Annual Report 2021

DKSH Holdings (Malaysia) Berhad

DKSH

Delivering Growth – in Asia and Beyond.

Enriching People's Lives

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

Contents

Corporate Information

Board of Directors

Stephen John Ferraby	Non-Independent Non-Executive Chairman
Chan Thian Kiat	Senior Independent Non-Executive Director
Dr. Leong Yuen Yoong	Independent Non-Executive Director
Fa'izah binti Mohamed Amin (Appointed w.e.f. January 1, 2022)	Independent Non-Executive Director
Puneet Mishra (Appointed w.e.f. February 23, 2022)	Non-Independent Executive Director/Vice President, FMCG
Lian Teng Hai	Non-Independent Non-Executive Director

Audit Committee

Chan Thian Kiat	Chairman of the Audit Committee
Dr. Leong Yuen Yoong	Member
Fa'izah binti Mohamed Amin	Member

Nomination and Remuneration Committee

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

Registered Office

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

Auditors

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

Share Registrar

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

Stock Exchange Listing

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

Company Secretary

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

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 2021 and provides an outlook into DKSH's further growth.

Management Discussion and Analysis

Successfully Navigating Challenging Times
As we navigated another year where the world continued to be heavily impacted by the COVID-19 pandemic, DKSH's portfolio and resilient business model has led to stable revenue and profitable growth. We are humbled and delighted to say that we continued to run our operations successfully despite all the challenges that we have faced in the year gone by. It is equally important to recognize the hard work and dedication shown by our team members who have worked tirelessly to ensure that we meet our commitments to our clients, customers, and all of the Malaysian society.

The Group's net sales went from RM 6.4 billion in 2020 to RM 6.7 billion in 2021. Our operating profit after tax grew from RM 48.9 million in 2020 to RM 91.3 million in 2021. Even though our revenue was impacted by the COVID-19 pandemic on some areas of the business, the vastly improved profit performance, especially in our consumer facing segments, is a result of constant focus on driving efficiencies across the entire landscape.

As the leading Market Expansion Services provider in Malaysia and provider of many essential grocery and medical items, including life-saving pharmaceuticals and medical devices, it is imperative that the Group ensures continued supply of these essential products to the Malaysian society. The Group was well prepared for the situation with detailed and comprehensive business continuity plans available from 2020 onwards and we continued to adapt with agility to the fast-changing environment in Malaysia, as well as the worldwide disruptions to the global supply chains.

Despite the COVID-19 pandemic, results of the acquired Auric Pacific business combined with the strength of our market expansion expertise continued to perform well. This business is well integrated into the Group with further opportunities for optimization that we have continued to work on, especially with the significant cost escalations on palm oil and anhydrous milk fat.

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

Revenue grew from RM 3.4 billion to RM 3.8 billion, an increase of 11.8% and segment profit increased by 26.7% from RM 81.4 million to RM 103.1 million. The strong result is due to the uplift resulting from the major improvement project undertaken throughout 2021, which included optimization of the organization structure through simplification and reduction in layers, combined with laser-like focus on client profitability. The various work streams we continued to drive have led to lower operating costs and lower working capital. Our constant focus on route-to-market optimization and sales force efficiency to drive accounts receivable collection, employee productivity, and inventory management coupled with organizational structure optimization mentioned above has been at the heart of the significant improvement in our profitability.

Market demand fluctuated throughout the year, with an upsurge in demand at the end of the first quarter, followed by a downturn during the third and fourth quarter when movements were restricted and the new variant of COVID-19 spread across the country. Despite the pronounced effects of the Movement Control Order ("MCO") and restriction on the hotel, restaurant, and café (HORECA) segment, sales were strong. In addition to growth in existing customers, FMCG was able to successfully onboard several major new clients during the year as we bid farewell to some clients in the third and fourth quarter.

Management Discussion and Analysis (continued)

The Performance Materials business deals with chemicals and additives in the industries of food and beverage, pharmaceuticals, personal care, and specialty chemicals and was, therefore, somewhat affected by the MCO, but remained stable despite challenging circumstances.

Logistics segment
This segment includes the Healthcare business. The service offering is similar to the Marketing and Distribution segment. However, in this segment, a higher proportion of clients manage their own sales due to the highly specialized nature of many of the products.

Net sales remained stagnant at RM 2.9 billion. Our profit, however, improved from RM 47.5 million in 2020 to RM 52.3 million in 2021.

This profit improvement was driven by prudent management of fixed cost base to maximize productivity, while essential base operations was maintained to support increasing revenue as market demand recovered.

The Logistics segment had similar demand fluctuations to those described above for the Marketing and Distribution segment. However, the market demand for pharmaceuticals and medical devices recovered more slowly than seen in the FMCG industry. This reflects lower attendance numbers at hospitals, clinics, and pharmacies for non-essential consultations. However, the segment remained focused on maintaining a high level of service and continuing to successfully onboard new clients. Costs and working capital were a key focus for the year with very good progress made in streamlining the organization and automating processes in order to be well-prepared for improved market conditions in 2022 and beyond.

This segment continues to be driven by the rising middle class in Malaysia and a strong trend towards outsourcing to specialized market service providers. The medium- and long-term outlook remains positive and as the pandemic situation stabilizes, this segment is well positioned to revive its growth trajectory.

Segment "Others"
The key business in this segment is the Famous Amos Chocolate Chip Cookie chain of retail outlets. The segment also includes unallocated central overhead costs.

The Famous Amos business is the Group's most directly consumer-facing business and, as such, had significant operational disruptions with restrictions on retail operations and consumers' reluctance to venture into closed spaces. The revenue increased by 8.9% from RM 43.6 million in 2020 to RM 47.5 million in 2021. This slower increase in revenue can be solely attributed to the impact of the MCOs during the year.

With the economy expected to fully reopen in the second quarter of 2022, we expect that this segment will recover and continue to grow as the pandemic situation improves and the long-term outlook remains positive.

Ready for the Recovery
At this time, market demand remains volatile with significant disruptions to the global supply chain and the conflict in Ukraine which is driving food and oil prices to new highs. Even though the general sentiments are positive, there remains a need for the mixture of a growth mindset, prudent cost management, and working capital management. The key factors of the input costs and availability of raw materials combined with significant cost escalation and unpredictability in transportation will continue to roil the markets. The leadership team is optimistic that 2022 will see an improvement in financial performance and with the increased focus on driving our people's capability, all the key long-term growth drivers will continue to be in place. We will continue to focus on digitalization and automation, efficiency improvement, sustainability, growth of existing business, and new business development. The short-term prospect remains somewhat uncertain, but DKSH is confident of successfully navigating this difficult period and carrying on our growth trajectory.

DKSH at a Glance

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

Financial Highlights

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

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Net sales	5,509,538	6,010,281	6,457,085	6,355,699	6,738,388
Earnings before interest, tax, depreciation and amortization	87,122	77,694	155,177	169,589	214,406
Profit before tax	70,721	60,552	60,958	74,510	126,883
Net profit attributable to owners of the parent	52,081	44,584	39,047	48,888	91,275
Exceptional items	–	–	(13,369)	–	–
Net profit excluding exceptional items	52,081	44,584	52,416	48,888	91,275
Total assets employed	1,874,505	2,170,133	2,721,309	2,702,520	2,680,128
Shareholders' equity	568,154	596,973	620,257	669,147	744,658

Corporate Profile

Headquartered in Switzerland, DKSH operates in 870 locations with about 33,100 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 3,250 specialists. Headquartered in Petaling Jaya, Selangor with 24 other business locations nationwide, DKSH provides unparalleled market coverage, serving approximately 170 clients and 14,000 customers across Malaysia.

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

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

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

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

DKSH Holding Ltd. of Switzerland
Founded in 1865, DKSH Switzerland has a strong Swiss heritage with a long tradition of doing business in and with Asia and is deeply rooted in communities and businesses across Asia Pacific.

Publicly listed on the SIX Swiss Exchange since March 2012, DKSH Switzerland

Corporate Profile (continued)

is a global company headquartered in Zurich and operates in 870 business locations with 33,100 specialists. DKSH Switzerland is one of the top 30 Swiss companies, generating net sales of CHF 11.1 billion in 2021.

DKSH Switzerland 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 segments focus 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, medical devices, and diagnostics.

Marketing and Distribution Segment

Under this business segment, DKSH provides a comprehensive portfolio of services ranging from marketing to providing sales force, distribution and logistics, invoicing and credit control, handling of inventory and returned goods as well as other value-added services. The businesses represented under this segment are 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 country and unique distribution reach achieved through an extensive and experienced sales force network of 25 business offices covering key market locations in West and East Malaysia as well as Brunei.

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

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

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

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

Logistics Segment

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

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

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

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

Corporate Profile (continued)

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

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

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

Segment "Others"

The primary business activity in this segment is the Famous Amos chocolate chip cookie business. Famous Amos is a retailer of chocolates and confectionery items. In 2021, there were a total of 88 Famous Amos outlets located in West and East Malaysia as well as two outlets in Brunei. This segment also includes central overheads including rental.

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

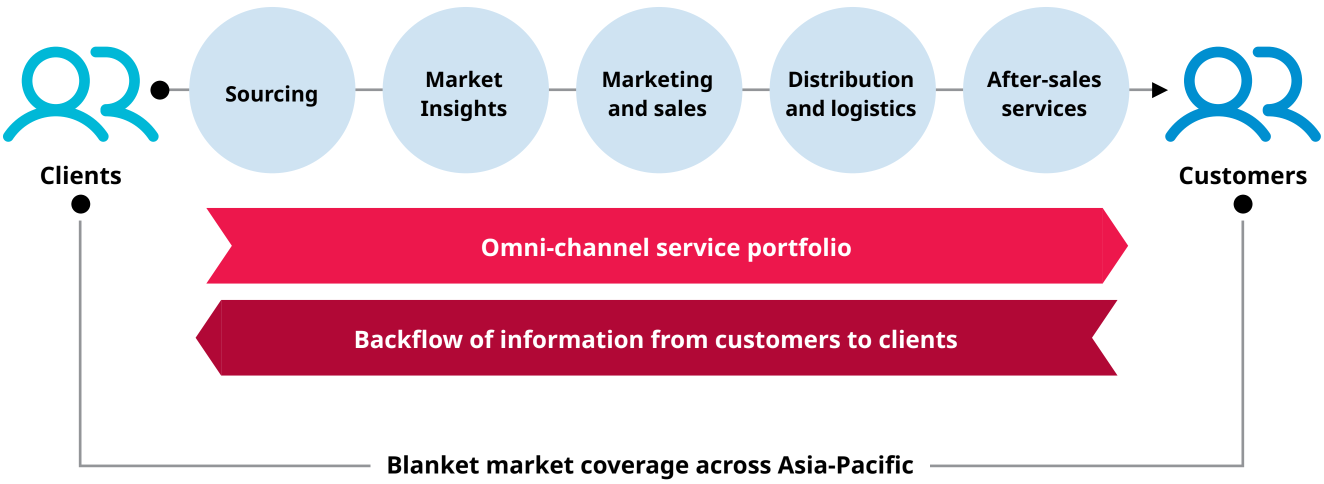
Our Core Business: Market Expansion Services

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

We offer intelligently integrated and tailored services to deliver seamless end-to-end solutions, no matter how big or small the requirements. To do this, we draw on more than 150 years of experience, deep industry expertise, extensive on-the-ground logistics and our vast network of business and personal relationships throughout Asia.

We Provide Access to a Global Sourcing Network

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



Corporate Profile (continued)

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

We Open Up New Revenue Opportunities for Business Partners
DKSH offers a complete array of marketing and sales services for consumer goods, 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 ensure top-quality standards, fast problem resolution and the ability to establish a high-value image. We offer real added value to clients and customers.

How We Work with Our Partners
At DKSH, our business partners are either clients or customers, depending on their position in the value chain and the services we provide to them. Our business model is centered on DKSH's role as the key link between clients and customers. Because we take profound responsibility for the businesses of our business partners, our Market Expansion Services offer more than just outsourcing of particular activities.

With our position as the leading Market Expansion Services provider with a focus on Asia, we benefit from economies of scale, unique cross-regional and cross-industry synergies as well as significant bargaining power with the trade.

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

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

Strategically, our clients want to grow their business by increasing sales in existing markets, enhancing efficiency and margins, or launching into new markets. We offer Market Expansion Services to clients from Europe and the Americas and increasingly also for clients originating in Asia.

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 57, 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 was previously a member of the Board of Commissioners of PT. Wicaksana Overseas International, which is listed on the Jakarta Stock Exchange. He stepped down from this role on February 27, 2020. From 2010 to 2015, he was the CFO of DKSH Thailand Ltd. including two years as President of the organization. From 2006 to 2010, he was the CFO Asia Pacific at CEVA Logistics and before that was CFO and CEO at an Australian private equity sponsored company. From 1995 to 2006, he held various positions at Exel PLC, a UK FTSE 100 company, including Group Head of Internal Audit, European Finance Director and five years as CFO Asia Pacific, based in Singapore from 2001. From 1985 to 1995, he served in the fields of audit, advisory and corporate finance at Ernst & Young in Australia and the United Kingdom.

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

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

Mr. Ferraby attended all four Board meetings held during the financial year ended December 31, 2021.

Directors' Profiles (continued)

Chan Thian Kiat
Aged 66, Male, Malaysian

Senior Independent
Non-Executive Director
Chairman of Audit Committee

Mr. Chan Thian Kiat was appointed to the Board of DKSH Holdings (Malaysia) Berhad on August 9, 2017 as an Independent Non-Executive Director and a member of the Audit Committee. On June 16, 2021, Mr. Chan was re-designated as the Senior Independent Non-Executive Director of the Company and Chairman of the Audit Committee of DKSH Holdings (Malaysia) Berhad. Currently, Mr. Chan is the Senior Independent Non-Executive Director, and Chairman of the Audit Committee.

He graduated with a Bachelor of Commerce degree from the University of Melbourne, Australia and is a fellow member of Certified Practising Accountant, CPA Australia and an Associate of the Institute of Chartered Secretaries and Administrators.

Mr. Chan held several positions at Bank of America Malaysia Berhad from 1984 to 2001, including five years as Head of Corporate Finance/Marketing from 1997 to 2001. He is currently the Principal Consultant of Corporate Finance Consultancy Services at BA Associates Sdn. Bhd. Mr. Chan sits on the Board of Kelington Group Berhad.

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

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

Mr. Chan attended all four Board meetings held during the financial year ended December 31, 2021.

Directors' Profiles (continued)

Dr. Leong Yuen Yoong
Aged 44, Female, Malaysian

Independent Non-Executive Director
Member of Audit Committee
Chairman of Nomination
& Remuneration Committee

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

Dr. Leong Yuen Yoong is Professor of Practice at the Jeffrey Sachs Centre on Sustainable Development (JSC) and at the United Nations Sustainable Development Solutions Network Asia (SDSN-Asia) at Sunway University. She co-leads the SDSN ASEAN Green Future project, which involves decarbonisation of technical systems and re-carbonisation of ecosystems. Whilst developing technology roadmaps forward for deep decarbonisation is important, Southeast Asian countries are heavily ecosystem dominated and need to develop a forward strategy which not only recognises ecosystems but also puts them centre-stage in our forward strategy.

Yuen Yoong also teaches Sustainable Management and Operations in the Master in Sustainable Development Management programme at JSC. She brings the care and growth leadership model, the European heritage regarding work as a learning process and board level perspectives to her teaching. Her work is enriched by her training in taichi and moxibustion, which are about enabling the qi to flow – a desired state of all.

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

She holds a Ph.D. in International Manufacturing Strategy and Network Systems from the University of Cambridge and a Master of Engineering in Electrical and Electronic Engineering from Imperial College London. Her tertiary education was fully funded by the Golden Hope Foundation, Perdana Foundation and the Chevening Scholarship. She also holds a Certificate in Business Sustainability Management from the University of Cambridge Institute for Sustainability Leadership.

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

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

Dr. Leong attended two Board meetings held during the financial year ended December 31, 2021.

Directors' Profiles (continued)

Fa'izah binti Mohamed Amin
Aged 54, 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 Sdn. Bhd. and Cradle Fund Sdn. Bhd.. Fa'izah sits in multiple advisory councils, inclusive of the esteemed American Chambers of Commerce (AMCHAM), providing expertise and foresight in technology and business.

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

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

Directors' Profiles (continued)

Puneet Mishra
Aged 53, Male, Indian

Non-Independent Executive Director/
Vice President, FMCG

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

Mr. Puneet is a Fellow of the Institute of Chartered Accountants in India. He holds the position as Vice President for Fast Moving Consumer Goods in DKSH Malaysia Sdn. Bhd. from May 2021 to present. Prior to this appointment, Mr. Puneet held various high positions such as Country Director and Finance Controller in one of the world's largest private companies in the fast moving consumer goods industry with core business in confectionery and fruit juice manufacturer.

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

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

Directors' Profiles (continued)

Lian Teng Hai
Aged 68, Male, Malaysian

Non-Independent
Non-Executive Director

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

Mr. Lian holds a Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom. He retired from DKSH employment in April 2019 as the Senior General Manager, Sales & Client Management, Consumer Goods DKSH Thailand where he was responsible for sustainable growth strategy. Between the period April 2017 to July 2018, Mr. Lian was the Regional Vice President responsible for Consumer Goods in DKSH Vietnam and DKSH Indonesia. Previously, between 2008 to 2017, Mr. Lian was the Vice President of Consumer Goods, responsible for the sales, distribution and supply chain of Consumer Goods, telecommunication products and the operation of food retail chain stores. Mr. Lian has more than 40 years of experience in several industries covering industrial products distribution, fast moving consumer goods, printing and photo imaging, watch distribution and retailing and vehicle fleet management. He previously held various positions within Jasa Kita Engineering Sdn. Bhd., a company involved in the manufacturing, assembling and distribution of electric motors, power tools and other industrial equipment from 1975 to 1988. He joined The East Asiatic Co (M) Berhad in 1988 where his last position was General Manager of Technical Marketing Division and Consumer Product Division in 1992. From 1992 to 1996, Mr. Lian was an Executive Director of Marco Corporation (M) Sdn. Bhd., a company specializing in distribution and chain store retailing of timepieces. In 1996, he was invited by Spanco Sdn. Bhd. to head a Government outsourcing project involving vehicle fleet management of saloon vehicles of the Federal Government of Malaysia. Mr. Lian was formerly an Independent Director and Chairman of Audit Committee of Marco Holdings Berhad (2003-2011) and GPA Holdings Berhad (2011-2013) and board member of Jasa Kita Berhad (2015-2018). He is an honorary advisor to the Malaysian Watch Trade Association since 1994.

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

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

Mr. Lian attended all four Board meetings held during the financial year ended December 31, 2021.

Key Senior Management's Profiles

Key Senior Management's Profiles

Puneet Mishra
Aged 53, Male, Indian

Non-Independent Executive Director/
Vice President, FMCG

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

Jean Wong
Aged 43, Female, Malaysian

Acting Country Finance Manager,
Malaysia (Ad Interim)
Director, BU Controlling, Technology

Ms. Wong was appointed as acting CFM ad interim of DKSH Malaysia Sdn. Bhd., a wholly owned subsidiary of DKSH Holdings (Malaysia) Berhad on January 6, 2022.

Ms. Wong has over 19 years of finance experience in Malaysia, Singapore, and China. She started her journey with DKSH in 2008 and re-joined in 2019 for the position of Director, Controlling, Healthcare, Malaysia. Over the years with DKSH, Ms. Wong took up various roles and responsibilities within the Finance Function, from Internal Control System roll out, Project Management, Internal Audit, and Fraud Investigation to BU Controlling. Ms. Wong has proven her finance professionalism and agility and has continuously delivered high quality results with outstanding business partnership skills. Ms. Wong is a certified ACCA and a Certified Fraud Examiner (CFE).

Currently, Ms. Wong leads the Global Finance Controlling Division for Business Unit Technology, based in Singapore.

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

Key Senior Management's Profiles (continued)

Gary Chee
Aged 54, Male, Malaysian

Vice President, Healthcare, Malaysia

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

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

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

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

Ooi Eng Keong
Aged 42, 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) 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 growth and profitability of Famous Amos, 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 business strategies, goals and implementation of revenue generation initiatives.

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

Key Senior Management's Profiles (continued)

Jag Rai
Aged 50, Male, Joint citizen of United Kingdom & Great Britain and Australia

Vice President, Supply Chain Management, Malaysia

Mr. Jag Rai was appointed as the Vice President, Supply Chain Management of DKSH Malaysia Sdn. Bhd., a wholly-owned subsidiary of DKSH Holdings (Malaysia) Berhad on July 7, 2021. He was also appointed to the key senior management on July 7, 2021.

Mr. Jag Rai attended University in London, but ventured into supply chain prior to completing his degree.

Mr. Jag Rai has over 30 years of experience in supply chain management and logistics. Prior to joining DKSH, he held various positions with TNT Logistics, ANJI-TNT (China), CEVA Logistics, and most recently as Global Client Director in TOLL Global Logistics. Mr. Jag Rai has worked and lived in several countries namely, the United Kingdom, Italy, China, India, Australia, Singapore, and now Malaysia.

Currently, Mr. Jag Rai leads the local Supply Chain Management team and is responsible for the Supply Chain Management strategy implementation and operations in Malaysia.

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

Lam Ah Fah, Doreen
Aged 60, Female, Malaysian

Senior Director, Regional IT, South Asia, Australia & New Zealand

Ms. Lam Ah Fah, Doreen was appointed as Senior Director, Regional IT, South Asia, Australia and New Zealand of DKSH Corporate Shared Services Center Sdn. Bhd. ("CSSC"), a wholly owned subsidiary of DKSH Holding Ltd on January 1, 2017.

She graduated with a Bachelor of Science with First Class Honours, majoring in Computer Science from the University of Science Malaysia, Penang. Ms. Lam has more than 25 years of working experience in Information Technology. Prior to joining DKSH, she was the IT Manager of EAC Marketing Sdn. Bhd., in charge of the overall IT operations for the FMCG business. From 2011 to 2014, she held the role of the General Manager of Country IT Malaysia. She was transferred to our IT shared services center on April 2014 and led the Group IT Services division, in providing IT Service Management (ITSM) and application support for the DKSH group.

In addition to her regional role, Ms. Lam leads Country IT, Malaysia since December 1, 2017. In her expanded role, she oversees the execution of all IT functions for Malaysia. Most recently, with the acquisition of Axieo in Australia/New Zealand and past ones with Auric in Malaysia and Singapore and Wicaksana in Indonesia, Ms. Lam was involved in the successful integration of their IT systems to the DKSH landscape and environment.

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

Key Senior Management's Profiles (continued)

Thamayenthi Narayanan
Aged 44, Female, Malaysian

Director, Country Human Resources

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

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

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

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

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

Key Senior Management's Profiles (continued)

Serene Lee
Aged 41, Female, Malaysian

Director, Legal, Malaysia & Singapore

Ms. Lee was appointed as the Director, Legal, Malaysia & Singapore of DKSH Malaysia Sdn. Bhd., a wholly-owned subsidiary of DKSH Holdings (Malaysia) Berhad on February 14, 2022. She was also appointed to the key senior management 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. Her first stint of legal practise was with Messrs Abdullah, Ooi & Chan and thereafter, with Messrs Wang & S. B. Wong. She has in total, eight years of solid experience as a practising lawyer, handling a wide range of corporate, commercial, banking and conveyancing matters.

She then took her career to another level by joining the national oil and gas company, Petroliam Nasional Berhad (PETRONAS) as a Legal Counsel. During her five years in PETRONAS, she held different legal portfolios, which include legal advisory in respect of operational, corporate and commercial matters for the listed entity, PETRONAS Dagangan Berhad. Her oil and gas legal experience was further sharpened through her management of legal portfolios in the upstream facet, in which she was handling international oil and gas projects and dealings for Liquefied Natural Gas (LNG).

