DKSH HOLDINGS (MALAYSIA) BERHAD

(Company No. 199101021067 (231378-A))
(Incorporated in Malaysia)

Summary of Key Matters discussed at the Thirtieth Annual General Meeting ("30th AGM") of DKSH Holdings (Malaysia) Berhad ("the Company") held virtually via the online meeting platform of TIIH Online via its website at https://tiih.online on Thursday, May 26, 2022 at 10:00 a.m.

Pursuant to Paragraph 9.21(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a listed issuer must publish a summary of key matters discussed at the Annual General Meeting of the Company on the Company's website.

The summary of key matters discussed at the 30th AGM of the Company held on May 26, 2022 are listed as below:

1. Presentation of the overview of the business and financial highlights of the Group

Prior to receiving the Audited Financial Statements of the Company for the financial year ended December 31, 2021, the Chairman of the Board presented an overview of the business and financial highlights of the Group for the financial year 2021 and key initiatives for 2022.

The Chairman of the Board declared that the Audited Financial Statements of the Company for the financial year ended December 31, 2021 together with the Reports of the Directors and Auditors thereon, be received.

2. Questions-and-answer session with shareholders and/or proxies

2.1 Pre-submission questions from shareholders before AGM

1. How much does the Company spend on this virtual AGM?
   Would the board kindly consider giving shareholders with e-voucher to redeem the company products, as a token of appreciation for attending today's RPV
   (*submitted by Teh Peng Tin – shareholder*)

   Answer:
   The cost for this virtual AGM is RM28,000. The Company will not provide any vouchers to the shareholders.

2. I am shareholder, Lee Kong Meng, would like to know the net profit margin increase but not given any special dividends. Thank you
   (*submitted by Lee Kong Meng – shareholder*)

   Answer:

   With the relatively significant borrowings of RM450 million taking out at the time of the Auric acquisition, and with rising interest rates, the board felt it was important to reduce the borrowing. When Auric loan was up for refinancing, the Company reduced the loan by RM140 million. Thus, it was a good balance to increase the shareholders dividend by 10% as well. The Board will continue to look at the dividend.

As observed, the Group has had a strong start in 2022. As mentioned in the report earlier, the company expects macro-economic challenges ahead, but the Board certainly hopes to outperform 2021. As such, the Board will look into dividend again later in the year.

2.2 Questions submitted via the chat box during the AGM

1. (i) How is the increase in interest rate and weakening on Ringgit Malaysia are going to impact DKSH business? How is the management going to manage this?
   (ii) The borrowings due (less than 12 months) is much higher than the cash & bank balances. How is the management going to repay this?
   (*submitted by Teo Han Lin – shareholder*)

   Answer:

   In terms of the weakening in Ringgit Malaysia and it can correlate with the inflation generally. A majority of the products are purchased locally in Malaysia where Malaysia is a significant manufacturing location for many of the Group's clients.

   There is a hedging policy in place to manage any variation in the currency.

   Overall, through normal negotiations with clients and customers with our team's expertise in handling the fluctuation in currency, the gross margin can be maintained at similar levels to that experienced in 2021.

   The Company has refinanced those borrowings and reduced structural loans from RM450 million to RM310 million and this will mitigate any interest rate increases. Thus, the interest expenses incurred for this year shall not exceed last year's.

2. To what extent is the higher cost of fossil fuel, logistics and input raw materials on each core segment of our Co's profitability going forward? Is our Co's business and profit growth outlook in this new environment still improving?
   (*submitted by Ho Yueh Weng – shareholder*)

   Answer:

   This is a big challenge in the year and DKSH is one of the parties of the overall supply chain. DKSH is not the one setting the pricing for the end consumer and both our customers and clients understand that DKSH is in the middle of the margin. DKSH has limited ability to absorb some of these cost without affecting our services.

