covered crucial topics such as climate change, energy efficiency, and waste management. Continuing our commitment to environmental stewardship, DKSH Malaysia hosted Health, Safety, Security, and Environment ("HSSE") Week across several distribution centers, including the SADC, Kota Kinabalu Distribution Center ("KKDC"), Kuching Distribution Center, and Consumer Goods Logistics ("CGL").

Sustainability Statement (continued)

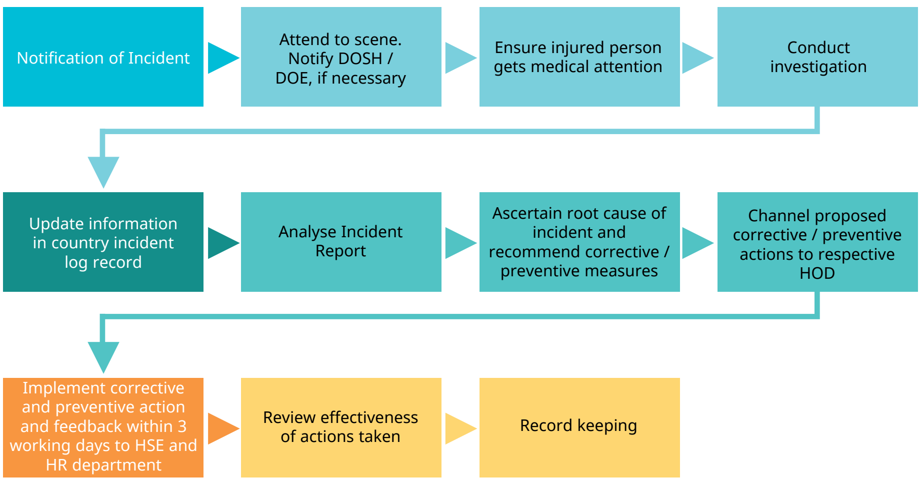
In addition to our training programs, DKSH regularly conducts fire drills in our offices and warehouses, runs health and safety awareness activities, and sends out OHS updates to our staff. Since expanding the "5S" workplace organization to a "7S" program by adding Safety and Security to the original five principles in our main distribution centers, we have seen improved safety in various aspects of our operations to ensure a healthy and safe work environment.

Our commitment to safety means taking every necessary step to mitigate risks and prevent accidents at our facilities. This includes establishing clear SOPs, prominently displaying safety signs, providing appropriate personal protective equipment based on work activities, and ensuring strict adherence to workplace safety guidelines for contractors at our facilities. The safety guidelines encompass accident incident reporting and permit-to-work applications.

Incident Investigation and Resolution

Consistent with our effort to enhance our OHS practices, we emphasize the importance of reporting and investigating any incidents, followed by taking corrective measures to avoid their recurrence. It is mandatory for all incident reports and investigations to adhere to the Accident Incident Reporting and Investigation ("RG3") procedure.

The HSE Manager and the relevant risk owners work together to evaluate if the health and safety management system is effectively implemented as intended and meeting its goals. This involves checking if teams have complied with DKSH's policies and standards, as well as laws set by regulatory bodies.



Sustainability Statement (continued)

2023 Safety Performance

In 2023, our workplace safety practices were audited by key clients, customers, standards boards, and regulatory authorities, along with our own Supply Chain Management and HSE teams. We identified and addressed key safety issues, primarily related to the workplace safety operations. To mitigate these risks, we implemented preventive measures, provided training, and supplied adequate personal protective equipment.

	Number			Rate (per 1,000,000 hours worked)		
Employees	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Fatalities from work-related injuries	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Number of hours worked (in million)	7.0	7.3	6.7	-	-	-
Lost time incident rate	-	-	-	0.14	0.14	0.15

	Number			Rate (per 1,000,000 hours worked)		
Workers (excluding employees or contractors not hired by DKSH)	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Fatalities from work-related injuries	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Number of hours worked (in million)	2.1	2.1	2.2	-	-	-
Lost time incident rate	-	-	-	0.94	0.47	1.37

The health and safety performance data above was compiled through an internal reporting system, following the Occupational Safety and Health Administration (“OSHA”) guidelines.

The increase in injury cases was mainly due to inadequate awareness among employees regarding potential risks and a lack of effective implementation of control measures. To address this, we have increased focus on enhancing employee awareness of hazard identification, control measures, and risk mitigation strategies. We have also implemented engagement programs that encouraged open communications and active participation, as well as comprehensive training for all employees.

2. Employee Attraction, Satisfaction, and Retention

As a service provider with 3,387 employees as at the end of 2023, our success relies on skilled professionals who share our values of trust, integrity, and reliability. Retaining talent is crucial for strong partnerships with our business associates. We are committed to respecting human rights and prioritizing diversity, equity, and inclusion. Our focus on employee development leads to exceptional performance for our clients and makes us an attractive choice for prospective employees. We empower our team to learn, grow, and advance within the organization. In 2023, we were recognized for fostering outstanding employee experiences and received the exclusive Great Place to Work certification.

Our core purpose is to enrich people’s lives, and we extend this commitment to our workforce.

Our core values of integrity, empowerment, collaboration, entrepreneurship, and sustainability are fundamental in shaping our culture and actions. To actively promote this culture, we employ the People DNA, which now guides all aspects of our people processes, from recruitment to performance management, personal development, talent recognition, and rewards.

Sustainability Statement (continued)

We adopt the Belonging@DKSH initiative that promotes diversity, equity, and inclusion (DEI) within the company. This initiative reflects our belief that we can achieve more when our employees are empowered to express their authentic selves at work.

▶ (GRI 201-3)

Recruitment

We ensure fair, inclusive recruitment, adapting to evolving skills and promoting diversity across all levels
- Gender Diversity Policy
- Recruitment Guideline
- Code of Conduct

Compensation and Benefits

We provide competitive benefits to full-time employees, ensuring well-being, and support for those with families
- Gender Diversity Policy
- Fringe Benefits Policy

Work Conditions

We maintain a safe, productive workplace that fosters collaboration and employee satisfaction
- Gender Diversity Policy
- Code of Conduct
- Flexible Work Arrangements Guidelines

Performance Management

Our system encourages excellence, supporting personal and professional growth in alignment with our goals
- Gender Diversity Policy

We adopt industry best practices regarding benefits for our full-time employees as below. We subsidize healthcare for our temporary and part-time employees for their clinic visits as part of their contract.

Key Benefits Provided to Full-time Employees
• Life insurance • Healthcare • Annual Leave • Examination Leave • Corporate Social Responsibility Leave • Marriage leave • Compassionate leave • Dental and Optical benefits

Workforce Diversity

We value our diverse workforce, with individuals from various backgrounds and expertise areas. This diversity enables us to manage a wide range of challenges and consistently deliver high-quality services across various aspects of our business. DKSH upholds diversity in accordance with our Code of Conduct, Belonging – Diversity, Equity, and Inclusion Policy, and Gender Diversity Policy.

Sustainability Statement (continued)

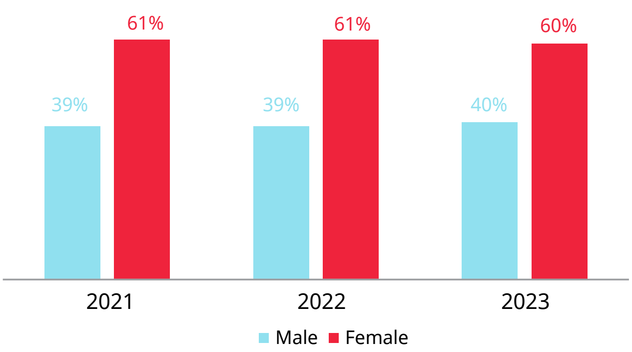
We are committed to fair, respectful, and equal treatment for all employees and job seekers, acknowledging differences in origin, nationality, religion, race, gender, age, disability, sexual orientation, or other relevant categories. When hiring requests are made, our Human Resource Business Partners collaborate with the hiring managers to ensure the team composition reflects the right balance of diversity and inclusiveness.

As part of our ongoing efforts to maintain our competitive edge, our Board recognizes the advantages of having diversity within the Board and Senior Management. In 2023, half of DKSH's Board of Directors are women. At the Senior Management levels, 25% are women leaders.

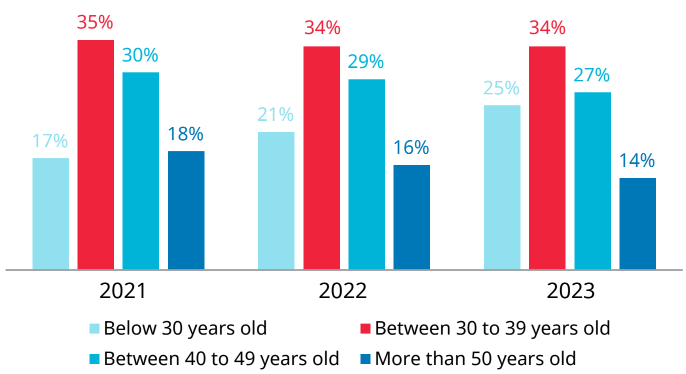
DKSH recognizes the benefits of hiring locally, including fostering a more inclusive and diverse workplace and contributing to the economic and social development of the communities where we operate. In 2023, 75% of our senior management team came from the local community.

In 2022, the ratio of female to male employees was 1.54:1, showing a strong female presence in our workforce. By 2023, this ratio adjusted slightly to 1.47:1. Despite this small decrease, females still significantly outnumber males, indicating our ongoing commitment to maintaining a diverse and inclusive workplace. These figures help us monitor our diversity efforts and guide our policies to support a balanced workforce. In 2023, our ratio of women's to men's basic salary was 1.44 : 1.00 (male : female), indicating a slight dip from the 1:09 : 1.00 (male: female) ratio reported in 2022. We aim to continue to reduce gender pay gaps within our organization, thereby ensuring that our remuneration policies are equitable and inclusive.

Employee Distribution by Gender



Employee Distribution by Age Group



We have updated our Health and Welfare Policy, and Vacation and Leave Policy to align with recent changes in Malaysia's Employment (Amendment) Act 2022, to ensure that our practices remain compliant and reflect the latest legal standards. These updates aim to enhance employee benefits and provide greater flexibility, underlining our commitment to supporting our team's well-being and work-life balance.

Please refer to our employee category data in our Performance Data section on page 81 (GRI 2-7, GRI 401)

Employee Engagement

We believe that to build a strong team, we first need to build an engaged team. In 2023, DKSH took several steps to enhance employee engagement and retention, recognizing the importance of a connected and appreciated workforce in achieving long-term success. To improve communication and foster a sense of belonging, we implemented quarterly branch engagement sessions. These meetings serve as platforms for updating employees, addressing their queries, promoting understanding of new initiatives, and reinforcing a collective spirit.

We introduced quarterly SPOT awards, which align with the SPOT principles of being Specific, Personal, Outstanding, and Timely, to acknowledge and celebrate employees who make outstanding contributions, directly impacting morale and motivation.

Sustainability Statement (continued)

SPOT Recognition Awards
In our employee recognition program, we annually honor those who exemplify our corporate values with the DKSH Fantree Awards. The coveted SPOT Recognition Awards are given to chosen employees for their remarkable achievements and behaviors which align with the SPOT principles (Specific, Personal, Outstanding, and Timely).

Employee Recognition Program	2021	2022	2023
DKSH Fantree Awards Malaysia recipients	22	N/A	4
Long Service Award recipients	259	299	236
SPOT Recognition Award recipients	114	78	105

To further support our teams' growth and cohesion, we conducted High Performing Teams training, focusing on enhancing collaborative skills and driving team effectiveness. Understanding the value of career development, we facilitated job rotation and promotions for key talents, ensuring their growth and satisfaction within the company. Off-cycle salary adjustments were also made for these key individuals, recognizing their contributions and importance to DKSH.

We introduced skip-level check-ins, offering employees the opportunity to share their challenges and feedback directly with senior management, ensuring their voices are heard and acted upon. To build a strong team culture and increase engagement, DKSH organized various team-building activities, celebrated achievements with recognition meals, and marked personal milestones such as birthdays. We also strengthen employee engagement by celebrating cultural events and hosting town halls.

Employee Engagement Survey
We conduct an annual employee engagement survey called Your Voice@DKSH to keep a pulse check on our employees' level of engagement with the organization's purpose. Your Voice@DKSH survey for 2023 revealed a score of 73, marking a slight improvement from the previous year's score of 72. This positive shift underscores the efforts that have been undertaken to create a supportive and dynamic work environment.

The survey identified several key strengths and pinpointed areas for enhancement. Addressing these areas will not only boost our engagement scores further but also contribute to a more cohesive, motivated, and productive workforce.

Your Voice@DKSH Findings 2023

Top Strengths:
- Employees are encouraged to learn from mistakes
- Employees feel they have good opportunities to learn and grow with the company
- Employees are provided with the space to find new and better ways to get things done

Top Opportunities:
- To increase a sense of belonging among employees within the company
- To increase career opportunities for employees
- To increase effective collaboration with other teams outside of the Business Unit / Function in order to get things done

Recruitment, Retention, and Recognition

Our recruitment process is open, transparent, and based on merit. It follows our Global Recruitment Policy and is conducted via SuccessFactors. This policy provides clear guidelines for recruiting for all employee levels, ensuring a high-quality recruitment process.

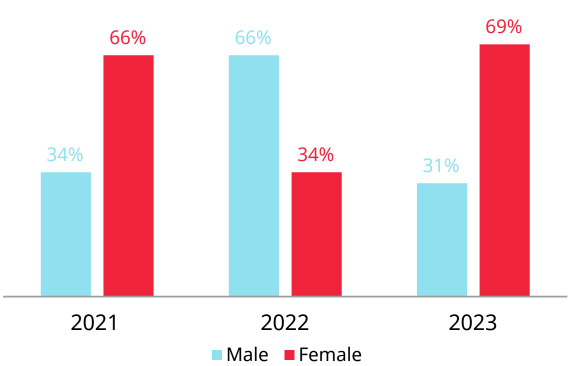
In 2022, DKSH faced a 25.2% turnover rate due to the strong job market after COVID-19. In response, we focused on employee engagement and retention strategies. These efforts paid off in 2023, as we hired 855 new employees, representing 25% of our workforce. This increase highlights our commitment to growth and stability, building on the previous year's efforts to strengthen our team.

Sustainability Statement (continued)

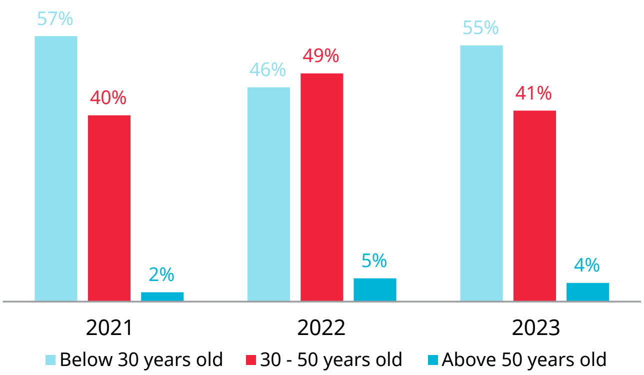
Attracting Fresh Graduates
In 2023, DKSH's Junior Executive Trainee ("JET") program welcomed 15 ambitious graduates, designed to cultivate the next generation of industry leaders. This initiative offers an intensive training curriculum tailored for outstanding fresh graduates, with the goal of providing them with a solid foundation in management skills. The JET program involves the graduates in rotational assignments, allowing them to immerse themselves in various functions and divisions of the organization to broaden their understanding of the company's operations. To enhance their adaptability and problem-solving skills, they engage in significant projects over a 12-month period.

Career Comeback Program
In 2023, DKSH furthered its commitment to enhancing women's participation in the workforce by successfully hiring 28 women through its career comeback program. This initiative aligns with the national agenda to empower women and facilitate their return to professional life after a career break. To support this endeavor, DKSH offers flexible working conditions, including part-time roles, reduced work hours, and adaptable schedules to cater to the unique needs of women, particularly those in the advanced stages of pregnancy.

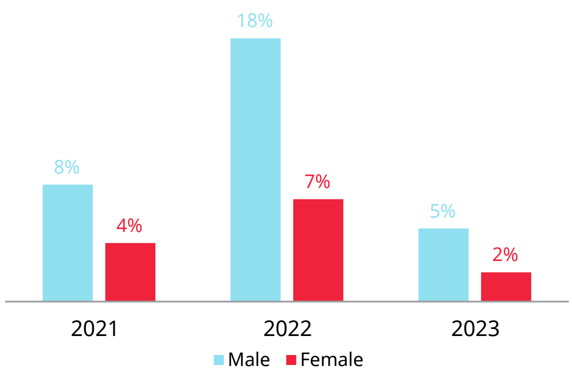
New Hire by Gender



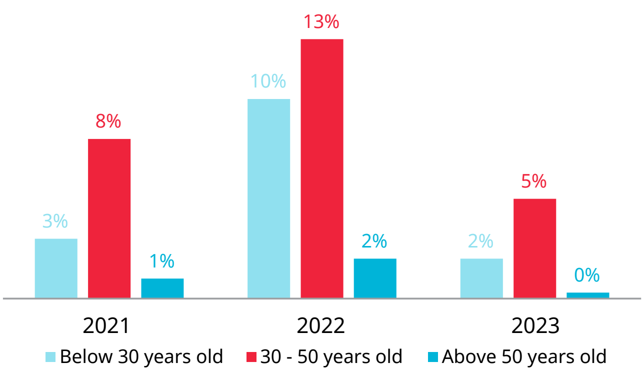
New Hire by Age Group



Turnover Rate by Gender



Turnover Rate by Age Group



Sustainability Statement (continued)

Number of women hired under the Career Comeback Program

2021	2022	2023
16	19	28

Performance Review and Career Progression
DKSH actively enhances employee retention through a comprehensive strategy focused on career progression and skill development. We chart clear career development journeys, detailing the expectations and skills needed for employees to advance. Employees are encouraged to set personal annual goals through performance development plans to ensure alignment with their career aspirations and organizational objectives.

We emphasize the importance of employees taking charge of their career growth through active involvement. A key element of this approach is the annual performance review, where employees and managers discuss and agree on a personal development plan. Based on our Employment Policy, every employee must undergo a formal yearly performance evaluation with their manager, conducted via the DKSH Talent Portal, our online platform for performance and talent management. Regular discussions on development goals and providing specific, constructive feedback are also key to our development process.

We are committed to internal career development, which demonstrates our belief in the potential and capabilities of our internal talent pool. We proactively identify high-potential talent, offering targeted early training to ready them for future promotions. By expanding roles and restructuring the organization, we create opportunities for key talents to grow into higher positions, fostering a culture of internal mobility and professional growth. In 2023, we filled 74% of management-level vacancies from within the organization. Out of 35 available management positions, 26 were successfully filled by existing employees. All employees underwent a comprehensive performance review in 2023.

Succession Planning and Job Rotation
Our retention approach also includes succession planning and job rotation programs, designed to prepare employees for diverse roles and leadership positions. These efforts not only enhance our talent pipeline but also reinforce our commitment to employee development and retention.

Recognizing and rewarding talent is core to our retention strategy. We prioritize internal mobility, encouraging employees to explore opportunities across different markets and departments for broader experience. Job vacancies are first shared internally to support career advancement, turning to external recruitment only when no internal candidates match the requirements. This practice is particularly emphasized for management roles, with a focus on tracking and reporting the rate of internal promotions to senior management.

Our Mobility Guidelines, integral to Group Compensation and Benefits, offer detailed support for employees transitioning within the company. This includes financial assistance and cultural training for expatriate employees and their families, facilitating smooth adjustments to new markets.

Enabling Growth and Development

We follow the 70-20-10 learning model, emphasizing that 70% of learning is through on-the-job experiences and training. The rest is split between learning from others (20%) and formal education (10%), mainly through our internal Fantree Academy. This academy offers courses covering essential leadership and functional skills through classroom sessions, online, and on-the-job training via our learning management system.

Snapshot of Learning and Development Programs in 2023

- Recruitment Excellence for Hiring Managers
- Constructive Conflict
- Giving Difficult Feedback
- High Performing Teams
- Authentic Presentation
- Effective Communication
- Problem-Solving Program
- MS Power Point Basics 101
- Self-Awareness Program
- Growth Mindset Program
- Leading Oneself Program
- Emotional Intelligence Program
- Delegation Program
- Time Management Program
- Situational Leadership Program
- Effective Communication & Strengthening Relationships Program
- Recruitment Excellence for Hiring Managers Program
- High-Performing Team
- Financial Acumen (CG)
- Persuasive Influencing (CG)

Sustainability Statement (continued)

Investing in Our People
In 2023, DKSH increased its investment in employee development to MYR 3.74 million compared to MYR 942,000 in 2022. Accordingly, total training hours increased to 46,450.34 in 2023 from 37,670.98 in 2022. This resulted in training hours per employee rising to 15.95 in 2023 from 14.2 the previous year.

This increase is a response to the rapidly changing business landscape, where technological advancements and market dynamics require constant skill upgrades. By investing more in our employees' learning and development, we aim to equip them with the latest knowledge and competencies needed to excel in their roles and contribute effectively to our organizational goals. The expansion of training hours also aligns with our dedication to fostering a culture of continuous learning and improvement.

Employee Well-being (GRI 401-2, 401-3, 403-6)

DKSH values employee health and well-being and understands its impact on productivity. We focus on fostering a supportive and inclusive work environment that promotes both professional development and personal well-being.

Employee Benefits and Welfare
We strive to adopt the best industry practices regarding employee benefits and wellness. We offer competitive salaries and benefits to full-time employees, including life insurance, healthcare, disability and invalidity coverage, dental and optical benefits, staff discounts, statutory retirement provisions, and compassionate and congratulatory leave, such as parental leave. We also grant half-day festive eve leave for recognized national festivals.

In 2023, 44 female and 48 male employees took parental leave

We comply with Malaysia's updated Employment Act (Amendment) 2022, which now requires paternity leave along with maternity leave. Accordingly, we increased the number of paternity leave from five days to seven days. In 2023, 44 female employees and 48 male employees took maternity and paternity leave, respectively.

We do not set a specific minimum notice period for operational changes. The management or the designated person in charge communicates these changes as needed.

Prioritizing Mental Well-being
Recognizing the critical role of mental health in well-being at work, we continue to develop a comprehensive wellness program that focuses on physical, mental, and social health. Our wellness programs include various activities and initiatives designed to create a positive work environment and keep our workforce motivated and engaged.

We offer an Employee Assistance Program (EAP) that provides confidential, free therapy, and counseling sessions with licensed professionals to employees and their family members. Available 24/7, services can be accessed via phone, online, or in person, ensuring support is always within reach.

3. Labor Practices and Human Rights

We are committed to upholding the highest standards of labor practices and human rights within our operations and in our supply chains. This commitment is foundational to our corporate ethos and guides our approach to ensuring a fair, safe, and respectful workplace for all our workforce. We actively implement policies and practices that promote equality, prevent discrimination, and support the rights of workers across our operations.

