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**DKSH HOLDINGS (MALAYSIA) BERHAD**

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

**CIRCULAR TO SHAREHOLDERS**

in relation to

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATES FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The above proposal will be tabled as Special Business at the Twenty-Third Annual General Meeting ("**23rd AGM**") of DKSH Holdings (Malaysia) Berhad ("**DKSH**") to be held on Thursday, June 25, 2015 at 10.00 a.m. at Ballroom 2, Level 2, Pullman Kuala Lumpur Bangsar, No.1 Jalan Pantai Jaya, Tower 3, 59200 Kuala Lumpur. The Notice of the 23rd AGM and the Proxy Form are set out in the Annual Report 2014 of DKSH, which is despatched together with this Circular.

If you are entitled to attend and vote at the 23rd AGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you decide to do so, you must complete and lodge the original signed Proxy Form for the 23rd AGM at the office of DKSH's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the 23rd AGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 23rd AGM should you subsequently decide to do so.

Date and time of the 23rd AGM	:	June 25, 2015 at 10.00 a.m.
Last date and time for lodging the Proxy Form	:	June 23, 2015 at 10.00 a.m.

This Circular is dated May 29, 2015

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 1965, including any amendment thereto that may be made from time to time
AGM	:	Annual General Meeting
Board of Directors	:	Board of Directors of DKSH
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Director	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, as amended from time to time and any reenactment thereof and for the purposes of the Proposed 2015 Mandate, shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of DKSH, its subsidiary or its holding company, or a chief executive of DKSH, in accordance with the definition in Chapter 10 of the Listing Requirements
DKSH or the Company	:	DKSH Holdings (Malaysia) Berhad (231378-A)
DKSH Group or the Group	:	DKSH and its subsidiaries, collectively
DKSH Shares or Shares	:	Ordinary shares of RM1.00 each in DKSH
IT	:	Information Technology
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
LPD	:	Means April 30, 2015 being the latest practicable date before the printing of this Circular for practical reasons and the cut-off date for the information disclosed in this Circular unless otherwise indicated
Major Shareholder	:	Means a person who has an interest or interests in one or more voting shares in DKSH and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in DKSH; or  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in DKSH where such person is the largest shareholder of DKSH,  and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of DKSH or any other corporation which is its subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements  For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act
Market Expansion Services	:	Shall include the provisioning of services ranging from marketing to providing sales force, distribution and logistics, invoicing and credit control, handling of inventory and returned goods and other value-added services
Merchandising Services	:	Shall include merchandising, field marketing and retail execution services, which allow for making products available to customers in shopping areas and retail outlets, including but not limited to stocking shelves and displays, and conducting in-store promotions

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**DEFINITIONS (continued)**

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Person Connected	:	A person connected in relation to a Director or Major Shareholder as defined under Paragraph 1.01 of the Listing Requirements is a person who falls under any one of the following categories: <ul style="list-style-type: none"><li>(a) a family member of the Director or Major Shareholder which shall include his spouse, parent, child (including adopted child and stepchild), brother, sister, and the spouse of his child (including adopted child and stepchild), brother or sister;</li><li>(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;</li><li>(c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;</li><li>(d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li><li>(e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;</li><li>(f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li><li>(g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;</li><li>(h) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or</li><li>(i) a body corporate which is a related corporation</li></ul>
Promotion Services	:	Shall include introduction of products to consumers, detailing its benefits and making consumers aware of products in shopping areas and retail outlets
Proposed Mandate I	:	Proposed renewal of the 2014 Mandate for Recurrent RPTs entered with DKSH Holding Ltd and its subsidiaries as set out in Section 2.5(a) of this Circular
Proposed Mandate II	:	Proposed renewal of the 2014 Mandate for Recurrent RPT entered with Lembaga Tabung Angkatan Tentera as set out in Section 2.5(b) of this Circular
Proposed 2015 Mandates	:	Shall mean collectively, the Proposed Mandate I and Proposed Mandate II
Recurrent RPT(s)	:	Related Party Transaction(s) which is/are recurrent, of a revenue or trading nature and which is/are necessary for day-to-day operations of DKSH Group
Related Party(ies)	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
Related Party Transaction(s)	:	Transaction(s) entered into or proposed to be entered into by DKSH Group which involve the interest, direct or indirect, of Related Party(ies)

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**DEFINITIONS (continued)**

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RM and sen : Ringgit Malaysia and sen, the lawful currency of Malaysia

2014 Mandate : The existing shareholders' mandates obtained at the Company's Twenty-Second AGM ("**22nd AGM**") held on June 24, 2014 for DKSH Group to enter into the Recurrent RPTs as disclosed in the Company's circular to shareholders dated May 30, 2014 and which shall expire at the conclusion of the forthcoming 23rd AGM to be held on June 25, 2015.