   DKSH is very active in looking for improvements and efficiencies particularly around logistics and much work can be done around transport optimisation, efficient delivery and efficient logistic solutions. A large business as big as DKSH will experience constant change, entrance of new clients and to cope with different requirement to the customers' satisfaction in terms of product delivery. Thus, there is always opportunity to improve on efficiency and the supply chain team is very focused on that. It is clear that all those cost efficiency improvement cannot be eliminated totally, thus, some of the increase in cost will have to be passed to the clients and customers.

The gross margin may not improve but may weaken slightly, but as long as DKSH continues to grow and the platform effects that from the business should allow the bottomline figure to grow.

DKSH is very focused on overhead cost in terms of the rest of the business and constantly operate the process efficiently and effectively to ensure operating cost remain stable and will obtain the benefit from that efficiency.

3. Despite paying down the borrowing in FY2021, the borrowing has gone up again in first quarter 2022. Can you shed more light on this?
   (*submitted by Rusmin – shareholder*)

   Answer:

   The main drivers of cash generation and cash consumption are inventory and account receivable in DKSH business. Typically, when the Group grows, there will be increase in consumption of cash in terms of cash injected to working capital and inventory to support the growth.

   There are challenges encountered with supply chain, as there was delay for DKSH to receive the inventory. However, this condition is expected to be only temporary.

   There has been much emphasis on working capital in Q1, 2022 and it is expected that it may fall again in Q2, 2022. However, volatility is also one of the reasons for DKSH to operate prudently with respect to cash and bank balances.

4. (i) Does the Company have any plan to reduce its debt position and reduce financial costs?
   (ii) Is there any Marketing Strategy to improve the performance of Famous Amos? This appears to have dragged down the company's profit performance over the past 3 years
   (iii) Why did the company decide to dispose the Performance Material division? It should be the tool that drives the future of the Company. And why not dispose the Famous Amos instead?
   (iv) What is the future prospect of company to continue grow?
   (*submitted by Lim Siong Kee – shareholder*)

   Answer:

   (i) There was reduction on fixed term debt by RM140 million but it is not visible in the Q1, 2022 financial results because of the increase in working capital. However, the impact on debt reduction will be reflected later in the year.

   (ii) Famous Amos is a retail business and was extremely affected by the lockdown during the years from 2020 to 2021 as many of the malls were closed. However, during the partial reopening, it took little time for recovery as customers were quick to return.

   Prior the lockdown, in 2019, Famous Amos has made record contribution and in 2022, it has made a quick bounce back. The customers were very willing to purchase from Famous Amos and the revenue improve significantly at the start of year 2022 and business was profitable for the past few months.

   The Group is quite positive on its prospects overall in terms of its margin and its return on sales which is margin enhancing for DKSH.

   Famous Amos also has a long term licensing agreement of 30 years in the business and will contribute a lot to the shareholders value moving forward.

(iii) Touched on Famous Amos business earlier on.

In terms of performance materials, the company has been in the business for a number of years and had remained small and had not demonstrated the ability to grow. It is quite clear that it will only grow through investment.

Given the Malaysia profile in the Malaysian economy, it is better to invest in the healthcare and consumer business. This will be the best focus given to the shareholders for the best opportunity in the future.

Thus, there was an opportunity to dispose performance material on accretive terms and look to reinvest the proceeds into healthcare and consumer business.

(iv) DKSH is always looking for growth in the business.

As the clients and customers portfolio grow, DKSH has the expertise and leadership to manage the growth.
DKSH will look at the general economy background this year and cautiously optimistic on our future growth prospect.

3. Summary of issues discussed during the AGM

1. Disposal of Performance Material

Currently, Performance Material is relatively a small business in Malaysia and in order to grow it further, it requires investment. As such, the Board has decided to dispose Performance Material division and the gain from disposal will be used for more acquisitions in the future as part of the growth plan for the Group. Also, the Group will focus to strengthen and expand the businesses in FMCG and Healthcare.

In recent years, there is a rise in e-commerce business. However, the B2C component is a small business for the Group and it typically contributes less than 5% of the turnover in groceries for FMCG and healthcare in Malaysia. Therefore for the B2C component of its business, DKSH has partnered with a specialist ecommerce enabler, acommerce.