Adhering to Laws, Policies, and Best Practices
DKSH steadfastly adheres to laws, policies, and best practices to ensure ethical conduct and compliance across all aspects of our operations. In 2023, we introduced the Human Rights Policy, aligned with the DKSH Code of Conduct, which iterates DKSH's commitment to fair and respectful treatment of all employees and those who seek employment with DKSH. DKSH upholds human rights, freedom of association and does not tolerate forced labor.

Sustainability Statement (continued)

We abide by these laws, policies, and guidelines for all our operations in Malaysia as below:

- International Labor Organization (ILO) Indicators of Forced Labor and SEDEX Human Rights Risk Assessment Standard
- Malaysia Employment Act 1955
- Passports Act 1966
- National Registration Act 1959
- Immigration Act 1959/63
- Industrial Relations Act 1967 (Revised 1976) (Act 177)
- Minimum Retirement Age Act 2012 (Act 753)
- Minimum Wages Order 2020
- Personal Data Protection Act 2010 (Act 709)
- Employment Insurance System Act 2017 (Act 800)
- Employees' Social Security Act 1969 (Act 4)
- Employees Provident Fund Act 1991 (Act 452)
- The Children and Young Persons (Employment) Act 1966
- Sabah Labor Ordinance
- Sarawak Labor Ordinance
- Employment (Termination and Layoff Benefits) Regulations 1980
- Employment (Part-time Employees) Regulations 2010

Safeguarding Human Rights

Our commitment to human rights, including the elimination of discrimination, forced labor, and child labor, is explicitly outlined in our Code of Conduct, Supplier Code of Conduct, and Human Right Policy. We expect our employees, suppliers, and stakeholders to adhere to these principles, with any violations potentially resulting in contract termination. Our recruitment policies strictly follow legal requirements to help eliminate child labor.

We also implement management programs and recruitment processes that comply with local laws and labor regulations. These measures aim to prevent child or forced labor, and the employment of illegal workers, while also ensuring safe workplaces, fair and prompt payment, and sufficient rest periods.

Improving Foreign Labor Welfare

DKSH has taken significant steps to improve labor standards and human rights. Through a strengthened agreement with manpower providers, we have heightened our human rights requirements, ensuring that we are committed to fair and respecful treatment of all our workers. We have engaged directly with our foreign labor force by organizing mass town hall meetings, providing a platform for open dialogue, and ensuring their voices are heard and considered in our decision-making processes.

We work collaboratively with union representatives, leading to several key outcomes that have significantly improved the welfare of our employees.

Fostering Awareness on Labor Standards and Human Rights

As part of our commitment to promoting human rights within our corporate culture, we provide training to all employees, emphasizing the value of diversity in our workforce and the unequivocal rejection of discrimination, harassment, or bullying. The training includes examples of unacceptable behaviors, such as hindering employees from practising their religion, providing feedback, or participating in discussions on workplace benefits.

Acknowledging language barriers, we organized special townhalls meetings to clarify the Human Rights Policy to certain employee groups to ensure comprehension and engagement. For the broader organization, we communicated through our normal channels, which include townhalls and emails.

We encourage employees to report misconduct confidentially to their site manager or HR and emphasize that reports will be kept confidential. We facilitate easy access to HR support through a business partnering approach with HR representatives stationed within operations.

In 2023, DKSH recorded zero incidents or grievances of discrimination, child labor, forced labor, and human rights violations

Freedom of Association and Collective Bargaining

DKSH fully respects employees' rights to freedom of association and the ability to engage in collective bargaining. There are no restrictions on the exercise of these rights. Since 2023, discussions and meetings with the union have been held quarterly, typically focusing on employee engagement initiatives and the well-being of union members.

We have established three bargaining agreements, each for a distinct region (West Malaysia, Sabah, and Sarawak), which are renewed every three years. Employees who are not covered by these collective bargaining agreements have their working conditions and employment terms outlined in the General Employment Policy and individual employment contracts.

At the end of 2023, 29.8% of DKSH's employees were covered by collective bargaining agreements (2022: 35%)

Sustainability Statement (continued)

Our Business

Our activities generate benefits for individuals nationwide. As a socially responsible organization committed to meeting established standards, we are actively engaged in managing our environmental impact by addressing climate change, preventing pollution, and enhancing resource utilization. We continuously strive to ensure that our supply chain aligns with both environmental and social regulations.

Environmental Stewardship

DKSH is actively embracing environmental responsibility to address the adverse impacts of some of our business activities on climate change. Our focus is on reducing or eliminating emissions at the source, with a particular emphasis on logistics-related emissions from warehousing and transport. We also recognize the potential environmental and human rights impacts of our operations, such as water consumption, effluent disposal, and GHG emissions.

DKSH Malaysia complies with:

- Environmental Quality Act 1974
- Environmental Quality (Clean Air) Regulations 2014
- Environmental Quality (Industrial Effluent) Regulations 2009
- Environmental Quality (Sewage) Regulations 2009
- Environmental Quality (Scheduled Wastes) Regulations 2005

Climate-related Targets

To guide us in minimizing our impact, improving operations, and fostering a culture of sustainability, we set clear targets for climate action, energy efficiency, water efficiency, and waste management, as shown on the next page. Monitoring our progress began in 2020 and is planned to extend beyond 2025. Our objectives are in line with national goals and initiatives.

Sustainability Statement (continued)

We established 2022 as the baseline year, which represents normalized operations post-pandemic, to allow for a more accurate assessment. Presently, we are on course to meet most of our targets, as evidenced by our ongoing assessments. As we continue to enhance our data collection and tracking processes, we will also continue to assess the targets to ensure the comparability of the data.

	CLIMATE ACTION	ENERGY EFFICIENCY	WATER EFFICIENCY	WASTE MANAGEMENT
Climate-related Targets	Reduce total Scope 1 and 2 emissions by 6% from 2022	Energy consumption intensity reduction by 6% from 2022	Track and decrease water intensity by 7% from 2022	Achieve minimum 30% recycling of non-hazardous waste from 2022
Snapshot Initiatives In 2023	• Awareness programs • Environmental Month campaign • Utilize renewable energy such as installation of solar panels • Improve building management systems • Proper maintenance of equipment • Prioritize use of energy-efficient equipment	• Monitor and report energy intensities at each operation • Ensure air conditioner temperature is 24°C at all times • Prioritize use of energy-efficient equipment • Install a motion-detecting lighting system • LED lighting installation/ upgrade	• Conduct water use inspections at facilities to identify ways to reduce water • Proper maintenance and upgrades for equipment and pipes • Install water meters/ pumps at operations at applicable facilities	• Track waste management activities on one platform • Use a standard set of metrics to ease sharing and reporting of information • Enhance recycling activities • Identify recyclable materials and monthly volume • Separate recyclables from general waste.

Meeting Challenges and Opportunities

Addressing environmental issues within our operations involves navigating several challenges with a thoughtful approach tailored to our operating environment. One significant challenge is partnering with third-party vendors and aligning diverse priorities under a shared environmental aspiration. We are exploring ways to minimize waste at our facilities, a task made complex by local councils' management and collection of waste, which restricts our capacity for precise measurement. The adoption of new, environmentally friendly technologies demands significant financial investment, while the ongoing task of environmental data collection and transparency poses its own set of challenges.

Conversely, our commitment to sustainability unlocks valuable opportunities. Attracting forward-thinking investors becomes easier as we embrace more sustainability practices. Our investment in renewable energy is giving us a competitive advantage. As we focus on energy efficiency and waste reduction, we are able to benefit from long-term cost savings that can contribute to our bottom line.

Sustainability Statement (continued)

4. Climate Change Mitigation

Climate change mitigation is one of the key pillars of our Sustainability Framework. Our commitment is to achieve climate neutrality for our operations (Scope 1+2) by 2030. To reach this goal, we prioritize several actions. This includes ensuring transparency in our emissions reporting, investing in solar panels for renewable energy, and continuously enhancing operational efficiency. We work on reducing the energy and CO_2 intensity of our business by optimizing transport routes, managing truck loads, and implementing energy-saving equipment like LED lighting in our distribution centers.

DKSH Malaysia follows the leadership of our Group Sustainability team in managing climate change mitigation efforts. This team is tasked with steering and executing strategies to mitigate the adverse effects of climate change within DKSH. A dedicated budget is allocated to implement practices for managing greenhouse gas ("GHG") emissions. In Malaysia, the Sustainability Committee, chaired by the Head Country Management, oversees these initiatives.

Our engagement with stakeholders informs our approach to climate change mitigation. As a significant player in global and local supply chains, we recognize the importance of addressing climate change for our stakeholders. We are committed to acting responsibly and effectively in this regard.

Sustainability KPI Implementation
In 2023, we implemented measurable environmental Key Performance Indicators ("KPIs") to assess our sustainability performance. These KPIs focus on areas such as emissions reduction or compensation, overall waste reduction, and increasing the number of locations with renewable energy. These performance indicators align with environmental goals and cover aspects such as improving energy efficiency, waste reduction, recycling efforts, and water conservation. We aim to consistently track and improve these KPIs throughout the year, ensuring efficient and transparent data collection.

Tracking and Monitoring
For the year under review, we introduced several new environmental initiatives to enhance our sustainability efforts. These included implementing a robust tracking and monitoring system through the Enablon system, which is a software system designed to collect, manage, and consolidate sustainability data within an organization. This system serves as a centralized hub for gathering various types of data related to sustainability initiatives and performance. It plays an important role in helping to enhance transparency, accountability and drive continuous improvement in our sustainability efforts.

Audit Grant
We secured MYR 60,000 grant from the Sustainable Energy Development Authority ("SEDA") to conduct energy audits at SADC in 2023. These audits will help identify areas where energy efficiency improvements can be made, ultimately reducing our carbon footprint.

Transition to Renewable Energy
Our distribution centers and warehouses have a substantial impact on our carbon footprint, primarily due to warehousing, transport, and business travel activities. We are actively transitioning to renewable energy sources. In a major step towards sustainable energy use, we have initiated a Solar PV system project with a capacity of 577 kWp at SADC in 2023. This solar power generation system harnesses renewable energy from the sun, reducing our reliance on conventional energy sources and decreasing our carbon footprint.

Project Overview	Installation of a 577kWp solar panel
Location	Shah Alam Distribution Center
Timeline	April 2023 to Q3/2024
CO_2 Reduction	Estimated reduction of 526 tons per year
Financial Impact	• Cost savings of MYR 78,000/year • 0-month ROI due to Zero CAPEX as cost is borne by the Landlord

Prioritizing Energy Efficiency
We have been working closely with Building Management Systems, focusing on ventilation, lighting, and power systems to optimize their energy usage. We have undertaken several measures to reduce energy intensities in each operation. One significant step is the replacement of traditional lighting with energy-efficient LED lighting systems.

We ensured that the air conditioner temperature in our office remains at the government recommended 24°C throughout the year which promotes energy conservation. By maintaining a consistent temperature, we avoid frequent adjustments to the air conditioning system, thereby reducing energy waste and optimizing efficiency. We will transition to high-energy-saving models once the current units reach the end of their functional life.

Sustainability Statement (continued)

Proper maintenance of equipment, including manufacturing equipment, forklifts, and generator sets, is emphasized to ensure their efficient operation and minimal energy wastage.

Building Knowledge and Awareness
DKSH Malaysia initiated an Environmental Month Campaign to elevate environmental awareness among employees and stakeholders to cultivate a culture of environmental responsibility and urge everyone to actively participate in sustainability efforts. This campaign highlighted the urgent need for climate action, energy conservation, and waste management through various means. We also adopted creative messaging by including visual reminders such as stickers on walls to prompt turning off lights when exiting rooms.

Energy Management

Our environmental impact primarily comes from our distribution centers, fleet, and business travel. We also operate a manufacturing facility, which introduces additional environmental considerations. Our energy consumption comes mainly from our electricity use. Our distribution centers significantly contribute to our carbon footprint through energy used for lighting, cooling, and operating equipment such as forklifts. We ensure our temperature-controlled facilities are well-insulated to minimize cooling needs, and we maintain air conditioning systems for efficiency.

For temperature-sensitive products, we use air-conditioned transport or special transportation boxes. We conduct monthly maintenance checks on cold rooms and operating parameters. We use thermal imaging to detect insulation issues or inefficiencies. Our facilities adopt design principles to enhance cooling efficiency such as placing freezers within cold rooms and those within air-conditioned spaces to minimize air loss, separating docking from storage to keep temperatures stable, and preferring two smaller cold rooms over one large one for better cooling efficiency.

To minimize energy use at our distribution centers, we implemented several energy-saving measures. These include installing energy monitoring devices, motion sensor lights, and timer switches, adjusting the timing for chiller operations, and upgrading to energy-efficient lighting. We actively monitor electricity consumption to swiftly detect and address any excessive use.

Electricity Consumption (kWh)	2021	2022	2023
Energy			
East Malaysia	2,067,118	2,074,808	2,106,367
Peninsular Malaysia	11,618,174	11,212,578	11,680,308
Total Electricity Consumption	13,685,292	13,287,386	13,786,675
Total Electricity Consumption after offset	**4,484,691**	**5,733,866**	**3,447,208**

Our efforts to manage our energy consumption are leading to a stabilization in usage, with a modest rebound in 2023.

Electricity Intensity Consumption (kWh/MYR billion)*	2021	2022	2023
East Malaysia	308,525	288,168	280,849
Peninsular Malaysia	1,734,056	1,557,303	1,557,374
Total intensity	2,042,581	1,845,471	1,838,223
Total Intensity after offset	**669,357**	**796,370**	**459,628**

*Electricity intensity consumption methodology has been changed from premise size to revenue to better reflect the relationship between resource consumption (measured in kWh) and the economic output (measured in MYR billion).

Sustainability Statement (continued)

Fuel Management and Emissions

Transportation fuel consumption significantly impacts our carbon footprint. Our goal is to enhance energy efficiency and opt for lower-carbon energy sources whenever possible. At our distribution centers, the majority of our material handling equipment is battery-operated. Of the 163 units in our major distribution centers, only four runs on diesel and one runs on Liquefied Petroleum Gas.

We operate a capillary distribution network that delivers to thousands of customers daily, primarily using outsourced specialized service providers for delivery, though we maintain responsibility for delivery performance. These providers predominantly use diesel-powered vehicles. In our high-volume and high-frequency sector catering to FMCG and Healthcare, optimizing delivery routes is crucial for efficiency and fuel cost savings, benefiting both us and the environment.

To reduce emissions from our haulage suppliers, we adopted specialized software for transport network optimization. This software helps us ensure trucks are used efficiently and follow the most effective routes.

Fuel Consumption	**Unit of Measurement**	**2021**	**2022**	**2023**
Diesel				
East Malaysia*	Litre	44	165	1,293,690
Peninsular Malaysia	Litre	7,795,530	8,191,704	7,763,947
Total Diesel Consumption	Litre	7,795,574	8,191,869	9,057,637
Light Fuel Oil (LFO) /Gasoline				
East Malaysia	Litre	0	0	0
Peninsular Malaysia	Litre	8,997	10,768	5,324
Total LFO/Gasoline Consumption	Litre	8,997	10,768	5,324
Liquefied Petroleum Gas (LPG)**				
East Malaysia	kg	658	-	-
Peninsular Malaysia	kg	4,354	-	-
Total Liquefied Petroleum Gas (LPG) Consumption	kg	5,012	0	0

* Tracking of diesel consumption for the East Malaysia external fleet only commenced in 2023.
** LPG material handling equipment has not been in operations since 2022.

Fuel Consumption Intensity (Litre/ MYR billion)	**2021**	**2022**	**2023**
		(Litre/MYR billion)	
East Malaysia*	105	23	172,492
Peninsular Malaysia	1,165,505	1,139,232	1,035,903
Total Fuel Consumption Intensity	**1,165,609**	**1,139,255**	**1,208,395**

* Tracking of diesel consumption for the East Malaysia external fleet only commenced in 2023.

Sustainability Statement (continued)

Travel remains essential for our service delivery and company management despite the extensive use of communication technologies. Most travel involves vehicles not directly controlled by us, including business flights and journeys by sales and service teams using their own cars or public transport. We have implemented internal approval systems to minimize unnecessary travel and have enhanced IT communication tools to facilitate conference and video calls, which have proven effective.

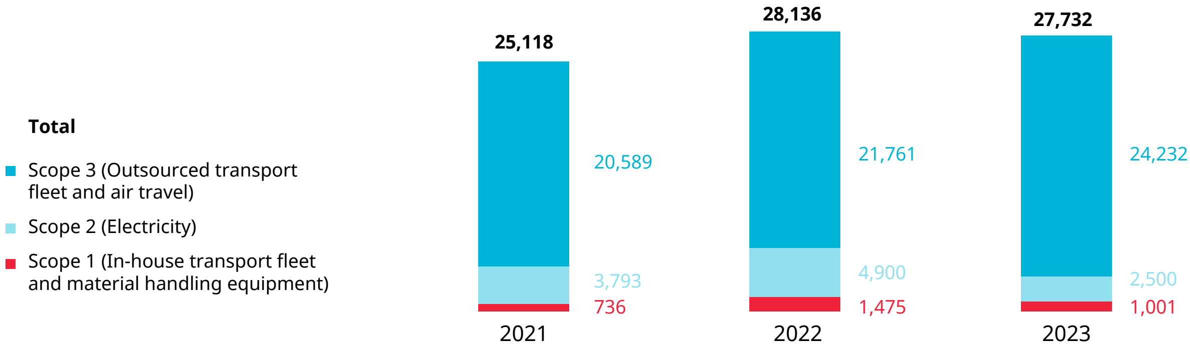
Managing Greenhouse Gas Emissions

In our commitment to attaining carbon neutrality in our own operations (Scopes 1 and 2) by 2030, we remain focused on reducing our carbon footprint and GHG emissions. To achieve this objective, we are investing in innovative initiatives and technologies.

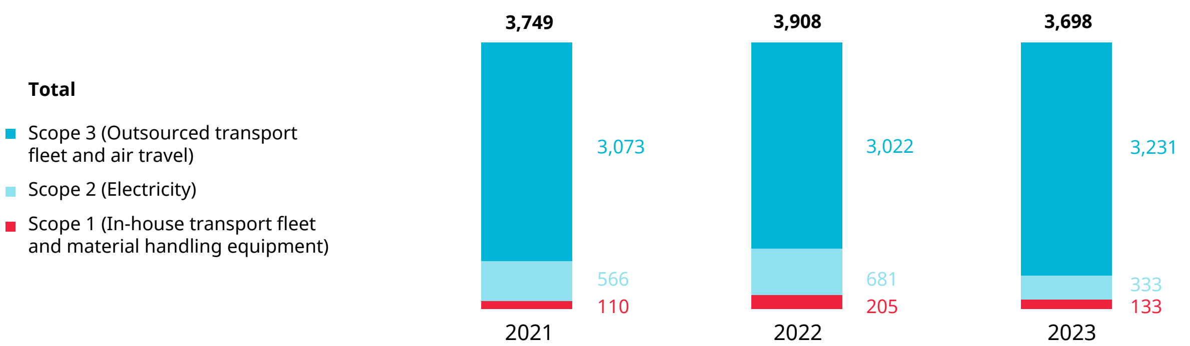
We address the significant role of employee commuting in our carbon footprint by offering Flexible Work Arrangements, which include options for remote work. This flexibility has grown in popularity and has contributed to streamlining our operations. We have also shifted to digital tools for meetings, training, webinars, and processes such as e-invoicing and MCollector, which has cut down on travel emissions and reduced our reliance on paper.

For our 2023 GHG reporting, we cover Scope 1, 2, and 3 emissions across all our operations in Malaysia, following the GHG Protocol Guidance. We are working to include the other excluded emissions such as employee commuting and business travel (automobile) in future reports for a fuller picture of our GHG impact.

GHG Emission (Market-Based Accounting) in Metric Tons CO_2 Equivalent



GHG Emission Intensity (Market-Based Accounting) in Metric Tons CO_2 Equivalent/ MYR billion



Sustainability Statement (continued)

Starting from 2022, we have been purchasing International Renewable Energy Certificates ("I-RECs") as credible claims for our use of renewable energy, in compliance with the GHG Protocol Scope 2 Guideline. In 2023, we bought 10,339MWh I-REC Certificates in Malaysia, which is equivalent to the same amount of electricity generated from renewable sources. This is a significant step towards reducing our dependence on non-renewable energy sources and promoting the use of renewable energy. We are committed to exploring and investing in additional opportunities to further increase our use of renewable energy sources.

5. Pollution Prevention

We undertake measures to ensure that effluent and waste generated through our manufacturing processes and domestic usage are within the permissible limits stipulated by the regulatory authorities.

Packaging goods, particularly using non-biodegradable materials such as plastic, can significantly contribute to environmental pollution if not addressed properly. Packaging goods for delivery involves predominantly cardboard cartons and plastic for pallet wrapping, as well as packaging waste generated from incoming shipments. Healthcare cold chain goods require extensive packaging to protect fragile items, for which we have established specific shipping standards. Whenever feasible, we opt for returnable packaging to minimize waste. We employ automated packing equipment to efficiently use packing materials in both air-conditioned and ambient conditions. This machinery accelerates the packaging and shipping process, reduces waste, and enhances the protection of the items being shipped.

To further minimize waste production at our facilities, we have taken several steps:

- Replace Styrofoam boxes with ORCA Multi-Use boxes
- Installed recycling bins, including ones for e-waste
- Discontinued use of single-use plastic bottles
- Partnered with certified vendors for waste and recyclable collection
- Monitored waste management activities (including generation, reuse, recycling, recovery, and disposal) by specific categories.
- Initiated paperless operations and digitized our processes

Hazardous waste 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. 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.

In 2023, we developed work instructions and provided employee training to ensure everyone understands our procedures and compliance standards. We also introduced inspection checklists for on-site use, helping us monitor compliance effectively. These checklists enable us to quickly spot and correct any deviations, maintaining high standards of operational efficiency and regulatory adherence.

For better monitoring and reporting, we introduced centralized waste management tracking on a single platform. By using a consistent set of metrics, we can streamline the process of sharing and reporting information and make it easier to monitor and enhance our environmental impact.

We also took steps to improve our recycling activities by identifying and measuring the volume of recyclable materials discarded each month. This allows for more precise and targeted recycling efforts. Ensuring the separation of recyclables from general waste has increased the efficiency of our recycling processes while significantly reducing the volume of waste sent to landfills.