All references to "we", "us", "our", "ourselves", "our Company" or "DKSH" in this Circular are to "DKSH Holdings (Malaysia) Berhad".

All references to "you" and "your" in this Circular are to the shareholders of the Company entitled to attend, speak and vote at the AGM and whose names appear in the Company's Record of Depositors at the time and on the date to be determined by the Board of the Company.

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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**DKSH HOLDINGS (MALAYSIA) BERHAD**

(Company No. : 231378-A)

(Incorporated in Malaysia)

**Registered office:**

74 Jalan University  
46200 Petaling Jaya  
Selangor Darul Ehsan

May 29, 2015

**Board of Directors:**

Michael Lim Hee Kiang, *Independent Non-Executive Chairman*

James Armand Menezes, *Independent Non-Executive Director*

Datuk Haji Abdul Aziz bin Ismail, *Non-Independent Non-Executive Director*

Alexander Stuart Davy, *Independent Non-Executive Director*

Jason Michael Nicholas McLaren, *Non-Independent Executive Director/Group Finance Director*

John Peter Clare, *Non-Independent Executive Director*

Lian Teng Hai, *Non-Independent Executive Director*

**To: Our Shareholders**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATES FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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**1. INTRODUCTION**

The Company had at its 22nd AGM held on June 24, 2014 obtained a mandate from its shareholders for the Recurrent RPTs as set out in the circular to shareholders of the Company dated May 30, 2014. That authority granted pursuant to the shareholders' mandates obtained at the 22nd AGM shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 23rd AGM of the Company unless authority for its renewal is obtained from its shareholders at the said AGM.

Accordingly, the Board had on May 5, 2015 announced the Company's intention to seek your approval at the 23rd AGM to be held on June 25, 2015 for the proposed renewal of shareholders' mandates for Recurrent RPTs to allow the Group to enter into the Recurrent RPTs with the Related Parties as set out in this Circular of the Company.

The purpose of this Circular is to provide you with the relevant information on the Proposed Mandate I and the Proposed Mandate II and to seek your approval for Ordinary Resolution 8 and Ordinary Resolution 9 to be tabled at the forthcoming 23rd AGM of the Company as set out in Appendix I of this Circular.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED MANDATE I AND THE PROPOSED MANDATE II AT THE COMPANY'S FORTHCOMING AGM.**

## **2. DETAILS OF THE PROPOSED 2015 MANDATES**

### **2.1 LISTING REQUIREMENTS**

Pursuant to Paragraph 10.09 and Practice Note 12 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the listed issuer or its subsidiaries, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favorable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed below:
  - (i) the consideration, value of assets, capital outlay or costs of the recurrent related party transaction is RM1 million or more; or
  - (ii) any one of the percentage ratios of such recurrent related party transaction is 1% or more, whichever is the higher;
- (c) in a meeting to obtain shareholders' mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements namely that, the related party with interests, direct or indirect ("interested related party") must not vote on the resolution to approve the transactions; and an interested related party must ensure that the persons connected with it abstain from voting on the resolution approving the transactions; and where the interested related party is a person connected with a director or major shareholder such director or major shareholder, must not vote on the resolution in respect of the transaction; and
- (d) the listed issuer must immediately announce to Bursa Malaysia when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular to shareholders by 10% or more, and the announcement must include the information as prescribed by Bursa Securities.

Pursuant to Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the Company has disclosed in its Annual Report 2014 the details, including a breakdown of the aggregate value, of the Recurrent RPTs transacted during the financial year ended December 31, 2014 for which the 2014 Mandate is in force.

Similarly, disclosure of details of the Recurrent RPTs conducted pursuant to the Proposed 2015 Mandates will be made in the Company's Annual Report for the next financial year ending 2015.

### **2.2 VALIDITY PERIOD**

In accordance with the Practice Note 12 of the Listing Requirements, the Proposed 2015 Mandates, if approved at the forthcoming 23rd AGM of the Company, will take effect from the passing of Ordinary Resolution 8 and Ordinary Resolution 9 thereat and the authority conferred by the Proposed 2015 Mandates will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming 23rd AGM at which the Proposed 2015 Mandates are to be approved, at which time the authority will lapse, unless by an ordinary resolution passed at that next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of DKSH in a general meeting, whichever is the earlier.