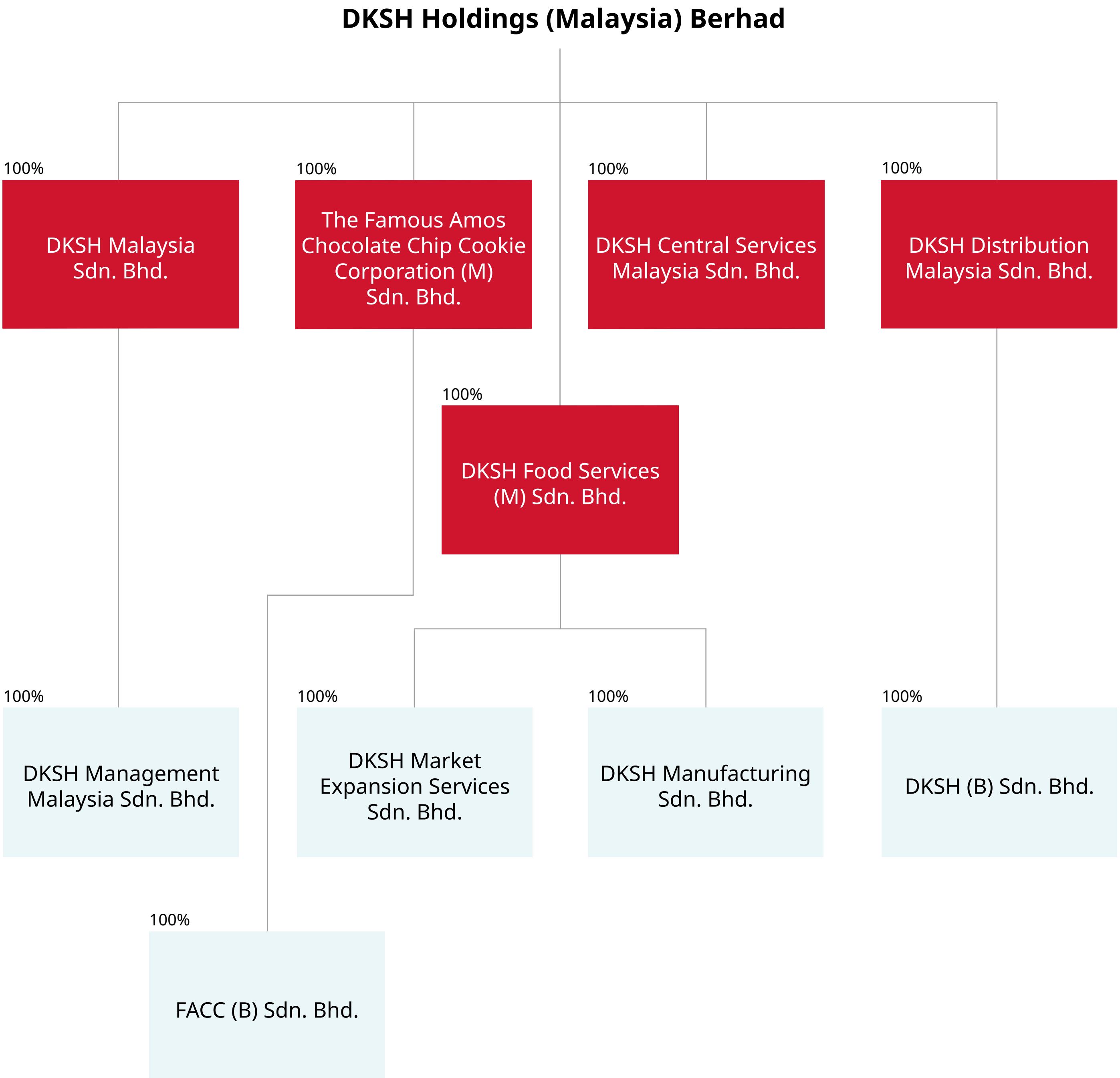
Ms. Lee has over 16 years of vast experience in both legal and corporate secretarial matters ranging from various industries such as corporate, commercial, banking, litigation, conveyancing, infrastructure, building materials, industrial, and oil & gas industry. Ms. Lee specializes in personnel management, legal advisory, negotiating and administering legal, contractual, corporate and commercial documents/agreements for both stakeholders' and clients' businesses. Prior to joining DKSH, 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.

Ms. Lee overseas the legal matters and company secretarial matters of the Company.

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

Corporate Structure



Sustainability Statement

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

Sustainability Statement

DKSH Malaysia's headquarters in Petaling Jaya

About This Report (102-1, 102-6)

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

Reporting Framework (102-54)

This report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), with reference to the Sustainability Reporting Guidelines (2nd edition, 2018). Our performance disclosures are based on the Global Reporting Initiative ("GRI") Standards and all the GRI Standards' disclosures included in this report are listed in the GRI Content Index on pages 49 to 52. This is the first year our report has used the GRI Standards. We will gradually extend our report coverage as we progress further in our sustainability journey.

Scope of Reporting (102-3, 102-4,102-46, 102-50, 102-51, 102-52)

This report covers DKSH's business operations within Malaysia during the financial year 2021 ("FY2021"), commencing January 1 to December 31, 2021. Our scope of reporting includes DKSH Malaysia's headquarters in Petaling Jaya, branch offices and distribution centers in Peninsula Malaysia and East Malaysia, as well as our manufacturing plant in Shah Alam. Our last Sustainability Statement can be found in our Annual Report 2020 which was published in May 2021.

Feedback (102-53)

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

Christy Chow
Manager, Marketing & Communications

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

Membership and Associations (102-13)

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

- Malaysian Retailers-Chains Association (MRCA)
- Pharmaceutical Association of Malaysia
- Malaysian Animal Health and Nutrition Industries Association
- Malaysia International Chamber of Commerce and Industry (MICCI)
- Malaysian Employers Federation (MEF)
- Federation of Malaysian Manufacturers (FMM)
- Malaysian Electrical Appliances Distributors Association (MEADA)
- Malaysia Medical Device Association

Sustainability Governance (102-18, 102-20, 102-32)

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

DKSH's Board of Directors provides oversight of DKSH's sustainability performance as well as approves the sustainability strategy. Furthermore, the Board reviews DKSH's sustainability matters on a quarterly basis to ensure relevance and alignment to DKSH's business goals. The Sustainability Committee, chaired by the Head Country Management, Malaysia, updates the Board on all key sustainability matters.

To ensure an efficient and effective implementation of DKSH's sustainability initiatives and disclosures, DKSH has established the following governance structure:

Sustainability Statement (continued)

Governance Structure

Board of Directors

- Reviews and approves the Group's sustainability report

Head Country Management

- Reviews sustainability matters with the Sustainability Committee
- Reports to the Board on sustainability matters

Sustainability Committee

- Comprises representatives from relevant Business Units as well as supporting functions and departments
- Responsible for materiality assessment, identification and monitoring of initiatives/actions, execution of initiatives/actions and reporting
- Reports to the Head Country Management, on sustainability matters

Stakeholder Engagement (102-40, 102-43, 102-44)

Identification of relevant stakeholder groups resulted from an assessment carried out by the senior management. Groups were selected based on their ability to influence or impact (directly or indirectly) DKSH's approach to business, or the potential for DKSH to have an impact on them.

DKSH periodically engages with the following stakeholder groups:

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

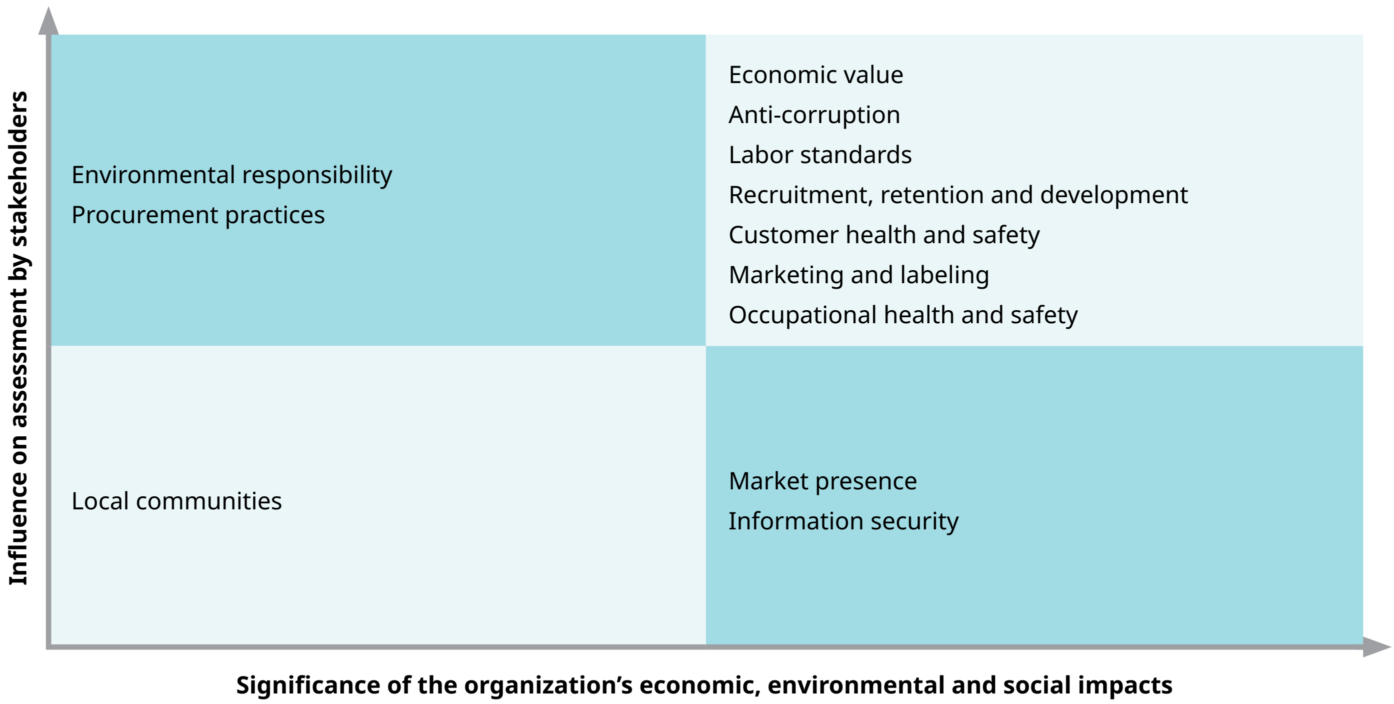
Sustainability Statement (continued)

Materiality Assessment (102-47)

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

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

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



Sustainability Statement (continued)

Economic Sustainability

Economic Performance (201-1)
DKSH is cognizant that a strong economic and financial performance is crucial as it reflects a business' long-term financial security and profitable growth, indicating the capacity of the business to operate effectively, adapt to the changing economic environment and generate direct economic values to its stakeholders.

To read more on DKSH's financial performance over FY2021, please refer to pages 74 to 152 of this Annual Report.

Anti-corruption (102-9, 102-16, 102-17, 102-30, 205-2, 205-3)
At DKSH, we are committed to taking responsibility and playing our part in fighting corruption by conducting our business in an ethical manner. Our business is built on trust and integrity. We do not tolerate any form of corruption – as embedded throughout our organization, and as set forth in our Code of Conduct, Anti-Bribery and Anti-Corruption ("ABAC") policy, and Conflict of Interest Policy ("COI"). The ABAC policy is available in both English and Bahasa Malaysia on DKSH's corporate website and employee intranet, while the COI is available in both languages on the employee intranet.

As the Board recognizes its overall responsibility for the Group's internal control system and its effectiveness including reviewing its adequacy and integrity, the Board has set up an Enterprise Risk Management ("ERM") Committee to oversee and ensure the effective functioning of the risk management framework.

As a part of the internal control, DKSH has developed a Whistleblower Policy and Procedure in 2019 to set down procedures and demarcate 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 our business. This policy also states that DKSH stand against any form of retaliation directed towards employees reporting their concerns in good faith. To encourage reporting of any non-compliant practices, DKSH has put in place a reporting channel, DKSH Integrity Line, for internal and external stakeholders to report their concerns anonymously.

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

100% of our employees are made aware of our ABAC policy upon joining, including periodic reminders during their employment with us.

Integrity in Our Own Business
In 2021, DKSH has once again affirmed our commitment to Integrity by highlighting it as one of our five corporate values. DKSH expects lawful and ethical behavior from all employees and business partners as laid down in our Code of Conduct, which prohibits any form of bribery and corruption.

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

DKSH's Compliance Function executed an annual compliance program guided by the DKSH ABAC policy. This policy was developed with reference to recognized international standards (U.K. Bribery Act, U.S. Foreign Corrupt Practices Act) as well as the Malaysia Anti-Corruption Commission Act 2009 and its amendments.

The stakeholders that oversee the compliance program is the Country Compliance Committee which is a sub-committee of the Country Management Team ("CMT") of DKSH Malaysia and its relevant entities, led by the Head Country Management as appointed by DKSH Switzerland's Chief Executive Officer. The Head Country Management is supported by dedicated local compliance officers. For compliance initiatives relating to specific Business Units or Functions, the local compliance officers engage directly with the local Business Unit and Function Heads.

As stated in the Code of Conduct and the ABAC policy, employees are required to promptly report any incidents of non-compliance – including demands for bribes or facilitation payments – to their supervisors, the Compliance Function or via DKSH Integrity Line. In addition, an email address is provided in the published Code of Conduct and various internal policies for confidential use by internal and external stakeholders. Substantiated cases are investigated, and errant parties are adequately sanctioned. DKSH does not tolerate any form of retaliation against anyone who reports incidents in good faith. An annual review of compliance with

Sustainability Statement (continued)

our standards is made to the senior management to identify trends and focus areas for further compliance efforts.

In 2021, **zero** incidents of corruption were reported in the reporting period.

Training and communication are important cornerstones of our compliance culture. New employees undergo thorough onboarding procedures upon joining our organization. These include reading and accepting our policies and completing certified compliance training. Periodically, all employees are required to refresh their knowledge of DKSH's anti-corruption policies, including the expectations for proper business behavior – all of which are accessible on the employee intranet.

In 2021, in addition to new recruits completing their mandatory compliance e-learning, employees with high-risk roles also completed an ABAC refresher course.

DKSH's governance bodies for sustainability include the Board of Directors and the Head Country Management, Malaysia, supported by the sustainability committee comprising representatives from relevant Business Units and Functions.

In 2021, **100%** of governance body members who have joined the Board for over six months were aware of DKSH's anti-corruption policies. **100%** of the same governance body members have also completed the anti-corruption training.

During the 2021 Compliance Day, DKSH took pledge against corruption by signing the Corruption-Free Pledge as witnessed by the Malaysian Anti-Corruption Commission ("MACC") – the nation's independent anti-corruption enforcement agency, to highlight our commitment to integrity, accountability, and strong governance.

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

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

All these business partners are engaged based on written service contracts that include anti-corruption compliance clauses, with our Supplier Code of Conduct ("SCOC") and ABAC policy serving as contractual documents. Virtual trainings on SCOC are also provided to selected suppliers to help improve their understanding on the policy.

In 2021, two sessions of SCOC trainings have been conducted for 15 selected suppliers and business partners.

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

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

Procurement Practices (204-1)
Our Non-Trade Procurement Function covers the procurement of goods and services which facilitates DKSH's distribution and logistics services. At DKSH, we aim to contribute positively to the local economy and create mutual growth with all our stakeholders – including suppliers and vendors. To support this, we encourage procuring goods and services from local suppliers and vendors as we believe the collaborations will open up opportunities for them to expand their business and stimulate the growth of our local economy. We take stringent measures to select qualified suppliers and monitor their performance to ensure they meet and deliver on our expectations.

DKSH's SCOC sets out clear expectations and standards that ensures our third-party suppliers and contractors observe the rules of fair competition and ethical

Sustainability Statement (continued)

business conduct, treat their employees fairly, offer safe working conditions, and respect the environment by minimizing adverse impact on the environment. We believe that applying these standards, particularly those that relate to workplace safety, not only benefit our contractors and suppliers, but also help safeguard the health and well-being of our employees who engage with, or are regularly on-site with our suppliers and contractors.

In 2021, **100%** of our procurement budget was spent on local suppliers and vendors, which not only lowered our carbon footprint but also contributed to the growth of local Malaysian companies.

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

Environmental Sustainability

Environmental Responsibility

(307-1, 419-1)

At DKSH, our environmental commitment includes addressing our own impacts, supporting our suppliers and clients in managing theirs, and raising our employees' awareness of "green" issues. To further strengthen our commitment towards sustaining the environment, we monitor and mitigate all risks and opportunities, whilst being mindful of our decision and the impact it could impinge on the environment.

In our own operations, with the adoption of our global Health, Safety and Environment ("HSE") policy in 2017, we embarked on a journey to strengthen and standardize our environmental management across the business. In line with this policy, local HSE managers are responsible for maintaining a register of applicable national environmental laws and regulations and ensuring that all our operations are compliant through an appropriate management and monitoring program. We strictly comply with the regulations of the Environmental Quality Act 1974 that include Environmental Quality (Clean Air) Regulations 2014, Environmental Quality (Industrial Effluent) Regulations 2009, Environmental Quality (Sewage) Regulations 2009 and Environmental Quality (Scheduled Wastes) Regulations 2005.

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

In 2021, there were no incidents of non-compliance with environmental laws and regulations.

Moving forward, we aim to regularly conduct Environmental Risk Assessment and expand our focus beyond legal compliance to work toward continuous improvement in energy efficiency, emissions reductions, waste management, and other environmental impacts.

Energy Management (302-1, 302-3, 302-4)

As a Market Expansion Services provider with a focus on sales, marketing, and distribution, our main environmental impacts relate to our distribution centers, fleet, and business travel. We also have a manufacturing facility which entails a different set of environmental impacts.

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

Temperature-sensitive products may require storage and transportation in air-conditioned vehicles or in special transportation boxes. In addition to monthly checks of cold rooms by maintenance contractors, our operations team inspect the operating parameters and conduct thermal imaging scans to identify any failures of the insulation or other sources of inefficiency. We also have implemented 'design principles' such as:

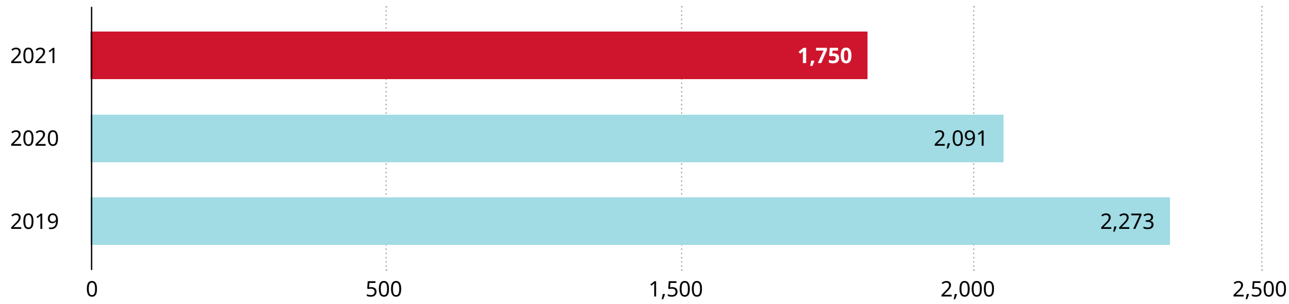
Sustainability Statement (continued)

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

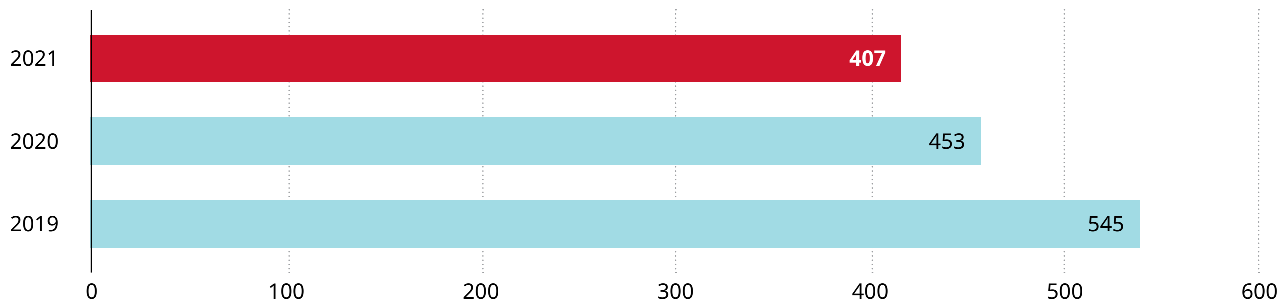
To further reduce energy consumption at our distribution centers, we have also embarked on energy saving initiatives including the installation of energy monitoring devices, installation of motion sensor lights and timer switch, adjustment of chiller's changeover time and replacement of lights with energy-efficient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

The chart below summarizes the electricity consumption intensity (kWh/m^2) of our offices, distribution centers, and manufacturing plant. Overall, our energy consumption in FY2021 has decreased by 15.2%. While this is partly attributable to the work-from-home arrangement, we are committed to developing further initiatives to reducing electricity consumption, such as switching to LED lights in our offices in phases and replacing the existing office equipment with energy saving appliances.

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



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



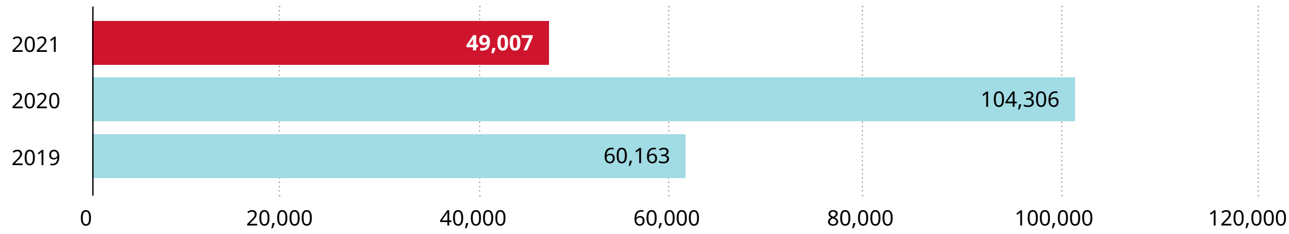
Sustainability Statement (continued)

Water Management (303-5)
At DKSH, we use water primarily for manufacturing processes, at our distribution center, and for domestic purposes.

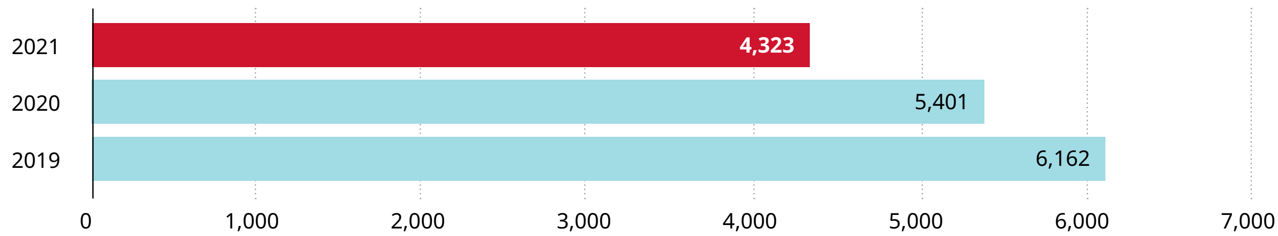
To increase the efficiency of water management across our operations, we implemented measures to optimize water consumption. These measures include regular water meter readings for individual blocks so that any water leakages can be identified and rectified quickly at our distribution centers in Klang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

The chart below summarizes the water consumption (m^3) of our business locations, distribution centers, and manufacturing plant. Water consumption has decreased this year at all locations. While this can be partly attributed to the work-from-home arrangement due to the COVID-19 pandemic, it was also contributed by our water management measures.

Water Consumption – Peninsula Malaysia (m^3)



Water Consumption – East Malaysia (m^3)



Fuel Management and Emission (305-5)
Transportation fuel consumption is one of the significant contributors of our carbon footprint. We aim to increase energy efficiency and choose lower carbon sources of energy where possible. Most of our material handling equipment at the distribution centers is battery-operated. Out of the 90 units of material handling equipment at our major distribution centers, only seven units are powered by diesel and natural gas.

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

To tackle emissions for our haulage suppliers, we implemented a specialized software targeting transport network optimization in 2019. This enables us to plan the most efficient usage of trucks and the best routes to take. As of 2021, the system has resulted in a total cost reduction of 8% as it optimizes routing by reducing time spent making deliveries and travel distance.

Despite our widespread use of communication technologies, traveling remains an important factor in our service delivery and for managing

Sustainability Statement (continued)

the company. Most of these journeys are made by vehicles not controlled by the company, such as business flights, travel by sales and service teams in their own cars, and public transport. Internal approval systems are in place to prevent unnecessary travel. In recent years, we have upgraded IT communication capabilities and promoted conference and video calls which proved to be practical because the COVID-19 pandemic curtailed business travels by at least 70%.