2. 2021 outlook and guidance

The Group remained well positioned for sustained profitable growth in 2022 and beyond. This is due to its well-diversified portfolio of clients across various industries, channels and product categories, and continued focus on business growth and cost efficiencies. This has been the underlying strength of DKSH. It is expected that the balance of 2022 will see relatively stable market demand and the Group is confident about growth opportunities in the medium to long term. The 2 continuing market trends namely the growing middle class and the trend towards outsourcing in Malaysia is a positive development for DKSH.

The Logistics segment will continue its strong growth as the Group satisfies the continuously demand for healthcare by innovating its service, developing new markets and channels and adding new clients to further strengthen the product and client portfolio. The Others segment will continue to grow as Famous Amos strategically expands within Malaysia. From the disposal of Performance Material division in 2021, the gain thereof, will be recycled for more acquisitions to add value to another to the Group.

Cost inflation will be the key challenge to manage in 2022.

3. Future M&A plans

The Board and management regularly review potential M&A opportunities. A critical requirement in our assessment of these opportunities is that they must be value added in terms of adding to our capabilities or being financially beneficial.

4. Approval of Resolutions

After providing answers and clarifications to the questions from the shareholders and proxies, the Meeting resolved and approved the following resolutions at the Meeting by way of poll:

(i) Payment of Final Single Tier Dividend

Ordinary Resolution 1	Number of Shares	%	Number of poll slips
Voted FOR	122,101,983	99.9926	259
Voted AGAINST	9,016	0.0074	46

IT WAS RESOLVED THAT the payment of a final single tier dividend of 11.0 sen per share for the financial year ended December 31, 2021 be approved.

(ii) Payment of Directors' Fees

Ordinary Resolution 2	Number of Shares	%	Number of poll slips
Voted FOR	122,078,560	99.9734	233
Voted AGAINST	32,439	0.0266	72

IT WAS RESOLVED THAT the payment of Directors' Fees of up to an amount of RM 280,000.00 from May 27, 2022 until the next Annual General Meeting of the Company to be held in 2023 be approved.

(iii) Re-election of Stephen John Ferraby as Director of the Company

Ordinary Resolution 3	Number of Shares	%	Number of poll slips
Voted FOR	121,942,874	99.8623	250
Voted AGAINST	168,125	0.1377	55

IT WAS RESOLVED THAT Stephen John Ferraby who retired in accordance with Article 105 of the Company's Constitution, be re-elected as Director of the Company.

(iv) Re-election of Fa'izah binti Mohamed Amin as Director of the Company

Ordinary Resolution 4	Number of Shares	%	Number of poll slips
Voted FOR	122,091,671	99.9842	248
Voted AGAINST	19,328	0.0158	57

IT WAS RESOLVED THAT Fa'izah binti Mohamed Amin who retired in accordance with Article 101 of the Company's Constitution, be re-elected as Director of the Company.

(v) Re-election of Puneet Mishra as Director of the Company

Ordinary Resolution 5	Number of Shares	%	Number of poll slips
Voted FOR	122,101,372	99.9922	252
Voted AGAINST	9,527	0.0078	52

IT WAS RESOLVED THAT Puneet Mishra who retired in accordance with Article 101 of the Company's Constitution, be re-elected as Director of the Company.

(vi) Re-appointment of Auditors

Ordinary Resolution 6	Number of Shares	%	Number of poll slips
Voted FOR	122,101,491	99.9922	260
Voted AGAINST	9,508	0.0078	45

IT WAS RESOLVED THAT the re-appointment of Messrs. Ernst & Young as Auditors of the Company for the financial year ending December 31, 2022 and authorisation to the Board of Directors to fix their remuneration be approved.

(vii) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 7	Number of Shares	%	Number of poll slips
Voted FOR	4,946,511	99.8101	259
Voted AGAINST	9,412	0.1899	45

IT WAS RESOLVED 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 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 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 I 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.

5. Conclusion

The meeting concluded at 12:45 p.m. with a vote of thanks to the Chair.