Sustainability Statement (continued)

Waste Management (tonnes)	2021	2022	2023
i. Disposed Waste			
Non-Hazardous Waste (East Malaysia)	209	332	361
Non-Hazardous Waste (Peninsular Malaysia)	1,883	1,702	1,970
Hazardous Waste (East Malaysia)	0	0	0
Hazardous Waste (Peninsular Malaysia)	107	181	156
Total Disposed Waste	2,199	2,215	2,487
ii. Diverted Waste			
Non-Hazardous Waste (East Malaysia)	0	0	0
Non-Hazardous Waste (Peninsular Malaysia)	636	578	1,323
Hazardous Waste (East Malaysia)	0	0	0
Hazardous Waste (Peninsular Malaysia)	4	8	10
Total Diverted Waste	640	586	1,333
iii. Overall Waste*			
East Malaysia	209	332	360
Peninsular Malaysia	2,630	2,469	3,460
Overall Waste	2,839	2,801	3,820
% of Waste Diverted from Landfill	23	21	35

* Overall waste for 2023 has increased due to the improvement in waste tracking.

6. Resource Efficiency

Water Management (GRI 303-1, 303-2, 303-3, 303-4, 303-5)

Our water needs are primarily for manufacturing, distribution centers, and domestic use, which are met through local municipal sources. We ensure that all wastewater is responsibly discharged into public drainage systems, with industrial effluent treated in compliance with local regulatory requirements, including those established by the Department of Environment and the Department of Irrigation and Drainage. Sewage from our facilities is processed offsite by Indah Water Konsortium, adhering to environmental standards.

We continuously improve efforts to enhance our water management efficiency and reduce unnecessary consumption. These include conducting frequent water meter readings at individual blocks to promptly detect and repair any leakages, particularly in our Klang Valley distribution centers. We implemented a rainwater harvesting system at SADC to supply water for non-potable use, such as cleaning toilets and maintaining drainage.

In 2023, we undertook upgrade work for our wastewater treatment system to increase its treatment capacity and efficiency. This included installing an additional reaction tank utilizing the Sequencing Batch Reactor (SBR) system, an Equalization (EQ) tank, an oil scraper, and an automatic control system. These improvements not only expanded our treatment capacity but also optimized the overall process for handling wastewater.

We conduct rigorous monitoring of both the quantity and quality of effluent discharged on a weekly basis to ensure compliance with environmental standards and regulations. Further to these efforts, we have also replaced fuel hoses and conducted concrete dike repairs in the diesel pump area. These actions were part of our ongoing commitment to maintain operational integrity, prevent leaks, and minimize our environmental impact.

Sustainability Statement (continued)

Water Consumption (m^3)	2021	2022	2023
East Malaysia	5,269	8,934	8,235
Peninsular Malaysia	48,815	52,659	56,121
Total Water Consumption	**54,084**	**61,593**	**64,356**

Water Intensity Consumption (m^3/MYR billion)*	2021	2022	2023
East Malaysia	786.42	1,240.83	1,098
Peninsular Malaysia	7,285.82	7,313.75	7,482.8
Total water intensity consumption	**8,072.24**	**8,554.58**	**8,580.8**

*Intensity consumption methodology has been changed from premise size to revenue to better reflect the relationship between resource consumption (measured in m^3) and the economic output (measured in MYR billion).

The water consumption for DKSH has increased by approximately 4.49% from 2022 to 2023, primarily due to expanded operational activities.

7. Climate Change Adaptation (TCFD Report)

Our approach is aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations and expands on our climate initiatives.

This section of our Sustainability Statement adheres to TCFD disclosure recommendations, fulfilling the Bursa Malaysia Sustainability Reporting Guide's criteria. It is structured around the TCFD's four key elements: governance, strategy, risk management, and metrics and targets.

Climate Governance

On the management level, the primary responsibility for addressing sustainability and climate-related matters at DKSH Malaysia falls to the Sustainability Committee, guided by advice from the Board of Directors.

The Sustainability Committee at DKSH Malaysia is led by the Head Country Management, Malaysia, and includes members from various Business Units, such as Consumer Goods and Healthcare, alongside key business function representatives such as Compliance, Human Resources, and HSE. The HSE team plays a crucial role in gathering quarterly ESG data, including information on energy and emissions, for review by the Sustainability Committee. This broad representation of members ensures comprehensive awareness and consideration of climate-related issues across all business functions and units, facilitating informed strategic decision-making.

The Sustainability Committee is governed by the Board of Directors, which holds overall responsibility for sustainability and climate matters. The Board conducts quarterly reviews of significant sustainability issues with the Head Country Management, Malaysia, who briefs the Board on major sustainability developments. Our approach to climate-related responsibilities is integrated into our sustainability governance framework.

Management actively engages in evaluating and addressing climate-related risks and opportunities by convening quarterly sustainability committee meetings. These meetings serve as platforms to facilitate updates, discussions, and alignment on regulatory developments, objectives, initiatives, projects, and actions. They enable continuous monitoring of progress and foster the sharing of insights among committee members.

Strategy

In 2022, DKSH undertook to identify climate-related risks and opportunities. It distinguishes these based on time horizons: short-term (0-2 years), medium-term (2-5 years), and long-term (5+ years). DKSH reviewed the potential impacts of climate change on its operations by conducting an assessment that focused on transition and physical risks. The transition risk assessment is grounded in the International Energy Agency's Net-Zero Emissions ("NZE") scenario, which outlines a pathway to eliminate CO_2 emissions by 2050, aligning with the Paris Agreement's target to limit global warming to 1.5°C. This scenario helps DKSH anticipate the challenges and risks associated with shifting towards a greener economy, including changes in energy usage, technology advancements, and evolving political and market landscapes.

Sustainability Statement (continued)

DKSH's physical risk assessment is informed by the Intergovernmental Panel on Climate Change's (IPCC) 6th Assessment Report, focusing on the consequences of 2-degree and 4-degree global warming scenarios. By concentrating on the more severe 4-degree scenario, we aim to understand and prepare for the direct impacts of climate change, such as extreme weather events and changing climate patterns, over short-, medium-, and long-term horizons.

Short Term	*Medium Term*	*Long Term*
DKSH has taken proactive measures to reduce its environmental impact in the short term. We embraced digitalization across our services, which involves integrating digital tools for online meetings, training sessions, webinars, and e-based processes such as e-invoicing and MCollector. By doing so, we have effectively moved away from traditional paper-based methods and contributed to curbing carbon footprint and GHG emissions. DKSH has introduced a flexible working arrangement that includes remote work options to further support its sustainability initiatives.	DKSH remains committed to achieving cost and environmental footprint reduction through comprehensive energy audits by stages, aiming to decrease energy and water consumption in its buildings. These efforts include enhancing building infrastructure efficiency, such as reducing water usage and equipping production facilities and offices with energy-efficient LED lighting. The upgrade of old air conditioning systems to 5-star rated Energy-Saving Air Conditioners is underway. Ongoing initiatives include organizing environmental campaigns as part of awareness programs.	We are committed to achieving Climate Neutrality by 2030. This commitment involves promoting transparency in emissions and strategic investments, including the installation of solar panels at The Hub (FACC) and SADC. These strategic investments align with the government's net energy metering program scheme, enabling us to not only contribute to a sustainable future but also participate in the responsible distribution of excess generated electricity by selling it at a fixed tariff rate.

Climate-related risks and opportunities

We recognize TCFD's recommendation for organizations to detail how their business strategies withstand climate-related risks and opportunities. This includes assessing the physical effects of climate change and transitioning towards a lower-carbon economy. In response, we have undertaken an analysis to identify our key physical and transition risks, in line with TCFD's guidance. We have identified the following climate change risks that could impact our business operations.

Physical Risk Assessment

Conducting risk assessments and scenario analyses, we have delved into the possible impacts of temperature increases on our operations, supply chains, and the overall business landscape. In adherence to TCFD guidelines, we have prioritized a Physical Hazard Assessment for Malaysia, identifying key factors such as Mean Temperature Increase, Heavy Precipitation, and Drought. Understanding that higher temperatures can result in prolonged and severe droughts impacting agriculture and human health, we are proactively addressing these challenges.

To enhance our monitoring capabilities, DKSH has implemented temperature mapping initiatives in strategic locations such as SADC and CGL. This ongoing monitoring allows us to stay vigilant to temperature fluctuations and make informed decisions to safeguard our operations.

Recognizing the potential risks associated with climate-related events, such as floods and rising sea levels, DKSH has taken proactive steps to ensure adequate insurance coverage. This serves as a crucial element of our risk mitigation strategy, providing financial protection against unforeseen challenges.

For more information on our Strategy and Assessment of Climate-Related Risks and Opportunities which presents the scenario analysis of Physical Hazard Assessment for Malaysia (Own Sites and Downstream Supply Chain) and for Upstream Supply Chain (Sourcing Regions), please refer to DKSH Malaysia Annual Report 2022 from pages 40 to 43, and the DKSH Holding Ltd. Sustainability Report 2023 page 47.

Sustainability Statement (continued)

Risk Management

We adhere to the DKSH Risk Management Policy, employing a systematic process to identify and assess various risks, particularly those associated with climate considerations. To enhance our risk management efforts, DKSH conducted a workshop in 2023 involving internal experts from all Business Units, along with representatives from Information Technology, Supply Chain Management, Finance, Legal, and Sustainability Committee.

During this collaborative workshop, the results of scenario analyses were discussed, enabling us to prioritize climate-related risks. The focus remains on risks that could have significant financial or strategic implications for the organization.

Top Risks Identified for DKSH Malaysia

- Material non-compliance with applicable rules, regulations, and statutory requirements
- IT security infringement (including cyber-attack)
- Natural disaster
- Major safety and security incidents
- Key business partner dependency
- Key clients dependency
- Supply chain disruption
- Regulatory changes
- Liabilities arising from product or service deficiencies

In 2023, we undertook to rate and map our Climate-related risks to our Enterprise Risk Management ("ERM") to monitor our efforts.

TCFD – Climate-related Physical Risk in DKSH

Risk Category	Causes/ Consequences (Risk Rating)	Action Plan
Heat Stress	• Increased cooling of equipment and buildings due to increasing temperatures (Medium)	➢ Enhance monitoring by using existing temperature mapping initiatives for products and expand it to the environment surrounding the facilities in strategic locations
	• Health and safety impact on workforce due to heat stress (Medium)	➢ Engage with vendors to provide contract temporary staff when required ➢ Improve building management ventilation systems i.e., installing additional exhaust fans/blowers that run 24 hours to reduce the heat temperature in building
	• Damage to energy infrastructure - Operational and supply chain disruptions as well as system breakdowns are leading to increased costs (Medium)	➢ Ensure timely schedule of maintenance of equipment ➢ Ensure HVAC systems are in place to mitigate increments in temperature to ensure IT equipment operates within optimal parameters
Drought Stress - Production of raw materials - Supplier of raw materials	• Disruption of raw material availability for DKSH MY production due to drought or water stress, leading to an increase in costs, loss of revenue, and indirectly impacting dairy supply. Rationing of water furthermore affects people's well-being (Low)	➢ Engage with external vendors to secure water supply and ensure minimum disruption during prolonged water disruption
	• Disruption of raw material availability for DKSH MY suppliers, leading to product shortages and impacting availability of consumer goods (Low)	➢ Diversify sourcing options for vendors to ensure the availability of alternative suppliers ➢ Consider sourcing alternative raw materials

Sustainability Statement (continued)

Risk Category	Causes/ Consequences (Risk Rating)	Action Plan
Heavy Precipitation & Sea Level Rise	• Damage to transportation infrastructure, leading to important health care delivery disruption and cost increase due to road closures, difficulties for employees to travel to work leading to high absenteeism, and operational disruptions. This further leads to a decrease in reliability and reputation of DKSH MY, as customer demands cannot be met anymore (breach of contracts) (Medium)	➢ Implement hybrid working arrangement with IT providing laptops with VPN installation for relevant employees ➢ Engage with vendors to provide contract temporary staff when required
Heavy Precipitation	• Flooding of warehouses and surroundings - Damages to infrastructure and stock shortages, and damages to inventory and facilities leading to an increase in capital costs, increase in waste, and delays in delivery (Medium)	➢ Deploy water pumps and utilise sandbags to manage excess water during floods and protect critical areas ➢ Establish alternative outbound transportation routes that bypass flood-affected areas, and construct elevated ground for improved resilience ➢ Consider relocating the rented warehouse to an elevated area
	• Destruction of IT infrastructure can increase cost due to replacements of IT equipment, risk of no insurance coverage and a decrease in productivity (High)	➢ Secure insurance coverage for IT equipment under the DKSH insurance program
	• Health and safety impact on workforce due to heavy precipitation - Population shift due to sea level rise, resulting in shortage of talent and increased costs at affected DKSH MY locations (Medium)	➢ Engage with vendors to provide contract temporary staff when required ➢ Implement hybrid working arrangement with IT providing laptops with VPN installation for relevant employees

Sustainability Statement (continued)

TCFD – Climate-related Transitory Risk in DKSH

Risk Category	Causes/ Consequences (Risk Rating)	Action Plan
Policy and Legal Risks - Policy actions around climate change that attempt to constrain actions that contribute to climate change or promote adaption to climate change	• Regulation requirements for sustainable packaging and waste disposal become more stringent which impacts DKSH MY business, and increases costs (Low)	➢ Shift from using plastic to utilizing organza material for hamper packing ➢ Replace Styrofoam boxes with sustainable material, ORCA Multi-Use boxes, and re-use boxes ➢ Sell carton-boxes to scrap vendors ➢ Recycle carbon-boxes by using them to transport hampers, which will then be recycled back for other purposes
	• Enhanced emissions-reporting obligations can lead to increase in cost and human resource capacity, loss of revenue, increasing pressure from Malaysian government (e.g., TCFD reporting) (Medium)	➢ Report on 'Bursa ESG reporting' system
	• Increased pricing for GHG emissions from rising energy prices, energy, or carbon taxes, and regulatory-driven costs, carbon credit market, selling, and purchasing of carbon credits (High)	➢ Assess the impact and possibility of transferring carbon tax costs ➢ Explore possibility of purchasing carbon credits to offset emissions ➢ Enhance operational efficiency to reduce carbon footprint ➢ Collaborate with transportation vendors that invest in electric vehicles (EVs)
Technology Risks - Technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system	• Dependency on electricity supply (High)	➢ Use of more efficient energy infrastructure such as LED lighting and 5-star rating air conditioners ➢ Conduct an energy audit to assess electricity consumption and identify opportunities for energy efficiency
	• Higher investment in R&D required (for sustainable packaging requirement) (Medium)	➢ Consider collaboration with suppliers
Market Risks - Markets can be affected by climate change in various ways - especially through shifts in supply and demand	• Increase in capital investment by going green, i.e., increase in electric vehicles usage, decentralized energy (Medium)	➢ Explore investment opportunities in solar panels and collaborate with landlords for installation
	• High uncertainty of energy supply and prices – increased costs associated with fluctuation in energy prices and unexpected shifts in energy prices (High)	

Sustainability Statement (continued)

TCFD – Climate-related Opportunities in DKSH

Opportunity Category	Causes/ Consequences (Impact Rating)	Action Plan
Resource Efficiency - Examples of increasing efficiency in production and distribution processes, buildings, machinery, and transport - mainly energy efficiency, but also other materials such as waste or water	• Use of more efficient energy infrastructure can lower cost by reducing energy and water consumption in buildings (Medium)	➢ Upgrade to more efficient energy infrastructure, including the installation of LED lighting, 5-star rated air conditioning systems, and light sensors ➢ Conduct awareness programs/ initiatives such as reminding people to turn lights off when they leave a room ➢ Install additional water meters at each facility for precise tracking of potential wastewater usage, and foster a comprehensive strategy to decrease overall water consumption
	• Use of more efficient distribution processes and vehicles to reduce cost through efficiency gains in distribution processes (e.g., fit for purpose fleet, consolidated traditional trade channel servicing, reduction in duplication, and multiple delivery days) (Medium)	➢ Facilitate delivery by aligning vehicle size with product capacity ➢ Consolidate deliveries by proactively planning in advance
Energy Source - Low-emission energy sources such as wind or solar are necessary to meet global emission-reduction goals	• Use of lower emission sources of energy to lessen dependency on fossil fuel	➢ Utilize renewable energy where possible, through the installation of solar panels ➢ Explore feasibility of EV vehicles partially as part of the distribution process
	• Shift towards decentralized energy generation to lessen dependency on public utility providers (Medium)	
Products and Services - Development of innovative low-emission products or services, as well as improvements in marketing or labeling a carbon footprint of products or services	• Digitization of services to reduce emissions through increased use of digital marketing and sales services, such as e-product brochures, online platforms for browsing and ordering, and decrease of workspace due to increasing use of home office (Medium)	➢ Heighten integration of digital tools for online meetings, training sessions, webinars, and the incorporation of e-based processes such as e-invoicing and MCollector, effectively steering away from traditional paper-based methods ➢ Introduce flexible working arrangement, including remote work options, to curb carbon footprint and GHG emissions

Sustainability Statement (continued)

Opportunity Category	Causes/ Consequences (Impact Rating)	Action Plan
Markets - Access opportunities in new markets or types of assets to diversify market activities. This also includes underwriting or financing new green bonds and infrastructure	• Improved access to capital for sustainability-related projects. As a listed company, DKSH MY would increase its sustainability performance, and increase sustainability-driven investors (Medium)	➢ Consider obtaining sustainability rating ➢ FTSE4Good
Resilience - Develop adaptive capacity to respond to climate change and better manage associated risks and opportunities	• Cross-collaboration with all Business Units to increase knowledge and awareness of climate-related issues (High)	➢ Launch of social impact framework ➢ Promote DKSH's ESG initiatives, specifically DKSH efforts in reducing carbon footprint, to potential customers/clients and ensure communication is cascaded to respective Business Units
	• Shift in applicant and employee behavior - advantage in attracting and retaining talent focused on corporate social responsibility (High)	➢ Employer branding on sustainability activities
	• Business Continuity Planning (BCP) improvements for timely and appropriate response to climate-related challenges (High)	➢ Conduct desktop exercises to enhance BCP and ensure company resilience to climate-related events
	• Improvement for health & safety by creating incentives to lead a healthier and more sustainable lifestyle, such as through sports courses, awareness, and health checkups, which can reduce health problems in the workforce (High)	➢ Organize DKSH Wellness Carnival ➢ Organize comprehensive wellness events that include talks on medical, physical health, and mental well-being, and financial health ➢ Enhance employee well-being through activities organized by the Fantree Club ➢ Expand HR benefits to cover a wider group of employees, enabling them to claim benefits for health screenings ➢ Offer counselling sessions under DKSH Employee Assistance Program (EAP) to support employees' mental health and well-being
	• Strengthen employee engagement, especially in sustainability projects, instills pride in working for a sustainable company, can lead to employee retention, attractiveness for talents and improved company reputation (Medium)	➢ Enhance Employer Branding through Sustainability Initiatives ➢ Encourage employees to participate in CSR projects and provide CSR leave

Sustainability Statement (continued)

Risk management is a fundamental part of our organizational approach. Upon the identification and assessment of the risks as identified above, we consider mitigation measures at various levels, following the Group's Risk Management policy.

a) Leadership Involvement:
The DKSH Malaysia Sustainability Committee is actively collaborating with the operations team to establish climate-related targets. Regular reporting and communication with the senior management team and the Board of Directors are integral aspects of this initiative. This ongoing monitoring ensures that senior management and the Board of Directors remain well-informed about changes in environmental conditions, enabling timely adjustments to strategies

b) Stakeholder Engagement:
We continue to actively engage with stakeholders, including suppliers, customers, and local communities. Collaborative efforts with stakeholders involve a shared understanding and management of climate-related risks. We hold our suppliers to high standards outlined in our Supplier Code of Conduct policy, expecting their commitment to and application of our principles.

Metrics and Targets

We currently track and report our GHG across the three categories, in line with the GHG Protocol for National Greenhouse Gas Inventories.

- Scope 1: Direct emissions from owned or controlled sources (own company vehicles, machinery, and refrigerants usage)
- Scope 2: Indirect emissions from the generation of purchased energy (electricity)
- Scope 3: Other indirect emissions (External fleet, Business Air Travel).

Each Business Unit or Function conducts a thorough assessment of climate-related factors, delving into crucial aspects such as carbon emissions, energy consumption, and supply chain vulnerabilities. The significant findings and recommendations derived from these assessments are subsequently elevated to the senior management team and the board of directors. This ensures that climate-related considerations receive attention at the highest levels of decision-making within the organization.

For information on our Greenhouse Gas Emissions and disclosure on Scope 1, Scope 2, and Scope 3, please refer to page 54 under Climate Change Mitigation

8. Responsible Supply Chain

DKSH's core business model is to facilitate market access and foster business growth for product manufacturers in the sectors we cater to, particularly in Business Unit Consumer Goods and Business Unit Healthcare. Our primary role includes offering contract-based marketing and distribution services, where we directly procure trading goods from local and global clients. This represents a major portion of our procurement activities. We source these goods for resale and distribution from both local and international clients worldwide. The contracts we engage in detail the terms of shipping and delivery, which can vary based on the location of our clients and their specific fulfillment strategies.

In line with the agreed-upon terms, our responsibilities include organizing international shipments, accepting products at the port, or directly receiving goods at our distribution centers, which may come from domestic or international suppliers. Adherence to our Code of Conduct is paramount and we commit to partnering only with business entities that align with our business ethics standards. Our procurement practices focus on specific product categories, ensuring we uphold ethical standards and follow rigorous contract management processes.

Sourcing and Manufacturing Own Brands and Franchise Products

DKSH sources most of the products for its Own Brands from specialized manufacturers or directly from franchisors, such as Famous Amos. Following the acquisition of Auric Pacific in 2019, we have begun producing and marketing our dairy products in-house, including Buttercup, Twin Cows, and Toucan. We prioritize local sourcing of ingredients for our production site, except for certain items that are unavailable in the local market. Our top priority remains ensuring the quality and food safety of our products, therefore, we only source our third-party manufactured materials from reputable and responsible suppliers in Australia, New Zealand, the Netherlands, and Argentina.

Procurement Strategies for Enhancing Local Economy and Quality Service Delivery

(GRI 204-1)

Our procurement strategy is designed to foster mutual growth and positively impact the local economy by prioritizing purchases from local suppliers and vendors based in Malaysia. We believe these partnerships not only help local businesses expand but also stimulate local economic growth.

Sustainability Statement (continued)

We rigorously select suppliers and continuously assess their performance to ensure they align with our high standards, as outlined in our Non-Trade Procurement ("NTP") Policy and Supplier Code of Conduct ("SCOC"). The NTP policy details criteria for selecting and managing suppliers, encompassing commercial considerations and ethical business practices. Meanwhile, the SCOC specifies our expectations for fair competition, ethical business conduct, fair treatment of their employees, safe working conditions, and environmental responsibility. Implementing these standards, especially those related to workplace safety, benefits not just our contractors and suppliers but also protects the well-being of our employees who interact with them.

Providing our stakeholders with quality products and services is our top priority. To uphold this, we conduct thorough due diligence before appointing vendors. This is done through a comprehensive evaluation of their commercial and technical capabilities. As we are fully committed to the principles of free competition, we ensure our procurement processes are fair and transparent, maintaining a level playing field for all participating vendors.