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

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

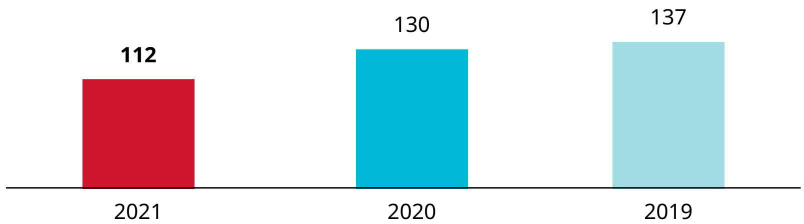
To further reduce waste generated in our premises, we have implemented the following initiatives:

- Installation of recycling bins to encourage employees to segregate their office waste into recyclable and non-recyclable wastes
- Discontinuation of the use of single-use plastic bottles
- Collaborate with licensed vendor for waste collection and recycling activity
- DKSH Go Green! (paperless initiative and process digitalization) which reduced approximately 45% in paper printing at our headquarters in FY2021 as compared to the previous years
- Collaboration with ERTH (E-waste Recycling Through Heroes) to encourage responsible e-waste disposal

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

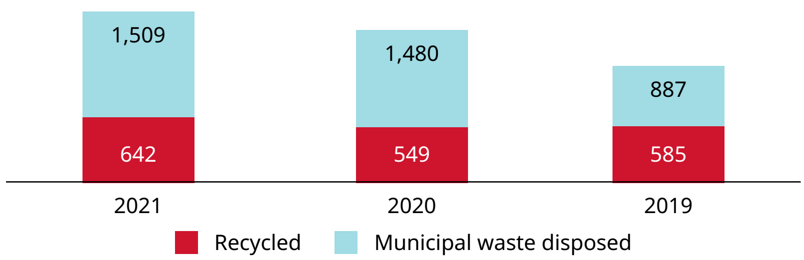
This year, we generated a total of 112 tons of hazardous waste. 100% of the hazardous waste was treated prior to incineration. These hazardous wastes are stored and labelled in a designated storage area prior to collection by appointed third party contractors approved by the Malaysian regulator for treatment and incineration.

Hazardous waste (tons)



When managing our non-hazardous waste, we look for opportunity to reduce consumption at source through the initiatives mentioned earlier across our operations. We send our recyclables to recycling companies through a licensed contractor and in FY2021, we have recycled 642 tons of non-hazardous waste across all our business locations.

Non-hazardous waste (tonnes)



We strive to continue our effort in effluent and waste management by conducting environmental audit to identify opportunities for more environmental initiatives in the coming year.

Sustainability Statement (continued)

Social Sustainability

Customer Health and Safety

(102-11, 416-1, 416-2, 417-1, 417-2, 417-3)
DKSH's business is built on trust and integrity. Our clients entrust us with the marketing and distribution of their products and expect us to preserve the quality and safety of their goods whilst under our care and custody. Irrespective of the product categories we are handling – e.g. pharmaceuticals, consumer goods, specialty chemicals – we are committed to operating quality management systems that deliver on our promise of the high standards needed to safeguard the health and safety of customers, consumers, and patients.

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

Our operations are frequently audited by our clients or their appointed auditors to ensure that storage and handling of products meet their expected standards. Due to the sensitivity of the products, most of these audits occur in the Healthcare business. In 2021, 11 such audits took place in Business Unit Healthcare.

Any deviations from applicable standards detected through reviews, audits or complaints are promptly reported and addressed.

DKSH recorded zero incidents of non-compliance concerning health and safety impacts of products and services in 2021.

Business Unit Consumer Goods
Our focus is on the proper handling and storing of goods in line with good warehousing and distribution practices. Storage and handling of products is executed as per agreed specifications with our clients to ensure the integrity and safety of our products throughout their life cycle. This can include adaptation of products to local regulatory requirements.

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

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

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

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

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

Business Unit Performance Materials
This Business Unit has a dedicated and independent Regulatory Affairs ("RA") team with specialists for Safety, Health and Environment ("SHE"), Quality Assurance ("QA") and Registrations ("REG") on local, regional, and global levels.

The handling of chemicals poses a different set of challenges that we manage through stringent safety procedures based on applicable standards including ISO 9000, ISO 22000 (for food), GxP (for pharmaceuticals), IFS, BRC, the Globally Harmonizes System ("GHS"), the Classification, Labeling and Packaging ("CLP") regulation (for

Sustainability Statement (continued)

chemicals), and our own standard Internal Process Review ("IPR"), as well as DKSH's HSE policy and associated management system, applicable throughout our organization.

To ensure safe handling and usage of the products, we guarantee fully compliant product documentation and classification in all cases. For chemicals, Safety Data Sheets ("SDS") and CLP are provided with all relevant products. For food and pharmaceuticals, health certificates and quality documents are provided, if applicable. Documentation and classification are subject to safety audits. Full product and batch traceability is guaranteed along the entire supply chain.

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

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

Product adaptation and customization to meet regulatory requirements, including product labeling, is an important DKSH service offering. Our regulatory affairs teams in the various Business Units are responsible for establishing relevant Standard Operating Procedures and for monitoring compliance, with assistance from our quality assurance teams. In our Business Unit Healthcare, where regulations are particularly stringent, we perform customization work in accordance with GMP. In Business Unit Performance Materials, we implement and audit against GHS (Globally Harmonized System), with its strict requirements for classification, labeling, and packaging.

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

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

Industry-Specific Risks in the Healthcare Business

Advertising and promotion of healthcare products in many jurisdictions are highly regulated, often limited or even disallowed. Many products are prescribed or dispensed by healthcare professionals, or they require professional expertise for their application. Various segments in the healthcare industry (specifically for prescription drugs and medical devices) and in the food sector (e.g. infant nutrition) have adopted codes of ethics advocating responsible marketing of their products. DKSH adheres to these standards through membership in the Pharmaceutical Association of Malaysia ("PhAMA") and Malaysia Medical Devices Association ("MMDA"), and by operating management programs to ensure compliance by employees and service providers. 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.

DKSH recorded no incident regarding marketing and labeling practices in 2021.

Recruitment, Retention, and Development

As a services provider with about 3,250 employees, our success largely depends on the availability of skilled professionals who share our values. As our reputation is built on trust, integrity, and reliability, we seek to retain talent to maintain stable relationships with our business partners.

As a testament to our continued success as an organization that create a working environment that fosters learning development, professionalism, well-being and equality for its employees, DKSH was recognized as one of the most popular graduate recruiters in the pharmaceutical sector at the Malaysia's 100 Leading Graduate Employers Awards for three consecutive years since 2019.

In addition to that, in 2021, DKSH was ranked among the Malaysia's most preferred employers in the Pharmaceutical & Healthcare industry at GRADUAN Brand Awards 2021 and won gold award for Best In-House Learning Academy at the Employee Experience Awards 2021.

Sustainability Statement (continued)

DKSH Identity
Over the past 150 years, DKSH Switzerland's Group has developed from a traditional trading house to the leading Market Expansion Services provider with a focus on Asia. As our "old" vision was largely implemented, it was therefore time to redefine our DKSH Identity and values to reflect the company we are today.

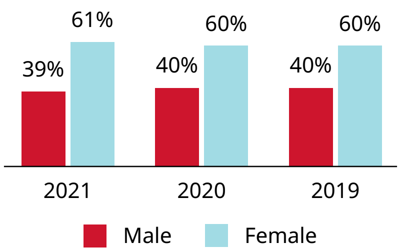
The new Identity reflects our ambition for future growth as well as our corporate purpose to enrich people's lives. As a company, our services give people in the country access to important daily products, create sustainable value for our partners and generate jobs across the states.

As part of our new Identity, we updated our corporate values: integrity, empowerment, collaboration, entrepreneurship, and sustainability. With these core values, we ensure that DKSH will keep our employees, and their development, at the heart of our culture.

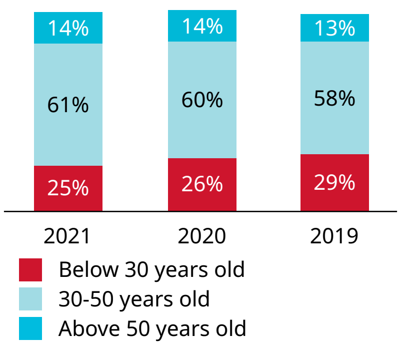
Diversity And Inclusivity (102-8, 405-1)
Our employees are at the heart of everything we do. We believe that our workforce is the key foundation that empowers us to drive growth and be the difference. Supported by a diverse team, we are able to approach challenges and opportunities with varying perspectives and business experience, giving us a competitive edge. At DKSH, we are committed to fair, respectful, and equal treatment for all our employees, and it is our policy to maintain a workplace free from discrimination and harassment – as indicated in our Code of Conduct.

For this reporting period, our gender ratio stands at 1.6 : 1.0 (women : men) and 61% of our workforce was in the 30-50 years old age group. This age group represents experienced individuals with the knowledge and skillsets that are invaluable to our organization, who we can continue to develop professionally into future leaders of the industry.

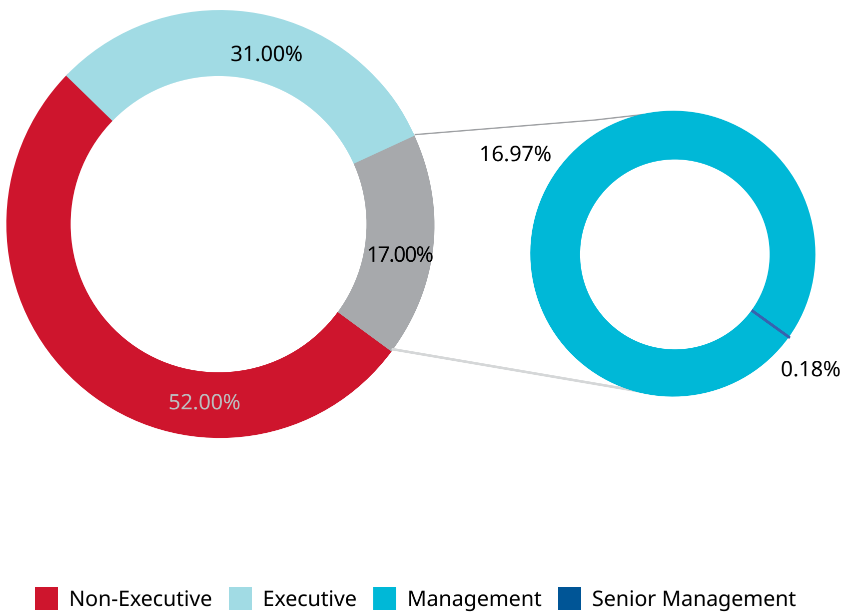
Employee Distribution by Gender



Employee Distribution by Age Group



Employee Distribution by Employee Category



Sustainability Statement (continued)

Employee Well-Being (401-2, 401-3, 403-6)
We acknowledge the importance of supporting our employees' health and well-being, as we believe motivated and healthy employees will boost business productivity. Recognizing their key role to the success of the company, DKSH provides a competitive remuneration package that comes with a variety of benefits to its full-time employees, based on applicable policies. Standard benefits include life insurance, healthcare, disability and invalidity coverage, dental and optical benefits, staff discounts, statutory retirement provision, compassionate and congratulatory leave such as parental leave. We also grant half-day festive eve leave for recognized national festivals, as well as COVID-19 vaccination leave.

In 2021, 52% of our total employees were entitled to parental leave. 74 employees benefited from the parental leave in the reporting year, of which 98.6% employees continued to work after their parental leave ended.

	♀	♂
Total number of employees entitled to parental leave	978	719
Total number of employees that took parental leave in FY2021	43	31
Total number of employees that returned to work after parental leave ended	42	31
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work.	40	24
Return to work rate (in percentage)	97.6%	100.0%
Retention rate (in percentage)	93.0%	77.4%

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

As we understand the importance of listening to our employees' voices and in an effort to seek continuous improvement, we have also launched the Your Voice@DKSH employee engagement survey in 2021 to ensure that our initiatives remained relevant.

Employee Engagement Programs 2021
• Virtual Town Halls
• Festive gifts
• Health-related webinars
• Care packages
• Employee awards
• Virtual fitness classes
• Batik painting online class
• Virtual contest

Sustainability Statement (continued)

With the COVID-19 pandemic continues to affect every aspect of our lives – including our mental and physical health, we launched an Employee Assistance Program, which offers employees and immediate dependents confidential and complimentary therapy and counselling sessions with licensed counsellors.

Employee Assistance Program @ DKSH

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

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

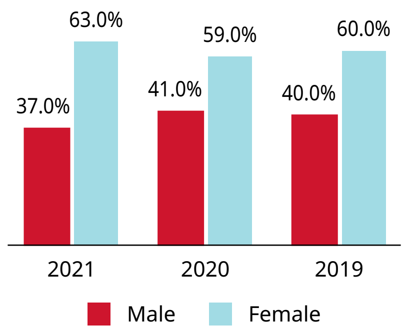
In December 2021, as the unprecedented heavy rains inundate half of Malaysia's states and left 235 of DKSH's employees in dire straits, we have extended a helping hand by providing financial assistance of approximately MYR 500,000 to help rebuild their lives. In addition to that, the company also organized an internal donation drive and encouraged all employees to lend a helping hand, with the company pledging a matching amount for every donation made.

Talent Recruitment (401-1)
Our unwavering commitment to be an employer of choice focuses our efforts on attracting and retaining talent. In FY2021, we welcomed 495 new employees and recorded an average turnover rate of 16.4%. The turnover over rate has steadily decreased over the past three financial years.

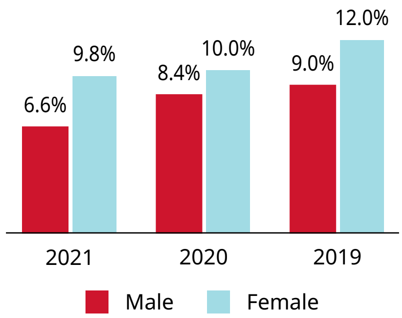
In an effort to identify and groom future leaders within the industry, we provide learning opportunities through DKSH's Junior Executive Trainee ("JET") program – a comprehensive graduate development program that is designed to attract and prepare high-performing fresh graduates to acquire management skills through experiential learning by providing cross-function exposure in DKSH. In October 2021, we welcomed seven new trainees who are rotated across divisional functions and will be participating in challenging projects over the course of 12 months.

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

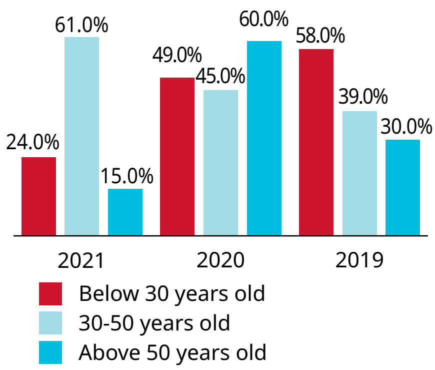
New Hire by Gender



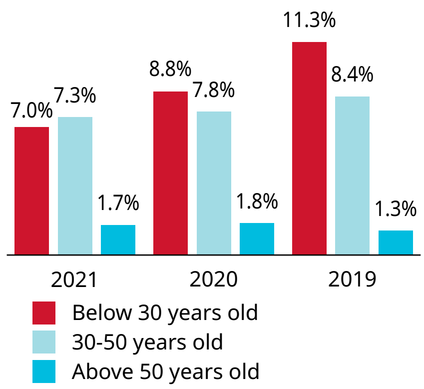
Turnover Rate by Gender



New Hire by Age Group



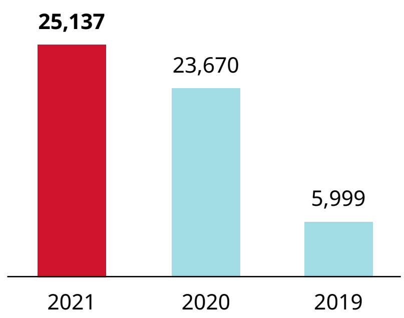
Turnover Rate by Age Group



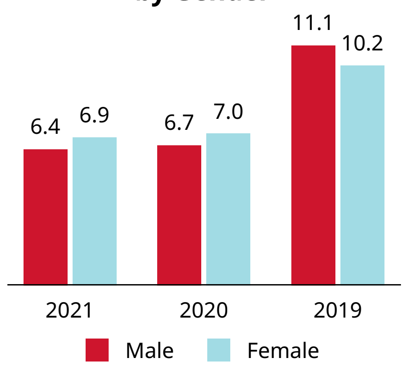
Sustainability Statement (continued)

As part of the national agenda to increase the participation of women in the workforce, DKSH introduced a career comeback program to recruit and retain women who have been on career breaks but are keen to re-enter the workforce. Initiatives to support this program include part-time and reduced work options as well as flexible working hours to cater for certain work conditions such as for women in their final trimester of their pregnancies.

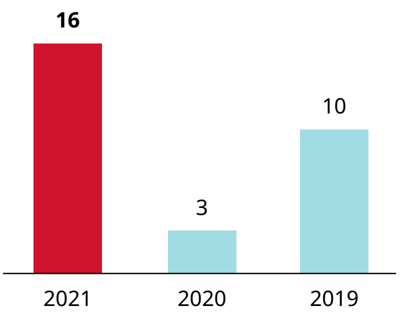
Total Training Hours



Average Training Hours by Gender



Career Comeback Program



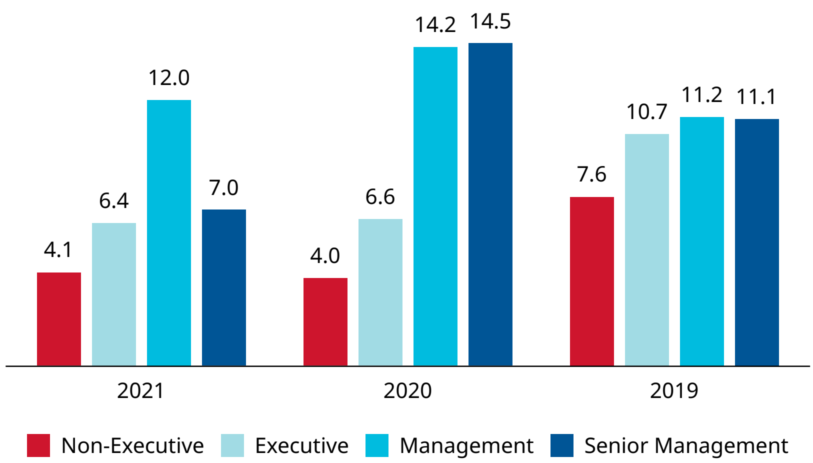
Learning and Development (404-1, 404-2)

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

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

For this reporting period, our employees across the company have committed to a total of 25,137 hours in training, which equates to 7.7 average training hours per employee. Approximately MYR 450,000 was invested on internal and external training development programs in 2021.

Average Training Hours by Employment Category



Sustainability Statement (continued)

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

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

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

In FY2021, we have increased the number of Long Service Award recipients by awarding employees who have committed at least five years of service, instead of employees who have served at least 25 years in DKSH Malaysia. This initiative aims to motivate and engage employees who are loyal to the company.

Employee Recognition Program	2021	2020	2019
DKSH Fantree Awards Malaysia recipients	22	14	15
Long Service Award recipients	259	32	23
SPOT Recognition Award recipients	114	N/A	N/A

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

All our employees who are eligible have a yearly appraisal. **99.02%** percent of employees received a comprehensive performance review in 2021. All decision-making with respect to appraisals, development opportunities and promotions uphold our equal opportunities commitment.

Occupational Health and Safety

(403-1, 403-2, 403-3, 403-4, 403-5, 403-9, 403-10)
Employees are our most important assets and health and safety in the workplace remains a top priority at DKSH. Our occupational health and safety ("OHS") management program focuses on two key topics: (i) workplace safety in our distribution center operations and (ii) safe driving, given our extensive marketing, sales, service, and delivery activities across our Business Units. In addition to these focus areas, the program also covers risks related to people and the environment from the transportation, storage, and handling of dangerous goods and hazardous materials.

The management of OHS risks is enshrined in our corporate HSE policy which mandates HSE governance and execution. We have established a working HSE committee whereby committee members are selected by their respective Business Units and Functions to work together with the Country HSE Manager on local HSE plans as well as implementation of HSE policy, procedures, and best practice across sites. HSE performance against the corporate policy is monitored and reported to a global supervisory committee quarterly.

The Chief Representatives from the respective branches and offices also perform DKSH Risk Register reporting on

Sustainability Statement (continued)

a quarterly basis to DKSH's Governance, Risk & Compliance team. The objective is to identify and highlight risks related to HSE, measure and evaluate the severity of the risk, and ensure appropriate mitigation plan is in place to minimize and control the risk.

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

In adherence to requirement from Department of Occupational Safety & Health Malaysia ("DOSH"), and as a part of the general duties as prescribed under the Occupational Safety and Health Act 1994 (Act 514), DKSH operates a Standard Operating Procedure on Hazard Identification and Risk Assessment and Risk Control ("HIRARC") – especially on the handling of hazardous goods. We also provide HIRARC Guidelines and a HIRARC Inspection Form. Following safety audits, corrective action plans are used to address any issues.

Training and education are important elements in ensuring all employees are aware of health and safety requirements and take responsibility for their own well-being and the safety of others. New employees receive comprehensive HSE induction training on top of any job-specific training they require. All new recruits must complete induction training (with signed attendance records) before commencing duties. Periodic refreshers are held, and attendance is monitored. On top of the usual HSE induction training and HIRARC training, we have also conducted the training programs below in 2021.

OHS Training Programs 2021

1. First Aid Training (Train the Trainer)	• Training on Current Strategies for Managing COVID-19 in Industries in the Greater Klang Valley Area
2. Industrial Waste Management - Governance, Information System and Labelling of Industrial Waste in Malaysia	• Certified Environmental Professional in Scheduled Waste Management ("CePSWaM") training
3. Fire Safety Organization Training (by Bomba Malaysia)	

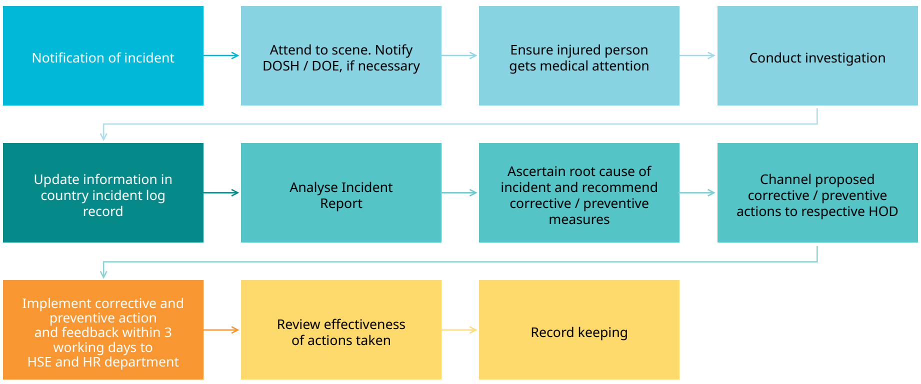
Building on the "5S" model of workplace organization, we have a "7S" program within our major distribution centers to create healthy and safe workplaces: Sort, Set-in-order, Shine, Standardization, Sustain, Safety and Security.

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

Incident Investigation and Resolution

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

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



Sustainability Statement (continued)

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

Our Response to COVID-19 Pandemic
The onset of COVID-19 has had an immeasurable impact on our world, causing significant disruptions to ensuring business continuity and safeguarding our employees. However, DKSH was proactive and moved swiftly to ensure strict adherence to established infection prevention and control measures, in an effort to reduce the spread of COVID-19 in the workplace.

All our distribution centers and manufacturing plant were allowed to operate with compliance to COVID-19 Standard Operating Procedures ("SOP") and guidelines, field staff worked on-site and remotely, depending on the nature of jobs, while employees in the offices adapted to hybrid and remote work models.

As we have a responsibility towards the safety and health of their employees under the Occupational Safety and Health Act 1994 (Act 514) as well as under the Prevention and Control of Infectious Diseases Act 1988 (Act 342), our control measures and initiatives – including COVID-19 HIRARC, COVID-19 Rules and Regulations, social distancing measure, staff rostering, split team arrangement, work from home arrangement, hygiene practices, COVID-19 reporting and updates - are designed in adherence to the SOPs and regulatory requirements below.

Standard Operating Procedures

• General Movement Control Order SOPs	• SOPs for Manufacturing Sector	• SOPs for Retail sector
• SOPs for Essential Services sector	• Ventilation Guidelines by DOSH	• COVID-19 Management Guidelines at workplace by DOSH
• SOPs for employer to conduct COVID-19 screening RTK-antigen for foreign workers by The Social Security Organization ("SOCSO")	• COVID-19 Management Guidelines for Workplace by Ministry of Health ("MOH")	• COVID-19 Guidelines for Physical Distancing at the Workplace, Home & for Individuals
• Guide To Conduct a Risk Assessment ("RA") To Determine the Risk Status of Workplaces For COVID-19	• Guidelines on management of confirmed case COVID-19 by MOH	• Guidelines on disinfectant at workplace by MOH
• Guidelines on COVID-19 Vaccination by MOH		

To support our employees in COVID-19 prevention, we provide face masks and gloves to our employees at the distribution centers and manufacturing plant. Hand sanitizers were provided in all common areas within our offices to maintain good hygiene practices, while those who are required to perform cleaning and disinfection are provided complete sets of personal protective equipment ("PPE"), which includes face shields, gown suit, goggles, or full respirator mask.

Since 2020, DKSH have been partnering with International SOS to establish an appropriate pandemic response plan to protect employee's health. Together with their infectious disease experts, we implemented a Total Quarantine Solution in our four ISO-certified distribution centers which offered enhanced health and hygiene controls, similar to protocols at hospitals during a pandemic to safeguard employees and operations.

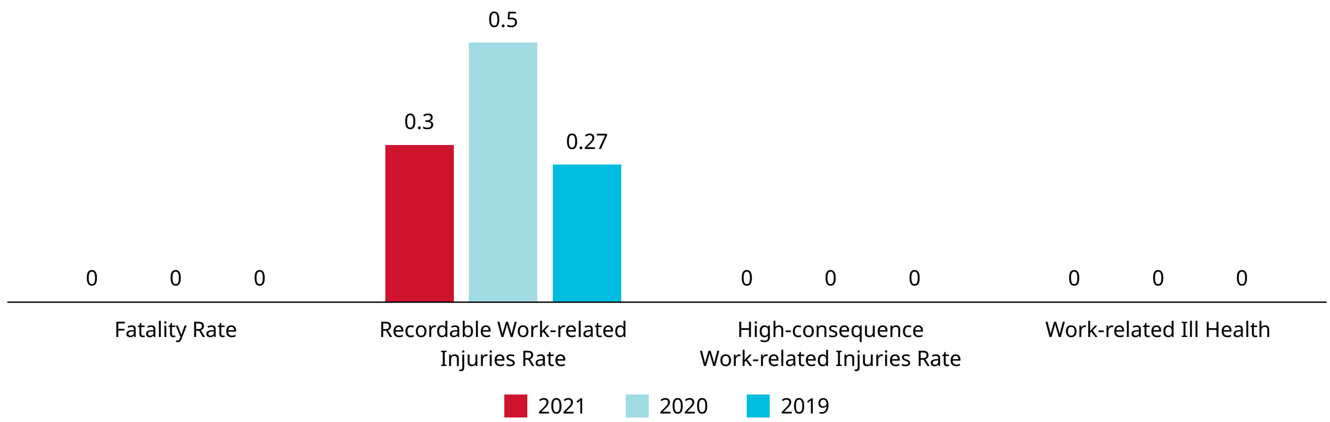
Health and Safety Performance
Workplace audits by key clients, customers, standards boards, and regulatory bodies as well as internal stakeholders (Supply Chain Management, HSE managers) all target hazard identification across the

Sustainability Statement (continued)

organization. Key hazards we identified and addressed during 2021 mainly consisted of improper behaviors relating to operating forklifts and powered equipment, stacking of loads and storage of materials, manual uplifting and/or handling as well as the risk of exposure to potentially dangerous and hazardous substances. Actions taken to manage risks include engineering and administrative controls, training as well as the provision of personal protective equipment.

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

DKSH OHS Performance Data



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

With regard to the OHS injuries, our overall number of injuries in the reporting year decreased from five cases in 2020 to three due to the increasing of workplace safety awareness amongst the employees. The main types of injuries reported this year were related to sprains and strains injury and injuries related to contract with object/equipment. To address this problem, we are taking immediate steps to determine source of accidents and subsequently prevent the recurrence of such accidents. We further intensified our efforts to ensure employees' safety at workplace through Safety Environment Management System (HSEMS) gap analysis, enhancement on HSE engagement such as conducting awareness and competencies training, as well as enhancement on emergency response and preparedness.

As ergonomics plays a big role in workplace safety, DKSH Health, Safety and Environment Day 2021 focused on getting the ergonomics right – covering the topics on postures, workstation ergonomics, lifting techniques, safety movements, workplace hazards, and musculoskeletal disorders.

Labor Standards (102-41, 406-1, 407-1, 408-1, 412-1, 412-2)

At DKSH, our workforce is as diverse as our business. Many of our employees are office-based, with others working in distribution centers, laboratories, innovation centers or out in the field servicing customers. What all our employees have in common is a desire for fair employment and pleasant, safe workplaces free of discrimination and harassment. For some of our supply chain-related services, we rely on contractors. We expect all our appointed business partners to respect human rights, as mandated by our Supplier Code of Conduct. Violation of these principles can lead to contract termination.

Sustainability Statement (continued)

Respecting human rights is a key element in our employment offering, as laid out in our Code of Conduct. DKSH does not discriminate based on age, religion, gender, or any other category. We respect our workers' rights to freedom of association and collective bargaining. We would never penalize anyone engaging in good faith in workers' groups. We ask any staff member who feels that they, or one of their colleagues, is subject to discrimination or harassment to report it to the HR department. Organizationally, we practice a business partnering approach, whereby representatives of the HR department are stationed within operations for ease of access.

At the end of 2021, 27.27% of DKSH's employees were covered by collective bargaining agreements (2020: 38.80%). The year-to-year decrease in the percentage was mainly due to the reduction in manual or clerical tasks which led to the change of manpower requirement in the organization.

Our stance on human rights and non-discrimination is made clear to employees through our Code of Conduct and related induction training. This includes the importance of treating all people with respect. The training materials specifically state that the company values diversity in the workforce, such as differences in backgrounds and cultures, and that any form of discrimination, harassment or bullying is not acceptable.

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

At DKSH, we recognize that everybody in the workplace must be treated with respect and dignity.

The training encourages people to report any cases of misconduct to the site manager or to HR and emphasizes that reports will be kept confidential. Organizationally, we practice a business partnering approach whereby representatives of the HR department are stationed within operations, allowing employees to easily access their support. In 2021, no incidents of misconduct were reported to HR.

100% of DKSH's employees have gone through the training on Code of Conduct, which includes human rights, in 2021.

To ensure labor rights are fully upheld, the HR and Supply Chain Management teams have responsibility for all hiring and for ensuring that employees and contractors have the correct documentation. We comply to the Employment Act 1955 which governs the working hours and overtime work for employees under the employment laws of Malaysia. We operate management programs in line with applicable local laws and labor regulations to prevent child or forced labor, or illegal workers, and to ensure decent and safe workplaces, fair and timely pay, and adequate rest periods. In 2021, we have also initiated a human rights risk assessment audit to ensure compliance to local and international labor standards.

Our management approach on non-discrimination and human rights practices has focused thus far on legal compliance and governance processes. We have three bargaining agreements in place (West Malaysia, Sabah, and Sarawak) which are renewed every three years.

DKSH recorded no incidents of discrimination or harassment in 2021.

Information Security (418-1)

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

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

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

In 2021, IT security awareness training for all employees were conducted through the company's learning management system, Maya. In Malaysia, we have a local IT team responsible for

Sustainability Statement (continued)

tracking and ensuring the employees attend the training, as well as sending out regular email reminders.

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

In 2018, DKSH achieved ISO 27001:2013 certification of the Corporate Shared Services Center SAP Infrastructure. As part of the continuous improvement of the company's IT landscape, IT applications will also be certified. The gap analysis and necessary measures were initiated during 2019 and certification was achieved in 2020.

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

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

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

In 2021, DKSH received no complaints regarding data breaches of customer privacy and loss of customer data from outside parties or regulatory bodies. Similarly, DKSH is not aware of any identified leaks, thefts, or losses of customer data.

Local Communities (413-1)

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

We create positive impacts on society by providing stable jobs with fair employment terms and opportunities for personal development, and by setting a clear standard for how business should be conducted. Furthermore, through our capillary distribution network, we enable market access for healthcare products and other necessary items, contributing to the quality of life in the communities we serve.

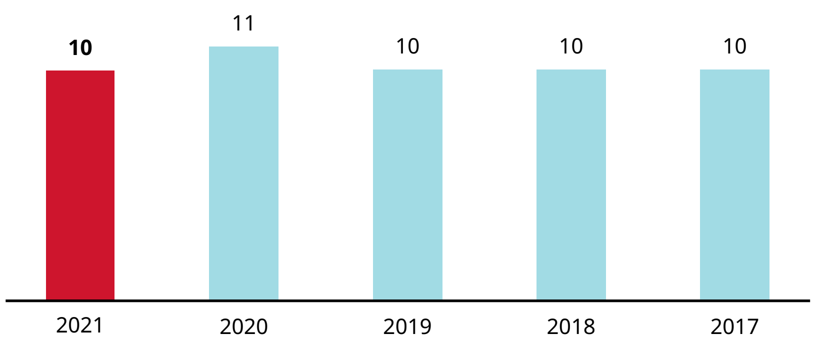
Alongside our business activities, we strive to create a positive impact by engaging in projects and selected sponsorship programs to develop and support local communities. However, as stated in our Code of Conduct, DKSH does not engage in political processes and for that matter refrains from any form of donation to political parties, elected officials or candidates for public office, or in support of any political campaigns.

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

In 2016, Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd. which is a business entity wholly owned by DKSH, launched project ORCHID (Opportunities in Rejuvenating Careers for the Hearing Impaired) in collaboration with the Malaysian Federation of the Deaf to empower the hearing-impaired community by providing career opportunities to them.

In 2021, 10 hearing-impaired individuals were employed at selected Famous Amos outlets. Famous Amos was also awarded the Caring Employer Award (Private Sector) by the Department of Social Welfare Malaysia, under the Ministry of Women, Family & Community Development, for supporting the disabled community by providing them with career opportunities.

Famous Amos Project ORCHID



This year, despite the challenges brought on by the pandemic this year, we continue to serve and support the local community surrounding our operations, as well as the community at large. Our CSR programs are grouped in three focus areas – Health & Wellness, Education, and Environment.

Sustainability Statement (continued)

Health & Wellness
DKSH continued the Bantuan Kasih food-aid program which supplements under-privileged families with monthly groceries. Bantuan Kasih program was carried out in three states in the country – Klang Valley, Ipoh, and Kelantan – benefitting 42 low-income families.

Through our on-going partnership with Malaysia's food bank pioneer, The Lost Food Project, we have donated a total of 14,888kg of surplus food to more than 70 organizations and underprivileged families in need. We also donated over 20,000kg of food to 12 areas in Negeri Sembilan and 20 areas in Klang Valley through our collaboration with Muhibbah Food Bank.

In support of the National Immunization Program, DKSH has also pledged a donation of MYR 20,000 through DKSH Fantree Club Steps Challenge, which was used to purchase medical consumables for Healtopedia, healthcare operator at Bangi Avenue Convention Centre.

In December 2021, the DKSH volunteers spread Christmas cheer to the less privileged children from Rumah K.I.D.S. and Agathians Shelter, as well as the families who are registered under our DKSH's Bantuan Kasih food-aid program, by fulfilling their Christmas wish lists. In addition to the presents, we also contributed household appliances and groceries the underprivileged families and orphanages.

As the unprecedented flooding hits Malaysia, we have also extended a helping hand by donating food aid and necessities worth over MYR 8,000 to the communities affected, in collaboration with the Lions Club of Kuala Lumpur Providence.

Sustainability Statement (continued)

Education

One of our core initiatives under the Education pillar involves empowering indigenous communities towards education. For four consecutive years, we have partnered with SUKA Malaysia on its Empowered2Teach program which allowed us to reach out to the communities in remote areas where education is severely limited. We have adopted Kelas Komuniti Orang Asli preschool in Kampong Tanam in Kuala Rompin, Pahang, benefitting 15 indigenous preschoolers between the ages of four to six. In celebration of International Literacy Day on September 8, we have also donated phonics sound books to the children to help create a more dynamic education journey for them.

In addition to the above, we also sponsored a total of about MYR 15,100 to the Institute for Democracy and Economic Affairs ("IDEAS") in support of their mental health intervention programs. The partnership saw 120 hours of psychological sessions, two group sessions and two public webinars on mental health carried out for the children with autism, their parents, and the public.

We donated 22 units of the decommissioned laptop to Ajar-Ajar Malaysia, an NGO that provides free education and social empowerment programs for underprivileged school-going children. The donated laptops are currently utilized by the volunteers from Ajar-Ajar Malaysia to conduct online classes for about 150 children who have enrolled in their free tuition program. Three of the refurbished laptops were also donated to B40 university students in need.

In December 2021, we donated cooking supplies and groceries to the Sarawak Association for the Welfare of Intellectually Disabled Children for them to use in the cooking classes for the children, the schools' lunches, as well as their charity drive to raise funds for the maintenance of the school. 30 students from three classes from the association were benefitted from the sponsorship.

Environment

An internal e-waste collection drive was organized in collaboration with NCT Forwarding & Shipping Sdn. Bhd. and Sabah Computer Society among colleagues in the DKSH office at Kota Kinabalu.

In an effort to educate and encourage our employees on proper e-waste disposal and recycling, we have launched #DKSHrecyclesewaste2021 in partnership with E-waste Recycling Through Heroes ("ERTH"). As most of our employees were still working from home, we conducted door-to-door e-waste collection through ERTH and collected a total of 238kg of e-waste.

Sustainability Statement (continued)

GRI Content Index (102-55)

GRI Indicator	Content of Disclosure	Page Reference
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102-1	Name of the organization	26
102-2	Activities, brands, products, and services	*Refer to Corporate Profile in Annual Report 2021*
102-3	Location of headquarters	26
102-4	Location of operations	26
102-5	Ownership and legal form	*Refer to Corporate Structure in Annual Report 2021*
102-6	Markets served	26
102-7	Scale of the organization	*Refer to Corporate Profile in Annual Report 2021*
102-8	Information on employees and other workers	37
102-9	Supply chain	29-30
102-10	Significant changes to the organization and its supply chain	*No significant changes*
102-11	Precautionary Principle or approach	35-36
102-13	Membership of associations	26
102-16	Values, principles, standards, and norms of behavior	29-30
102-17	Mechanisms for advice and concerns about ethics	29-30
102-18	Governance structure	26-27
102-20	Executive-level responsibility for economic, environmental, and social topics	26-27
102-30	Effectiveness of risk management processes	29-30
102-32	Highest governance body's role in sustainability reporting	26-27
102-40	List of stakeholder groups	27
102-41	Collective bargaining agreements	44-45
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102-44	Key topics and concerns raised	27
102-45	Entities included in the consolidated financial statements	*Refer to Financial Statement in Annual Report 2021*
102-46	Defining report content and topic boundaries	26

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	Page Reference
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102-49	Changes in reporting	*No significant changes*
102-50	Reporting period	26
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102-53	Contact point for questions regarding the report	26
102-54	Claims of reporting in accordance with the GRI Standard	26
102-55	GRI Content Index	49-52
103-2	Management approach	*Throughout the Sustainability Statement*
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201-1	Direct economic value generated and distributed	29
204-1	Proportion of spending on local suppliers	30-31
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302-4	Reduction of energy consumption	31-32
303-5	Water consumption	33
305-5	Reduction of GHG emissions	33-34
306-1	Waste generation and significant waste-related impacts	34
306-2	Management of significant waste-related impacts	34
306-3	Waste generated	34
306-4	Waste diverted from disposal	34
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Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	Page Reference
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	38-39
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403-1	Occupational health and safety management system	41-44
403-2	Hazard identification, risk assessment, and incident investigation	41-44
403-3	Occupational health services	41-44
403-4	Worker participation, consultation, and communication on occupational health and safety	41-44
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404-3	Percentage of employees receiving regular performance and career development reviews	41
405-1	Diversity of governance bodies and employees	37
406-1	Incidents of discrimination and corrective actions taken	44-45
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	44-45
408-1	Operations and suppliers at significant risk for incidents of child labor	44-45
412-1	Operations that have been subject to human rights reviews or impact assessment	44-45
412-2	Employee training on human rights policies or procedures	44-45
413-1	Operations with local community engagement, impact assessments, and development programs	46-48
416-1	Assessment of the health and safety impacts of product and service categories	35-36
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	35-36

Sustainability Statement (continued)

GRI Indicator	Content of Disclosure	Page Reference
Social (continued)		
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417-2	Incidents of non-compliance concerning product and service information and labeling	35-36
417-3	Requirements for product and service information and labeling	35-36
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	45-46
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Corporate Governance Overview Statement

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

Corporate Governance Overview Statement

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

The Board is pleased to report on the application of the Recommended Practices of the MCCG to shareholders on the Group's corporate governance practices during the financial year ended December 31, 2021 in accordance with the MCCG and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

This statement is to be read together with the Corporate Governance Report 2021 ("CG Report") of the Company. The application of each Practice set out in the MCCG during the financial year ended December 31, 2021 is disclosed under DKSH Malaysia' Corporate Governance Report published on the Company's website:

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities

Roles and Responsibilities of the Board

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

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

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

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

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

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

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

Board Balance and Effectiveness

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

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

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

Corporate Governance Overview Statement (continued)

There is a distinct division of roles and responsibilities of the Chairman of the Board and the Vice President, Group Finance Process Transformation & Country Finance, 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 Directors effectiveness, drawing their respective knowledge, strength, experience and skills. The Vice President, Group Finance Process Transformation & Country Finance, 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 Vice President, Group Finance Process Transformation & Country Finance, 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.

Following the departure of the Vice President, Group Finance Process Transformation & Country Finance, Malaysia, in January 2022, in replacement thereof, the Vice President, FMCG, has taken on the additional role of Head Country Management, Malaysia. Similarly, the Head Country Management is also assisted by the Management team who will provide all the organizational support required for the Group to function well.

Board Meetings and Supply of Board Information

The Board meets at least four (4) times a year, with additional meetings convened on an ad-hoc basis as and when decisions on urgent matters are required between scheduled meetings. The meetings of the Board and Board Committees are scheduled in advance of the calendar year and an annual Schedule of Meetings is circulated to allow Directors to plan ahead.

The Directors have demonstrated their time commitment towards fulfilling their roles and responsibilities as Directors of the Company and all Directors have complied with the minimum requirement on attendance at Board meetings as provided in the Listing Requirements. During 2021, four Board meetings were held and the attendance of each Director thereat is set out in the table below. Due to the COVID-19 pandemic, the Board members attended the meeting virtually.

The Board: Composition and Attendance at the Board Meetings Held in 2021

Directors	Designation	No. of Meetings Attended
Stephen John Ferraby	Non-Independent Non-Executive Chairman	4/4
Lee Chong Kwee (resigned w.e.f. June 16, 2021)	Senior Independent Non-Executive Director	2/4
Datuk Haji Abdul Aziz bin Ismail (resigned w.e.f. January 1, 2022)	Independent Non-Executive Director	3/4
Chan Thian Kiat **	Senior Independent Non-Executive Director	4/4
Jason Michael Nicholas McLaren (resigned w.e.f. January 6, 2022)	Non-Independent Executive Director/ Vice President, Group Finance Process Transformation & Country Finance, Malaysia	4/4
Lian Teng Hai	Non-Independent Non-Executive Director	4/4
Dr. Leong Yuen Yoong (appointed w.e.f. June 16, 2021)	Independent Non-Executive Director	2/2 *
Fa'izah binti Mohamed Amin ^ (appointed w.e.f. January 1, 2022)	Independent Non-Executive Director	–
Puneet Mishra ^ (appointed w.e.f. February 23, 2022)	Non-Independent Executive Director/ Vice President, FMCG	–

* Total number of meetings held subsequent to appointment.
** Re-designated as a Senior Independent Non-Executive Director on June 16, 2021.
^ Directors appointed in 2022.

Corporate Governance Overview Statement (continued)

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 Vice President, Group Finance Process Transformation & Country Finance, Malaysia is also a Board member, supports a regular flow of information between the Board and Management. Likewise, the Head Country Management, Malaysia, who is also a Board member will ensure the information from the Board is properly disseminated to the 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, recommendations and any other relevant information are prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions. The Board is given sufficient time to evaluate reports and proposals and if necessary, request additional information to enable the Board to make informed and effective decisions. Where necessary, members of the Management team are invited to attend Board or Board Committee meetings to report and update on specific items on the agenda to enable the Board/Board Committee members to arrive at an informed decision.

Minutes of the Board Meetings have been accurately recorded by the Company Secretary 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 Secretary.

Support of Company Secretary

The Board has direct access to the advice and services of the Company Secretary who support the Board in carrying out its roles and responsibilities. The Company Secretary 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. The Company Secretary 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 Company Secretary:
- Yuen Yoke Ping

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under Section 235(2) and Section 241 of the Act. For FY 2021, the Company Secretary has attended the relevant continuous professional development program as required by Companies Commission of Malaysia for practicing Company Secretary.

As at the date of this statement, the Company Secretary has registered with Companies Commission of Malaysia to act as Company Secretary with the Registrar.

(2) Board Composition

Board Composition and Size

For FY 2021, the Board consists of six (6) members: one (1) Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive, thereof one Senior Independent Non-Executive Director, one (1) Non-Independent Executive Director, who is also the Vice President, Group Finance Process Transformation & Country Finance, Malaysia and one (1) Non-Independent Non-Executive Director. In February 2022, a new Non-Independent Executive Director, who is also the Vice President, FMCG was appointed to replace Vice President, Group Finance Process Transformation & Country Finance, Malaysia who has vacated the position in January 2022. Therefore, the prescribed requirement for one third

Corporate Governance Overview Statement (continued)

of the membership of the Board to be independent Board members is fulfilled. This also applies to Practice 5.2 of the MCCG where at least half of the Board comprises independent directors.

The 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 2021, the Nomination and Remuneration Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Chairman as follows:

The Nomination and Remuneration Committee: Composition and Attendance at the Nomination and Remuneration Committee Meeting Held in 2021

Directors	Designation	No. of Meetings Attended
Lee Chong Kwee (resigned w.e.f. June 16, 2021)	Chairman	2/4
Stephen John Ferraby	Member	4/4
Datuk Haji Abdul Aziz bin Ismail (resigned w.e.f. January 1, 2022)	Member	4/4
Dr. Leong Yuen Yoong (appointed w.e.f. June 16, 2021)	Chairman	2/2 *
Fa'izah binti Mohamed Amin ^ (appointed w.e.f. January 1, 2022)	Member	–

* Total number of meetings held subsequent to appointment.
^ Appointment as member in 2022.

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

For FY 2021, the Nomination and Remuneration Committee met four times during the year under review with full attendance of its members. Dr. Leong Yuen Yoong attended the two (2) Meetings held subsequent to her appointment as Chairman of the Nomination and Remuneration Committee on June 16, 2021, and Fa'izah binti Mohamed Amin was appointed as a member of the Nomination and Remuneration Committee after the financial year (i.e. on January 1, 2022). Details of the activities undertaken by the Nomination and Remuneration Committee in discharging its duties during 2021 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;

Corporate Governance Overview Statement (continued)

(iv) Assessment of the training needs of Board Members through the assessment of individual Directors;

(v) Evaluated the eligibility of the retiring Directors by rotation to stand for re-election at the previous Annual General Meeting held in 2021. Criteria used in this assessment are guided by the Bursa Securities's Corporate Governance Guide;

(vi) 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;

(vii) Conducted the online assessment of the Audit Committee Member's Self and Peers; and

(viii) 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 Vice President, Group Finance Process Transformation & Country Finance, Malaysia has the character, experience, integrity, competence and time to effectively discharge the respective role.

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, 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 and 101 of the Constitution of the Company, Stephen John Ferraby, Fa'izah binti Mohamed Amin and Puneet Mishra are due for retirement at the forthcoming 30th AGM. Being eligible, they have expressed their intention to seek re-election at the forthcoming 30th AGM.