2023 Findings

- *99% of local vendors supply all our procurement needs*
- *99% of procurement budget was spent on local suppliers and vendors*

Moving forward, we are aiming to enhance our supplier selection process by incorporating comprehensive screening for new suppliers, which will include environmental, social, and sustainability criteria.

Maintaining Integrity in Our Supply Chain

(GRI 205-2)

As an outsourcing partner, we prioritize integrity throughout our supply chain, ensuring that we only work with downstream business partners who align with our values and adhere to our business standards. DKSH does not engage with contractors, suppliers, or vendors who fail to meet these criteria.

We specifically communicate our anti-corruption policies to direct business partners, including sales intermediaries such as sub-distributors, tender agents, and resellers, as well as vendors such as commission agents, consultants, forwarders, importers, customs brokers, fulfillment agents, and event organizers. All these partners enter into service contracts with us that incorporate anti-corruption compliance clauses, which include the Supplier Code of Conduct and ABAC policy. These contracts mandate adherence to our ethical standards.

We also provide virtual training on our SCOC to selected suppliers who will benefit from understanding these policies further to ensure close with our ethical and operational obligations and expectations.

2023 Highlights

- *13 sessions of SCOC trainings conducted*
- *41 selected suppliers and business partner*

9. Ethical Business

The Board, tasked with DKSH's overall corporate governance, is charged with the duty of managing the company and its resources with due diligence. The Board operates under the guidance of a Board Charter that outlines its duties and responsibilities and ensures effective governance. The Board Charter is periodically reviewed and updated to reflect the latest circumstances to align with company policies and comply with relevant rules and regulations.

Policies that Govern Business Conduct

DKSH Malaysia adheres to policies set by our organization and local governance bodies. These policies cover due diligence and respect for human rights, and demonstrate our commitment to accountability and ethical practices in all business dealings.

The majority of DKSH's operations are situated in Asia, a region where the markets and industries we engage with are often perceived as being more vulnerable to corruption risks, potentially harming both society and the economy. Recognizing this challenge, we are actively implementing measures to reduce the risk of corruption in our business activities.

Sustainability Statement (continued)

In 2023, we updated our Conflict of Interest, and Gifts, Hospitality, and Entertainment (GHE) policies, and introduced a new Donation Policy. These revisions and the addition of a new policy are strategically aimed at strengthening governance and improving controls to more effectively address and mitigate corruption risks. Apart from the above, we abide by these policies listed below, which govern our business conduct.

- Ad Hoc Publicity Policy
- Anti-Bribery and Anti-Corruption ("ABAC") Policy
- Anti-Fraud Policy
- Belonging – Diversity, Equity, and Inclusion
- Conflict of Interest ("COI") Declaration
- Dangerous Goods and Hazardous Chemicals Guideline
- Data Protection Policy
- DKSH Code of Conduct
- Fair Competition Policy
- Gender Diversity Policy
- Gifts, Hospitality & Entertainment ("GHE") Policy
- Health Safety and Environment ("HSE") Policy
- Human Rights Policy
- Interaction with Healthcare Professionals ("IHCP") Manual
- Limits of Authority Policy
- Medical Devices and Technologies ("MedTech") Manual
- Policy on Insider Trading
- Supplier Code of Conduct ("SCOC") Policy
- Supply Chain Security Policy
- Tax Policy
- Third-Party Intermediary ("TPI") Policy
- Treasury Policy
- Whistleblower Policy & Procedures

More details about Corporate Governance, Risk Management, and Internal Control can be found on pages 84 to 96

Anti-Corruption and Integrity in Our Business Practices (GRI 205-1, 205-2)

Our business stands on the pillars of trust and integrity. We uphold our core value of Integrity by actively promoting a culture of compliance and zero tolerance for corruption and bribery, as outlined in our Code of Conduct and Anti-Bribery and Corruption ("ABAC") policy. These documents are accessible to all employees via DKSH's corporate website and the employee intranet, reinforcing our commitment to corruption prevention.

We prioritize ensuring that our employees are fully aligned with our values and the high standards of conduct we expect in all their actions. Recruiting and retaining individuals who embody these values is crucial for protecting our business and that of our clients and customers.

Our comprehensive compliance program addresses non-compliance risks through a range of measures, including policies such as the ABAC, risk assessments, processes, training, monitoring, and a system for confidential reporting and investigation. The program aligns with international standards, including the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act, and the Malaysia Anti-Corruption Commission Act 2009, under the guidance of DKSH's Compliance Function.

The Country Compliance Committee ("CCC"), which is a sub-committee of DKSH Malaysia's Country Management Team and led by the Head Country Management appointed by DKSH Holding Ltd.'s Chief Executive Officer, oversees our compliance efforts. 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 called the DKSH Integrity Line. The Head Country Management is supported by 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 ABAC policy, employees are mandated to report any incidents of non-compliance, including bribery demands, to their supervisors, the Compliance Function at my.compliance@dksh.com.my, or through the DKSH Integrity Line. The Code of Conduct also provides an email managed by the Group Governance, Risk, and Compliance Function for reporting. Both internal and external stakeholders are encouraged to report any wrongdoing through the channels mentioned in our Whistleblower Policy & Procedure, available on the DKSH website.

All reported cases are thoroughly investigated, and violations are met with appropriate sanctions. DKSH strictly prohibits retaliation against anyone reporting incidents in good faith. An annual review is conducted to report compliance to senior management, helping to identify trends and areas for further compliance enhancement.

Sustainability Statement (continued)

2023 Highlights

- *83% of governance body members who have joined the Board for over six months were aware of DKSH's anti-corruption policies.*
- *83% of the same governance body members have completed the anti-corruption training*
- *100% of our employees are made aware of our anti-corruption policies upon joining, including periodic reminders during their employment with us*
- *100% of operations assessed for corruption-related risks*
- *Zero incidents of corruption were reported in the reporting period, and action taken*

Grievance Management

DKSH employs a comprehensive grievance management system that empowers all stakeholders to report unethical behavior through various channels. Our Whistleblower Policy & Procedure allows both employees and external parties to report concerns about illegal, unethical, or inappropriate actions, such as questionable accounting practices, fraud, or misconduct. This policy ensures that whistleblowers are protected from retaliation if they report issues in good faith and without malice.

Confidential reporting channels include:

- DKSH Integrity Line
- Chairman of the Audit Committee for DKSH Holdings (Malaysia) Berhad
- Internal Audit for DKSH Holdings (Malaysia) Berhad
- Governance, Risk, and Compliance

Our Whistleblower Policy & Procedure is available on our corporate website.

Ensuring Effective Compliance

Management at DKSH holds the responsibility and accountability for the effective implementation of compliance standards within the organization. The Compliance Function plays a supportive role by offering guidance, methodologies, and tools to assist management. This function undertakes surveys and reviews to measure the awareness, effectiveness, understanding, and execution of compliance standards and compliance controls through a structured review process and customized enforcement programs based on risk assessment. DKSH's Compliance Function conducts its own compliance audits based on specific risk assessments.

From an external perspective, DKSH's compliance program undergoes evaluations by potential or current clients and/or their designated external audit firms. We fully cooperate with these external assessments, which include comprehensive due diligence, and pre- and post-contract compliance audits and reviews. The results gained from these external evaluations are invaluable, enabling us to continually refine and enhance our compliance program.

Building Compliance Culture

Continuous training and awareness programs are important to equip employees with the knowledge and skills necessary to navigate the complexities of ethical and regulatory standards within our organization as we build a compliance culture. Upon joining DKSH, new employees undergo thorough onboarding procedures. These include reading and accepting our policy framework and completing certified compliance training sessions. To ensure ongoing awareness and adherence to our standards, all employees must periodically update their understanding of DKSH's anti-corruption policies, which includes revisiting the expectations for proper business conduct. All relevant materials are readily available on the employee intranet. We reinforce the need to build a compliance culture through regular town hall meetings, annual Compliance Day events, and newsletters.

99% of employees completed their Code of Conduct refresher e-learning

Responsible Marketing Practices

DKSH specializes in marketing and distributing products sourced from manufacturers, often importing and locally customizing them before sale. A key part of our service to clients and customers includes advertising and promoting these products. Proper management and the provision of accurate product information are crucial to mitigating risks associated with marketing. The rising public awareness and new policy initiatives on transparency highlight the importance of providing correct and complete product information, a factor critical to DKSH's business model and brand reputation.

Adapting and customizing products to comply with regulatory standards, including labeling, is an important service we offer. Our regulatory affairs team from the Business Unit Healthcare is responsible for establishing relevant Standard Operating Procedures and monitoring compliance, supported by our quality assurance teams. In the Business Unit Healthcare, where regulations are especially stringent, we conduct customization in line with ISO 13485.

Sustainability Statement (continued)

For the marketing of our own-brand products, the regulatory affairs team for the Business Unit Healthcare ensures compliance and that we meet all legal requirements. We adhere to responsible marketing guidelines set by the relevant industry bodies for products distributed by the Business Unit Healthcare. 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. We promptly address any complaints related to marketing and labeling through the relevant Business Unit. Furthermore, we provide annual e-training for all Business Unit Healthcare employees on managing promotional materials effectively for marketing purposes and ensuring compliance with advertising and marketing guidelines.

There were no incidences related to marketing, labeling, or advertising compliance in 2023

Industry-Specific Risks in the Healthcare Business

In the healthcare sector, advertising and promoting products face strict regulations across many jurisdictions, often limited or even prohibited. Healthcare products, especially prescription drugs and medical devices, often necessitate prescription or administration by professionals as they require specialized knowledge for use. Likewise, in the food sector, these standards apply to products such as infant nutrition. The relevant industries have adopted codes of ethics advocating responsible marketing of their products. DKSH adheres to these ethical standards through membership in the Pharmaceutical Association of Malaysia ("PhAMA") and the Malaysia Medical Devices Association ("MMDA"), and by implementing management programs that ensure compliance among employees and service providers. In Malaysia, medical device advertisements must receive approval from the Medical Device Authority ("MDA"). 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.

We continuously stay informed on the latest industry standards and regulatory updates to ensure our compliance practices are up-to-date. We adhere to the most recent version of PhAMA's guidelines dated October 2023, to ensure that our marketing strategies align with current ethical standards. While there has been no change in the Code of Advertisement under the MDA since the last update in March 2021, we comply with the new method of submissions for effective approvals.

Data Privacy and Protection

Our business operations generate a large volume of data from our products, services, customers, and partners. Given that we serve competing clients, maintaining data privacy and security is imperative. We collect personal information from employees, contractors, and others, necessitating strict adherence to data protection laws. We are committed to safeguarding confidentiality, as outlined in our Code of Conduct.

We maintain a robust information security program and cybersecurity strategy. This strategy emphasizes cyber threat prevention, enhancing our information security posture and promoting cybersecurity awareness company-wide.

We enforce an IT Security Policy and have established a global Information Security team, accessible 24/7 for urgent security issues. Our employees keep up-to-date on IT security awareness training via our learning management system, Maya. We also conduct continuous awareness campaigns on IT security through newsletters, news flashes, and a platform called Tech Talk.

DKSH was recertified in 2021 under ISO 27001:2013 for our SAP infrastructure's Information Security Management System, which is valid until 2024. This certification confirms our systematic approach to securing sensitive data against unauthorized access, theft, and damage by identifying, assessing, and managing information security risks.

Our quality assurance team continuously monitors compliance with these standards. In 2019, DKSH implemented a Group Data Privacy Policy, Website Policy, and Global Privacy Governance Structure to align with the EU General Data Protection Regulation ("GDPR"). Our Global Privacy Lead, supported by Privacy Coordinators in Malaysia, oversees data protection efforts across all Business Units and Functions. DKSH's Group Internal Audit and IT Security team conduct regular independent and internal audits on access management and market IT installations, ensuring ongoing compliance and security.

- Training programs on data privacy and cybersecurity via learning management system Maya are conducted annually
- Zero substantiated complaints concerning breaches of customer privacy and losses of customer data

Sustainability Statement (continued)

Our Outcome

We are committed to enriching people's lives by providing a diverse selection of safe products and services, delivered with integrity. We also contribute to empowering the communities we operate in by creating job opportunities and engaging in charitable efforts, directly impacting our community welfare and growth.

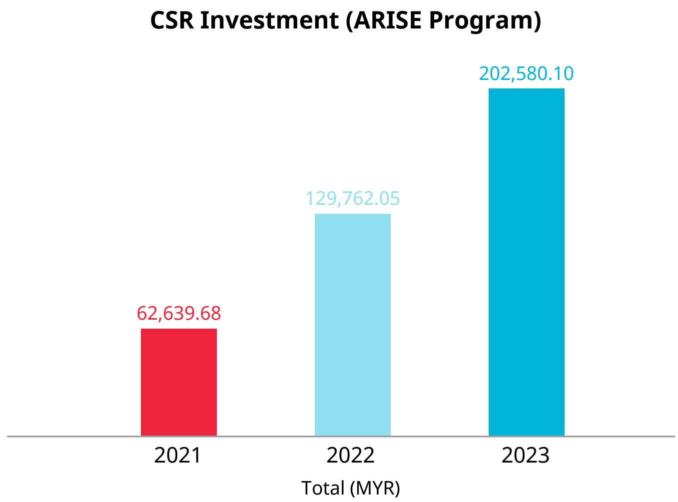
10. Local Community Development

Our purpose of enriching people's lives becomes especially evident through our contribution to the socio-economic development of the local communities where we operate. By leveraging our extensive distribution network, we facilitate access to healthcare products and other essential items, significantly enhancing the quality of life within these communities.

In addition to our business endeavors, we are committed to making a positive impact through active participation in projects and sponsoring programs aimed at fostering growth and support in local areas. In line with our Code of Conduct, we maintain a neutral stance on political matters, avoiding any political donations or engagements.

Integral to our Corporate Social Responsibility ("CSR") efforts, which emphasize equity and inclusion, we actively seek to provide employment opportunities to members of the local community who face challenges entering the job market. This approach not only helps in building a more inclusive society but also strengthens our connection with the communities we serve.

Sustainability Statement (continued)



In 2023, we shifted our CSR focus solely to the ARISE literacy program with the Orang Asli community, and increased our investment by 56% to reflect our expanded support from two to seven schools. This refocusing from a diverse range of projects in 2022 to a singular commitment allows us to deepen our impact and attention to a chosen community initiative.

Education

Driving Literacy through ARISE Program

In its sixth year, DKSH has actively participated in the All-Round Improvement in School Education ("ARISE") program as part of our ongoing commitment to literacy and education equality within the Orang Asli community. We partnered with SUKA Society to support the educational needs of approximately 120 preschoolers aged three to six across seven Orang Asli villages in Peninsular Malaysia, Sabah, and Sarawak. Our efforts include monthly sponsorships covering school expenses, as well as direct engagement with the children through school visits to ensure we address their educational and developmental needs effectively. Furthermore, in our endeavor to empower these children for their onward journey into primary school, we have also provided school supplies and uniforms to approximately 70 Orang Asli preschool alumni.

In 2023, a team of 50 volunteers from DKSH Malaysia visited the Community Learning Center at Kampung Tanam in Kuala Rompin, Pahang, where we not only interacted with the students but also enhanced their learning environment by creating a captivating mural on the school's brick wall fence, funded by DKSH. Later in the year, 14 colleagues from Sabah contributed to the Kampung Kipouvo Community Learning Center in Penampang, Sabah, by installing essential electrical wiring, fans, and lights. We also provided a variety of supplies, including paint, playmats, foldable mattresses, groceries, cabinets, and other furniture, as well as a selection of children's books and toys, further enriching the educational resources available to the children.

The ARISE project has seen good benefits to the Orang Asli community. We have since expanded the scope of our collaboration and investment to benefit more children, from two schools in 2022 to seven schools in 2023. Consequently, our CSR investment also increased correspondingly.

Community Well-being and Empowerment

Project ORCHID (Opportunities in Rejuvenating Careers for the Hearing Impaired)

The Project ORCHID (Opportunities in Rejuvenating Careers for the Hearing Impaired) was launched in 2016 by the Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd., a wholly owned subsidiary of DKSH. This initiative, developed in collaboration with the Malaysian Federation of the Deaf, aims to empower the hearing-impaired community by opening up career opportunities for them.

By 2023, Project ORCHID had successfully provided employment to 11 hearing-impaired individuals across select Famous Amos outlets.

Community Clean-up

Our Consumer Goods Logistics ("CGL") team spearheaded a 'Gotong Royong' or a community clean-up activity, in collaboration with neighboring factories, Cheng Hua Engineering Works Sdn Bhd and Golden Mile Plastic Resources Sdn Bhd. This collective effort focused on cleaning the slip road leading to the DKSH CGL 1 warehouse. Participants from all involved parties joined forces to clear bushes, tidy up vegetation, and improve drainage systems. Our united aim was to mitigate the risk of dengue outbreaks and to uplift the aesthetic appeal of the industrial area in Taman Sentosa, while showcasing the spirit of community.

Sustainability Statement (continued)

11. Access to Food, Medicines, and Healthcare

Business Unit Consumer Goods: Food Rescue
DKSH has partnered with The Lost Food Project for over five years to combat food insecurity in Malaysia. In 2023, we have made a total donation of 80,564kg of food, which translates into 230,182 meals equivalent[3], and 201,140kg[4] GHG prevented. This diverts food from landfills and decreases methane emissions.

Expanding our efforts, we also began donating pet food to animal shelters. In 2023, we donated a total of 64,238kg of kibbles aiding eight shelters, which translates into 1,070,633 meals equivalent[5]. This effort resulted in preventing 160,595kg GHG, further reducing environmental impact.

Business Unit Healthcare: Patient Purpose Day
As part of efforts to enhance healthcare access, DKSH Group's Healthcare sector business introduced Patient Purpose Day, conducted globally in 11 markets, including Malaysia. DKSH Malaysia partnered with the Malaysian Red Crescent Society ("MRCS") to support ongoing humanitarian causes that strongly align with DKSH's commitment to raising the quality of life in the communities that it serves. Notably, MRCS has committed to utilizing the total donation of MYR 26,000 to support its 24-hour Emergency Ambulance Services.

Patient Purpose Day also featured various on-site activities aimed at engaging our employees and encouraging them to commit to enhancing patient outcomes. These included health and wellness programs designed to empower employees to become advocates for patient care, as part of our efforts to promote overall patient well-being.

3 Based on the Foodbank Malaysia Programme by the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) guidelines, a meal is equal to 0.35kg (or 350g) of food and grocery product
4 Based on the Food Wastage Footprint Impact on Natural Resources report by United Nation's Food & Agriculture Organization, approximately 2.5kg of GHG are emitted for every 1kg of food waste
5 Based on 60g per meal for pet

12. Product Quality and Safety

DKSH is committed to ensuring the quality and safety of products in our care across various categories, from pharmaceuticals to consumer goods. We adhere to strict quality management systems to protect customer and patient health, guaranteeing products come from authentic manufacturing processes to avoid the risks of safety issues and counterfeit goods.

Our approach varies across business lines and products, complying with relevant regulations. The Quality Assurance, Regulatory Affairs, and Supply Chain Management teams conduct regular audits for quality assurance and regulatory compliance, with additional audits by our clients or their appointed auditors to meet their standards. We undergo annual audits by SIRIM to ensure that products introduced into the market comply with HSE regulations and pose no harm to end users.

Across all product categories, we implement quality management systems to uphold the high standards essential for protecting the health and safety of customers, consumers, and patients. This includes assurances that all our products originate from authentic manufacturing sites, avoiding potential safety issues associated with counterfeit products.

Due to the sensitivity of the products, most of these audits occur in the Healthcare business. In 2023, we undertook 14 quality audits for regulatory and client assessments. We quickly address any deviations from standards, including prompt product recall procedures, and work closely with authorities, clients, and suppliers when necessary.

DKSH recorded zero incidents of non-compliance concerning the health and safety impacts of products and services in 2023

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.

Sustainability Statement (continued)

Business Unit Consumer Goods
The Business Unit Consumer Goods prioritizes the correct storage and handling of goods, adhering to best practices in warehousing and distribution. We ensure products are stored and handled according to specifications agreed upon with our clients to ensure product integrity and safety throughout their lifecycle. This includes adapting products to meet local regulations. DKSH complies with applicable regulations set by the Food and Drug Administration. We emphasize the importance of freshness for food and beverage items. Certain products require temperature-controlled storage to maintain quality. Our IT systems facilitate efficient storage practices such as FIFO (first in, first out) or FEFO (first expired, first out), to minimize product waste.

Business Unit Healthcare
The Business Unit Healthcare ensures patient safety and meets strict quality standards specified by clients and regulators. Our Business Unit Healthcare distribution facilities comply with Good Distribution Practices ("GDP") and are approved by local health authorities. The Shah Alam facility is approved for Good Manufacturing Practice ("GMP") standards. We maintain high distribution standards through certifications in Quality Management Systems ISO 9001 and ISO 13485, along with GDP for Medical Devices, verified by regular inspections, audits, and certifications from a recognized certification body.

Pharmacovigilance ("PV")
Drug safety regulations constantly change and vary by market and region which can be challenging for our healthcare clients. In the Business Unit Healthcare, our customer-facing regulatory team offers a reporting platform to gather adverse event reports associated with medicines from end-users to ensure we diligently manage drug safety standards efficiently.

Counterfeit products
Counterfeit products are a significant concern in the healthcare industry. We have implemented internal best practices for the management of suspected counterfeits and use SAP systems for batch traceability throughout the supply chain.

Product recalls
In the case of product recalls due to safety concerns, our SAP systems allow for full product traceability for a quick and efficient recall process. We have established internal best practices for recalls, including a product recall committee to oversee escalation, tracking, and monitoring of the entire recall process in partnership with our clients.

Sustainability Statement (continued)

GRI Content Index

DKSH Malaysia has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023 in accordance with the GRI Standards. The information in this report has been compiled using GRI 1: Foundation 2021.

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
General disclosures				
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	2-3	Reporting period, frequency and contact point	Page 28	
	2-4	Restatements of information	Page 28	
	2-5	External Assurance	Page 30	
	2-6	Activities, value chain and other business relationships	Page 28	
	2-7	Employees	Page 81	
	2-8	Workers who are not employees	-	Not available
	2-9	Governance structure and composition	Page 33	
	2-10	Nomination and selection of the highest governance body	Corporate Governance (Page 84 to 93)	
	2-11	Chair of the highest governance body	Corporate Governance (Page 84 to 93)	
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 33	
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	2-14	Role of the highest governance body in sustainability reporting	Page 33	
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	2-17	Collective knowledge of the highest governance body	Corporate Governance (Page 84 to 93)	
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance (Page 84 to 93)	
	2-19	Remuneration policies	Corporate Governance (Page 84 to 93)	

Sustainability Statement (continued)

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
General disclosures (continued)				
GRI 2: General Disclosures 2021 (continued)	2-20	Process to determine remuneration	Corporate Governance (Page 84 to 93)	
	2-21	Annual total compensation ratio	Corporate Governance (Page 84 to 93)	
	2-22	Statement on sustainable development strategy	Management Discussion and Analysis (Page 4 to 5)	
	2-23	Policy commitments	Page 65 to 66	
	2-24	Embedding policy commitments	Page 65 to 66	
	2-25	Processes to remediate negative impacts	Page 67	
	2-26	Mechanisms for seeking advice and raising concerns	Page 34 to 36	
	2-27	Compliance with laws and regulations	Page 65	
	2-28	Membership associations	Page 30	
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Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 37	
	3-2	List of material topics	Page 37	
Economic performance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 4 to 6	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 4 to 6	
	201-2	Financial implications and other risks and opportunities due to climate change	Page 57 to 64	
	201-3	Defined benefit plan obligations and other retirement plans	Page 42	
	201-4	Financial assistance received from government	-	Not applicable as we did not receive any financial assistance

Sustainability Statement (continued)

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
Market presence				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 38	
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
	202-2	Proportion of senior management hired from the local community	Page 43	
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 71	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Page 71	
	203-2	Significant indirect economic impacts	Page 71	
Procurement practices				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 64	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Page 64	
Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 65	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Page 65	
	205-2	Communication and training about anti-corruption policies and procedures	Page 65	
	205-3	Confirmed incidents of corruption and actions taken	Page 67	
Materials				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 55	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Page 55	Assessing suitable measurement methodology for implementation
	301-2	Recycled input materials used	Page 55	
	301-3	Reclaimed products and their packaging materials	Page 55	

Sustainability Statement (continued)

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 52	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Page 52	
	302-2	Energy consumption outside of the organization	Page 55	
	302-3	Energy intensity	Page 52	
	302-4	Reduction of energy consumption	Page 52	
	302-5	Reductions in energy requirements of products and services	Page 52	
Water and effluents				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 56	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Page 56	
	303-2	Management of water discharge-related impacts	Page 56	
	303-3	Water withdrawal	Page 56	
	303-4	Water discharge	Page 56	
	303-5	Water consumption	Page 57	
Emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 53	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 54	
	305-2	Energy indirect (Scope 2) GHG emissions	Page 54	
	305-3	Other indirect (Scope 3) GHG emissions	Page 54	
	305-4	GHG emissions intensity	Page 54	
	305-5	Reduction of GHG emissions	Page 54	
	305-6	Emissions of ozone-depleting substances (ODS)	-	Not applicable as it is not relevant to business
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Not applicable as it is not relevant to business

Sustainability Statement (continued)

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 55	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 55	
	306-2	Management of significant waste-related impacts	Page 55	
	306-3	Waste generated	Page 56	
	306-4	Waste diverted from disposal	Page 56	
	306-5	Waste directed to disposal	Page 56	
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 64	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	-	Aiming to enhance supplier selection process by incorporating comprehensive screening which will include environmental, social, and sustainability criteria
	308-2	Negative environmental impacts in the supply chain and actions taken	-	
Employment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 38	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Page 45	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 47	
	401-3	Parental leave	Page 47	
Labor/management relations				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 47	
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Page 47	

Sustainability Statement (continued)

GRI INDICATOR	DISCLOSURE		LOCATION	OMISSION & EXPLANATION
Occupational health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 38	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 38	
	403-2	Hazard identification, risk assessment, and incident investigation	Page 39	
	403-3	Occupational health services	Page 39	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 39	
	403-5	Worker training on occupational health and safety	Page 39	
	403-6	Promotion of worker health	Page 40	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 40	
	403-8	Workers covered by an occupational health and safety management system	Page 39	
	403-9	Work-related injuries	Page 41	
	403-10	Work-related ill health	Page 41	
Training and education				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 46	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 47	
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 46	
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 46	
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 42	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 81 and 88	
	405-2	Ratio of basic salary and remuneration of women to men	Page 43	

Sustainability Statement (continued)

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
Non-discrimination				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 47	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 48	
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 48	
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 48	
Child labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 48	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Page 48	
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 47	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 48	
Security practices				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 47	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Page 48	
Local communities				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 69	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Page 70	
	413-2	Operations with significant actual and potential negative impacts on local communities	Page 70	

Sustainability Statement (continued)

GRI INDICATOR		DISCLOSURE	LOCATION	OMISSION & EXPLANATION
Supplier social assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 64	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Page 64	
	414-2	Negative social impacts in the supply chain and actions taken	-	No incidence of non-compliance
Public policy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 69	
GRI 415: Public Policy 2016	415-1	Political contributions	-	We do not make any political donations
Customer health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 71	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Page 71	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 71	
Marketing and labeling				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 65	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Page 67 to 68	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Page 68	
	417-3	Incidents of non-compliance concerning marketing communications	Page 68	
Customer privacy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 68	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 68	

Performance Data

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Executive	Percentage	-	97.00	100.00
Non-executive	Percentage	-	97.00	100.00
Senior Management	Percentage	-	97.00	100.00
Middle Management	Percentage	-	97.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0.00	0.00	0.00
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	62,639.68	129,762.05	202,580.10
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	120
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Executive Under 30	Percentage	7.00	9.00	11.00
Executive Between 30-39	Percentage	18.00	18.00	17.00
Executive Between 40-49	Percentage	11.00	11.00	10.00
Executive More than 50	Percentage	5.00	5.00	4.00
Non-executive Under 30	Percentage	10.00	12.00	14.00
Non-executive Between 30-39	Percentage	16.00	15.00	16.00
Non-executive Between 40-49	Percentage	15.00	14.00	14.00
Non-executive More than 50	Percentage	11.00	10.00	9.00
Middle Management Under 30	Percentage	0.00	0.00	0.00
Middle Management Between 30-39	Percentage	1.00	1.00	1.00
Middle Management Between 40-49	Percentage	3.00	3.00	3.00
Middle Management More than 50	Percentage	2.00	2.00	2.00
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-39	Percentage	0.00	0.00	0.00
Senior Management Between 40-49	Percentage	0.00	0.00	0.00
Senior Management More than 50	Percentage	0.00	0.00	0.00
Gender Group by Employee Category				
Executive Male	Percentage	15.00	15.00	15.00
Executive Female	Percentage	26.00	27.00	27.00
Non-executive Male	Percentage	22.00	22.00	23.00
Non-executive Female	Percentage	31.00	30.00	29.00
Middle Management Male	Percentage	2.00	3.00	2.00
Middle Management Female	Percentage	3.00	3.00	3.00
Senior Management Male	Percentage	0.00	0.00	0.00
Senior Management Female	Percentage	0.00	0.00	0.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	83.00	67.00	50.00
Female	Percentage	17.00	33.00	50.00
Between 40-49	Percentage	33.00	17.00	33.00
Above 50	Percentage	67.00	83.00	67.00
Number of Board Directors	Number	6	6	6
Number of independent Directors on the board	Number	3	3	3
Number of women on the board	Number	1	2	3
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	4,484.69	5,733.87	3,447.21
Three years of total energy usage data on properties disclosed	Megawatt	13,685.29	13,287.39	13,786.67
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.14	0.14	0.15
Bursa C5(c) Number of employees trained on health and safety standards	Number	3,249	3,164	1,258 *
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Executive	Hours	6	17	10
Non-executive	Hours	4	9	10
Middle Management	Hours	12	24	76
Senior Management	Hours	7	24	26
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.00	5.00	3.00
Bursa C6(c) Total number of employee turnover by employee category				

Internal assurance External assurance No assurance (*)Restated

Indicator	Measurement Unit	2021	2022	2023
Executive	Number	203	359	167
Non-executive	Number	165	405	69
Middle Management	Number	23	31	22
Senior Management	Number	0	2	2
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.00	99.00	99.00
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	736.00	1,475.00	1,001.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	3,793.00	4,900.00	2,500.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	20,589.00	21,761.00	24,232.00
Three years of total GHG emissions data on properties disclosed	Metric tonnes	25,118.00	28,136.00	27,732.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	54.084000	61.593000	64.356000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	2,839.27	2,801.27	3,820.32
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	639.93	586.20	1,333.37
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	2,199.34	2,215.07	2,486.95
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	111.36	189.48	166.53
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	2,199.34	2,215.07	2,486.95
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	639.93	586.20	1,333.37
Total costs of environmental fines and penalties during financial year	MYR	0.00	0.00	0.00

1. The three-year performance table is generated from the custom template of the Bursa ESG reporting platform, as at April 8, 2024. No changes were made to the PDF report generated from the system and is attached as it is in this report.

2. Some values would appear differently in the report generated from the ESG Platform as compared to the content of this Sustainability Report 2023, due to differing number and decimal formatting within the system, that is not able to be changed at this juncture.

Internal assurance | External assurance | No assurance | (*)Restated

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 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.

The Board is pleased to report on the application of the Practices of the MCCG to shareholders on the Group's corporate governance practices during the financial year ended December 31, 2023 ("FY 2023") in accordance with the MCCG and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This statement is to be read together with the Corporate Governance Report 2023 ("CG Report") of the Company. The application of each Practice set out in the MCCG during the financial year ended December 31, 2023 is disclosed under DKSH Malaysia's 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. The Board Charter, which was last revised in November 2023, 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 Holding Ltd., 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 Board has formalised a Directors' Code of Ethics, setting out the standards of conduct expected from the Directors. The Directors' Code of Ethics is contained in the Board Charter and the Board Charter is published on the Company's website at www.dksh.com.my. To inculcate good ethical conduct, 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 Paragraph 15.29 of the Listing Requirements of Bursa Securities and guided by Guidance to Practice 3.2 of the 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

Corporate Governance Overview Statement (continued)

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 Committees deliberations and decision making.

There is a distinct division of roles and responsibilities of the Chairman of the Board and the Head Country Management, Malaysia. 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, 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, 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 of Bursa Securities. During FY 2023, four (4) 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 2023

Directors	Designation	No. of Meetings Attended
Stephen John Ferraby	Non-Independent Non-Executive Chairman	4/4
Lian Teng Hai (Retired on May 19, 2023)	Non-Independent Non-Executive Director	1/2
Dr. Leong Yuen Yoong	Independent Non-Executive Director	4/4
Fa'izah binti Mohamed Amin	Independent Non-Executive Director	3/4
Puneet Mishra (resigned on September 29, 2023)	Non-Independent Executive Director/ Vice President, FMCG	3/3
Lai Tak Loi	Independent Non-Executive Director	4/4
Jaclyn Ang Swee Yin* (appointed on May 19, 2023)	Non-Independent Executive Director/ Senior Director, Country Finance, Malaysia	2/2
Sandeep Tewari* (appointed on October 16, 2023)	Non-Independent Executive Director/ Vice President, Healthcare	1/1

* Total number of meeting(s) 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, 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

Corporate Governance Overview Statement (continued)

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.

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 Company 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, namely Serene Lee Huey Fei and Teo Soh Fung. The former has legal qualifications and is licensed by the Companies Commission of Malaysia whilst the latter is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). Both the Company Secretaries are qualified to act as Company Secretary under Section 235(2) and Section 241 of the Act, and have obtained Practicing Certificate from the Companies Commission of Malaysia. For FY 2023, the Company Secretaries have attended the relevant continuous professional development program as required by Companies Commission of Malaysia for practicing Company Secretaries.

(2) Board Composition
Board Composition and Size
For FY 2023, the Board consists of six (6) members: one (1) Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors and two (2) Non-Independent Executive Directors, who are also the Head Country Management, Malaysia, and the Senior Director, Country Finance, Malaysia. During FY 2023, Jaclyn Ang Swee Yin was elected/appointed as a Non-Independent Executive Director of the Company on May 19, 2023 in place of Lian Teng Hai who retired as a Non-Independent Non-Executive Director of the Company on even date. In addition, Sandeep Tewari was appointed as a Non-Independent Executive Director of the Company on October 16, 2023 following the resignation of Puneet Mishra as a Non-Independent Executive Director of the Company on September 29, 2023. Sandeep Tewari took on the responsibility of Head Country Management, Malaysia, in November, 2023. This composition of the Board fulfills the requirements as set out in the Listing Requirements of Bursa Securities which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors. This also applies to Practice 5.2 of the MCCG where at least half of the Board comprises independent directors.

The Board currently has six (6) Directors, comprising three (3) male Directors and three (3) women Directors, representing 50% women representation on the Board. Therefore, the Company met the requirements of the amended Listing Requirements by Bursa Securities, which requires all listed issuers to have at least one woman Director on its Board, effective June 1, 2023. The Company also has complied with Practice 5.9 of the MCCG by having at least 30% women directors on its Board.

In May 2022, the Board adopted a Directors' Fit and Proper Policy to set out the fit and proper criteria for any person identified to be appointed as a Director or to continue holding the position as a Director within the Company. A copy of the Directors' Fit and Proper Policy is available on the Company's website. In August of the same year, the Board adopted a Gender Diversity Policy which provides a framework for the Company to achieve improved employment and career development opportunities for all its employees and those who seek employment with DKSH.

The Nomination and 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.

Corporate Governance Overview Statement (continued)

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.

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 2023, the Nomination and Remuneration Committee comprises two Independent Non-Executive Directors (including the Committee Chairman) and one Non-Independent Non-Executive Director as follows:

The Nomination and Remuneration Committee: Composition and Attendance at the Nomination and Remuneration Committee Meeting Held in 2023

Directors	Designation	No. of Meetings Attended
Dr. Leong Yuen Yoong	Chairman	2/2
Stephen John Ferraby	Member	2/2
Fa'izah binti Mohamed Amin	Member	1/2

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.

The Nomination and Remuneration Committee met two times during the financial year under review.

Details of the activities undertaken by the Nomination and Remuneration Committee in discharging its duties during 2023 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 individual/the retiring Directors to stand for election/re-election at the Annual General Meeting held in 2023. 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 Members' 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, and the Senior Director, Country Finance, Malaysia have the character, experience, integrity, competence and time to effectively discharge their respective roles.

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 analyze the composition and requirements of the Board.

Re-election/Election of Directors
In line with the Listing Requirements of Bursa Securities, 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 shareholders' approval.

Pursuant to Article 105 of the Company's Constitution, Stephen John Ferraby and Fa'izah Binti Mohamed Amin are due for retirement at the forthcoming 32nd AGM. Being eligible, they have expressed their intention to seek re-election at the forthcoming 32nd AGM.

Sandeep Tewari who was appointed by the Board in October 2023, is subject to re-election at the forthcoming 32nd AGM pursuant to Article 101 of the Company's Constitution. The Nomination and Remuneration Committee reviewed the eligibility of Sandeep Tewari for re-election at the forthcoming 32nd AGM to ensure that he will continue to contribute to the Board. The Board has also approved the Nomination and Remuneration Committee's recommendation to support his re-election as a Director 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 2024, the Board approved the recommendation of the Nomination and Remuneration Committee that the retiring Directors are eligible for re-election at the forthcoming 32nd AGM.

The profiles of the retiring Directors standing for re-election at the forthcoming AGM of the Company, are set out on pages 12, 15 and 17 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 Berhad and customized to meet the expectations of the Board and the Company. Where appropriate, the Nomination and Remuneration Committee will review the assessment criteria.

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

Corporate Governance Overview Statement (continued)

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 Practice 5.3 of the MCCG, 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 2023 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 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 of Bursa Securities.

For the financial 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 of Bursa Securities. 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 of Bursa Securities. All Directors (including the newly appointed Directors) have attended and completed the Directors' Mandatory Accreditation Program ("MAP") as prescribed by 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, risk management, cyber security risks, leadership and business management 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.

Details of internal and external training programs, seminars, briefings etc attended by the Directors in 2023:

Name of Directors	Description of Training Programs, Seminars, Briefings etc
Stephen John Ferraby	• DKSH - Cyber Security Awareness 2023 • DKSH - Privacy and Data Protection • ICDM - Beyond Compliance: Governance at the Core of Driving ESG • ICDM - Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Lai Tak Loi	• ICDM - Beyond Compliance: Governance at the Core of Driving ESG • ICDM - Board Risk Management Committee Dialogue & Networking - Navigating The Rising Tide of Financial Crime and Technology

Corporate Governance Overview Statement (continued)

Name of Directors	Description of Training Programs, Seminars, Briefings etc
Dr. Leong Yuen Yoong	• ICDM - Sustainability Series – (Re) Building the Board for Innovation • ICDM - Navigating the ESG Risk In The Supply Chain • ICDM - Board Audit Committee (BAC) Dialogue & Networking: A Serious Allegation Is Reported – What Should Boards Do? • ICDM - Bridging the Gap: Metaverse, Board of Directors, Net Zero & NFT • ICDM - Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • ICDM - Beyond Compliance: Governance at the Core of Driving ESG • ICDM - ICDM Board NRC Dialogue & Networking: How Much Do Board Members Get Paid? Key Insights to the Malaysian Board & Senior Management Remuneration Practices • ICDM - ICDM Advocacy Dialogue & Networking: Post-Budget 2024 Dialogue: Economic Reforms, Empowering the People • Securities Commission Malaysia (SC) - Audit Oversight Board's Conversation with Audit Committees
Fa'izah binti Mohamed Amin	• FIDE Forum - Can America Stop China's Rise? Will ASEAN Be Damaged • ICLIF - FIDE Core Programme – Module A • ICLIF - FIDE Core Programme – Module B • ISRA - Islamic Finance for Board of Directors Programme
Jaclyn Ang Swee Yin	• ICDM - Mandatory Accreditation Programme • ICDM - Beyond Compliance: Governance at the Core of Driving ESG • ICDM - Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Sandeep Tewari	• DKSH - Cyber Security Awareness 2023 • DKSH - 2023 Healthcare Compliance Refresher (E-learning) • DKSH - Privacy and Data Protection Basics Module 1, 2 & 3

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 will be determined based on the experience, expertise and responsibilities undertaken and role played by the individual Director concerned.

The Nominating Committee and Remuneration Committee of the Company were established by the Board in February 2013 and February 2020 respectively. To improve its efficiency and effectiveness in discharging the Board's duties, the Nominating Committee and Remuneration Committee were subsequently merged and streamlined into a single Nomination and Remuneration Committee with effect from February 2020.

As the Company is majority-owned by DKSH Holding Ltd., the remuneration of the Executive Directors is based on DKSH Holding Ltd.'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, 2023 on pages 135 to 136 of this Annual Report.

For financial year ended December 31, 2023 the disclosure of the remuneration for the Directors are as follows:

Corporate Governance Overview Statement (continued)

Group

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	-	214	214
Salaries	1,707	-	1,707
Bonuses	528	-	528
Benefits-in-kind	307	-	307
Others	303	-	303

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

Group

	Number of Directors	
Directors' Remuneration	Executive Director	Non-Executive Director
RM50,000 and below	-	1#
RM50,001 – RM100,000	-	3
RM400,001 – RM450,000	1	-
RM900,001 – RM950,000	1	-
RM1,450,001 – RM1,500,000	1#	-

 # Director who has resigned/retired during the financial year 2023

Company

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	-	214	214
Salaries	-	-	-
Bonuses	-	-	-
Benefits-in-kind	-	-	-
Others	-	-	-

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

	Number of Directors	
Directors' Remuneration	Executive Director	Non-Executive Director
RM50,000 and below	-	1
RM50,001 – RM100,000	-	3
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 (including the Committee Chairman).

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 Listing Requirements of Bursa Securities 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.

In line with Practice 9.2 of the MCCG, the Terms of Reference of the Audit Committee also include a requirement for 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.

During FY2023, 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 97 to 99 of this Annual Report. The terms of reference of the Audit Committee, which was last revised in November 2023, 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 2023 is set out on page 102 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 Group has implemented risk management guidelines, control measures, and processes, thereby promoting effective risk management and enhance the corporate governance assurance process.

To enhance risk management and ensure the effective operation of the risk management framework, the Risk Management functions provides regular reports and risk evaluation to the Country Management Team, which comprised of Senior Management, and subsequently to the Audit Committee.

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 94 to 96 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 Company'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 financial year under review, eight (8) 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 MCCG, notice is given at least twenty-eight (28) days prior to the meeting.

The Board had on April 20, 2023 issued its Notice of Thirty-First AGM of the Company ("31st AGM") at least twenty eight (28) days before the date of the meeting i.e May 19, 2023 in compliance with Practice 13.1 of the MCCG.

Attendance of Directors at General Meetings

All Board members attended the AGM of the Company which was held physically on May 19, 2023 and provided responses to the shareholders on the key matters arose during the Meeting. Mr. Puneet Mishra, the then Vice President, FMCG had presented a short review of the Company's 2022 performance and key initiatives for 2023 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 31st AGM held on May 19, 2023. The Company has appointed an independent scrutineer to validate the votes cast at the 31st 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 practices of the MCCG.

This statement is made in accordance with Board's approval on April 18, 2024.

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, 2023, 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 essential for the Group to achieve continued profitability and sustainable growth in shareholders' value. In pursuing these objectives, the Group has implemented risk management guidelines, control measures, and processes, thereby promoting effective risk management and enhance the corporate governance assurance process.

To enhance risk management, the Risk Management functions provides regular reports and risk evaluation to the Country Management Team, which is comprised of Senior Management, and subsequently to the Audit Committee.

The Senior Management conduct quarterly risk assessments 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 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, environment and compliance risks, as well as clearly defined action plans. The Board was briefed by Senior Management on the Risk Register 2021 and on the regular risk reviews conducted by Senior Management;

(ii) Treasury: 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 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;

Statement on Risk Management and Internal Control (continued)

(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 2023;

(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 2023 and all of the selected employees had completed the refresher course in 2023;

(vi) Limits of Authority ("LOA"): LOA which provides clarity on authorities assigned at Corporate, Business Unit, as well as country level was updated in 2023 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. The "Integrity Line", which was launched in 2020 by DKSH Holding Ltd., further enhances the avenues available to 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;

(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 97 to 99 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 and Remuneration

Statement on Risk Management and Internal Control (continued)

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, Healthcare 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 2023 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 2023 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 Executive Director and Senior Director, Country Finance, Malaysia who is primarily responsible for the financial management of the Group and the corporate representative of the Company at all members' meeting 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, 2023 and in accordance with the Board's approval on April 9, 2024.

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, 2023 ("FY 2023") in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

The Audit Committee comprises three (3) Independent Non-Executive Directors. The Chairman of the Audit Committee is Lai Tak Loi, who was appointed by the Board as a member of the Audit Committee and assumed the role of Chairman on November 4, 2022. This complies with Paragraph 15.09 (1) of the Main LR of Bursa Malaysia. All members have over 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

As a standing practice, all other Directors (including the Senior Director, Country Finance, Malaysia who is also a Director) were invited to attend all Audit Committee Meetings (except private sessions). The Non-Independent Executive Director and 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 the Internal Audit Department was invited to attend the Audit Committee Meetings to table their Internal Audit reports. A total of four (4) Audit Committee Meetings were held during the financial year. The details of attendance of each Audit Committee member at the Committee's meetings held during the financial year 2023 are set out below:

Audit Committee: Composition and Attendance at the Audit Committee Meetings Held in 2023

Name	Status	No. of meetings attended
Lai Tak Loi	Chairman, Independent Non-Executive Director	4 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	3 out of 4 meetings

For FY 2023, the External Auditors attended two (2) 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 following Audit Committee Meeting and subsequently presented to the Board for notation. The Audit Committee Chairman conveyed to the Board 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 assessment survey, which the Audit Committee members duly completed. Upon review, the Nomination and Remuneration 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 LR of Bursa Malaysia.