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 2022, the Board approved the recommendation of the Nomination and Remuneration Committee that the retiring Directors are eligible for re-election at the forthcoming 30th 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 16 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

Corporate Governance Overview Statement (continued)

used in the assessment are guided by the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and customized to meet the expectations of the Board and the Company. Where appropriate, the Nomination Committee will review the assessment criteria.

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

Independence of Directors

Practice 4.2 of the MCCG sets out that the tenure of an Independent Director should not exceed a cumulative term of nine years, and if an Independent Director continues to serve on the Board upon completion of the nine years, he is subject to be re-designated as a Non-Independent Director. Pursuant to the Revised MCCG, Practice 5.3, it recommends that the Board must justify and seek shareholders' approval through a two-tier voting approach in the event it retains an Independent Director who has served in that capacity for more than nine years without re-designation as a Non-Independent Director. Pursuant to the Practice Note 13 of the Main Market Listing Requirement, as an Independent Director is one who has not served in any one or more of the said Corporations for a cumulative period of more than 12 years from the date of his first appointment as an Independent Director.

For FY 2021 and up to the date of this Statement, the Board noted that none of its Board members have attained more than nine years of service as Independent Directors.

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

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

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

Directors' Training

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

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

Corporate Governance Overview Statement (continued)

also kept informed of the requirements and updates issued by Bursa Securities and other regulatory authorities.

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

The Company Secretary 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 2021:

Name of Directors	Description of Training Programs, Seminars, Briefings etc.
Stephen John Ferraby	• Tricor Hive Sdn Bhd – Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries, Issued by Securities Commission, Analysis of Corporate Governance Monitor 2019 & 2022, and revised Malaysian Code of Corporate Governance ("MCCG")
Datuk Haji Abdul Aziz bin Ismail	• Tricor Hive Sdn Bhd – Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries, Issued by Securities Commission, Analysis of Corporate Governance Monitor 2019 & 2022, and revised Malaysian Code of Corporate Governance ("MCCG") • Securities Commission – SC's Audit Oversight Board Conversation with Audit Committees
Chan Thian Kiat	• KPMG – KPMG Board Leadership Center Exclusive: Managing Human Rights: Why is it important to corporations? • CPA Australia – #ChooseToChallenge International Women's Day 2021 • KPMG – Board and Audit Committee Priorities 2021 • KPMG – The New Reality of Cyber Hygiene • Tricor Hive Sdn Bhd – Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries, Issued by Securities Commission, Analysis of Corporate Governance Monitor 2019 & 2022, and revised Malaysian Code of Corporate Governance ("MCCG") • Securities Commission – SC's Audit Oversight Board Conversation with Audit Committees
Lian Teng Hai	• Tricor Hive Sdn Bhd – Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries, Issued by Securities Commission, Analysis of Corporate Governance Monitor 2019 & 2022, and revised Malaysian Code of Corporate Governance ("MCCG")
Dr. Leong Yuen Yoong	• Tricor Hive Sdn Bhd – Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries, Issued by Securities Commission, Analysis of Corporate Governance Monitor 2019 & 2022, and revised Malaysian Code of Corporate Governance ("MCCG") • Securities Commission – SC's Audit Oversight Board Conversation with Audit Committees

Corporate Governance Overview Statement (continued)

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

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

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

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

Details of Directors remuneration (both Executive and Non-Executive) is shown under Note 6 of the Company's audited financial statements for the financial year ended December 31, 2021 on pages 109 and 110 of this Annual Report.

For financial year ended December 31, 2021 the disclosure of the remuneration for the Directors are as follows:

Group

	Executive Director (RM'000)	Non-Executive Director (RM'000)	Total (RM'000)
Fees	–	241	241
Salaries	795	–	795
Bonuses	325	–	325
Benefits-in-kind	–	–	–
Others	522	–	522

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

Directors' Remuneration	Number of Directors Executive Director	Number of Directors Non-Executive Director
RM50,000 and below	–	2
RM50,001 - RM100,000	–	3
RM100,001 - RM150,000	–	–
RM1,450,001- RM1,500,000	1	–

Corporate Governance Overview Statement (continued)

Company

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

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

Directors' Remuneration	Number of Directors Executive Director	Non-Executive Director
RM50,000 and below	–	2
RM50,001 - RM100,000	–	3
RM100,001 - RM150,000	–	–
RM1,450,001- RM1,500,000	–	–

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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

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

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

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

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

During 2021, 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 68 to 70 of this Annual Report. The terms of reference of the Audit Committee are available on the Company's website at www.dksh.com.my

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

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process, compliance with applicable accounting standards

Corporate Governance Overview Statement (continued)

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 2021 is set out on page 73 of this Annual Report.

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

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

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

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

(2) Risk Management and Internal Control Framework

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

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

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 65 to 67 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.

Corporate Governance Overview Statement (continued)

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

The Group's Investor Relations Function plays an important role in providing proactive engagements and communication with shareholders and investors. The Company conducts regular investor relations meetings post announcement of results and welcomes the visit of investors for dialogue or discussions on the performance of the Group. The Vice President, Group Finance Process Transformation & Country Finance, Malaysia is available for such meetings to address queries or issues regarding the Company and/or the Group may be conveyed to him. During the year under review, four (4) 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. Notice is given at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an AGM.

The Board had on May 6, 2021 issued its Notice of Twenty-Ninth AGM of the Company ("29th AGM") at least twenty eight (28) days before the date of the meeting i.e June 16, 2021 in compliance with Practice 13.1 of the MCCG.

Attendance of Directors at General Meetings

All Board members attended the AGM of the Company held on June 16, 2021 and provided responses to the shareholders on the key matters arose during the Meeting. Mr. Nicholas McLaren, Vice President, Group Finance Process Transformation & Country Finance, Malaysia had presented a short review of the Company's 2020 performance and key initiatives for 2021 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 29th AGM held on June 16, 2021. The Company has appointed an independent scrutineer to validate the votes cast at the 29th AGM. The poll results were announced by the Company to the Bursa Securities on the same day.

Compliance Statement

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

This statement is made in accordance with Board's approval on April 27, 2022.

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, 2021, which has been prepared pursuant to Paragraph 15.26 (b) of the Main Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Malaysian Code on Corporate Governance and the Statement on Risk Management and Internal Control; Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of internal control of the Group (comprising the Company and its subsidiaries) during the financial year.

Board's Responsibility

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

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

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

Enterprise Risk Management

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

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

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

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

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

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

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

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

Amid the COVID-19 pandemic, the Management took various proactive measures to safeguard the business and employees. Even prior to the implementation of the Movement Control Order ("MCO") on March 18, 2020, the Management initiated the Emergency Response Team ("ERT") to review all possible crisis scenarios and formulate standard operating procedures in response to the growing COVID-19 threat. With a detailed Business Continuity Plan in place, the Group was able to transition smoothly

Statement on Risk Management and Internal Control (continued)

into the new normal way of working and doing business throughout the various phases of the MCO. This was mainly through the Group's digitalization initiative.

Among the measures were temperature checks for employees at office premises and distribution centers, mandatory COVID-19 testing for employees at the distribution centers, implementation of the Total Quarantine Solutions in the distribution centers and work-from-home arrangements. Communication with employees were electronic and through virtual townhalls. The Company was able to continue to conduct its business without any major disruptions and in compliance with guidelines issued by the Ministry of International Trade and Industry. This mitigated the risks of COVID-19 infections.

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;

(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 2021;

(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 2021 and 100% of selected employees had completed the refresher course in 2021;

(vi) Limits of Authority ("LOA"): LOA which provides clarity on authorities assigned at Corporate, Business Unit, as well as country level was updated in 2021 and is reviewed periodically to cater for the changing business environment in which the Group operates;

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

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

(ix) Whistleblower Policy and Procedures: Since 2019, the Group has demarcated the direct reporting channels to serve as a platform for all employees and external parties to raise legitimate concerns about illegal, unethical or otherwise inappropriate behavior observed in the course of our business. These include questionable accounting, fraud or employee misconduct. The policy assures whistleblowers protection

Statement on Risk Management and Internal Control (continued)

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 69 to 70 of this Annual Report;

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

(xvii) Organization Structure: The Board provides direction and oversight to the Group and Management and is supported by established Board Committees, namely the Audit Committee and the Nomination Committee. Each Committee has clearly defined terms of reference. Responsibility for implementing the Group's strategies, operation and day-to-day businesses is delegated to the Vice President, Group Finance Process Transformation & Country Finance, Malaysia 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 2021 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 2021 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 Vice President, Group Finance Process Transformation & Country Finance, Malaysia who is primarily responsible for the financial management of the Group that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the year under review and up to the date of approval of this statement.

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

This statement is made in respect of the financial year ended December 31, 2021 and in accordance with the Board's approval on April 21, 2022.

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, 2021 ("FY 2021") in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is Chan Thian Kiat, appointed by the Board as member of Audit Committee on August 9, 2017 and assumed the role of Chairman since June 16, 2021. This complies with Paragraph 15.09 (1) of the Main LR of Bursa Malaysia. All members have more than 20 years of business experience in various management, finance and audit functions and are financially literate.

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

Composition and Meetings

Four Audit Committee meetings were held in 2021. As a standing practice, all other Directors including the Vice President, Group Finance Process Transformation & Country Finance, Malaysia was invited to attend all Audit Committee Meetings (except private sessions). The Vice President, Group Finance Process Transformation & Country Finance, Malaysia facilitates the presentation as well as provides clarification on audit issues arising from the Group's operation. The Head of Internal Audit Department was invited to attend the Audit Committee Meetings to table their Internal Audit reports. During the financial year, 4 Audit Committee Meetings were held with full attendance recorded for all committee members. Dr. Leong Yuen Yoong attended the 2 Meetings held subsequent to her appointment as a member of the Audit Committee on June 16, 2021, and Fa'izah binti Mohamed Amin was appointed as a member of the Audit Committee after the financial year (i.e. on January 1, 2022). The details of attendance of each Audit Committee member at the Committee's meetings during 2021 are set out below:

Audit Committee: Composition and Attendance at the Audit Committee Meetings Held in 2021

Name	Status	No. of Meetings Attended
Chan Thian Kiat	Chairman, Senior Independent Non-Executive Director	4 out of 4 meetings
Dr. Leong Yuen Yoong	Member, Independent Non-Executive Director (Appointed on June 16, 2021)	2 out of 2 meetings
Datuk Haji Abdul Aziz bin Ismail	Member, Independent Non-Executive Director (Resigned on January 1, 2022)	4 out of 4 meetings
Fa'izah binti Mohamed Amin	Member, Independent Non-Executive Director (Appointed on January 1, 2022)	–
Lee Chong Kwee	Resigned on June 16, 2021	2 out of 2 meetings

For FY 2021, the External Auditors attended two Audit Committee meetings during the financial year. At the meetings, the Audit Committee had separate private sessions with the External Auditors without the presence of any Executive Director and Management of the Company to discuss relevant audit issues and obtain feedback.

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

Online Assessment of Term of Office and Performance

The Company has developed its online Audit Committee members' self and peer assessments survey which was duly completed by the Audit Committee members. Upon review, the Nomination Committee noted the Audit Committee and its members have carried out their duties in accordance with the Terms

Audit Committee Report (continued)

of Reference of the Audit Committee, thereby complying with Paragraph 15.20 of the Main Listing Requirements of Bursa Malaysia.

Summary of the Work of Audit Committee in 2021

In 2021, the Audit Committee conducted its activities in line with the above described responsibilities. The following is a summary of the main activities carried out by the Committee during the FY 2021:

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

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

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

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

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

(vi) Reviewed with the External Auditors on the scope of work, audit plan and fees for the statutory audit for the financial year 2020 and thereafter recommend to the Board;

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

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

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

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

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

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

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

(xiv) Reviewed the renewal of the 2021 Shareholders' Mandate for recurrent related party transactions of a revenue and trading nature entered with DKSH Holding Ltd and/or its subsidiaries before recommending their approval to the Board;

(xv) Received the quarterly updates on the actual value of recurrent related party transactions of a revenue and trading nature entered into by the Company and its subsidiaries and compliance with the authority granted pursuant to the 2020/2021 Shareholders' Mandate obtained for recurrent related party transactions;

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

(xvii) Reviewed the Audit Committee Report and the Statement of Risk Management and Internal Control before recommending their approval to the Board for inclusion in the Company's 2020 Annual Report.

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

Summary of the Work of the Internal Audit Function

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

Audit Committee Report (continued)

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

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

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

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

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

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

The Audit Committee has assessed the adequacy and performance of the Internal Auditors for FY 2021 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, 2021 was approximately MYR 509,061 (2020: MYR 757,090) 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 23, 2022.

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 June 16, 2021, 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 May 6, 2021.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the details of RRPTs conducted during the financial year 2021 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 2021 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)	25,154
(ii)	Sale of goods by DKSH Group to transacting parties	DKSH Holding Ltd. and its subsidiaries	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	5,211
(iii)	Provision of distribution and logistics services by DKSH Group to transacting parties	DKSH Holding Ltd. and its subsidiaries	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	7,035
(iv)	Provision of Merchandising Services and Promotion Services by transacting parties for products distributed by DKSH Group	DKSH Holding Ltd. and its subsidiaries	DKSH Resources 1) DKSH Asia 2) DKSH Holding Ltd. 3) SJF 4) LTH 5)	15,678

Additional Compliance Information (continued)

***Notes:**

1) DKSH Resources (Malaysia) Sdn. Bhd. ("DKSH Resources") is a major shareholder of DKSH Holdings (Malaysia) Berhad ("DHMB") (74.31% direct interest as at March 31, 2022) 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 2021 are as follows:

	Group (RM)	Company (RM)
Audit services rendered	503,860	95,000
Non-Audit services rendered • Report on Directors' Statement on Risk Management and Internal Control	5,000	5,000
Total	508,860	100,000

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, 2021 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, 2021 and the details of trainings are disclosed in the Statement on Corporate Governance on page 60 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, 2021.

List of Properties

The Group did not own any properties as at December 31, 2021.

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 27, 2022.

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, 2021.

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	91,275	14,407
Profit attributable to owners of the parent	91,275	14,407

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

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

Dividends
The amount of dividend paid by the Company since December 31, 2020 was as follows:

	RM'000
In respect of the financial year ended December 31, 2020, a final single tier dividend of 10.0 sen per share, on 157,658,076 ordinary shares was paid on August 5, 2021	15,766

Dividends
The Directors have recommended for shareholders' approval, at the forthcoming Annual General Meeting, a final single tier dividend of 11.0 sen per share amounting to RM17,342,388 on 157,658,076 ordinary shares. 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, 2022.

Directors' Report (continued)

Directors

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

Stephen John Ferraby	
Lian Teng Hai	
Chan Thian Kiat	
Dr. Leong Yuen Yoong	(Appointed on June 16, 2021)
Fa'izah Binti Mohamed Amin	(Appointed on January 1, 2022)
Puneet Mishra*	(Appointed on February 23, 2022)
Lee Chong Kwee	(Resigned on June 16, 2021)
Datuk Haji Abdul Aziz bin Ismail	(Resigned on January 1, 2022)
Jason Michael Nicholas McLaren*	(Resigned on January 6, 2022)

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

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

Liew Mei Ling	
Ooi Eng Keong	
Ng Hong Sim	
Hoo Fan Lee	
Gan Wen Nie	(Appointed on December 9, 2021)
Thamayenthi Narayanan	(Appointed on December 15, 2021)
Patrick Othmar Stillhart	(Resigned on March 5, 2021)
Jeffrey Vincent Ng Hoong Hong	(Resigned on September 8, 2021)
Chew Wen Chin	(Resigned on November 18, 2021)

Directors' benefits

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

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

Directors' Report (continued)

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

	Number of ordinary shares			
	At 1.1.2021	**Acquired**	**Sold/ Resigned**	**At 31.12.2021**
Ultimate holding company **DKSH Holding Ltd.**				
Stephen John Ferraby	18,113	2,948	–	21,061
The Company **DKSH Holdings (Malaysia) Berhad**				
Lee Chong Kwee	30,000	–	(30,000)	–
Stephen John Ferraby	10,000	–	–	10,000
Chan Thian Kiat	5,000	–	–	5,000
Subsidiaries **DKSH (B) Sdn. Bhd.**				
Jason Michael Nicholas McLaren	1	–	–	1
FACC (B) Sdn. Bhd.				
Jason Michael Nicholas McLaren	1	–	–	1

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

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

Indemnity and insurance
During the financial year, the total amount of indemnity given to the Directors and officers of the Group and of the Company is limited to a maximum liability of RM22,000,000 in aggregate. The total amount of insurance premium paid for the financial year ended December 31, 2021 was RM12,000.

Directors' Report (continued)

Other statutory information

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

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

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

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

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

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

Auditors and auditors' remuneration

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

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

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated April 6, 2022.

Puneet Mishra **Lian Teng Hai**

Statement by Directors

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

We, Puneet Mishra and Lian Teng Hai, 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 83 to 152 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, 2021 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 6, 2022.

Puneet Mishra

Lian Teng Hai

Statutory declaration

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

I, Puneet Mishra, being the Director primarily responsible for the financial management of DKSH Holdings (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 83 to 152 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Puneet Mishra
at Kuala Lumpur, Wilayah Persekutuan
on April 6, 2022

Puneet Mishra

Before me,

Mohd Fitry Abdul Ghani
Commissioner of Oaths
No. W703

Independent Auditors' Report

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

Report on the audit of the financial statements

Opinion
We have audited the financial statements of DKSH Holdings (Malaysia) Berhad, which comprise the statements of financial position as at December 31, 2021 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 152.

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, 2021, 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

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

Total revenue for the Group for the financial year ended December 31, 2021 amounted to RM6.74 billion, which represents the most significant amount in the financial statements of the Group.

Independent Auditors’ Report

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

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Revenue recognition (continued)

Risk (continued)

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

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

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

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

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

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

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

Information other than the financial statements and auditors’ report thereon
The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon which we obtained prior to the date of this auditors’ report, and the Group’s 2021 Annual Report, which is expected to be made available to us after the date of this auditors’ report.

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

Independent Auditors' Report

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

Report on the audit of the financial statements (continued)

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report

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

Report on the audit of the financial statements (continued)

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

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

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

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

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

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

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
April 6, 2022

Statements of Comprehensive Income

For the Financial Year Ended December 31, 2021

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue	4	6,738,388	6,355,699	24,363	95,699
Changes in inventories of finished goods		(19,681)	5,438	–	–
Raw materials and packaging materials used and finished goods purchased		(5,948,346)	(5,648,299)	–	–
Other income		23,788	15,631	10,419	126
Staff costs	5	(258,231)	(252,979)	–	–
Warehousing and logistics expenses		(137,474)	(122,278)	–	–
Reversal of/(loss allowance) on trade receivables		820	(6,442)	–	–
Rental expenses		(2,035)	(2,117)	–	–
Depreciation of property, plant and equipment		(10,422)	(10,913)	–	–
Depreciation of rights-of-use assets		(36,909)	(37,563)	–	–
Amortization of intangible assets		(12,159)	(12,159)	–	–
Traveling and entertainment expenses		(8,747)	(10,430)	–	–
Information technology and communication expenses		(31,288)	(29,441)	–	–
Utilities, upkeep, repairs and maintenance costs		(16,909)	(19,283)	–	–
Office expenses		(6,959)	(6,406)	–	–
Other selling, advertising and promotional expenses		(88,256)	(78,521)	–	–
Other expenses		(30,664)	(30,983)	(4,896)	(6,190)
Finance costs	7	(28,033)	(34,444)	(13,674)	(22,503)
Profit before tax	8	126,883	74,510	16,212	67,132
Income tax expense	9	(35,608)	(25,622)	(1,805)	(3,525)
Profit net of tax		91,275	48,888	14,407	63,607
Other comprehensive income					
Currency translation differences to be reclassified to profit or loss in subsequent periods		2	2	–	–
Other comprehensive income for the financial year, net of tax		2	2	–	–
Total comprehensive income for the financial year		91,277	48,890	14,407	63,607
Profit attributable to owners of the parent		91,275	48,888	14,407	63,607
Total comprehensive income attributable to owners of the parent		91,277	48,890	14,407	63,607
Earnings per share attributable to owners of the parent • basic (sen)	10	57.89	31.01	–	–

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

Statements of Financial Position

As at December 31, 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	26,406	28,981	–	–
Intangible assets	12	369,631	381,790	–	–
Investments in subsidiaries	13	–	–	563,028	563,028
Deferred tax assets	14	7,975	10,220	–	–
Advances to subsidiaries	15	–	–	20,788	475,735
Right-of-use assets	26	115,294	111,442	–	–
		519,306	532,433	583,816	1,038,763
Current assets					
Inventories	16	726,928	746,023	–	–
Right of return assets	17	2,552	1,500	–	–
Trade and other receivables	18	1,319,772	1,364,991	1,379	3,627
Advances to subsidiaries	15	–	–	225,500	55,000
Tax recoverable		2,093	2,171	–	–
Cash and bank balances	19	109,477	55,402	48	114
		2,160,822	2,170,087	226,927	58,741
Total assets		2,680,128	2,702,520	810,743	1,097,504
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		147	145	–	–
Retained earnings	21	562,339	486,830	333,421	334,780
Total equity		744,658	669,147	515,593	516,952

Statements of Financial Position

As at December 31, 2021 (continued)

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current liabilities					
Trade and other payables	22	1,321,499	1,320,803	584	566
Derivative financial instruments	23	1,287	5,163	905	4,024
Borrowings (unsecured)	24	450,000	83,000	225,000	50,000
Income tax payable		10,262	10,378	118	1,096
Lease liabilities	26	27,738	28,288	–	–
		1,810,786	1,447,632	226,607	55,686
Non-current liabilities					
Borrowings (unsecured)	24	20,744	483,967	68,543	523,929
Provision for other liabilities	25	2,771	3,126	–	–
Derivative financial instruments	23	–	937	–	937
Deferred tax liabilities	14	6,675	9,549	–	–
Lease liabilities	26	94,494	88,162	–	–
		124,684	585,741	68,543	524,866
Total liabilities		1,935,470	2,033,373	295,150	580,552
Total equity and liabilities		2,680,128	2,702,520	810,743	1,097,504

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, 2021

		← 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, 2021		182,172	145	486,830	669,147
Total comprehensive income		–	2	91,275	91,277
Transaction with owners					
Dividend for financial year ended December 31, 2020	27	–	–	(15,766)	(15,766)
Total transaction with owners		–	–	(15,766)	(15,766)
At December 31, 2021		182,172	147	562,339	744,658
At January 1, 2020		182,172	143	437,942	620,257
Total comprehensive income		–	2	48,888	48,890
At December 31, 2020		182,172	145	486,830	669,147

Statements of Changes In Equity

For the Financial Year Ended December 31, 2021 (continued)

	Note	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
Company				
At January 1, 2021		182,172	334,780	516,952
Total comprehensive income		–	14,407	14,407
Dividend for financial year ended December 31, 2020	27	–	(15,766)	(15,766)
Total transaction with owners		–	(15,766)	(15,766)
At December 31, 2021		182,172	333,421	515,593
At January 1, 2020		182,172	271,173	453,345
Total comprehensive income		–	63,607	63,607
At December 31, 2020		182,172	334,780	516,952

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, 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit before tax	126,883	74,510	16,212	67,132
Adjustments for non-cash items:				
Property, plant and equipment:				
• depreciation	10,422	10,913	–	–
• written off	123	363	–	–
• net gain on disposals	(42)	(10)	–	–
Depreciation of right-of-use assets	36,909	37,563	–	–
Reversal of provision for property restoration cost	–	(3)	–	–
Inventories:				
• written off	26,366	21,506	–	–
• net (reversal of)/write-down of slow moving inventories	(2,421)	6,718	–	–
Loss allowance on trade receivables	(820)	6,442	–	–
Interest income (Note c)	(664)	(495)	(9,874)	(18,659)
Interest expense (Note b)	28,033	34,444	13,674	22,503
Dividend income	–	–	(14,489)	(77,040)
(Loss)/gain on lease modification and addition	(47)	26	–	–
Rent concessions COVID-19	(1,684)	(2,259)	–	–
Loss/(gain) on liquidation of subsidiaries	–	48	–	(126)
Gain on disposal of a subsidiary	(8,520)	–	(6,364)	–
Net unrealized foreign exchange losses/(gains)	103	(723)	–	–
Net unrealized derivative (gain)/losses	(4,835)	3,618	(4,056)	2,756
Amortization of intangible assets	12,159	12,159	–	–
Operating cash flows before changes in working capital	221,965	204,820	(4,897)	(3,434)
Changes in working capital:				
Inventories	(12,267)	(32,652)	–	–
Right of return assets	(1,052)	5,241	–	–
Receivables	41,881	12,113	192	(66)
Payables	2,211	(94,785)	115	4,976
Cash flows generated from/(used in) operations	252,738	94,737	(4,590)	1,476
Dividend received	–	–	14,489	77,040
Interest received (Note c)	664	495	11,930	18,825
Interest paid (Note b)	(28,169)	(33,946)	(13,771)	(22,599)
Tax paid	(36,275)	(23,429)	(2,783)	(3,630)
Net cash flows generated from operating activities	188,958	37,857	5,275	71,112

Statements of Cash Flows

For the Financial Year Ended December 31, 2021 (continued)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	197	131	–	–
Purchase of property, plant and equipment (Note a)	(8,411)	(10,750)	–	–
Investment in a subsidiary	–	–	(12,500)	–
Net cash inflows from disposal of a subsidiary (Note 13)	18,657	–	18,864	–
Proceeds from liquidation of subsidiaries (Note 13)	–	108	–	108
Net cash flows generated from/(used in) investing activities	10,443	(10,511)	6,364	108
Cash flows from financing activities				
Dividends paid on ordinary shares	(15,766)	–	(15,766)	–
Net (repayment)/drawdown of external borrowings	(83,000)	32,380	(275,000)	–
Net advances from/(to):				
• intermediate holding company	265	665	265	665
• immediate holding company	(12,788)	6,015	(13,488)	6,015
Repayment of lease liabilities	(34,039)	(33,065)	–	–
Net advances to subsidiaries	–	–	292,284	(78,494)
Net cash flows (used in)/generated from financing activities	(145,328)	5,995	(11,705)	(71,814)
Changes in cash and cash equivalents	54,073	33,341	(66)	(594)
Currency translation differences	2	2	–	–
Cash and cash equivalents at beginning of financial year	55,402	22,059	114	708
Cash and cash equivalents at end of financial year (Note 19)	109,477	55,402	48	114

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Cash	8,411	10,750	–	–
Deferred payment	229	189	–	–
Provision for property restoration cost	161	–	–	–
Less: Payment made for previous financial year acquisitions	(189)	(2,067)	–	–
Additions (Note 11)	8,612	8,872	–	–

Statements of Cash Flows

For the Financial Year Ended December 31, 2021 (continued)

Note: (continued)

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Interest paid	28,169	33,946	13,771	22,599
Interest payable	182	318	363	460
Unwinding of discount	–	392	–	–
Less: Payment made for previous financial year interest expense	(318)	(212)	(460)	(556)
Interest expense (Note 7)	28,033	34,444	13,674	22,503

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Interest received	664	495	11,930	18,825
Interest receivable	–	–	1,229	3,285
Less: Receipt for previous financial year interest income	–	–	(3,285)	(3,451)
Interest income	664	495	9,874	18,659

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

Notes to the Financial Statements

December 31, 2021

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 6, 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000), except when otherwise indicated.