Summary of the Work of the Audit Committee in 2023

In 2023, the Audit Committee worked with Management, internal auditors and external auditors to conduct its activities as required under its terms of reference of the Audit Committee. The following is a summary of the main activities carried out by the Committee during FY 2023:

(i) Reviewed and recommended to the Board for approval the quarterly financial results and annual audited financial statements, 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.

Audit Committee Report (continued)

(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 2022 and thereafter recommended to the Board;

(vii) Assessment of the adequacy and effectiveness of the system of internal controls, reporting and risk management along with its risk profile, risk levels and action plans;

(viii) Assessment of 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 recommendations;

(xi) Received the quarterly updates on investigations into fraud and ethics cases 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 and recommended to the Board for approval the renewal of the 2023 Shareholders' Mandate for recurrent related party transactions of a revenue and trading nature entered with DKSH Holding Ltd. and/or its subsidiaries;

(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 2022/2023 Shareholders' Mandate obtained for recurrent related party transactions;

(xvi) Reviewed and recommended to the Board for approval, the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the Company's 2022 Annual Report; and

(xvii) Reviewed and recommended to the Board for approval, the revised Terms of Reference of the Audit Committee as follows:-

a) Clarifying the composition of the Audit Committee.

b) Inclusion of the functions of the Audit Committee to review conflict of interest situations following the amendments to the Main LR of Bursa Malaysia, which took effect on July 1, 2023.

c) Enhancement of procedures and meetings of the Audit Committee.

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 discharging 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 role is currently helmed by a Senior Manager and supported by an Assistant Manager, one Senior Executive and shared resources from the Group Internal Audit department of DKSH Holdings Ltd. 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 Audit Committee members.

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 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 internal audit's risk assessment of the audit universe, which is then sense-

Audit Committee Report (continued)

checked against focus risks identified in the Group Risk Profile 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 Management and Audit Committee are presented with audit updates, which include significant findings regarding non-compliance and process improvements, along with root causes and overall audit conclusions. Measures and agreed actions by management to address the highlighted improvement areas 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 worldwide operations into 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 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 2023 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, 2023, was RM573,933 (2022: RM501,432), 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 27, 2024.

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 19, 2023, 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 20, 2023.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the details of RRPTs conducted during the financial year 2023 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 2023 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)]	39,057
(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)]	5,648
(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)]	14,551
(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)]	7,831

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 29, 2024) 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 2023 are as follows:

	Group (RM)	Company (RM)
Audit services rendered	1,095,430	198,140
Non-Audit services rendered • Report on Directors' Statement on Risk Management and Internal Control	7,500	7,500
Total	1,102,930	205,640

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, 2023 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, 2023 and the details of trainings are disclosed in the Statement on Corporate Governance on pages 89 to 90 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, 2023.

List of Properties

The Group did not own any properties as at December 31, 2023.

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 18, 2024.

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended December 31, 2023.

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 net of tax	110,515	47,344
Profit attributable to owners of the parent	110,515	47,344

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 dividends paid by the Company since December 31, 2022 was as follows:

	RM'000
In respect of the financial year ended December 31, 2022:	
• a special single tier dividend of 16.0 sen per share, on 157,658,076 ordinary shares was paid on March 20, 2023	25,225
• a final single tier dividend of 16.0 sen per share, on 157,658,076 ordinary shares was paid on July 20, 2023	25,225
	50,450

The Directors have recommended for shareholders' approval, at the forthcoming Annual General Meeting, a final single tier dividend of 17.0 sen per share on 157,658,076 ordinary shares amounting to RM26,801,873. 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, 2024.

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	
Dr. Leong Yuen Yoong	
Fa'izah Binti Mohamed Amin	
Lai Tak Loi	
Jaclyn Ang Swee Yin*	(Appointed on May 19, 2023)
Sandeep Tewari*	(Appointed on October 16, 2023)
Lian Teng Hai	(Retired on May 19, 2023)
Puneet Mishra*	(Resigned on September 29, 2023)

* These Directors are also Directors 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	
Gan Wen Nie	
Thamayenthi Narayanan	
Liew Mei Ling	
Ten Lam Sam @ Teh Lam Sam	
Chan Choon Moy	
Ghiraiani Binti Haji Abdul Ghani	(Appointed on March 31, 2023)
Gertrude Ting Hie Yieng	(Appointed on December 22, 2023)
Varun Sethi	(Appointed on June 15, 2023 and resigned on December 22, 2023)
Hoo Fan Lee	(Resigned on March 31, 2023)
Chee Weng Loon	(Resigned on June 15, 2023)
Than Lee Seei	(Resigned on December 22, 2023)

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 below) 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' benefits (continued)

The details of remuneration received/receivable by the Directors of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Non-executive Directors:		
• fees		
Lai Tak Loi	80	80
Dr. Leong Yuen Yoong	65	65
Fa'izah Binti Mohamed Amin	55	55
Lian Teng Hai	14	14
Total remuneration • Non-executive Directors	214	214
Executive Directors:		
Puneet Mishra		
• salaries	744	-
• bonuses	436	-
• defined contribution plan	189	-
• other employee benefits	105	-
	1,474	-
Jaclyn Ang Swee Yin		
• salaries	634	-
• bonuses	92	-
• defined contribution plan	118	-
• other employee benefits	79	-
	923	-
Sandeep Tewari		
• salaries	329	-
• other employee benefits	119	-
	448	-
Total remuneration • Executive Directors	2,845	-

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 1.1.2023	Acquired/ transferred/ appointed	Sold	At 31.12.2023
Ultimate holding company **DKSH Holding Ltd.**				
Stephen John Ferraby	24,849	4,159	2,500	26,508
Sandeep Tewari	-	541	-	541
The Company **DKSH Holdings (Malaysia) Berhad**				
Stephen John Ferraby	10,000	-	-	10,000
Subsidiaries **DKSH (B) Sdn. Bhd.**				
Jaclyn Ang Swee Yin	-	1	-	1
FACC (B) Sdn. Bhd.				
Jaclyn Ang Swee Yin	-	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, 2023 was RM12,663.

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 values 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.

Directors' Report (continued)

Other statutory information (continued)

(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.

Auditors and auditors' remuneration

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	1,054	206
Other auditors	49	-
	1,103	206

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 9, 2024.

Sandeep Tewari **Jaclyn Ang Swee Yin**

Statement by Directors

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

We, Sandeep Tewari and Jaclyn Ang Swee Yin, 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 113 to 173 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, 2023 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 9, 2024.

Sandeep Tewari

Jaclyn Ang Swee Yin

Statutory declaration

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

I, Jaclyn Ang Swee Yin, 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 113 to 173 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 Jaclyn Ang Swee Yin
at Kuala Lumpur, Wilayah Persekutuan
on April 9, 2024

Jaclyn Ang Swee Yin
(MIA 24563)

Before me,

Zainul Abidin Bin Ahmad
Commissioner of Oaths
No. W790

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, 2023 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 material accounting policies, as set out on pages 113 to 173.

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, 2023, 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 2.17 and Note 4 to the financial statements.

Total revenue for the Group for the financial year ended December 31, 2023 amounted to RM7.52 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)

<u>Risk</u> (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 Consumer Goods 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 Healthcare 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, assessment is required on revenue earned from each contract with customer based on the five-step model of MFRS 15 Revenue from Contracts with Customers ("MFRS 15"). The assessment includes the point of revenue recognition in relation to the satisfaction of performance obligations, revenue cut off, estimation of the probability of return of damaged goods and principal versus agent considerations.

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

a) We have obtained an understanding of the recognition process includes trade returns and issuance of credit note, and tested relevant controls;
b) We have involved our information technology ("IT") specialists to test in-scope IT application controls and IT general controls in the revenue recognition process;
c) We have read and analyzed the contractual terms of the contracts with suppliers and arrangements with customers, on sampling basis, to evaluate management's assessment with regards to whether the Group is acting as a principal or an agent and determined the rights of customers in returning damaged and/or expired goods;
d) We have used data analytics to analyze the correlation between revenue, trade receivable and cash and bank balances and perused the data to identify any material new revenue streams;
e) We have performed cut-off procedures for revenue recognition in the relevant financial periods.

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 2023 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.

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.

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)
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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

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

Chong Tse Heng
No. 03179/05/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
April 9, 2024

Statements of Comprehensive Income

For the financial year ended December 31, 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	7,524,314	7,162,687	51,993	2,575
Changes in inventories of finished goods		84,894	56,873	-	-
Raw materials and packaging materials used and finished goods purchased		(6,766,368)	(6,433,025)	-	-
Other income		12,635	15,275	37	935
Staff costs	5	(293,608)	(263,407)	-	-
Warehousing and logistics expenses		(156,359)	(153,747)	-	-
(Allowance for)/reversal of allowance for trade receivables		(6,131)	2,325	-	-
Rental expenses		(3,824)	(2,227)	-	-
Depreciation of property, plant and equipment		(9,741)	(10,011)	-	-
Depreciation of rights-of-use assets		(37,835)	(37,155)	-	-
Amortization of intangible assets		(13,896)	(13,028)	-	-
Travelling and entertainment expenses		(13,907)	(11,738)	-	-
Information technology and communication expenses		(44,596)	(35,143)	-	-
Utilities, upkeep, repairs and maintenance costs		(21,860)	(18,973)	-	-
Office expenses		(4,792)	(5,259)	-	-
Other selling, advertising and promotional expenses		(49,399)	(53,199)	-	-
Other expenses		(25,633)	(26,984)	(1,169)	(1,708)
Finance costs	7	(26,691)	(28,002)	(3,459)	(4,205)
Profit/(loss) before tax	8	147,203	145,262	47,402	(2,403)
Income tax expense	9	(36,688)	(41,048)	(58)	-
Profit/(loss) net of tax		110,515	104,214	47,344	(2,403)
Other comprehensive income					
Currency translation differences to be reclassified to profit or loss in subsequent periods		12	26	-	-
Other comprehensive income for the financial year, net of tax		12	26	-	-
Total comprehensive income/(loss) for the financial year		110,527	104,240	47,344	(2,403)
Profit/(loss) attributable to owners of the parent		110,515	104,214	47,344	(2,403)
Total comprehensive income/(loss) attributable to owners of the parent		110,527	104,240	47,344	(2,403)
Earnings per share attributable to owners of the parent • basic (sen)	10	70.10	66.10	-	-

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

Statements of Financial Position

As at December 31, 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	28,978	27,644	-	-
Intangible assets	12	364,168	378,064	-	-
Investments in subsidiaries	13	-	-	563,028	563,028
Deferred tax assets	14	8,864	7,751	-	-
Advances to subsidiaries	15	-	-	637	594
Right-of-use assets	26	117,867	132,313	-	-
		519,877	545,772	563,665	563,622
Current assets					
Inventories	16	870,330	789,954	-	-
Right of return assets	17	2,056	3,294	-	-
Trade and other receivables	18	1,637,622	1,550,673	616	725
Advances to subsidiaries	15	-	-	59,786	-
Advances to holding company	15	-	3,532	-	3,532
Tax recoverable		2,011	1,862	761	603
Cash and bank balances	19	39,026	35,923	19	40
		2,551,045	2,385,238	61,182	4,900
Total assets		3,070,922	2,931,010	624,847	568,522
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		185	173	-	-
Retained earnings	21	709,276	649,211	310,570	313,676
Total equity		891,633	831,556	492,742	495,848

Statements of Financial Position

As at December 31, 2023 (continued)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current liabilities					
Trade and other payables	22	1,574,106	1,557,925	709	512
Derivative financial instruments	23	4	1,108	-	-
Borrowings (unsecured)	24	358,000	188,259	50,000	-
Income tax payable		9,038	15,003	-	-
Lease liabilities	26	35,735	34,288	-	-
		1,976,883	1,796,583	50,709	512
Non-current liabilities					
Borrowings (unsecured)	24	85,000	175,000	-	-
Advances from subsidiaries	15	-	-	60,688	60,873
Advances from holding companies	15	20,708	11,289	20,708	11,289
Provision for other liability	25	2,833	2,851	-	-
Deferred tax liabilities	14	1,886	4,905	-	-
Lease liabilities	26	91,979	106,426	-	-
Other payable	22	-	2,400	-	-
		202,406	302,871	81,396	72,162
Total liabilities		2,179,289	2,099,454	132,105	72,674
Total equity and liabilities		3,070,922	2,931,010	624,847	568,522

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, 2023

		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, 2023		182,172	173	649,211	831,556
Total comprehensive income		-	12	110,515	110,527
Transaction with owners					
Dividends for financial year ended December 31, 2022	27	-	-	(50,450)	(50,450)
Total transaction with owners		-	-	(50,450)	(50,450)
At December 31, 2023		182,172	185	709,276	891,633
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

Statements of Changes in Equity

For the financial year ended December 31, 2023 (continued)

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
Company				
At January 1, 2023		182,172	313,676	495,848
Total comprehensive income		-	47,344	47,344
Transaction with owners				
Dividends for financial year ended December 31, 2022	27	-	(50,450)	(50,450)
Total transaction with owners		-	(50,450)	(50,450)
At December 31, 2023		182,172	310,570	492,742
At January 1, 2022		182,172	333,421	515,593
Total comprehensive income		-	(2,403)	(2,403)
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	313,676	495,848

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, 2023

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash flows from operating activities				
Profit/(loss) before tax	147,203	145,262	47,402	(2,403)
Adjustments for non-cash items:				
Property, plant and equipment:				
• depreciation	9,741	10,011	-	-
• written off	45	314	-	-
• net gain on disposals	(83)	(23)	-	-
Depreciation of right-of-use assets	37,835	37,155	-	-
Write-back of provision for property restoration cost	(18)	(28)	-	-
Inventories:				
• written off	25,634	21,886	-	-
• net reversal of write-down of slow moving inventories	(493)	(3,618)	-	-
Allowance for/(reversal of allowance for) trade receivables	6,131	(2,325)	-	-
Interest income (Note c)	(277)	(510)	(1,493)	(2,575)
Interest expense (Note b)	26,691	28,002	3,459	4,205
Dividend income	-	-	(50,500)	-
Rent concessions COVID-19	-	(131)	-	-
Net unrealized gains:				
• foreign exchange	(1,187)	(348)	(37)	(30)
• derivatives	(1,105)	(179)	-	(905)
Amortization of intangible assets	13,896	13,028	-	-
Operating cash flows before changes in working capital	264,013	248,496	(1,169)	(1,708)
Changes in working capital:				
Inventories	(104,657)	(78,815)	-	-
Right of return assets	1,238	(742)	-	-
Receivables	(93,107)	(226,394)	183	(424)
Payables	18,623	232,236	93	(1)
Cash flows generated from/(used in) operations	86,110	174,781	(893)	(2,133)
Dividend received	-	-	50,500	-
Interest received (Note c)	304	483	1,456	3,683
Interest paid (Note b)	(26,567)	(28,028)	(3,355)	(4,276)
Tax paid	(46,934)	(38,853)	(216)	(721)
Net cash flows generated from/(used in) operating activities	12,913	108,383	47,492	(3,447)

Statements of Cash Flows

For the financial year ended December 31, 2023 (continued)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	245	102	-	-
Purchase of property, plant and equipment (Note a)	(13,240)	(10,835)	-	-
Net cash outflows from acquisition of a subsidiary (Note 13)	(2,400)	(18,450)	-	-
Net cash flows used in from investing activities	(15,395)	(29,183)	-	-
Cash flows from financing activities				
Dividends paid on ordinary shares	(50,450)	(17,342)	(50,450)	(17,342)
Net drawdown/(repayment) of external borrowings	88,000	(95,000)	50,000	(225,000)
Net advances from:				
• intermediate holding company	336	237	336	237
• immediate holding company	12,615	(13,224)	12,615	(13,224)
• subsidiaries	-	-	(60,014)	258,768
Repayment of lease liabilities	(36,669)	(35,710)	-	-
Net cash flows generated from/(used in) financing activities	13,832	(161,039)	(47,513)	3,439
Changes in cash and cash equivalents	11,350	(81,839)	(21)	(8)
Currency translation differences	12	26	-	-
Cash and cash equivalents at beginning of financial year	27,664	109,477	40	48
Cash and cash equivalents at end of financial year (Note 19)	39,026	27,664	19	40

Note:

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

	Group	
	2023 RM'000	**2022 RM'000**
Cash	13,240	10,835
Deferred payment	16	1,394
Less: Payment made for previous financial year acquisitions	(1,394)	(229)
Additions (Note 11)	11,862	12,000

Statements of Cash Flows

For the financial year ended December 31, 2023 (continued)

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interest paid	26,567	28,028	3,355	4,276
Interest payable	280	156	396	292
Less: Payment made for previous financial year interest expense	(156)	(182)	(292)	(363)
Interest expense (Note 7)	26,691	28,002	3,459	4,205

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

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interest received	304	483	1,456	3,683
Interest receivable	-	27	158	121
Less: Receipt for previous financial year interest income	(27)	-	(121)	(1,229)
Interest income (Note 8)	277	510	1,493	2,575

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

Notes to the Financial Statements

December 31, 2023

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 9, 2024.

2. Material 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.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

These amendments and interpretations were MFRS 17 Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 Comparative Information), Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2), Definition of Accounting Estimates (Amendments to MFRS 108) and Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112) and International Tax Reform Pillar Two Model Rules (Amendments to MFRS 112).

Several amendments and interpretations apply for the first time in 2023, but do not have a material impact on the financial statements of the Company, except for:

Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to MFRS 101 and MFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities to provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.2 Changes in accounting policies (continued)

Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies (continued)
The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Amendments to MFRS 112 Income Taxes International Tax Reform - Pillar Two Model Rules
On June 2, 2023, the MASB has issued the Amendments to MFRS 112 Income Taxes International Tax Reform - Pillar Two Model Rules. This pronouncement is effective from annual period beginning on or after January 1, 2023. On December 29, 2023, Pillar Two legislation has been enacted in Malaysia, which will come into effect on January 1, 2025.

The Amendments to MFRS 112 introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, reporting and financial statements available for the constituent entities in the Group. Based on the initial assessment carried out as at December 31, 2023, the Pillar Two effective tax rate in all jurisdiction in which the Group operates is above 15%. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

2.3 Standards issued but not yet effective
A number of amendments, such as Non current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements), Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases) and, Disclosures: Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7) are effective for annual periods beginning after January 1, 2024 and earlier application is permitted. Lack of exchangeability (Amendments to MFRS 121) is effective for annual periods beginning after January 1, 2025 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. 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.

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, 2023 (continued)

2. Material 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.

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 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.

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, 2023 (continued)

2. Material accounting policies (continued)

2.5 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.

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

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.6 Intangible assets

(a) Trademarks
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 2.9.

(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 2.9.

2.7 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.

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 2.16.

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.

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 2.9.

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.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.8 Investments in subsidiaries

Investment in a subsidiaries are 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.

2.9 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.

2.10 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.

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, as follows:

Warehouse and office buildings	2 - 12 years

The right-of-use assets are also subject to impairment. The accounting policy on impairment of non-financial assets is disclosed in Note 2.9.

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.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.10 Leases (continued)

As lessee (continued)
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.

The Group's leases 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.

2.11 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.

2.12 Share capital
(a) Classification
Ordinary shares with discretionary dividends are classified as 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, 2023 (continued)

2. Material accounting policies (continued)

2.13 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, 2023 (continued)

2. Material accounting policies (continued)

2.14 Employee benefits

(a) Short term employee benefits
The Group recognizes a liability and an expense for bonuses. 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.

2.15 Cash and cash equivalents
For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand and bank balances, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.16 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 the 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.

2.17 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 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.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.17 Revenue recognition (continued)

(a) Sale of goods and rendering of services (continued)
In both Consumer Goods and Healthcare 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.

Some contracts for the sale of goods provide customers with a right of return, allowance and rebate.

(i) Rights of return
The Group uses the most likely amount method to estimate the goods that will not be returned. 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
Allowance and rebate are offset against amounts payable by the customer. The Group applies the most likely amount method to estimate the allowance and rebate. The Group then applies the requirements on constraining estimates of variable consideration.

2.18 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.

2.19 Refund liabilities
Refund liability 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.

2.20 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.

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.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.20 Foreign currencies (continued)

(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.

2.21 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
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 2.17.

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 and the Company subsequently 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.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses ("ECLs") 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.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material accounting policies (continued)

2.21 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)
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
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.

The subsequent 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
After initial recognition, financial liabilities 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.

2.22 Derivative and hedging
The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such instruments are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment. The ineffective portion relating forward currency contracts is recognized in the statement of profit or loss.

Notes to the Financial Statements

December 31, 2023 (continued)

2. Material 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.

All other borrowing costs are recognized in the statements of comprehensive income in the period they are incurred.

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:

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, 2023 was RM359 million (2022: RM359 million). Further details are disclosed in Note 12.

3.2 Critical judgment in applying the entity's accounting policies
There is no critical judgement made by management in the process of applying the accounting policies that have a significant effect on the amounts recognised in financial statements.

Notes to the Financial Statements

December 31, 2023 (continued)

4. Revenue

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Sale of goods	7,393,792	7,048,677	-	-
Rendering of services	130,522	114,010	-	-
Interest income				
• subsidiaries	-	-	1,479	2,525
• immediate holding company	-	-	11	47
• others	-	-	3	3
Dividend income:				
• subsidiaries	-	-	50,500	-
	7,524,314	7,162,687	51,993	2,575
Timing of transfer of goods and services				
At a point in time	7,393,792	7,048,677	-	-
Over time	130,522	114,010	-	-
	7,524,314	7,162,687	-	-

5. Staff costs

	Group	
	2023 RM'000	**2022 RM'000**
Salaries and bonuses	208,278	186,221
Defined contribution plan	30,554	27,939
Other employee benefits	57,010	51,237
	295,842	265,397
Staff costs included in cost of conversion of inventories	(2,234)	(1,990)
	293,608	263,407

Included in staff costs are Executive Directors' remuneration as disclosed in Note 6.

Notes to the Financial Statements

December 31, 2023 (continued)

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-executive Directors:				
• fees	214	241	214	241
Executive Directors:				
• salaries	1,707	942	-	-
• bonuses	528	722	-	-
• defined contribution plan	307	203	-	-
• other employee benefits	303	175	-	-
	2,845	2,042	-	-
Total remuneration	3,059	2,283	214	241
Non-executive Directors:				
• fees				
Lai Tak Loi	80	13	80	13
Chan Thian Kiat	-	53	-	53
Dr. Leong Yuen Yoong	65	65	65	65
Fa'izah Binti Mohamed Amin	55	55	55	55
Lian Teng Hai	14	55	14	55
Total remuneration				
• Non-executive Directors	214	241	214	241
Executive Directors:				
Jason Michael Nicholas McLaren				
• salaries	-	13	-	-
• bonuses	-	404	-	-
• other employee benefits	-	34	-	-
	-	451	-	-
Puneet Mishra				
• salaries	744	929	-	-
• bonuses	436	318	-	-
• defined contribution plan	189	203	-	-
• other employee benefits	105	141	-	-
	1,474	1,591	-	-

Notes to the Financial Statements

December 31, 2023 (continued)

6. Directors' remuneration (continued)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Executive Directors: (continued)				
Jaclyn Ang Swee Yin				
• salaries	634	-	-	-
• bonuses	92	-	-	-
• defined contribution plan	118	-	-	-
• other employee benefits	79	-	-	-
	923	-	-	-
Sandeep Tewari				
• salaries	329	-	-	-
• other employee benefits	119	-	-	-
	448	-	-	-
Total remuneration				
• Executive Directors	2,845	2,042	-	-

7. Finance costs

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interest expense:				
• bankers' acceptances	1,427	340	-	-
• promissory notes	1,164	874	-	-
• revolving credit	7,532	6,360	1,063	267
• term loans	9,117	11,697	-	2,354
• advances from holding companies	693	467	693	467
• advance from subsidiaries	-	-	1,703	1,117
• lease liabilities (Note 26)	6,740	7,343	-	-
• others	18	921	-	-
	26,691	28,002	3,459	4,205

Notes to the Financial Statements

December 31, 2023 (continued)

8. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration:				
• statutory audits				
• Ernst & Young PLT	1,046	529	198	100
• Other auditors	49	45	-	-
• Other services				
• Ernst & Young PLT	8	5	8	5
Property, plant and equipment:				
• written off	45	314	-	-
• net gain on disposals	(83)	(23)	-	-
Write-back of provision for property restoration cost	(18)	(28)	-	-
Rent concessions COVID-19	-	(131)	-	-
Interest income:				
• subsidiaries	-	-	(1,479)	(2,525)
• immediate holding company	(11)	(47)	(11)	(47)
• related company	-	(3)	-	(3)
• external parties	(266)	(460)	(3)	-
Net derivatives gains/(losses):				
• realized	(2,244)	(4,340)	-	910
• unrealized	(1,105)	(179)	-	(905)
Net foreign exchange gains:				
• realized	(681)	(724)	-	-
• unrealized	(1,187)	(348)	(37)	(30)
Inventories:				
• written off	25,634	21,886	-	-
• net reversal of write-down of slow moving inventories	(493)	(3,618)	-	-
Rental expenses	3,824	2,227	-	-
Rental income:				
• related companies	(708)	(1,122)	-	-
• external parties	(1,869)	(1,825)	-	-

Notes to the Financial Statements

December 31, 2023 (continued)

9. Income tax expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian income tax:				
• Current financial year	42,537	44,649	-	5
• (Over)/under provision in prior financial years	(1,717)	(824)	58	(5)
	40,820	43,825	58	-
Deferred tax (Note 14):				
• Relating to origination and reversal of temporary differences	(3,971)	(3,345)	-	-
• (Over)/under provision in prior financial years	(161)	568	-	-
	(4,132)	(2,777)	-	-
Total income tax expense	36,688	41,048	58	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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% (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(loss) before tax	147,203	145,262	47,402	(2,403)
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	35,329	34,863	11,376	(577)
Different tax rate in other country	6	5	-	-
Effect of higher tax rate under Cukai Makmur	-	3,939	-	-
Expenses not deductible for tax purposes	3,454	3,328	744	582
Income not subject to tax	-	-	(12,120)	-
Utilization of previously unrecognized deferred tax assets	(238)	(876)	-	-
Deferred tax assets not recognized	15	45	-	-
(Over)/under provision in prior financial years:				
• income tax	(1,717)	(824)	58	(5)
• deferred tax	(161)	568	-	-
Income tax expense	36,688	41,048	58	-

Notes to the Financial Statements

December 31, 2023 (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	
	2023 RM'000	2022 RM'000
Profit net of tax attributable to owners of the parent	110,515	104,214
Weighted average number of ordinary shares in issue ('000)	157,658	157,658

	Group	
	2023 sen	2022 sen
Earnings per share - Basic	70.10	66.10

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the financial year.

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, 2023						
Cost						
At January 1, 2023	37,263	29,056	54,309	1,619	449	122,696
Additions	3,296	2,758	4,465	370	973	11,862
Disposals	(5)	(121)	(187)	(117)	-	(430)
Written off	(535)	(15)	(2,708)	(8)	-	(3,266)
Reclassification	1,422	-	-	-	(1,422)	-
At December 31, 2023	41,441	31,678	55,879	1,864	-	130,862
Accumulated depreciation						
At January 1, 2023	27,454	18,075	48,157	1,366	-	95,052
Charge for the financial year [1]	2,651	3,463	4,030	177	-	10,321
Disposals	(5)	(118)	(49)	(96)	-	(268)
Written off	(491)	(15)	(2,707)	(8)	-	(3,221)
At December 31, 2023	29,609	21,405	49,431	1,439	-	101,884
Net carrying amount	11,832	10,273	6,448	425	-	28,978

Notes to the Financial Statements

December 31, 2023 (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, 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 [1]	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

[1] The depreciation charged for the financial year of RM580,000 (2022: RM413,000) is included as part of the cost of conversion of inventories during the financial year.

Notes to the Financial Statements

December 31, 2023 (continued)

12. Intangible assets

	Group			
	Trademarks RM'000	Goodwill RM'000	Distribution rights RM'000	Total RM'000
Cost:				
At 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, December 31, 2023	8,493	358,510	65,867	432,870
Accumulated amortization:				
At January 1, 2022	8,415	-	33,363	41,778
Amortization during the the financial year	27	-	13,001	13,028
At December 31, 2022 and January 1, 2023	8,442	-	46,364	54,806
Amortization during the the financial year	27	-	13,869	13,896
At December 31, 2023	8,469	-	60,233	68,702
Net carrying amount:				
At December 31, 2023	24	358,510	5,634	364,168
At December 31, 2022	51	358,510	19,503	378,064

(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 0.7 years (2022: 1.7 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 (2022: 3 to 5) years.

(c) Goodwill

The goodwill of RM342,261,000 and RM16,249,000 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") and AcuTest Systems (M) Sdn. Bhd. during the financial year ended December 31, 2022, respectively.

Acquisition in previous financial year

In the previous 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.

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.

Notes to the Financial Statements

December 31, 2023 (continued)

12. Intangible assets (continued)

(c) Goodwill (continued)

The following key assumptions were applied for value-in-use calculations:

	Pre-tax discount rate		Terminal growth rate	
	2023	**2022**	**2023**	**2022**
Cash-generating unit				
Consumer Goods	14.76%	15.24%	2.43%	2.47%
Healthcare	14.29%	14.37%	2.43%	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 1.6% (2022: 2.8%) point increase in the discount rate would result in an impairment of RM2.3million (2022: RM2million).
- Lower earnings before interest and tax projection by 10% (2022: 15.5%) during forecast period 2024-2028 (2022: 2023-2027) would result in an impairment of RM0.6million (2022: RM0.5million).

AcuTest Goodwill

- Management believes that no reasonably possible change in key assumptions above would cause the carrying amount to materially exceed its recoverable amount.

13. Investments in subsidiaries

	Company	
	2023 RM'000	**2022 RM'000**
Unquoted shares at cost	563,028	563,028

Notes to the Financial Statements

December 31, 2023 (continued)

13. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Proportion of ownership interest 2023 %	2022 %	Principal activities
DKSH Malaysia Sdn. Bhd. ("DMSB")	Malaysia	100	100	Provision of Market Expansion Services for consumer goods and healthcare 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.
Held through DMSB:				
• DKSH Management Malaysia Sdn. Bhd.	Malaysia	100	100	Distribution and marketing of a wide range of consumer and healthcare products together with products merchandising, business advisory work, advertisement and related services.
• AcuTest Systems (M) Sdn. Bhd. ("AcuTest")^	Malaysia	100	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 in the previous financial year. The liquidation process is completed and pending for dissolution as at the date of this report.
These subsidiaries remained dormant during the financial year.

Prior year acquisition of a subsidiary

In the previous 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 achieving AcuTest Targets is probable, and have accordingly accrued for the earnout in Note 22. The first earnout of RM2,400,000 was paid on 18 September, 2023.

Notes to the Financial Statements

December 31, 2023 (continued)

13. Investments in subsidiaries (continued)

Prior year acquisition of a subsidiary (continued)

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 - distribution rights (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

In the previous financial year, 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.

Notes to the Financial Statements

December 31, 2023 (continued)

14. Deferred tax

	Group	
	2023 RM'000	2022 RM'000
At January 1	2,846	1,300
Acquisition of a subsidiary (Note 13)	-	(1,231)
Recognized in statement of comprehensive income (Note 9)	4,132	2,777
At December 31	6,978	2,846

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, 2022 RM'000	Acquisition of a subsidiary RM'000	Recognized in statement of comprehensive income RM'000	As at December 31, 2022 RM'000	Recognized in statement of comprehensive income RM'000	As at December 31, 2023 RM'000
Deferred tax liabilities:						
Intangible assets	(6,551)	(1,251)	3,120	(4,682)	3,328	(1,354)
Right-of-use assets	(22,242)	-	(6,997)	(29,239)	1,050	(28,189)
Property, plant and equipment	(1,480)	-	264	(1,216)	108	(1,108)
	(30,273)	(1,251)	(3,613)	(35,137)	4,486	(30,651)
Offsetting	23,598			30,232		28,765
	(6,675)			(4,905)		(1,886)
Deferred tax assets:						
Receivables	1,570	-	(169)	1,401	763	2,164
Inventories	4,040	20	(1,705)	2,355	(236)	2,119
Lease liabilities	23,915	-	7,378	31,293	(718)	30,575
Others	2,048	-	886	2,934	(163)	2,771
	31,573	20	6,390	37,983	(354)	37,629
Offsetting	(23,598)			(30,232)		(28,765)
	7,975			7,751		8,864

Notes to the Financial Statements

December 31, 2023 (continued)

14. Deferred tax (continued)

Deferred tax assets have not been recognized in respect of the following items:

	Group	
	2023 RM'000	**2022 RM'000**
Unabsorbed capital allowances	84	78
Unutilized business losses	9,022	9,953
Other deductible temporary difference	7	13
	9,113	10,044

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 (2022: 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.

These tax losses will expire as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Expiring in 2 years	168	-
Expiring in 3 years	147	168
Expiring in 4 years	140	147
Expiring in 5 years	21	140
Expiring later than 5 years	8,546	9,498
Total unrecognized tax losses	9,022	9,953

Notes to the Financial Statements

December 31, 2023 (continued)

15. Advances to/(from) related parties

		Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Advances to:					
• subsidiaries	**(a)**	-	-	637	594
Advances from:					
• intermediate holding company	**(c)**	(11,625)	(11,289)	(11,625)	(11,289)
• immediate holding company	**(c)**	(9,083)	-	(9,083)	-
• subsidiaries	**(d)**	-	-	(60,688)	(60,873)
		(20,708)	(11,289)	(81,396)	(72,162)
Current					
Advances to:					
• subsidiaries	**(a)**	-	-	59,786	-
• immediate holding company	**(b)**	-	3,532	-	3,532
		-	3,532	59,786	3,532
Total net advances to/(from)		(20,708)	(7,757)	(20,973)	(68,036)

(a) Advances to subsidiaries

Advances to subsidiaries are unsecured and carry interest rates which range between 2.85% to 4.20% (2022: 1.85% to 3.40%) per annum. Advances of RM637,000 (2022: RM594,000) are not intended to be recalled, in full or in part, within the next 12 months from the reporting date. Advances of RM59,786,000 (2022: Nil) are unsecured, interest free and repayable within the next 12 months.

(b) Advances to immediate holding company

In previous financial year, advances to immediate holding company were unsecured and carried interest rates range between 1.85% to 2.85% per annum.

(c) Advances from holding companies

Advances from intermediate holding company and immediate holding company bear interest which ranges between 3.80% to 4.20% (2022: 3.20% to 3.40%) per annum. These advances are unsecured and are not repayable within the next 12 (2022: 12) months.

(d) Advances from subsidiaries

Advances from subsidiaries are deposits of excess cash placed with the Company and bear interest which ranges between 2.80% to 3.10% (2022: 1.85% to 2.85%) per annum. These advances are unsecured and are not repayable within the next 12 (2022: 12) months.

Notes to the Financial Statements

December 31, 2023 (continued)

16. Inventories

	Group	
	2023 RM'000	2022 RM'000
Raw materials (at cost)	9,302	13,778
Packaging materials (at cost)	2,659	2,701
Finished goods	858,369	773,475
	870,330	789,954

During the financial year, the amount of inventories recognized as an expense in the statement of comprehensive income of the Group was RM6,681,474 (2022: RM6,376,152,000) and the amount written off was RM25,634,000 (2022: RM21,886,000).

17. Right of return assets

	Group	
	2023 RM'000	2022 RM'000
Right of return assets	2,056	3,294

Right of return assets are recognized for the right to recover products from customers when the customers exercise their right of return.

Notes to the Financial Statements

December 31, 2023 (continued)

18. Trade and other receivables

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade receivables	**(a)**	1,635,328	1,533,380	-	-
Third parties		1,634,635	1,532,944	-	-
Related companies		693	436	-	-
Less: Allowance for trade receivables		(19,445)	(13,644)	-	-
		1,615,883	1,519,736	-	-
Other receivables					
Deposits		9,174	9,379	2	2
Prepayments		771	967	456	602
Net Goods and Services Tax ("GST") refundable		626	626	-	-
Sundry receivables		10,294	19,642	-	-
Amounts due from:					
• holding company	**(b)**	-	27	-	27
• subsidiaries	**(b)**	-	-	158	94
• related companies	**(b)**	874	296	-	-
		21,739	30,937	616	725
Total trade and other receivables		1,637,622	1,550,673	616	725
Add: Advances to related parties (Note 15)		-	3,532	60,423	4,126
Less: Prepayments		(771)	(967)	(456)	(602)
Less: Net GST refundable		(626)	(626)	-	-
Add: Cash and bank balances (Note 19)		39,026	35,923	19	40
Total financial assets at amortized cost		1,675,251	1,588,535	60,602	4,289

(a) Trade receivables

Credit terms of trade receivables range from payment in advance to 120 days (2022: payment in advance to 120 days). They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements

December 31, 2023 (continued)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables
The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Neither past due nor impaired	1,488,038	1,419,488
Less than three months past due but not impaired	121,180	90,922
Between three to six months past due but not impaired	6,472	9,316
More than six months past due but not impaired	193	10
	127,845	100,248
Impaired	19,445	13,644
	1,635,328	1,533,380
Trade receivables - nominal amounts	19,445	13,644
Less: Allowance for trade receivables	(19,445)	(13,644)
	-	-

Set out below is the movement in the allowance accounts used to record the impairment:

	Group	
	2023 RM'000	**2022 RM'000**
Movement in allowance accounts:		
At January 1	13,644	20,640
Allowance for the financial year	6,213	-
Reversal of allowance for impairment	(82)	(2,325)
Written off	(330)	(4,671)
At December 31	19,445	13,644

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).

Notes to the Financial Statements

December 31, 2023 (continued)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

The currency exposure profile of net trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	1,592,612	1,496,780
Brunei Dollar	15,853	19,470
US Dollar	2,169	1,911
Singapore Dollar	822	436
Australian Dollar	3,752	268
Japanese Yen	3	3
Sterling Pound	136	35
Euro	536	833
	1,615,883	1,519,736

(b) Related party balances

The amounts receivable from fellow subsidiaries and related companies are unsecured, non-interest bearing and repayable within 60 days (2022: 60 days).

The currency exposure profile of related party balances is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	331	269	158	94
US Dollar	371	-	-	-
Singapore Dollar	172	27	-	-
	874	296	158	94

19. Cash and bank balances

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	39,026	35,914	19	40
Short-term deposits	-	9	-	-
	39,026	35,923	19	40
Bank overdraft (Note 24)	-	(8,259)	-	-
Cash and cash equivalents	39,026	27,664	19	40

In the previous financial year, 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 weighted averaged effective interest rates of the fixed deposits is 3.10% per annum.

Notes to the Financial Statements

December 31, 2023 (continued)

19. Cash and bank balances (continued)

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Ringgit Malaysia	24,259	16,947	19	40
US Dollar	5,802	12,429	-	-
Singapore Dollar	333	856	-	-
Euro	898	674	-	-
Swiss Franc	214	90	-	-
Australian Dollar	3,094	1,749	-	-
Thai Baht	3,422	2,109	-	-
Brunei Dollar	1,004	1,069	-	-
	39,026	35,923	19	40

20. Share capital

	Group and Company			
	Number of shares		Amount	
	2023 '000	**2022 '000**	**2023 RM'000**	**2022 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.

21. Retained earnings

The Company may distribute dividends out of its retained earnings as at December 31, 2023 under the single tier system.

Notes to the Financial Statements

December 31, 2023 (continued)

22. Trade and other payables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Trade payables				
Third parties	1,394,784	1,379,719	-	-
Other payables				
Accruals	118,760	103,565	216	119
Sundry payables	47,438	56,910	97	83
Refund liabilities	7,028	7,888	-	-
Amounts due to:				
• intermediate holding company	81	64	81	64
• immediate holding company	89	-	89	-
• subsidiaries	-	-	226	228
• related companies	5,926	9,779	-	18
	179,322	178,206	709	512
Total trade and other payables (current)	1,574,106	1,557,925	709	512
Non-current				
Other payables				
Sundry payables	-	2,400	-	-
Total trade and other payables	1,574,106	1,560,325	709	512
Advance from related parties (Note 15)	20,798	11,289	81,396	72,162
Less: Refund liabilities	(7,028)	(7,888)	-	-
Add: Borrowings (Note 24)	443,000	363,259	50,000	-
Add: Lease liabilities (Note 26)	127,714	140,714	-	-
Total financial liabilities at amortized cost	2,158,500	2,067,699	132,105	72,674

Included in sundry payables are earnout accrued amounting to RM2,400,000 (2022: RM4,800,000) arising from the acquisition of AcuTest as disclosed in Note 13.

Notes to the Financial Statements

December 31, 2023 (continued)

22. Trade and other payables (continued)

The currency exposure profile of payables is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade and sundry payables				
Ringgit Malaysia	1,335,842	1,320,631	97	83
Brunei Dollar	419	240	-	-
Swiss Franc	2	2	-	-
US Dollar	69,964	75,668	-	-
Euro	18,511	17,361	-	-
Singapore Dollar	4,222	7,154	-	-
Australian Dollar	7,468	5,174	-	-
Japanese Yen	1,754	1,776	-	-
Thai Baht	4,022	6,979	-	-
New Zealand Dollar	18	1,644	-	-
	1,442,222	1,436,629	97	83
Amounts due to related parties				
Ringgit Malaysia	1,915	5,729	396	310
Swiss Franc	184	197	-	-
US Dollar	3,668	3,544	-	-
Thai Baht	68	96	-	-
Brunei Dollar	261	277	-	-
	6,096	9,843	396	310

The average credit terms of payables are as follows:

	Group/Company	
	2023	2022
Trade payables	0 to 330 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.

Notes to the Financial Statements

December 31, 2023 (continued)

23. Derivative financial instruments

	Contract value RM'000	Fair value RM'000	Liabilities RM'000
Group			
2023			
Designated as hedging instruments			
Forward foreign exchange contracts			
• at fair value through profit or loss	31,791	(4)	(4)
2022			
Designated as hedging instruments			
Forward foreign exchange contracts			
• at fair value through profit or loss	73,561	(1,108)	(1,108)

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, 2023, the settlement dates on open forward contracts ranged between 4 days and 4 months (2022: 6 days and 9 months).

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, 2023				
Trade payables:				
EUR 151,880	EUR	MYR	768	1EUR=RM5.0544
USD 6,000,842	USD	MYR	27,829	1USD=RM4.6375
AUD 959,154	AUD	MYR	2,942	1AUD=RM3.0670
CHF 47,438	CHF	MYR	252	1CHF=RM5.3139
			31,791	
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	

Notes to the Financial Statements

December 31, 2023 (continued)

24. Borrowings (unsecured)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Current				
Bank overdraft (Note 19)	-	8,259	-	-
Revolving credit	268,000	90,000	50,000	-
Term loans	90,000	90,000	-	-
External borrowings	358,000	188,259	50,000	-
Non-current				
Term loans	85,000	175,000	-	-
	85,000	175,000	-	-
Total loans and borrowings	443,000	363,259	50,000	-

The revolving credits were unsecured and repayable within 12 (2022: 12) months.

The term loans were unsecured fixed rates loans and repayable in full in March 2025 (2022: March 2025).

Weighted average financial year end effective interest rates

	Group		Company	
	2023 %	**2022 %**	**2023 %**	**2022 %**
Bank overdraft	-	6.70	-	-
Revolving credit	3.62 - 4.52	3.48	3.86	-
Term loans	4.10 - 4.29	4.10 - 4.29	-	-

Notes to the Financial Statements

December 31, 2023 (continued)

24. Borrowings (unsecured) (continued)

Reconciliation of liabilities/(assets) arising from financing activities

	Lease liabilities (Note 26) RM'000	Bank overdraft, revolving credit and term loans RM'000	Advances from intermediate holding company RM'000	Advances (to)/from immediate holding company RM'000	Total RM'000
Group					
At January 1, 2023	140,714	363,259	11,289	(3,532)	511,730
Net repayments	(36,669)	-	-	-	(36,669)
Net drawdowns	-	79,741	-	-	79,741
New leases	20,107	-	-	-	20,107
Lease modification	3,553	-	-	-	3,553
Exchange difference	9	-	-	-	9
Net advances from	-	-	336	12,615	12,951
At December 31, 2023	127,714	443,000	11,625	9,083	591,422
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

	Revolving credit and term loans RM'000	Advances from intermediate holding company RM'000	Advances from/(to) immediate holding company RM'000	Advances from/(to) subsidiaries RM'000	Total RM'000
Company					
At January 1, 2023	-	11,289	(3,532)	60,279	68,036
Net drawdown of borrowings	50,000	-	-	-	50,000
Net advances from/(to)	-	336	12,615	(60,014)	(47,063)
At December 31, 2023	50,000	11,625	9,083	265	70,973
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

Notes to the Financial Statements

December 31, 2023 (continued)

25. Provision for other liability

	Group	
	2023 RM'000	2022 RM'000
Property restoration cost:		
At January 1	2,851	2,771
Addition:		
Right-of-use assets	-	131
Utilization	-	(23)
Write-back of provision	(18)	(28)
At December 31	2,833	2,851

The amount represents a provision for property restoration cost upon expiry of lease term ranging from 4 to 6 (2022: 5 to 7) years.