2.2 Changes in accounting policies

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

Several amendments and interpretations apply for the first time in 2021, but do not have a material impact on the financial statements of the Group and of the Company. These amendments and interpretations were Interest Rate Benchmark Reform—Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) and Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases).

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

A number of new standards, such as MFRS 17 Insurance Contracts, Amendments to MFRS 17 Insurance Contracts, Initial Application of MFRS 17 and MFRS 9—Comparative Information (Amendment to MFRS 17 Insurance Contracts), Classification of Liabilities as Current or Non-current (Amendments to MFRS 101), Disclosure of Accounting Policies (Amendments to MFRS 101), Definition of Accounting Estimates (Amendments to MFRS 108), Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112), Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment), Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128), Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets), and Annual Improvements to MFRS Standards 2018–2020 are effective for annual periods beginning after January 1, 2022 and earlier application is permitted. The Group has not early adopted the new or amended standards. The amended standards are not expected to have a significant impact on the Group's financial statements.

2.4 Economic entities in the Group

(a) Basis of consolidation

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

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

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

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

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

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

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

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

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.4 Economic entities in the Group (continued)

(b) Business combinations and goodwill

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

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

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

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

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

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

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

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.5 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

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

2.6 Fair value measurement

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

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

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

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

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

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

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

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.6 Fair value measurement (continued)

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

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

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

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

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

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

2.7 Intangible assets

(a) Trademarks

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

(b) Goodwill

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

(c) Distribution rights

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

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

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.8 Property, plant and equipment

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

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

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

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

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

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

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

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

2.9 Investments in subsidiaries

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

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

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

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

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets

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

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

2.11 Leases

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

As lessee

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

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

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

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

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

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.11 Leases (continued)

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

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

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

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

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

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

Cost is principally determined on a weighted average basis and comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. The cost of conversion includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.13 Share capital

(a) Classification
Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

(b) Dividends distribution
Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognized in the period in which the dividends are approved.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.14 Taxes

(a) Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognized in the statements of comprehensive income except to the extent that the tax relates to items recognized outside the statements of comprehensive income, either in other comprehensive income or directly in equity.

(b) Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all temporary differences, except:
- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statements of comprehensive income is recognized outside the statements of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.14 Taxes (continued)

(c) Sales and Services Tax ("SST")
When SST is incurred, SST is recognized as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Whereas, revenue is recognized net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.15 Employee benefits

(a) Short term employee benefits
The Group recognizes a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

(b) Defined contribution plan
Companies incorporated in Malaysia contribute to the Employees Provident Fund, the defined contribution plan. The Group's contributions are charged to the statements of comprehensive income. Once the contributions have been paid, the Group has no further payment obligations.

2.16 Cash and cash equivalents
For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and bank balances (less bank overdrafts), that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are presented within borrowings in current liabilities in the statements of financial position.

2.17 Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Restoration cost
Provision for restoration cost is estimated cost of dismantling, removing or restoring the property, plant and equipment at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition

(a) Sale of goods and rendering of services
The Group's sales are generated from the distribution of consumer goods, healthcare products and performance material products and from rendering of services. Revenue is recognized when a contractual promise to a customer has been fulfilled by transferring control over the promised goods or services, principally at the time of shipment to or receipt of the products by the customer, or over time when the services are performed. The Group's contractual promises generally represent one performance obligation. However, if a contract includes more than one performance obligation, the consideration is allocated based on the standalone selling prices of the individual performance obligations. The amount of revenue recognized is based on the expected consideration in exchange for the goods and services, taking into account contractually defined terms (e.g. trade discounts, cash discounts, volume rebates and returns) and excluding taxes or duty.

In both Marketing and Distribution, and Logistics segments, the Group enters into contracts with its suppliers for the distribution of products. Under these contracts, the Group might also provide procurement, marketing, sales, warehousing, logistics and collection services. The Group assesses on a contract-by-contract basis whether it is acting as a principal or agent. In some cases, the Group might not be considered the party primarily responsible for fulfilling the promise to the customer to provide the products, and/or might not have inventory risk before products has been transferred to the customer and/or might not have discretion in establishing the price for the specified product. In limited cases where the Group is acting as an agent, only the margin on sale, the fees or commissions earned are recorded in net sales.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return, allowance and rebate. The rights of return, allowance and rebate give rise to variable consideration.

(i) Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the most likely amount method to estimate the goods that will not be returned. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability (included in trade and other payables). A right of return asset and corresponding adjustment to cost of sales are also recognized for the right to recover products from a customer.

(ii) Allowance and rebate
The Group provides allowance and rebate to certain customers based on certain criteria and consideration. Allowance and rebate are offset against amounts payable by the customer. To estimate the variable consideration for the expected future allowance and rebate, the Group applies the most likely amount method. The Group then applies the requirements on constraining estimates of variable consideration.

(b) Other revenue
Other revenue earned by the Group is recognized on the following basis:
- Interest income is recognized using the effective yield method.
- Rental income is recognized as they accrue unless collectability is in doubt.
- Dividend income is recognized when the entity's right to receive payment is established.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.19 Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

2.20 Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.21 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognized in the statements of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognized initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statements of comprehensive income of the Group and of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statements of comprehensive income for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. Exchange differences arising from such non-monetary items are also recognized directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognized in the statements of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.22 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15. The accounting policy for revenue recognition is set out in Note 2.18.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

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

(a) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's and the Company's financial assets at amortized cost includes trade receivables, cash and bank balances and other financial receivables.

Financial assets at fair value through OCI (debt instruments)
The Group and the Company do not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
The Group and the Company have not elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
The Group and the Company have not classified any financial assets at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's and the Company's statements of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

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

(a) Financial assets (continued)

Derecognition (continued)
When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. These provisions represent the difference between the trade receivables gross carrying amount and the estimated net collectible amount. The Group considers a financial asset in risk of default when contractual payments are 270 days past due. Trade receivables are written off against the provision account when there is an official announcement of liquidation or bankruptcy confirming that the receivable will not be collected.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

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

(b) Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has designated derivative financial instruments as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Financial liabilities at amortized cost (other financial liabilities)
The Group’s and the Company’s other financial liabilities include trade and other payables.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. For other financial liabilities, gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Notes to the Financial Statements

December 31, 2021 (continued)

2. Summary of significant accounting policies (continued)

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a currently legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, and to realize the asset and settle the liability simultaneously.

2.24 Borrowing costs

Borrowing costs are capitalized as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalized until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognized in the statements of comprehensive income in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Segment reporting

For management purposes, the Group is organized into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. These segmental information are reviewed by the chief operating decision maker. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Significant accounting judgments and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill

Goodwill are tested for impairment at least annually and upon the occurrence of an indication of impairment. The impairment tests are performed annually at the same time each financial year at the cash-generating unit ("CGU") level. The Group defines its CGUs based on the way that it monitors and derives economic benefits from the acquired goodwill. The impairment tests are performed by comparing the carrying value of the assets of these CGUs with their recoverable amount. The recoverable amount is the greater of the fair value less cost of disposal and value-in-use. Generally, the Group starts with a value-in-use calculation based on the future projected free cash flows discounted at an appropriate pre-tax rate of return. These calculations use free cash flow projections for the next five years based on financial budgets and economic growth rates approved by the Executive Committee. The discount rate reflects the current assessment of the time value of money and the risks specific to the CGUs (essentially country risks). The carrying amount of goodwill at December 31, 2021 was RM342 million (2020: RM342 million). Further details are disclosed in Note 12.

Notes to the Financial Statements

December 31, 2021 (continued)

3. Significant accounting judgments and estimates (continued)

3.2 Critical judgment in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Revenue recognition - Principal versus agent considerations

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

The determination of whether the Group is principal or agent requires judgement. In making this judgement, the Group evaluates, among other factors, whether the Group has the primary responsibility for providing the goods or services or for fulfilling the order, latitude in establishing the price and control over inventory risk. Therefore, the Group reviews its contractual arrangements with each supplier and customer to assess whether they are acting as principal or agent in a specific arrangement. The Group also reviews its contractual arrangements when there are variations to the contract terms.

Management exercises judgement based on the above features to determine whether the Group is acting as principal or agent for each arrangement.

4. Revenue

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Sale of goods	6,637,700	6,261,902	–	–
Rendering of services	100,688	93,797	–	–
Interest income:				
• subsidiaries	–	–	9,873	18,654
• others	–	–	1	5
Dividend income:				
• subsidiaries	–	–	14,489	77,040
	6,738,388	6,355,699	24,363	95,699
Timing of transfer of goods and services				
At a point in time	6,637,700	6,261,902	–	–
Over time	100,688	93,797	–	–
	6,738,388	6,355,699	–	–

Notes to the Financial Statements

December 31, 2021 (continued)

5. Staff costs

	Group	
	2021 RM'000	2020 RM'000
Salaries and bonuses	179,811	177,289
Defined contribution plan	27,532	27,465
Other employee benefits	53,015	50,183
	260,358	254,937
Staff costs included in cost of conversion of inventories	(2,127)	(1,958)
	258,231	252,979

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

6. Directors' remuneration

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-executive Directors:				
• fees	241	225	241	225
Executive Director:				
• salaries	795	723	–	–
• bonuses	325	306	–	–
• other employee benefits	522	418	–	–
	1,642	1,447	–	–
Total remuneration	1,883	1,672	241	225

Notes to the Financial Statements

December 31, 2021 (continued)

6. Directors' remuneration (continued)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-executive Directors:				
• fees				
Lee Chong Kwee	34	75	34	75
Datuk Haji Abdul Aziz bin Ismail	53	50	53	50
Chan Thian Kiat	66	50	66	50
Lian Teng Hai	53	50	53	50
Dr. Leong Yuen Yoong	35	–	35	–
Total remuneration				
• Non-executive Directors	241	225	241	225
Executive Director:				
Jason Michael Nicholas McLaren				
• salaries	795	723	–	–
• bonus	325	306	–	–
• other employee benefits	522	418	–	–
Total remuneration				
• Executive Director	1,642	1,447	–	–

7. Finance costs

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Interest expense:				
• bankers' acceptances	312	1,242	–	–
• promissory notes	517	910	–	–
• revolving credit	6,256	3,117	–	559
• term loans	11,995	19,752	11,995	19,752
• advances from holding companies	728	1,158	728	1,158
• advance from subsidiaries	–	–	951	1,034
• lease liabilities (Note 26)	7,082	7,297	–	–
• unwinding of discount (Note 25)	–	392	–	–
• others	1,143	576	–	–
	28,033	34,444	13,674	22,503

Notes to the Financial Statements

December 31, 2021 (continued)

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Auditors' remuneration:				
• statutory audits	504	501	95	95
• other services	5	5	5	5
Amortization of intangible assets	12,159	12,159	–	–
Property, plant and equipment:				
• depreciation	10,422	10,913	–	–
• written off	123	363	–	–
• net gain on disposals	(42)	(10)	–	–
Depreciation of right-of-use assets	36,909	37,563	–	–
Reversal of provision for property restoration cost (Note 25)	–	(3)	–	–
Interest income:				
• subsidiaries	–	–	(9,873)	(18,654)
• external parties	(664)	(495)	(1)	(5)
Net derivatives losses/(gains):				
• realized	4,921	4,006	4,051	2,727
• unrealized	(4,835)	3,618	(4,056)	2,756
Net foreign exchange losses/(gains):				
• realized	1,180	517	–	–
• unrealized	103	(723)	–	–
Loss/(gain) on liquidation of subsidiaries (Note 13)	–	48	–	(126)
Gain on disposal of a subsidiary (Note 13)	(8,520)	–	(6,364)	–
Inventories:				
• written off	26,366	21,506	–	–
• net (reversal of)/write-down of slow moving inventories	(2,421)	6,718	–	–
(Reversal of)/loss allowance on trade receivables	(820)	6,442	–	–
Rental expenses	2,035	2,117	–	–
Rental income:				
• related companies	(1,161)	(1,116)	–	–
• external parties	(393)	(32)	–	–

Notes to the Financial Statements

December 31, 2021 (continued)

9. Income tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax:				
• Current financial year	35,093	31,874	1,805	3,621
• Under/(over) provision in prior financial years	1,144	648	–	(96)
	36,237	32,522	1,805	3,525
Deferred tax (Note 14):				
• Relating to origination and reversal of temporary differences	(1,984)	(6,275)	–	–
• Under/(over) provision in prior financial years	1,355	(625)	–	–
	(629)	(6,900)	–	–
Total income tax expense	35,608	25,622	1,805	3,525

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

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% (2020: 18.5%).

Notes to the Financial Statements

December 31, 2021 (continued)

9. Income tax expense (continued)

A reconciliation of income tax expense applicable to profit 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	126,883	74,510	16,212	67,132
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	30,452	17,882	3,891	16,112
Different tax rate in other country	14	16	–	–
Expenses not deductible for tax purposes	4,778	7,395	2,919	6,029
Income not subject to tax	(2,068)	(31)	(5,005)	(18,520)
Utilization of previously unrecognized deferred tax assets	(164)	–	–	–
Deferred tax assets not recognized	97	337	–	–
Under/(over) provision of income tax in prior financial years	1,144	648	–	(96)
Under/(over) provision of deferred tax in prior financial years	1,355	(625)	–	–
Income tax expense	35,608	25,622	1,805	3,525

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	
	2021 RM'000	2020 RM'000
Profit net of tax attributable to owners of the parent	91,275	48,888
Weighted average number of ordinary shares in issue ('000)	157,658	157,658

	Group	
	2021 sen	2020 sen
Earnings per share - Basic	57.89	31.01

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

Notes to the Financial Statements

December 31, 2021 (continued)

11. Property, plant and equipment

	Renovations RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Group						
At December 31, 2021						
Cost						
At January 1, 2021	34,175	21,904	56,410	1,838	–	114,327
Additions	1,106	4,182	2,420	–	904	8,612
Disposals	(14)	(77)	(200)	(214)	–	(505)
Reclassification	904	–	–	–	(904)	–
Written off	(766)	(407)	(3,735)	–	–	(4,908)
Disposal of a subsidiary	(108)	(340)	(247)	–	–	(695)
At December 31, 2021	35,297	25,262	54,648	1,624	–	116,831
Accumulated depreciation						
At January 1, 2021	24,063	13,994	46,153	1,136	–	85,346
Charge for the financial year	3,269	2,242	5,010	208	–	10,729
Disposals	(13)	(76)	(107)	(154)	–	(350)
Written off	(736)	(403)	(3,646)	–	–	(4,785)
Disposal of a subsidiary	(94)	(224)	(197)	–	–	(515)
At December 31, 2021	26,489	15,533	47,213	1,190	–	90,425
Net carrying amount	8,808	9,729	7,435	434	–	26,406

Notes to the Financial Statements

December 31, 2021 (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, 2020						
Cost						
At January 1, 2020	33,763	20,750	54,461	1,838	12	110,824
Additions	1,925	1,511	5,436	–	–	8,872
Disposals	(270)	(65)	(335)	–	–	(670)
Reclassification	–	2	10	–	(12)	–
Written off	(1,243)	(294)	(1,076)	–	–	(2,613)
Adjustment (Note a)	–	–	(2,086)	–	–	(2,086)
At December 31, 2020	34,175	21,904	56,410	1,838	–	114,327
Accumulated depreciation						
At January 1, 2020	21,730	12,517	42,662	892	–	77,801
Charge for the financial year	3,846	1,835	5,282	244	–	11,207
Disposals	(270)	(64)	(215)	–	–	(549)
Written off	(1,243)	(294)	(713)	–	–	(2,250)
Adjustment (Note a)	–	–	(863)	–	–	(863)
At December 31, 2020	24,063	13,994	46,153	1,136	–	85,346
Net carrying amount	10,112	7,910	10,257	702	–	28,981

(a) An adjustment in the previous financial year was made to present the provision for restoration cost as part of right-of-use asset which was previously included in the Group's furniture, fittings and equipment.

(b) The depreciation charged for the financial year included RM307,000 (2020: RM294,000) which is included as part of the cost of conversion of inventories during the financial year.

Notes to the Financial Statements

December 31, 2021 (continued)

12. Intangible assets

	Group			
	Trademarks RM'000	**Goodwill RM'000**	**Distribution rights RM'000**	**Total RM'000**
Cost:				
At January 1, 2020, December 31, 2020 January 1, 2021 and December 31, 2021	8,493	342,261	60,655	411,409
Accumulated amortization:				
At January 1, 2020	8,361	–	9,099	17,460
Amortization during the financial year	27	–	12,132	12,159
At December 31, 2020 and January 1, 2021	8,388	–	21,231	29,619
Amortization during the financial year	27	–	12,132	12,159
At December 31, 2021	8,415	–	33,363	41,778
Net carrying amount:				
At December 31, 2021	78	342,261	27,292	369,631
At December 31, 2020	105	342,261	39,424	381,790

Notes to the Financial Statements

December 31, 2021 (continued)

12. Intangible assets (continued)

(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 2.7 years (2020: 3.7 years).

(b) Distribution rights
Distribution rights refer to the distribution contracts that were acquired through business combination during the financial year ended December 31, 2019. Distribution rights have a finite useful life and are amortized using the straight-line method over its estimated useful life of 5 years.

(c) Goodwill
The goodwill 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.

Impairment test for goodwill
For impairment testing purpose, goodwill acquired through business combination has been allocated to the Consumer Goods ("CG") CGU. The recoverable amount of CG CGU is determined based on value-in-use calculation, which use free cash flow projections for the next five financial years based on financial budgets and economic growth rates approved by the Executive Committee.

The pretax discount rate applied to the cash flow projection is 14.18% (2020: 14.00%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 2.01% (2020: 2.79%). As a result of the impairment test, management did not identify an impairment for this CGU.

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):

- A 3.0% (2020: 2.0%) point increase in the discount rate would result in an impairment of RM1 million (2020: RM23 million).
- Lower earnings before interest and tax projection for 2021 and thereafter by 19% (2020: 14%) during forecast period 2022-2026 (2020: 2021-2025) would result in an impairment of RM1 million (2020: RM6 million).

The fluctuation of growth rate with all other variables remain constant will not have any significant impact to the impairment of goodwill.

Notes to the Financial Statements

December 31, 2021 (continued)

13. Investments in subsidiaries

	Company	
	2021 RM'000	**2020 RM'000**
Non-current assets		
Unquoted shares at cost	563,028	563,028
Less: Accumulated impairment losses	–	–
	563,028	563,028
Movement in unquoted shares account:		
At January 1	563,028	575,528
Investment in a subsidiary	12,500	–
Liquidation of subsidiaries	–	(12,500)
Disposal of a subsidiary	(12,500)	–
At December 31	563,028	563,028

Details of the subsidiaries are as follows:

		Proportion of ownership interest		
Name of Company	**Country of incorporation**	**2021 %**	**2020 %**	**Principal activities**
DKSH Malaysia Sdn. Bhd. ("DMSB")	Malaysia	100	100	Provision of Market Expansion Services for consumer goods, healthcare and performance materials clients.
DKSH Distribution Malaysia Sdn. Bhd. ("DDM")	Malaysia	100	100	Provision of Market Expansion Services for healthcare clients.
The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn. Bhd. ("FACCM")	Malaysia	100	100	Sale of chocolate chip cookies and operation of retail outlets.
DKSH Central Services Malaysia Sdn. Bhd.	Malaysia	100	100	Provision of estate management services.#
DKSH Food Services (M) Sdn. Bhd. ("DFS")	Malaysia	100	100	Investment holding company.
DKSH Performance Materials Malaysia Sdn. Bhd.^ ("DPMM")	Malaysia	–	–	Provision of Market Expansion Services for consumer goods, healthcare and performance materials clients.

Notes to the Financial Statements

December 31, 2021 (continued)

13. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

Name of Company	Country of incorporation	Proportion of ownership interest 2021 %	2020 %	Principal activities
Held through DMSB:				
• DKSH Management Malaysia Sdn. Bhd.	Malaysia	100	100	Distribution and marketing of a wide range of consumer products.#
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.

* Audited by a member firm of Ernst & Young Global. All other companies are audited by Ernst & Young PLT.
^ The subsidiary was incorporated on September 9, 2021 and subsequently disposed off on December 29, 2021.
# These subsidiaries remained dormant during the financial year.

Notes to the Financial Statements

December 31, 2021 (continued)

13. Investments in subsidiaries (continued)

Incorporation and disposal of a subsidiary

On December 23, 2021, the Company has announced the proposed disposal of the entire equity interest in DPMM to DKSH Switzerland Ltd. ("DPMM Disposal") for a total consideration of RM18,864,000 ("Disposal Consideration"). DPMM was set up on September 9, 2021 as part of an internal reorganization to carry out the business of Performance Materials and as a result, the Performance Materials' inventories, property, plant and equipment, and business of DMSB were transferred to DPMM on November 1, 2021.

Although the DPMM Disposal was completed on January 4, 2022, the Company had received the Disposal Consideration on December 30, 2021. Additionally, the Directors have assessed and determined that the conditions precedent attached to the DPMM Disposal were met on December 29, 2021. Accordingly, the Company has accounted for the DPMM Disposal in the financial year ended December 31, 2021.