26. Leases

Group as a lessee

The Group has lease contracts for warehouse and office buildings in its operations with lease terms between 2 and 12 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	
	2023 RM'000	2022 RM'000
At January 1	132,313	115,294
Depreciation charge for the financial year	(38,115)	(37,435)
Additions	20,107	50,994
Lease modification	3,553	3,309
Adjustment on properties restoration costs	-	131
Exchange differences	9	20
At December 31	117,867	132,313

The depreciation charged for the financial year included RM280,000 (2022: RM280,000) which is included in the cost of conversion of inventories during the financial year.

Notes to the Financial Statements

December 31, 2023 (continued)

26. Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:

	Group	
	2023 RM'000	**2022 RM'000**
At January 1	140,714	122,232
Additions	20,107	50,994
Accretion of interest (Note 7)	6,740	7,343
Payments	(43,409)	(43,053)
Rent concessions COVID-19	-	(131)
Lease modification	3,553	3,309
Exchange differences	9	20
At December 31	127,714	140,714
Current	35,735	34,288
Non-current	91,979	106,426
	127,714	140,714

The maturity analysis of lease liabilities are disclosed in Note 31(c).

The following are the amounts recognized in profit or loss:

	Group	
	2023 RM'000	**2022 RM'000**
Depreciation of right-of-use assets	38,115	37,435
Interest expenses on lease liabilities (Note 7)	6,740	7,343
Expenses relating to short-term leases (presented as rental expenses)	945	770
Variable lease payments (presented as rental expenses)	2,879	1,457
Total amount recognized in profit or loss	48,679	47,005

The Group had total cash outflows for leases of RM47,233,000 (2022: RM45,280,000). The Group also had non-cash additions to right-of-use assets and lease liabilities RM20,107,00 (2022: RM50,994,000) and RM20,107,000 (2022: RM50,994,000) respectively. The Group does not have future cash outflows relating to leases that have not yet commenced as at December 31, 2023.

Notes to the Financial Statements

December 31, 2023 (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 3 (2022: 2) years. Rental income recognized by the Group during the year is RM1,869,000 (2022: RM1,825,000).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are, as follows:

	Group	
	2023 RM'000	2022 RM'000
Within one year	2,355	1,217
Between 1 and 2 years	2,081	-
	4,436	1,217

27. Dividends

Dividends paid in respect of ordinary shares for the financial year are as follows:

	Group and Company			
	2023		2022	
	Gross dividend per share Sen	Amount of dividends RM'000	Gross dividend per share Sen	Amount of dividends RM'000
Special dividend:				
For financial year ended December 31, 2022				
paid on March 20, 2023:				
• single tier	16.0	25,225	-	-
Final dividend:				
For financial year ended December 31, 2022				
paid on July 20, 2023:				
• single tier	16.0	25,225	-	-
For financial year ended December 31, 2021				
paid on July 28, 2022:				
• single tier	-	-	11.0	17,342
Dividends in respect of the year	32.0	50,450	11.0	17,342

The Directors have recommended for shareholders' approval, at the forthcoming Annual General Meeting, a final single tier dividend of 17.0 sen per share on 157,658,076 ordinary shares amounting to RM26,801,873. 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, 2024.

Notes to the Financial Statements

December 31, 2023 (continued)

28. Commitments

Capital commitments
Capital expenditures not provided for in the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
Property, plant and equipment, approved and contractor for	842	2,642

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a) Sales of goods and services:				
Sales of goods and services:				
• related companies (goods)	5,648	9,393	-	-
• related companies (rental)	708	1,122	-	-
• related companies (cost sharing)	758	735	-	-
• related companies (information technology charges)	93	119	-	-
• related companies (human resources charges)	562	660	-	-
• a related company (warehousing and distribution services)	220	282	-	-
• a related company (regulatory)	14	-	-	-
	8,003	12,311	-	-
Others (interest):				
• subsidiaries	-	-	1,479	2,525
• immediate holding company	11	47	11	47
• related company	-	3	-	3
Others (dividend):				
• subsidiaries	-	-	50,500	-
	11	50	51,990	2,575
	8,014	12,361	51,990	2,575

Notes to the Financial Statements

December 31, 2023 (continued)

29. Significant related party transactions (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b) Purchases of goods and services:				
Purchases of goods and services:				
• related companies (goods)	14,551	18,901	-	-
• a related company (services)	7,831	16,072	-	-
• a related company (management fee)	9,376	8,927	-	-
• related companies (royalty fee)	4,377	3,934	-	-
• a related company (information technology charges)	39,057	29,421	-	17
	75,192	77,255	-	17
Others (interest):				
• immediate holding company	234	110	234	110
• intermediate holding company	459	357	459	357
• subsidiaries	-	-	1,703	1,117
	693	467	2,396	1,584
	75,885	77,722	2,396	1,601
(c) Net advances from/(to):				
Intermediate holding company	336	237	336	237
Immediate holding company	12,615	(13,224)	12,615	(13,224)
Subsidiaries	-	-	(60,014)	258,768
	12,951	(12,987)	(47,063)	245,781

Notes to the Financial Statements

December 31, 2023 (continued)

29. Significant related party transactions (continued)

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-executive Directors:				
• fees	214	241	214	241
Key management personnel:				
• Salaries and bonuses	7,025	7,251	-	-
• Defined contribution plan	1,028	991	-	-
• Other employee benefits	1,230	2,280	-	-
	9,283	10,522	-	-
	9,497	10,763	214	241

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

Notes to the Financial Statements

December 31, 2023 (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 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
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 (“DHMB Group”).

Related company refers to companies outside of the DHMB Group but are companies under the DKSH Holding Ltd. Group of companies.

^ Ceased to be a related company effective from July 1, 2023.

30. Segmental information

The Group is organized into three main business segments:
- Consumer Goods (previously known as Marketing and distribution services)
- Healthcare (previously known as Logistics services)
- Others - Famous Amos chocolate chip cookie business and central overheads

All the major operations of the Group are carried out in Malaysia. The segment reports as presented below had been reviewed by the chief operating decision maker.

Notes to the Financial Statements

December 31, 2023 (continued)

30. Segmental information (continued)

(a) Primary reporting format - business segments

	Consumer Goods RM'000	Healthcare RM'000	Others RM'000	Eliminations RM'000	Group RM'000
At December 31, 2023					
Revenue					
Sale of goods	4,115,260	3,190,473	88,059	-	7,393,792
Rendering of services	40,175	90,347	-	-	130,522
Segment revenue	4,155,435	3,280,820	88,059	-	7,524,314
Intersegment revenue	1,865	-	-	(1,865)	-
Revenue	4,157,300	3,280,820	88,059	(1,865)	7,524,314
Results					
Segment results	100,703	77,448	(4,257)	-	173,894
Finance costs					(26,691)
Income tax expense					(36,688)
Profit for the financial year					110,515
Net assets					
Segment assets	1,832,673	1,095,500	71,109	-	2,999,282
Unallocated assets					71,640
Total assets					3,070,922
Segment liabilities	(689,400)	(776,509)	(56,589)	-	(1,522,498)
Unallocated liabilities					(656,791)
Total liabilities					(2,179,289)
Other information					
Capital expenditure	2,191	4,089	5,582	-	11,862
Depreciation of property, plant and equipment	2,567	4,545	3,209	-	10,321
Depreciation on right-of-use assets	20,426	8,327	9,362	-	38,115
Amortization of intangible assets	12,159	1,737	-	-	13,896
Allowance for/(reversal of allowance for) trade receivables	6,093	119	(81)	-	6,131
Inventories written off	21,423	3,912	299	-	25,634

Notes to the Financial Statements

December 31, 2023 (continued)

30. Segmental information (continued)

(a) Primary reporting format - business segments (continued)

	Consumer Goods RM'000	Healthcare 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	1,811,089	961,433	78,483	-	2,851,005
Unallocated assets					80,005
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 for 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, 2023 (continued)

30. Segmental information (continued)

(a) Primary reporting format - business segments (continued)

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, inventories, right of return assets, and trade receivables. Segment liabilities comprise primarily of intangible assets, trade payables and lease liabilities. Capital expenditure comprises additions to property, plant and equipment (Note 11).

	Group	
	2023 RM'000	2022 RM'000
Unallocated assets mainly consists of:		
Cash and bank balances	39,026	35,923
Other receivables	21,739	30,937
Deferred tax assets	8,864	7,751
Others	2,011	5,394
	71,640	80,005
Unallocated liabilities mainly consists of:		
Accruals and other payables	(166,198)	(160,475)
Bank overdraft	-	(8,259)
Revolving credit	(268,000)	(90,000)
Advances from holding companies	(20,708)	(11,289)
Term loans	(175,000)	(265,000)
Amounts due to:		
• intermediate holding company	(81)	(64)
• immediate holding company	(89)	-
• related companies	(5,926)	(9,779)
Deferred tax liabilities	(1,886)	(4,905)
Others	(18,903)	(29,250)
	(656,791)	(579,021)

(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.

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.

Notes to the Financial Statements

December 31, 2023 (continued)

31. Financial risk management objectives and policies (continued)

(a) Interest rate risk

Interest rate exposures arise from the Group's and the Company's loans and borrowings and advances from immediate and intermediate holding company and subsidiaries. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as below:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Net financial liabilities:				
• Fixed rate instruments	(175,000)	(265,000)	-	-
• Floating rate instruments	(288,708)	(97,757)	(70,973)	(68,036)
	(463,708)	(362,757)	(70,973)	(68,036)

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.

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Floating rate instruments (denominated in RM):				
5% increase	(52)	(3)	(16)	(25)
5% decrease	52	3	16	25

(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") and New Zealand Dollar ("NZD").

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.

Notes to the Financial Statements

December 31, 2023 (continued)

31. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

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

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 and NZD exchange rates against the functional currency of the Group entities, with all other variables held constant.

		Group	
		2023 Profit net of tax RM'000	2022 Profit net of tax RM'000
USD/RM	• strengthened 5%	(2,290)	(2,085)
	• weakened 5%	2,290	2,085
BND/RM	• strengthened 5%	614	780
	• weakened 5%	(614)	(780)
EUR/RM	• strengthened 5%	(649)	(592)
	• weakened 5%	649	592
CHF/RM	• strengthened 5%	1	4
	• weakened 5%	(1)	(4)
AUD/RM	• strengthened 5%	(21)	(112)
	• weakened 5%	21	112
THB/RM	• strengthened 5%	(25)	(121)
	• weakened 5%	25	121
GBP/RM	• strengthened 5%	5	1
	• weakened 5%	(5)	(1)
SGD/RM	• strengthened 5%	(110)	(205)
	• weakened 5%	110	205
JPY/RM	• strengthened 5%	(67)	(60)
	• weakened 5%	67	60
NZD/RM	• strengthened 5%	(1)	(58)
	• weakened 5%	1	58

Notes to the Financial Statements

December 31, 2023 (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

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
2023				
Trade and other payables	1,574,106	-	-	1,574,106
Borrowings	364,252	107,425	-	471,677
Lease liabilities	41,539	87,186	17,456	146,181
Derivatives - settled net	31,791	-	-	31,791
	2,011,688	194,611	17,456	2,223,755
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
Company				
2023				
Trade and other payables	709	-	-	709
Borrowings	52,569	83,965	-	136,534
	53,278	83,965	-	137,243
2022				
Trade and other payables	512	-	-	512
Borrowings	2,454	74,616	-	77,070
	2,966	74,616	-	77,582

(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.

Notes to the Financial Statements

December 31, 2023 (continued)

31. Financial risk management objectives and policies (continued)

(d) Credit risk

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

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, 2023						
Trade receivables - third parties	18	Note 1	Lifetime ECL (simplified)	1,634,635	(19,445)	1,615,190
Sundry receivables	18	I	12-month ECL	10,294	-	10,294
Amounts due from related companies (trade and non-trade)	18	I	12-month ECL	1,567	-	1,567
					(19,445)	
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)	
Company						
At December 31, 2023						
Advances to related parties	15	I	12-month ECL	60,423	-	60,423
Amounts due from:						
• related parties (non-trade)	18	I	12-month ECL	158	-	158
					-	
At December 31, 2022						
Advances to related parties	15	I	12-month ECL	4,126	-	4,126
Amounts due from:						
• fellow subsidiaries (non-trade)	18	I	12-month ECL	121	-	121
					-	

Notes to the Financial Statements

December 31, 2023 (continued)

31. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

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.

(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 (classified as Level 2 financial instruments in accordance with MFRS 7 Financial Instruments: Disclosures classification hierarchy), other than those carrying amounts that are reasonable approximations of fair values:

	2023		2022	
	Carrying amount RM'000	Fair value (Level 2) RM'000	Carrying amount RM'000	Fair value (Level 2) RM'000
Group				
Financial liabilities				
Interest-bearing borrowings				
Fixed rate term loans	175,000	170,703	265,000	259,003

The fair value of the fixed term loans 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.

The Group and the Company do not have any financial instruments classified as Level 1 and Level 3 as at December 31, 2023 and 2022.

Notes to the Financial Statements

December 31, 2023 (continued)

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, 2023 and December 31, 2022.

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Loans and borrowings	463,708	374,548	131,396	72,162
Less: Cash and bank balances	(39,026)	(35,923)	(19)	(40)
Net debt	424,682	338,625	131,377	72,122
Equity attributable to the owners of the parent, representing total capital	891,633	831,556	492,742	495,848
Total capital and net debt	1,316,315	1,170,181	624,119	567,970
% of net debt to total capital and net debt	32%	29%	21%	13%

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 29, 2024

Total number of issued shares	:	157,658,076
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of shareholders	:	3,302

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	234	7.09	1,747	- (1)
100 to 1,000	1,450	43.91	1,119,131	0.71
1,001 to 10,000	1,234	37.37	4,817,221	3.06
10,001 to 100,000	315	9.54	9,190,300	5.83
100,001 to 7,882,902 (2)	68	2.06	25,374,601	16.09
7,882,903 and above (3)	1	0.03	117,155,076	74.31
Total	**3,302**	**100.00**	**157,658,076**	**100.00**

Notes:
(1) Less than 0.01%
(2) 100,001 to less than 5% of issued shares.
(3) 5% and above of issued shares.

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	-	-	-	-
Sandeep Tewari	-	-	-	-
Jaclyn Ang Swee Yin	-	-	-	-

Directors' Interests in Shares in Related Corporations (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
DKSH Holding Ltd. – Ultimate holding company				
Stephen John Ferraby	26,508	0.04	-	-
Sandeep Tewari	541	-	-	-
DKSH (B) Sdn Bhd - Subsidiary				
Jaclyn Ang Swee Yin	1	Negligible	-	-
FACC (B) Sdn Bhd – Subsidiary				
Jaclyn Ang Swee Yin	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 29, 2024 (continued)

Shareholdings of Substantial Shareholders in the Company (as per the Register of Substantial Shareholders)

	Direct interest		Deemed interest	
Name	**No. of shares held**	**% of issued shares**	**No. of shares held**	**% 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.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore for Pangolin Asia Fund	4,274,600	2.71
3.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	2,140,700	1.36
4.	Neoh Choo Ee & Company Sdn. Berhad	1,832,000	1.16
5.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Lembaga Tabung Haji (Al-Wara')	1,031,600	0.65
6.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui	920,000	0.58
7.	Chong Ah Suan	870,000	0.55
8.	HSBC Nominees (Asing) Sdn Bhd Caceis Bank for HMG Globetrotter	744,101	0.47
9.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)	500,000	0.32
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	481,800	0.31
11.	Kenanga Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Client Account)	436,700	0.28
12.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	430,000	0.27
13.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Susy Ding	425,000	0.27
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Dynaquest Sdn. Bhd. (PB)	400,000	0.25

Analysis of Shareholdings

As of March 29, 2024 (continued)

Top 30 largest shareholders (as per the Record of Depositors) (continued)

	Name	No. of shares held	% of issued shares
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Ong Ngo @ Tay Boon Fang	400,000	0.25
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Hock Chuan (E-BPT)	400,000	0.25
17.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	388,000	0.25
18.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)	344,400	0.22
19.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Texas Emerging Managers Long Only Program, L.P.	342,600	0.22
20.	Tan Hock Hin	340,000	0.22
21.	Lee Yau Chew	330,500	0.21
22.	Wong Lok Jee @ Ong Lok Jee	320,000	0.20
23.	Tan Aik Choon	313,300	0.20
24.	Ten Woon Hwa	286,000	0.18
25.	Lembaga Tabung Angkatan Tentera	268,900	0.17
26.	Tay Boon Teck	268,500	0.17
27.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Peng Seng (CCTS)	265,000	0.17
28.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Kho Cheok Lian (MY1290)	252,900	0.16
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Hock Chuan	250,000	0.16
30.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Boon Keat	245,000	0.16
Total		**136,656,677**	**86.68**

Notice of Annual General Meeting

Notice is hereby given that the Thirty-Second Annual General Meeting ("32nd AGM") of DKSH Holdings (Malaysia) Berhad (199101021067 (231378-A)) ("the Company") will be held on Friday, May 17, 2024 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, 2023 and the Reports of the Directors and Auditors thereon.
   (Refer Note 9)

2. To approve the Directors' fees payable up to an amount of RM 280,000 for the period from May 18, 2024 until the next Annual General Meeting of the Company to be held in 2025.
   Ordinary Resolution 1

3. To re-elect Stephen John Ferraby who retires pursuant to Article 105 of the Constitution of the Company.
   Ordinary Resolution 2

4. To re-elect Fa'izah Binti Mohamed Amin who retires pursuant to Article 105 of the Constitution of the Company.
   Ordinary Resolution 3

5. To re-elect Sandeep Tewari who retires pursuant to Article 101 of the Constitution of the Company.
   Ordinary Resolution 4

6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending December 31, 2024 and to authorize the Directors to fix their remuneration.
   Ordinary Resolution 5

As Special Business:

7. **Final Single Tier Dividend**
   "THAT the payment of a final single tier dividend of 17.0 sen per ordinary share in respect of the financial year ended December 31, 2023 be hereby approved."
   Ordinary Resolution 6

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 18, 2024 ("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 favourable 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

9. To transact any other business of which due notice is given.

Notice of Annual General Meeting (continued)

Notice of Dividend Entitlement and Payment Dates

Notice is also hereby given that subject to the approval of members at the 32nd AGM of DKSH Holdings (Malaysia) Berhad (199101021067 (231378-A)) ("the Company") to be held on Friday, May 17, 2024, a final single tier dividend of 17.0 sen per share in respect of the financial year ended December 31, 2023 will be paid on July 18, 2024 to shareholders whose names appear in the Record of Depositors of the Company on July 3, 2024.

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 3, 2024 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)
Teo Soh Fung (MAICSA 7046614)
(SSM PC No. 202008001818)

Company Secretaries

Petaling Jaya
April 18, 2024

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 32nd 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 10, 2024 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.

Directors' Fees

10. Pursuant to Section 230(1) of the Act, 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 32nd AGM on the Directors' fees payable with effect from May 18, 2024 until the next AGM in 2025.

    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 2025 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 18, 2024 until the next AGM in 2025. The Board will seek shareholders' approval at the next AGM in the event the Directors' fees proposed is insufficient.

Re-election of Directors Who Retire Pursuant to Articles 105 and 101 of the Constitution of the Company

11. Stephen John Ferraby, Fa'izah Binti Mohamed Amin and Sandeep Tewari are due for retirement at this 32nd AGM and being eligible, have offered themselves for re-election as Directors of the Company. The abovementioned Directors have met the relevant requirements under the fit and proper assessment and the Nomination and Remuneration Committee had assessed that each individual Director was fit and proper to continue to hold the position as a Director of the Company. The Nomination and Remuneration Committee is also of the view that Sandeep Tewari who was recently appointed to the Board on October 16, 2023, would be able to provide valuable contributions to the Company based on his qualification, skills and experience. Premised on the satisfactory outcome of the assessments, the Board has considered the Nomination and Remuneration Committee's evaluation of the eligibility of the three 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.

Re-appointment of Auditors

12. Messrs Ernst & Young PLT ("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, 2024. The Board has approved the Audit Committee's recommendation that they be retained having considered relevant feedback on their experience, performance and independence.

Explanatory Note to Special Business:

1. **Final Single Tier Dividend**
   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 16, 2024, 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 18, 2024 in accordance with the requirements under Section 132(2) and (3) of CA 2016.

2. **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 2023 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 18, 2024.

Notice of Annual General Meeting (continued)

Statement Accompanying Notice of Thirty-Second Annual General Meeting (pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Stephen John Ferraby is standing for re-election as Director of the Company. His profile is set out as below:

Mr Stephen John Ferraby, aged 59, male, an Australian, 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 2008 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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, 2023.

Fa'izah binti Mohamed Amin is standing for re-election as Director of the Company. Her profile is set out as below:

Fa'izah binti Mohamed Amin, aged 56, female, a Malaysian, 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 and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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 three Board meetings held during the financial year ended December 31, 2023.

Sandeep is standing for re-election as Director of the Company. His profile is set out as below:

Sandeep Tewari, aged 51, male, an Indian, was appointed to the Board of DKSH Holdings (Malaysia) Berhad on October 16, 2023 as a Non-Independent Executive Director.

He joined DKSH Holding Ltd. in July 2020 as Vice President, Healthcare, Cambodia and Laos and subsequently assumed the role of Vice President, Healthcare, Malaysia effective August 1, 2023. In his current role, he is responsible for leading the Healthcare Business Unit in Malaysia and Brunei.

Prior to joining DKSH, he served Allergan India Private Ltd for 7 years and Alcon Laboratories for 16 years wherein he held various roles with

Notice of Annual General Meeting (continued)

increasing responsibility beginning with leadership positions in the overall management of sales strategies and business functions, and rose to the position of Country General Manager and led the Malaysia, Singapore and Brunei businesses within Alcon.

Mr. Tewari is an experienced professional with a successful track record of growing businesses across the medical devices, vision care and pharmaceuticals sectors in India and Southeast Asia. During his professional career, he has a myriad of experiences in turning around businesses for India and Southeast Asia markets.

He sits on the board of several subsidiaries of DKSH Holdings (Malaysia) Berhad and does not hold any directorship in other public companies and listed companies. He does not have any family relationship with any Director and/or major shareholder of DKSH Holdings (Malaysia) Berhad and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

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. Tewari attended one Board meeting held during the financial year ended December 31, 2023 upon his appointment to the Board on October 16, 2023.

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.

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Proxy Form

for the Thirty-Second 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) ____________ Mobile No. ____________

and/or* (*delete as appropriate) (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-Second 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 17, 2024 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 Directors' fees payable for the period from May 18, 2024 until the next Annual General Meeting of the Company to be held in 2025.		
2.	To re-elect Stephen John Ferraby as a Director of the Company.		
3.	To re-elect Fa'izah binti Mohamed Amin as a Director of the Company.		
4.	To re-elect Sandeep Tewari as a Director of the Company.		
5.	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company.		
6.	To approve the payment of a final single tier dividend of 17.0 sen per share for the financial year ended December 31, 2023.		
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 ____________ , 2024.

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 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 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 10, 2024 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

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DKSH Holdings (Malaysia) Berhad
199101021067 (231378-A)

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47301 Petaling Jaya
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Malaysia

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