The disposal had the following effects on the financial position of the Group and of the Company:

	Group 2021 RM'000
Property, plant and equipment	180
Inventories	7,999
Trade and other receivables	4,158
Cash and bank balances	207
Trade and other payables	(1,500)
Advance from immediate holding company	(700)
	10,344
Disposal proceeds	(18,864)
Gain on disposal to the Group (Note 8)	(8,520)
Cash inflow arising on disposals:	
Cash consideration	18,864
Cash and cash equivalent of subsidiary disposed	(207)
Net cash inflow on disposal	18,657

Notes to the Financial Statements

December 31, 2021 (continued)

13. Investments in subsidiaries (continued)

Incorporation and disposal of a subsidiary (continued)
The disposal had the following effects on the financial position of the Group and of the Company: (continued)

	Company 2021 RM'000
Cost of investment	12,500
Disposal proceeds	(18,864)
Gain on disposal to the Company (Note 8)	(6,364)
Cash inflow arising on disposals:	
Cash consideration	18,864

Liquidation of subsidiaries
In the previous financial year, the Company liquidated two subsidiaries, DKSH Markerting Services Sdn. Bhd. and DKSH Logistics Services Sdn. Bhd. which resulted in the reversal of impairment losses previously recognized on investments in these subsidiaries amounting to RM7,294,000 (the impact of which was taken as whole in deriving the Company's gain on liquidation). The liquidation resulted in a RM48,000 loss on liquidation to the Group and a RM126,000 gain on liquidation to the Company as disclosed in Note 8. The liquidation of the subsidiaries has resulted in a RM108,000 net cash inflow to the Group and to the Company.

14. Deferred tax

	Group	
	2021 RM'000	2020 RM'000
At January 1	671	(6,229)
Recognized in statement of comprehensive income (Note 9)	629	6,900
At December 31	1,300	671

Notes to the Financial Statements

December 31, 2021 (continued)

14. Deferred tax (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	As at January 1, 2020 RM'000	Recognized in statement of comprehensive income RM'000	As at December 31, 2020 RM'000	Recognized in statement of comprehensive income RM'000	As at December 31, 2021 RM'000
Deferred tax liabilities:					
Intangible assets	(12,373)	2,911	(9,462)	2,911	(6,551)
Right-of-use assets	(31,464)	5,098	(26,366)	4,124	(22,242)
Property, plant and equipment	(829)	414	(415)	(1,065)	(1,480)
	(44,666)	8,423	(36,243)	5,970	(30,273)
Offsetting	32,226		26,694		23,598
	(12,440)		(9,549)		(6,675)
Deferred tax assets:					
Receivables	1,070	864	1,934	(364)	1,570
Inventories	2,106	1,669	3,775	265	4,040
Lease liabilities	32,365	(4,523)	27,842	(3,927)	23,915
Unutilized tax losses	–	579	579	(579)	–
Unabsorbed capital allowances	–	324	324	(324)	–
Others	2,896	(436)	2,460	(412)	2,048
	38,437	(1,523)	36,914	(5,341)	31,573
Offsetting	(32,226)		(26,694)		(23,598)
	6,211		10,220		7,975

Notes to the Financial Statements

December 31, 2021 (continued)

14. Deferred tax (continued)

	Group	
	2021 RM'000	2020 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	7,975	10,220
Deferred tax liabilities	(6,675)	(9,549)
	1,300	671

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

	Group	
	2021 RM'000	2020 RM'000
Unabsorbed capital allowances	797	1,677
Unutilized business losses	12,829	12,487
Other deductible temporary difference	3,896	3,639
	17,522	17,803

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 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) 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 (2020: 7) consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilized tax losses thereafter shall be disregarded.

The foreign unabsorbed business losses applicable to subsidiary companies incorporated in Brunei are pre-determined by and subject to the tax legislation of Brunei.

Notes to the Financial Statements

December 31, 2021 (continued)

15. Advances to subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Advances to subsidiaries:		
• non-current	20,788	475,735
• current	225,500	55,000
	246,288	530,735

Advances to subsidiaries are unsecured and carry interest rates which range between 2.80% to 3.20% (2020: 2.90% to 4.40%) per annum. Advances of RM20,788,000 (2020: RM475,735,000) are not intended to be recalled, in full or in part, within the next 12 months from the reporting date. Advances of RM225,500,000 (2020: RM55,000,000) are repayable within the next 12 months.

16. Inventories

	Group	
	2021 RM'000	2020 RM'000
Raw materials (at cost)	7,610	7,679
Packaging materials (at cost)	2,716	2,061
Finished goods (at lower of cost and net realizable value)	716,602	736,283
	726,928	746,023

During the financial year, the amount of inventories recognized as an expense in the statement of comprehensive income of the Group was RM5,968,027,000 (2020: RM5,642,861,000) and the amount written off was RM26,366,000 (2020: RM21,506,000).

17. Right of return assets

	Group	
	2021 RM'000	2020 RM'000
Right of return assets	2,552	1,500

Under MFRS 15, right of return assets are recognized for the right to recover products from customers when the customers exercise their right of return.

Notes to the Financial Statements

December 31, 2021 (continued)

18. Trade and other receivables

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current					
Trade receivables	**(a)**	1,305,729	1,357,034	–	–
Third parties		1,305,729	1,356,402	–	–
Related companies		–	632	–	–
Less: Loss allowance on trade receivables		(20,640)	(22,102)	–	–
		1,285,089	1,334,932	–	–
Other receivables					
Deposits		8,954	8,234	2	2
Prepayments		1,382	1,623	804	993
Net Goods and Services Tax ("GST") refundable		626	6,178	–	–
Sundry receivables		22,824	13,704	–	–
Amounts due from:					
• fellow subsidiaries	**(b)**	–	–	573	2,632
• related companies	**(b)**	897	320	–	–
		34,683	30,059	1,379	3,627
Total trade and other receivables		1,319,772	1,364,991	1,379	3,627
Add: Advances to subsidiaries (Note 15)		–	–	246,288	530,735
Less: Prepayments		(1,382)	(1,623)	(804)	(993)
Less: Net GST refundable		(626)	(6,178)	–	–
Add: Cash and bank balances (Note 19)		109,477	55,402	48	114
Total financial assets at amortized cost		1,427,241	1,412,592	246,911	533,483

Notes to the Financial Statements

December 31, 2021 (continued)

18. Trade and other receivables (continued)

(a) Trade receivables

Credit terms of trade receivables range from payment in advance to 90 days (2020: payment in advance to 90 days). They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2021 RM'000	**2020 RM'000**
Neither past due nor impaired	1,205,631	1,224,638
Less than three months past due but not impaired	63,550	81,365
Between three to six months past due but not impaired	14,201	25,926
More than six months past due but not impaired	1,707	3,003
	79,458	110,294
Impaired	20,640	22,102
	1,305,729	1,357,034
Trade receivables - nominal amounts	20,640	22,102
Less: loss allowance on trade receivables	(20,640)	(22,102)
	–	–

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

	Group	
	2021 RM'000	**2020 RM'000**
Movement in allowance accounts:		
At January 1	22,102	19,611
(Reversal)/allowance for impairment	(820)	6,442
Written off	(642)	(3,951)
At December 31	20,640	22,102

Notes to the Financial Statements

December 31, 2021 (continued)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Credit risk management with respect to trade receivables is disclosed in Note 31(d).

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

	Group	
	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	1,267,151	1,312,696
Brunei Dollar	16,493	20,062
US Dollar	862	1,064
Singapore Dollar	–	652
Australian Dollar	301	–
Japanese Yen	36	51
Sterling Pound	163	361
Swiss Franc	45	46
Euro	38	–
	1,285,089	1,334,932

(b) Related party balances

The amounts receivable from fellow subsidiaries and related companies are unsecured, non-interest bearing and repayable within 60 days (2020: 60 days).

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Ringgit Malaysia	664	66	573	2,632
US Dollar	188	136	–	–
Swiss Franc	18	106	–	–
Singapore Dollar	27	12	–	–
	897	320	573	2,632

Notes to the Financial Statements

December 31, 2021 (continued)

19. Cash and bank balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	109,477	55,402	48	114

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	99,377	43,760	48	114
US Dollar	3,717	5,981	–	–
Singapore Dollar	2,005	2,341	–	–
Euro	640	1,063	–	–
Swiss Franc	214	171	–	–
Australian Dollar	1,754	365	–	–
Thai Baht	1,348	1,208	–	–
Brunei Dollar	422	513	–	–
	109,477	55,402	48	114

20. Share capital

	Group and Company			
	Number of shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
Ordinary shares				
At January 1/December 31	157,658	157,658	182,172	182,172

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

December 31, 2021 (continued)

21. Retained earnings

The Company may distribute dividends out of its retained earnings as at December 31, 2021 under the single tier system.

22. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables				
Third parties	1,164,368	1,172,955	–	–
Other payables				
Accruals	103,505	89,027	165	227
Sundry payables	44,364	46,465	124	21
Refund liabilities	3,007	7,233	–	–
Amounts due to:				
• intermediate holding company	57	53	57	53
• immediate holding company	44	116	44	116
• subsidiaries	–	–	181	142
• related companies	6,154	4,954	13	7
	157,131	147,848	584	566
Total trade and other payables	1,321,499	1,320,803	584	566
Less: Refund liabilities	(3,007)	(7,233)	–	–
Add: Borrowings (Note 24)	470,744	566,967	293,543	573,929
Add: Lease liabilities (Note 26)	122,232	116,450	–	–
Total financial liabilities at amortized cost	1,911,468	1,996,987	294,127	574,495

Notes to the Financial Statements

December 31, 2021 (continued)

22. Trade and other payables (continued)

The currency exposure profile of payables is as follows:

	Group	
	2021 RM'000	2020 RM'000
Trade payables		
Ringgit Malaysia	1,099,016	1,117,825
US Dollar	49,975	44,284
Euro	4,594	3,284
HK Dollar	–	1
Singapore Dollar	1,460	2,902
Australian Dollar	1,176	585
Japanese Yen	398	1,002
Thai Baht	6,985	2,726
New Zealand Dollar	624	341
Sterling Pound	47	5
Chinese Yuan	93	–
	1,164,368	1,172,955

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sundry payables				
Ringgit Malaysia	44,169	46,178	124	21
Brunei Dollar	195	287	–	–
	44,364	46,465	124	21

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amounts due to related parties				
Ringgit Malaysia	4,838	3,903	295	318
Swiss Franc	309	32	–	–
US Dollar	565	902	–	–
Singapore Dollar	185	251	–	–
Japanese Yen	9	35	–	–
Thai Baht	88	–	–	–
Brunei Dollar	261	–	–	–
	6,255	5,123	295	318

Notes to the Financial Statements

December 31, 2021 (continued)

22. Trade and other payables (continued)

The average credit terms of payables are as follows:

	Group/Company	
	2021	**2020**
Trade payables	0 to 210 days	0 to 210 days
Sundry payables	30 days	30 days
Amounts due to related parties	Payable within 60 days	Payable within 60 days

The amounts payable to intermediate holding company, immediate holding company, subsidiaries and related companies are unsecured and non-interest bearing.

23. Derivative financial instruments

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current				
• Forward foreign exchange contract	(382)	(1,139)	–	–
• Interest rate swap contract	(905)	(4,024)	(905)	(4,024)
	(1,287)	(5,163)	(905)	(4,024)
Non-current				
• Interest rate swap contract	–	(937)	–	(937)
Total derivative financial instruments	(1,287)	(6,100)	(905)	(4,961)

Notes to the Financial Statements

December 31, 2021 (continued)

23. Derivative financial instruments (continued)

	Contract value RM'000	Fair value RM'000	Liabilities RM'000
Group			
2021			
At fair value through profit or loss			
Interest rate swap contract	225,000	224,095	(905)
Forward foreign exchange contracts	85,810	85,428	(382)
			(1,287)
2020			
At fair value through profit or loss			
Interest rate swap contract	250,000	245,039	(4,961)
Forward foreign exchange contracts	58,661	57,522	(1,139)
			(6,100)
Company			
At fair value through profit or loss			
Interest rate swap contract			
2021	225,000	224,095	(905)
2020	250,000	245,039	(4,961)

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, 2021, the settlement dates on open forward contracts ranged between 7 days and 6 months (2020: 4 days and 4 months).

At December 31, 2021, the Group and the Company has an interest rate swap agreement in place with a notional amount of RM225 million (2020: RM250 million) whereby the Group and the Company receive a variable rate equal to 3 Months KLIBOR (2020: 3 Months KLIBOR) on the notional amount and pay interest at a fixed rate equal to 3.69% (2020: 3.69%). The swap is being used to actively hedge its interest rate risk that may arise from changes in KLIBOR rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the floating rate loan (i.e., notional amount, maturity, payment and reset dates.) The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate swap is identical to the hedged risk component.

Notes to the Financial Statements

December 31, 2021 (continued)

23. Derivative financial instruments (continued)

The foreign currency amounts to be received and contractual exchange rates of the Group's outstanding contracts are as follows:

Hedged item	Currency to be received	Currency to be paid	RM'000 equivalent	Contractual rate
At December 31, 2021				
Trade payables:				
EUR 1,333,687	EUR	MYR	6,478	1EUR=RM4.8571
THB 89,330,480	THB	MYR	11,285	1THB=RM0.1263
USD 15,034,498	USD	MYR	63,069	1USD=RM4.1950
AUD 1,512,169	AUD	MYR	4,635	1AUD=RM3.0655
CHF 74,780	CHF	MYR	343	1CHF=RM4.5874
			85,810	
At December 31, 2020				
Trade payables:				
EUR 988,690	EUR	MYR	4,847	1EUR=RM4.9034
THB 14,709,600	THB	MYR	1,966	1THB=RM0.1345
USD 11,766,834	USD	MYR	48,811	1USD=RM4.1483
AUD 1,017,627	AUD	MYR	3,037	1AUD=RM2.9904
			58,661	

The fair value of outstanding derivative financial instruments of the Group and the Company at the reporting date are at unfavorable net position of RM1,287,000 and RM905,000 (2020: unfavorable net position of RM6,100,000 and RM4,961,000) respectively.

Notes to the Financial Statements

December 31, 2021 (continued)

24. Borrowings (unsecured)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Revolving credit	225,000	33,000	–	–
Term loans	225,000	50,000	225,000	50,000
External borrowings	450,000	83,000	225,000	50,000
Non-current				
Term loans	–	450,000	–	450,000
Advances from:				
• intermediate holding company	11,052	10,787	11,052	10,787
• immediate holding company	9,692	23,180	9,692	23,180
• subsidiaries	–	–	47,799	39,962
	20,744	483,967	68,543	523,929
Total loans and borrowings	470,744	566,967	293,543	573,929

Notes to the Financial Statements

December 31, 2021 (continued)

24. Borrowings (unsecured) (continued)

Reconciliation of liabilities/(assets) arising from financing activities

	Lease liabilities (Note 26) RM'000	Bankers' acceptance, revolving credit and term loans RM'000	Advances from intermediate holding company RM'000	Advances from immediate holding company RM'000	Total RM'000
Group					
At January 1, 2021	116,450	533,000	10,787	23,180	683,417
Net repayments	(34,039)	(83,000)	–	–	(117,039)
New leases	42,074	–	–	–	42,074
Rent concessions COVID-19	(1,684)	–	–	–	(1,684)
Lease modification	(569)	–	–	–	(569)
Net advances from/(to)	–	–	265	(13,488)	(13,223)
At December 31, 2021	122,232	450,000	11,052	9,692	592,976
At January 1, 2020	135,497	500,620	10,122	17,165	663,404
Net (repayments)/drawdowns	(33,065)	32,380	–	–	(685)
New leases	13,265	–	–	–	13,265
Rent concessions COVID-19	(2,259)	–	–	–	(2,259)
Lease modification	3,012	–	–	–	3,012
Net advances from	–	–	665	6,015	6,680
At December 31, 2020	116,450	533,000	10,787	23,180	683,417

Notes to the Financial Statements

December 31, 2021 (continued)

24. Borrowings (unsecured) (continued)

Reconciliation of liabilities/(assets) arising from financing activities (continued)

	Term loans RM'000	Advances from intermediate holding company RM'000	Advances from immediate holding company RM'000	Net advances to subsidiaries RM'000	Total RM'000
Company					
At January 1, 2021	500,000	10,787	23,180	(490,773)	43,194
Net repayment of borrowings	(275,000)	–	–	–	(275,000)
Net advances from/(to)	–	265	(13,488)	292,284	279,061
At December 31, 2021	225,000	11,052	9,692	(198,489)	47,255
At January 1, 2020	500,000	10,122	17,165	(412,279)	115,008
Net advances from/(to)	–	665	6,015	(78,494)	(71,814)
At December 31, 2020	500,000	10,787	23,180	(490,773)	43,194

Advances from intermediate holding company and immediate holding company bear interest which ranges between 2.80% to 3.10% (2020: 2.90% to 4.40%) per annum. These advances are unsecured and are not repayable within the next 12 (2020: 12) months.

Advances from subsidiaries are deposits of excess cash placed with the Company and bear interest at 1.85% (2020: 1.85% to 3.10%) per annum. These advances are unsecured and are not repayable within the next 12 (2020: 12) months.

Weighted average financial year end effective interest rates

	Group	
	2021 %	2020 %
Revolving credit	2.95	2.11
Term loans	4.39	4.04

The remaining maturities of loans and borrowings as at December 31, 2021 and December 31, 2020:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	450,000	83,000	225,000	50,000
More than one year	20,744	483,967	68,543	523,929
Total	470,744	566,967	293,543	573,929

Notes to the Financial Statements

December 31, 2021 (continued)

25. Provision for other liabilities

	Group	
	2021 RM'000	2020 RM'000
Property restoration cost:		
At January 1	3,126	2,737
Unwinding of discount (Note 7)	–	392
Addition	161	–
Write-back of provision (Note 8)	(516)	(3)
At December 31	2,771	3,126

The amount represents a provision for property restoration cost upon expiry of lease term ranging from 5 to 8 (2020: 5 to 9) years.

26. Leases

Group as a lessee
The Group has lease contracts for various items of property used in its operations. Leases of property generally have lease terms between 2 and 8 (2020: 2 and 9) 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	
	2021 RM'000	2020 RM'000
At January 1	111,442	131,722
Depreciation charge for the financial year	(37,184)	(37,819)
Additions	42,127	13,239
Lease modification	(575)	3,012
Adjustment on properties restoration costs	(516)	1,288
At December 31	115,294	111,442

The depreciation charged for the financial year included RM275,000 (2020: RM256,000) which is included in the cost of conversion of inventories during the financial year.

Notes to the Financial Statements

December 31, 2021 (continued)

26. Leases (continued)

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

	Group	
	2021 RM'000	**2020 RM'000**
At January 1	116,450	135,497
Additions	42,074	13,265
Accretion of interest (Note 7)	7,082	7,297
Payments	(41,121)	(40,362)
Rent concessions COVID-19	(1,684)	(2,259)
Lease modification	(569)	3,012
At December 31	122,232	116,450
Current	27,738	28,288
Non-current	94,494	88,162
	122,232	116,450

The maturity analysis of lease liabilities are disclosed in Note 31(c) to the financial statements.

The following are the amounts recognized in profit or loss:

	Group	
	2021 RM'000	**2020 RM'000**
Depreciation of right-of-use assets	37,184	37,819
Interest expenses on lease liabilities (Note 7)	7,082	7,297
Expenses relating to short-term leases (presented as rental expenses)	610	375
Variable lease payments (presented as rental expenses)	1,425	1,742
Total amount recognized in profit or loss	46,301	47,233

The Group had total cash outflows for leases of RM43,156,000 in 2021 (2020: RM42,479,000). The Group also had non-cash additions to right-of-use assets and lease liabilities RM42,127,000 (2020: RM13,239,000) and RM42,074,000 (2020: RM13,265,000) respectively in 2020. The Group does not have future cash outflows relating to leases that have not yet commenced as at December 31, 2021.

Notes to the Financial Statements

December 31, 2021 (continued)

27. Dividends

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

	Group and Company			
	2021		2020	
	Gross dividend per share Sen	Amount of dividends RM'000	Gross dividend per share Sen	Amount of dividends RM'000
Final dividend:				
For financial year ended December 31, 2020				
paid on August 5, 2021:				
• single tier	10.0	15,766	–	–
Dividends in respect of the year	10.0	15,766	–	–

The Directors have recommended for shareholders' approval, at the forthcoming Annual General Meeting, a final single tier dividend of 11.0 sen per share amounting to RM17,342,388 on 157,658,076 ordinary shares. 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, 2022.

28. Commitments

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

	Group	
	2021 RM'000	2020 RM'000
Property, plant and equipment:		
Approved and contracted for	356	1,412

Notes to the Financial Statements

December 31, 2021 (continued)

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
(a) Sales of goods and services:				
Sales of goods and services:				
• related companies (goods)	5,211	5,709	–	–
• related companies (rental)	1,132	1,116	–	–
• related companies (cost sharing)	601	473	–	–
• related companies (information technology charges)	55	52	–	–
• related companies (human resources charges)	647	674	–	–
	7,646	8,024	–	–
Others (interest):				
• subsidiaries	–	–	9,873	18,654
Others (dividend):				
• subsidiaries	–	–	14,489	77,040
	–	–	24,362	95,694
	7,646	8,024	24,362	95,694
(b) Purchases of goods and services:				
Purchases of goods and services:				
• related companies (goods)	7,035	8,313	–	–
• a related company (services)	15,678	14,420	–	–
• a related company (management fee)	8,827	9,022	–	–
• a related company (royalty fee)	4,502	4,445	–	–
• a related company (information technology charges)	25,154	22,642	–	–
	61,196	58,842	–	–
Others (interest):				
• immediate holding company	354	784	354	784
• intermediate holding company	374	374	374	374
• subsidiaries	–	–	951	1,034
	728	1,158	1,679	2,192
	61,924	60,000	1,679	2,192

The above transactions were transacted at terms and conditions mutually agreed with related parties.

Notes to the Financial Statements

December 31, 2021 (continued)

29. Significant related party transactions (continued)

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company, and related parties took place at terms agreed between the parties during the financial year: (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(c) Net advances (to)/from:				
Intermediate holding company	265	665	265	665
Immediate holding company	(13,488)	6,015	(13,488)	6,015
Subsidiaries	–	–	292,284	(78,494)
	(13,223)	6,680	279,061	(71,814)

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-executive Directors:				
• fees	241	225	241	225
Key management personnel:				
• Salaries and bonuses	7,068	5,155	–	–
• Defined contribution plan	863	665	–	–
• Other employee benefits	2,443	1,065	–	–
	10,374	6,885	–	–
	10,615	7,110	241	225

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

Notes to the Financial Statements

December 31, 2021 (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 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
DKSH Corporate Shared Services Center Sdn. Bhd.	Related company
DKSH Luxury & Lifestyle (Malaysia) Sdn. Bhd.	Related company
DKSH Technology Sdn. Bhd.	Related company
DKSH Singapore Pte. Ltd.	Related company
DKSH Smollan Field Marketing (Malaysia) Sdn. Bhd.	Related company
PT DKSH (Indonesia), Jakarta	Related company
DKSH (Thailand) Ltd.	Related company
DKSH Japan K.K., Tokyo	Related company
Medinova AG	Related company
DKSH Management Ltd.	Related company
DKSH Market Expansion Services Pte. Ltd.	Related company
DKSH South East Asia Pte. Ltd.	Related company
DKSH South East Asia Pte. Ltd. (SG Division)	Related company
FAVOREX Pte. Ltd.	Related company
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

Subsidiary refers to companies within the listed Group of DKSH Holdings (Malaysia) Berhad.

Related company refers to companies outside the listed Group of DKSH Holdings (Malaysia) Berhad and companies under the Group of DKSH Holding Ltd..

Notes to the Financial Statements

December 31, 2021 (continued)

30. Segmental information

The Group is organized into three main business segments:
- Marketing and distribution services
- Logistics services
- Others - Famous Amos chocolate chip cookie business and central overheads

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

(a) Primary reporting format - business segments

	Marketing and distribution services RM'000	Logistics services RM'000	Others RM'000	Eliminations RM'000	Group RM'000
At December 31, 2021					
Revenue					
Sale of goods	3,765,952	2,824,297	47,451	–	6,637,700
Rendering of services	34,025	66,663	–	–	100,688
Segment revenue	3,799,977	2,890,960	47,451	–	6,738,388
Intersegment revenue	1,838	–	–	(1,838)	–
Revenue	3,801,815	2,890,960	47,451	(1,838)	6,738,388
Results					
Segment results	103,139	52,262	(485)	–	154,916
Finance costs					(28,033)
Income tax expense					(35,608)
Profit for the financial year					91,275
Net assets					
Segment assets	1,235,135	832,586	88,548	–	2,156,269
Unallocated assets					523,859
Total assets					2,680,128
Segment liabilities	(548,512)	(615,346)	(510)	–	(1,164,368)
Unallocated liabilities					(771,102)
Total liabilities					(1,935,470)
Other information					
Capital expenditure	1,259	4,591	2,762	–	8,612
Depreciation of property, plant and equipment	2,709	3,271	4,749	–	10,729
Depreciation on right-of-use assets	20,598	8,008	8,578	–	37,184
Amortization of intangible assets	12,159	–	–	–	12,159
Loss allowance/(reversal of loss allowance) on trade receivables	2,172	(2,805)	(187)	–	(820)
Inventories written off	22,520	3,132	714	–	26,366

Notes to the Financial Statements

December 31, 2021 (continued)

30. Segmental information (continued)

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

	Marketing and distribution services RM'000	Logistics services RM'000	Others RM'000	Eliminations RM'000	Group RM'000
At December 31, 2020					
Revenue					
Sale of goods	3,416,109	2,802,231	43,562	–	6,261,902
Rendering of services	31,138	62,659	–	–	93,797
Segment revenue	3,447,247	2,864,890	43,562	–	6,355,699
Intersegment revenue	1,864	–	–	(1,864)	–
Revenue	3,449,111	2,864,890	43,562	(1,864)	6,355,699
Results					
Segment results	81,389	47,499	(19,934)	–	108,954
Finance costs					(34,444)
Income tax expense					(25,622)
Profit for the financial year					48,888
Net assets					
Segment assets	1,315,444	820,814	86,620	–	2,222,878
Unallocated assets					479,642
Total assets					2,702,520
Segment liabilities	(577,965)	(591,806)	(3,184)	–	(1,172,955)
Unallocated liabilities					(860,418)
Total liabilities					(2,033,373)
Other information					
Capital expenditure	1,965	2,415	4,492	–	8,872
Depreciation of property, plant and equipment	3,067	3,027	5,113	–	11,207
Depreciation on right-of-use assets	21,244	8,207	8,368	–	37,819
Amortization of intangible assets	12,159	–	–	–	12,159
Loss allowance on trade receivables	2,468	3,528	446	–	6,442
Inventories written off	17,664	2,198	1,644	–	21,506

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

Notes to the Financial Statements

December 31, 2021 (continued)

30. Segmental information (continued)

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

	Group	
	2021 RM'000	2020 RM'000
Unallocated assets mainly consists of:		
Intangible assets	369,631	381,790
Cash and bank balances	109,477	55,402
Other receivables	34,683	30,059
Deferred tax assets	7,975	10,220
Others	2,093	2,171
	523,859	479,642
Unallocated liabilities mainly consists of:		
Accruals and other payables	(147,869)	(135,492)
Revolving credit	(225,000)	(33,000)
Advances from holding companies	(20,744)	(33,967)
Term loans	(225,000)	(500,000)
Amounts due to:		
• intermediate holding company	(57)	(53)
• immediate holding company	(44)	(116)
• related companies	(6,154)	(4,954)
Deferred tax liabilities	(6,675)	(9,549)
Lease liabilities	(122,232)	(116,450)
Others	(17,327)	(26,837)
	(771,102)	(860,418)

(b) Secondary reporting format - geographical segments

Although the Group has two operations in Brunei Darussalam, there is no disclosure of the operations as separate geographical segment as the revenue contributed by the foreign incorporated companies are not material to constitute an independent geographical segment as stipulated under MFRS 8: Operating Segments.

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies

The activities of the Group and of the Company expose the Group and the Company to a variety of financial risks, in the areas of interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company are adequately protected. Financial risk management involves risk reviews, monitoring of the compliance of internal control systems and adherence to DKSH Holding Ltd. Group's financial risk management policies.

(a) Interest rate risk

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

To manage this, the Group entered into interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net financial (liabilities)/assets:				
• Fixed rate instruments	(225,000)	(500,000)	(225,000)	(500,000)
• Floating rate instruments	(245,744)	(66,967)	177,745	456,806
	(470,744)	(566,967)	(47,255)	(43,194)

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of comprehensive income.

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies (continued)

(a) Interest rate risk (continued)

Sensitivity analysis for floating rate instruments
A change of 5% in interest rates at the reporting date would result in the profit before tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Floating rate instruments (denominated in RM):				
5% increase	(88)	(13)	68	162
5% decrease	88	13	(68)	(162)

(b) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales, purchases and payments on behalf that are denominated in a currency other than the functional currency to which they relate. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Brunei Dollar ("BND"), Euro ("EUR"), Swiss Franc ("CHF"), Australian Dollar ("AUD"), Thai Baht ("THB"), Sterling Pound ("GBP"), Singapore Dollar ("SGD"), Japanese Yen ("JPY"), New Zealand Dollar ("NZD") and Chinese Yuan ("CNY").

The Group is required to hedge its foreign currency risk exposure arising from foreign currency cash flows that are not naturally offset by a simultaneous opposite commercial transaction in the same currency or mitigated in another way against its functional currency.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in its functional currency are as follows:

	Note
Trade receivables	18 (a)
Due from related companies	18 (b)
Cash and bank balances	19
Trade and other payables	22
Due to related companies	22

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, BND, EUR, CHF, AUD, THB, GBP, SGD, JPY, NZD and CNY exchange rates against the functional currency of the Group entities, with all other variables held constant.

		Group	
		2021 Profit net of tax RM'000	2020 Profit net of tax RM'000
USD/RM	• strengthened 5%	(1,743)	(1,423)
	• weakened 5%	1,743	1,423
BND/RM	• strengthened 5%	642	781
	• weakened 5%	(642)	(781)
EUR/RM	• strengthened 5%	(149)	(73)
	• weakened 5%	149	73
CHF/RM	• strengthened 5%	(1)	13
	• weakened 5%	1	(13)
AUD/RM	• strengthened 5%	33	(8)
	• weakened 5%	(33)	8
THB/RM	• strengthened 5%	(218)	(58)
	• weakened 5%	218	58
GBP/RM	• strengthened 5%	4	14
	• weakened 5%	(4)	(14)
SGD/RM	• strengthened 5%	15	(6)
	• weakened 5%	(15)	6
JPY/RM	• strengthened 5%	(14)	(37)
	• weakened 5%	14	37
NZD/RM	• strengthened 5%	(24)	(13)
	• weakened 5%	24	13
CNY/RM	• strengthened 5%	(4)	–
	• weakened 5%	4	–

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies (continued)

(c) Liquidity risk

The Group and the Company manage operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. The Company relies on the distribution of dividends and interest income from subsidiaries to meet its working capital requirements.

The table below analyzes the Group's and the Company's financial liabilities into relevant maturity profile based on the remaining period in the statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

Analysis of undiscounted financial instruments by remaining contractual maturities

	Less than one year RM'000	More than one year RM'000	Total RM'000
Group			
2021			
Trade and other payables	1,321,499	–	1,321,499
Borrowings	450,000	20,744	470,744
Lease liabilities	33,645	111,122	144,767
Derivatives - settled net	94,340	–	94,340
	1,899,484	131,866	2,031,350
2020			
Trade and other payables	1,320,803	–	1,320,803
Borrowings	83,000	483,967	566,967
Lease liabilities	34,257	108,409	142,666
Derivatives - settled net	67,191	2,047	69,238
	1,505,251	594,423	2,099,674
Company			
2021			
Trade and other payables	584	–	584
Borrowings	225,000	68,543	293,543
Derivatives - settled net	2,037	–	2,037
	227,621	68,543	296,164
2020			
Trade and other payables	566	–	566
Borrowings	50,000	523,929	573,929
Derivatives - settled net	8,530	2,047	10,577
	59,096	525,976	585,072

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies (continued)

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and other financial instruments.

The Group's current credit risk grading framework comprise the following categories:

Category	Definition of category	Basis for recognizing expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is more than 270 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL
III	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

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, 2021						
Trade receivables - third parties	18	Note 1	Lifetime ECL (simplified)	1,305,729	(20,640)	1,285,089
Sundry receivables	18	I	12-month ECL	22,824	–	22,824
Amounts due from related companies (trade and non-trade)	18	I	12-month ECL	897	–	897
					(20,640)	
At December 31, 2020						
Trade receivables - third parties	18	Note 1	Lifetime ECL (simplified)	1,356,402	(22,102)	1,334,300
Sundry receivables	18	I	12-month ECL	13,704	–	13,704
Amounts due from related companies (trade and non-trade)	18	I	12-month ECL	952	–	952
					(22,102)	

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

Company	Note	Category	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
At December 31, 2021						
Advances to subsidiaries	15	I	12-month ECL	246,288	–	246,288
Amounts due from:						
• fellow subsidiaries (non-trade)	18	I	12-month ECL	573	–	573
					–	
At December 31, 2020						
Advances to subsidiaries	15	I	12-month ECL	530,735	–	530,735
Amounts due from:						
• fellow subsidiaries (non-trade)	18	I	12-month ECL	2,632	–	2,632
					–	

Note 1 Trade receivables
For trade receivables, the Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Sundry receivables, advances to subsidiaries and amounts due from fellow subsidiaries and related companies
Expected credit loss is determined individually after considering the historical default experience and financial strength. Based on management's assessment, the probability of the default of these receivables is low and hence, ECL is insignificant.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. However, the Company has a significant concentration of credit risk in the form of advances to a subsidiaries.

Notes to the Financial Statements

December 31, 2021 (continued)

31. Financial risk management objectives and policies (continued)

(e) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: cash and bank balances, receivables and payables (including amounts due to/from related companies) and borrowings.

The fair values of derivative financial instruments are determined based on the quoted market price of similar derivatives as they are not traded on an active market. These derivatives are classified as Level 2 financial instruments in accordance with MFRS 7 "Financial Instruments: Disclosures" classification hierarchy.

	Level 2			
	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Derivative financial instruments	309,523	302,561	224,095	245,039

The Group and the Company do not have any financial instruments classified as Level 1 and Level 3 as at December 31, 2021 and 2020.

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, 2021 and December 31, 2020.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	470,744	566,967	293,543	573,929
Less: Cash and bank balances	(109,477)	(55,402)	(48)	(114)
Net debt	361,267	511,565	293,495	573,815
Equity attributable to the owners of the parent, representing total capital	744,658	669,147	515,593	516,952
Total capital and net debt	1,105,925	1,180,712	809,088	1,090,767
% of net debt to total capital and net debt	33%	43%	36%	53%

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

Analysis of Shareholdings

As of March 31, 2022

Total number of issued shares	:	157,658,076
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of shareholders	:	3,000

Analysis by size of shareholdings (as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	215	7.17	1,745	Negligible
100 to 1,000	1,399	46.63	1,102,331	0.70
1,001 to 10,000	1,056	35.20	4,084,973	2.59
10,001 to 100,000	264	8.80	8,066,550	5.12
100,001 to less than 5% of issued shares	65	2.17	27,247,401	17.28
5% and above of issued shares	1	0.03	117,155,076	74.31
Total	**3,000**	**100.00**	**157,658,076**	**100.00**

Directors' Interests in Shares in the Company (as per the Register of Directors' Shareholdings)

	Direct interest		Deemed interest	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Stephen John Ferraby	10,000	0.006	–	–
Chan Thian Kiat	5,000	0.003	–	–
Dr. Leong Yuen Yoong	–	–	–	–
Fa'izah binti Mohamed Amin	–	–	–	–
Puneet Mishra	–	–	–	–
Lian Teng Hai	–	–	–	–

Directors' Interests in Shares in a Related Corporation (as per the Register of Directors' Shareholdings)

	Direct interest		Deemed interest	
DKSH (B) Sdn Bhd - Subsidiary	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Hoo Fan Lee	1	Negligible	–	–
FACC (B) Sdn Bhd – Subsidiary				
Hoo Fan Lee	1	Negligible	–	–

Save as disclosed above, none of the Directors had any interest in shares of the Company or its related corporations.

Analysis of Shareholdings

As of March 31, 2022 (continued)

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

Name	Direct interest No. of shares held	 % of issued shares	Deemed interest 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.	Lembaga Tabung Angkatan Tentera	6,193,900	3.93
3.	Neoh Choo EE & Company, Sdn. Berhad	1,800,000	1.14
4.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund	1,380,700	0.88
5.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	1,294,900	0.82
6.	HSBC Nominees (Tempatan) Sdn Bhd BQ Pictet and CIE for Permodalan Nasional Berhad	1,257,400	0.80
7.	Amanahraya Trustees Berhad PMB Shariah Aggressive Fund	901,200	0.57
8.	See Hock Chuan	791,000	0.50
9.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Sarah Pauline A/P Melkees (M&A)	775,000	0.49
10.	HSBC Nominees (Asing) Sdn Bhd Caceis Bank for HMG Globetrotter	744,101	0.47
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Lembaga Tabung Haji (Al-Wara')	624,900	0.40
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	491,800	0.31
13.	Chin Kok Wai	410,300	0.26
14.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)	344,400	0.22

Analysis of Shareholdings

As of March 31, 2022 (continued)

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

	Name	No. of shares held	% of issued shares
15.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	330,000	0.21
16.	Tan Hock Hin	328,000	0.21
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	322,000	0.20
18.	Dynaquest Sdn Bhd	320,000	0.20
19.	Wong Lok Jee & Ong Lok Jee	320,000	0.20
20.	Lim Siong Kee	319,300	0.20
21.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad - PMB Shariah Dividend Fund	300,000	0.19
22.	Ten Woon Hwa	286,000	0.18
23.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kim Ong	285,000	0.18
24.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Espring ABSR EQ)	283,800	0.18
25.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Kenanga Syariahextra Fund (N14011960240)	279,800	0.18
26.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Texas Emerging Managers Long Only Program, L.P.	279,200	0.18
27.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Peng Seng (CCTS)	261,000	0.17
28.	Tay Boon Teck	256,500	0.16
29.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Commonwealth of Pennsylvaniastate Employees' Retirement System	249,900	0.16
30.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Boon Keat	245,000	0.16
Total		**138,830,177**	**88.06**

Notice of Annual General Meeting

Notice is hereby given that the Thirtieth Annual General Meeting ("30th AGM") of DKSH Holdings (Malaysia) Berhad (199101021067 (231378-A)) ("the Company") will be conducted entirely through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Thursday, May 26, 2022 at 10:00 a.m. 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, 2021 and the Reports of the Directors and Auditors thereon.
   (Refer Note 12)

2. To approve the payment of a final single tier dividend of 11.0 sen per share for the financial year ended December 31, 2021.
   Ordinary Resolution 1

3. To approve the Directors' fees payable up to an amount of RM 280,000 for the period from May 27, 2022 until the next Annual General Meeting of the Company to be held in 2023.
   Ordinary Resolution 2

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

5. To re-elect Fa'izah binti Mohamed Amin who retires pursuant to Article 101 of the Constitution of the Company.
   Ordinary Resolution 4

6. To re-elect Puneet Mishra who retires pursuant to Article 101 of the Constitution of the Company.
   Ordinary Resolution 5

7. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending December 31, 2022 and to authorize the Directors to fix their remuneration.
   Ordinary Resolution 6

As Special Business:

To consider and if thought fit, to pass with or without modifications, the following as Ordinary Resolution:

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**
   "THAT, subject to the provisions 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 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 27, 2022 ("Proposed Shareholders' Mandate") provided that such arrangements and/or transactions are:
   (i) recurrent transactions of a revenue or trading nature;
   (ii) necessary for the day-to-day operations; and
   (iii) carried out in the ordinary course of business on normal commercial terms which are consistent with DKSH Group's normal business practices and policies, on terms and price not more favorable to 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 Mandate will continue to be in force until:
(i) the conclusion of the next Annual General Meeting of the Company, 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 extensions as may be allowed pursuant to Section 340 (4) of the Act); or
(iii) until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered to complete and to do all such acts and things, including executing all such documents as may be required, as they may consider expedient or necessary to give effect to this resolution."
Ordinary Resolution 7

Notice of Annual General Meeting (continued)

9. To transact any other business of an Annual General Meeting for which due notice shall have been given.

Notice of Dividend Entitlement and Payment Dates

Notice is also hereby given that subject to the approval of members at the 30th AGM of DKSH Holdings (Malaysia) Berhad (199101021067 (231378-A)) ("the Company") to be held on Thursday, May 26, 2022, a final single tier dividend of 11.0 sen per share in respect of the financial year ended December 31, 2021 will be paid on July 28, 2022 to shareholders whose names appear in the Record of Depositors of the Company maintained by Bursa Malaysia Securities Berhad on July 14, 2022.

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 14, 2022 for 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

Yuen Yoke Ping (MAICSA 7014044)
SSM PC No. 201908002645

Company Secretary

Petaling Jaya
April 27, 2022

Notes:

Method of conducting 30th AGM

1. In line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia ("SC") on 7 April 2022, to align with the "Transition to Endemic" phase which was announced by the Prime Minister on 8 March 2022 and issuance of the revised Standard Operating Procedure ("SOP") by Majlis Keselamatan Negara ("MKN") and the Ministry of Health ("MOH"), the 30th AGM will be conducted on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Guide for the 30th AGM in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. Shareholders/proxy(ies) **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

3. Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 30th AGM via the RPV facilities provided by Tricor via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the 30th AGM to participate remotely via RPV.

Proxy

4. A member who is entitled to participate in this AGM via RPV is entitled to appoint proxy(ies) or attorney or in case of a corporation, to appoint a duly authorised representative to participate on such member's behalf. A proxy may but need not be a member of the Company.

5. 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.

6. 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.

7. 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.

8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 30th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the procedures for RPV in the Administrative Guide for the 30th AGM.

Notice of Annual General Meeting (continued)

9. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed and notarially certified copy of that power or authority 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, Wilayah Persekutuan 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 or by electronic lodgement via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Guide – Electronic Lodgment of Form of Proxy. Proxy form must be submitted not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.

Entitlement to attend AGM

10. For the purpose of determining members who shall be entitled to attend the 30th 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 19, 2022 shall be entitled to attend the said meeting or appoint proxies to attend, vote and speak on their behalf.

Voting by poll

11. 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.

Audited Financial Statements and the Reports of the Directors and Auditors thereon

12. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Final Single Tier Dividend

13. With reference to Section 131 of the 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 15, 2022, 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 28, 2022 in accordance with the requirements under Section 132(2) and (3) of CA 2016.

Directors' fees

14. Pursuant to Section 230(1) of the CA 2016, fees and benefits payable to Directors of the Company will have to be approved by shareholders at a general meeting. In this respect, the Board has agreed that the shareholders' approval shall be sought at the 30th AGM on the Directors' fees payable with effect from May 27, 2022 until the next AGM in 2023.

    The Directors' fees of an amount up to RM 280,000 are payable to 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 and has 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 27, 2022 until the next AGM in 2023. 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 Article 105 and 101

15. Stephen John Ferraby, Fa'izah binti Mohamed Amin and Puneet Mishra are due for retirement at this Annual General Meeting ("AGM") and being eligible, have offered themselves for re-election as Directors of the Company. The Board has considered the Nomination and Remuneration Committee evaluation of the eligibility of the three retiring Directors and is satisfied that they will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions.

Re-appointment of Auditors

16. Messrs Ernst & Young ("EY"), the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the financial year ending December 31, 2022. The Board has approved the Audit Committee's recommendation that they be retained having considered relevant feedback on their experience, performance and independence.

Notice of Annual General Meeting (continued)

Explanatory Note to Special Business:

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
The proposed Ordinary Resolution 7, if passed, will renew the authority obtained at the last AGM in 2021 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 27, 2022.

Statement Accompanying Notice of Thirtieth 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 57, 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 was previously a member of the Board of Commissioners of PT. Wicaksana Overseas International, which is listed on the Jakarta Stock Exchange. He stepped down from this role on February 27, 2020. From 2010 to 2015, he was the CFO of DKSH Thailand Ltd. including two years as President of the organization. From 2006 to 2010, he was the CFO Asia Pacific at CEVA Logistics and before that was CFO and CEO at an Australian private equity sponsored company. From 1995 to 2006, he held various positions at Exel PLC, a UK FTSE 100 company, including Group Head of Internal Audit, European Finance Director and five years as CFO Asia Pacific, based in Singapore from 2001. From 1985 to 1995, he served in the fields of audit, advisory and corporate finance at Ernst & Young in Australia and the United Kingdom.

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

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

Mr. Ferraby attended all four Board meetings held during the financial year ended December 31, 2021.

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

Faizah binti Mohamed Amin, aged 54, 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. Faizah 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 Sdn Bhd and Cradle Fund Sdn Bhd. Fa'izah sits in multiple advisory councils, inclusive of the esteemed American Chambers of Commerce (AMCHAM), providing expertise and foresight in technology and business.

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

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

Notice of Annual General Meeting (continued)

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

Mr. Puneet Mishra, aged 53, male, an Indian, was appointed to the Board of DKSH Holdings (Malaysia) Berhad on February 23, 2022 as a Non-Independent Executive Director.

Mr. Puneet is a Fellow of the Institute of Chartered Accountants in India. He holds the position as Vice President for Fast Moving Consumer Goods in DKSH Malaysia Sdn. Bhd. from May 2021 to present. Prior to this appointment, Mr. Puneet held various high positions such as Country Director and Finance Controller in one of the world's largest private companies in the fast moving consumer goods industry with core business in confectionery and fruit juice manufacturer.

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

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

There are no individuals standing for election at the forthcoming 30th AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Proxy Form

for the Thirtieth Annual General Meeting

DKSH

DKSH Holdings (Malaysia) Berhad

(199101021067 (231378-A))

No. of Shares held:	CDS Account No.:

I/We (full name and in capital letters) ______________________________

NRIC (new and old)/Passport/Company No.: ____________ of (full address) ______________________________

____

being a member of **DKSH Holdings (Malaysia) Berhad**, hereby appoint (full name as per NRIC and in capital letters) ________

______________________________ NRIC No. (new and old): ____________________

of (full address) ______________________________

and (if more than one (1) proxy) (full name as per NRIC and in capital letters) ______________________________

NRIC No. (new and old): ______________________________ of (full address) ____________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Thursday, May 26, 2022 at 10:00 a.m. or at any adjournment thereof. I/We indicate with an "X" in the spaces below how I/we wish my/our vote to be cast:

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a final single tier dividend of 11.0 sen per share for the financial year ended December 31, 2021.		
2.	To approve the Directors' fees payable for the period from May 27, 2022 until the next Annual General Meeting of the Company to be held in 2023.		
3.	To re-elect Stephen John Ferraby as a Director of the Company.		
4.	To re-elect Fa'izah binti Mohamed Amin as a Director of the Company.		
5.	To re-elect Puneet Mishra as a Director of the Company.		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
7.	To approve the renewal of the Proposed 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 ______________, 2022.

The proportions of my/our shareholdings to be represented by my/our proxies are as follows:

First Proxy
No. of shares: ____________
Percentage: ____________ %

Second Proxy
No. of shares: ____________
Percentage: ____________ %

Notes:
1. A member of the Company entitled to attend and vote at a general meeting of the Company is entitled to appoint proxy(ies) to attend, vote and speak on such member's behalf. A proxy may but need not be a member of the Company there shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.
3. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointer or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or under the hand of an officer or attorney duly authorised.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the shareholdings to be represented by each proxy in the instrument appointing the proxies.
5. The instrument appointing the proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or electronically (kindly refer to the Administrative Guide – Electronic Submission of Form of Proxy). Proxy form must be submitted not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.
6. Only the Company's members whose names appear in the Record of Depositors on May 19, 2022 shall be entitled to attend the said meeting or appoint proxies to attend, vote and speak on their behalf.

Fold this flap for sealing

Then fold here

Affix
Stamp

The Share Registrar of
DKSH Holdings (Malaysia) Berhad
(199101021067 (231378-A))

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No.8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here

Resilient
Unique
Scalable

Well-diversified, unique and scalable, our business is resilient and difficult to replicate, resulting in strong barriers to entry and exit. Our diversity is broad in terms of industries, markets, products, services and business partners serviced and forms the foundation of our sustainable and profitable growth. The majority of the products we handle are close to the daily needs of the people in the markets where we are active, contributing to the resilience of our business model.

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

B-11-01, The Ascent, Paradigm
No. 1, Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Phone +60 3 7882 8888
Fax +60 3 7882 8899

www.dksh.com.my

DKSH