Thereafter, to the extent that the transactions contemplated under the Proposed 2015 Mandates are expected to continue, your approval will be sought, if deemed necessary, for the renewal of the Proposed 2015 Mandates at each subsequent AGM or at an Extraordinary General Meeting that may be held on the same day as the AGM, subject to a satisfactory review by the Audit Committee of the Company.



## 2.3 PRINCIPAL ACTIVITIES OF DKSH GROUP

DKSH is principally an investment holding company. The principal activity of DKSH Group is the provisioning of Market Expansion Services, which ranges 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. DKSH Group also operates retail outlets selling Famous Amos cookies.

The table below sets out the principal activity of the respective subsidiaries of DKSH as at the LPD.

In the case of DKSH Logistics Services Sdn Bhd, DKSH Management Malaysia Sdn Bhd and DKSH Marketing Services Sdn Bhd, the principal activities were those previously carried out by these companies and as at the LPD, these companies are dormant.

	<b>Subsidiaries of DKSH</b>	<b>Principal activities</b>	<b>DKSH's effective equity interest (%)</b>
(i)	DKSH Malaysia Sdn Bhd	Provision of Market Expansion Services.	100
(ii)	DKSH Distribution Malaysia Sdn Bhd	Provision of Market Expansion Services.	100
(iii)	The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn Bhd	Sale of freshly baked chocolate chip cookies and operation of retail outlets in Malaysia.	100
(iv)	DKSH (B) Sdn Bhd <sup>1</sup>	Provision of Market Expansion Services.	100
(v)	DKSH Central Services Malaysia Sdn Bhd	Provision of estate management services.	100
(vi)	DKSH Logistics Services Sdn Bhd <sup>2</sup>	Provision of warehousing and distribution services.	100
(vii)	DKSH Management Malaysia Sdn Bhd <sup>2</sup>	Distribution and marketing of a wide range of consumer products.	100
(viii)	DKSH Marketing Services Sdn Bhd <sup>2</sup>	Distribution of phone cards.	100

Note:

<sup>1</sup> Incorporated in Brunei Darussalam.

<sup>2</sup> The company is presently dormant.

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## 2.4 CLASS OF RELATED PARTIES

The Recurrent RPTs for which the Proposed 2015 Mandates are sought are in respect of transactions entered into by DKSH Group with its major shareholder DKSH Holding Ltd and its subsidiaries, and a transaction entered into by DKSH with Lembaga Tabung Angkatan Tentera, a body corporate which is a person connected with Datuk Haji Abdul Aziz bin Ismail (“**DAA**”), a Director of DKSH.

(a) The Proposed Mandate I applies to the following classes of Related Parties:

	Related Parties	Relationship with DKSH	Other persons connected with the Related Parties
(i)	<b>DKSH Resources (Malaysia) Sdn Bhd (“DKSH Resources”)</b>	DKSH Resources is a Major Shareholder (74.31% direct interest as at LPD) and a wholly-owned subsidiary of DKSH Asia.	<p>(i) <b>DKSH Holdings (Asia) Sdn Bhd (“DKSH Asia”)</b></p> <p>DKSH Asia is the holding company of DKSH Resources and a wholly-owned subsidiary of DKSH Holding Ltd.</p> <p>(ii) <b>DKSH Holding Ltd</b></p> <p>DKSH Holding Ltd is the holding company of DKSH Asia and the ultimate holding company of DKSH Resources.</p> <p>(iii) <b>John Peter Clare (“JPC”)</b></p> <p>JPC (Non-Independent Executive Director) has been nominated to the Board of DKSH by DKSH Resources. JPC is a Person Connected with DKSH Holding Ltd, DKSH Asia and DKSH Resources.</p> <p>He was a Director of DKSH Resources, DKSH Asia, Bio-Life Marketing Sdn Bhd (“<b>Bio-Life</b>”), DKSH Corporate Shared Services Center Sdn Bhd (“<b>CSSC</b>”) and DKSH Smollan Field Marketing (Malaysia) Sdn Bhd (“<b>DKSH Smollan</b>”). Bio-Life and CSSC are wholly-owned subsidiaries of DKSH Holding Ltd whilst DKSH Smollan is a 51% owned subsidiary of DKSH Holding Ltd.</p> <p>(iv) <b>Jason Michael Nicholas McLaren (“JNM”)</b></p> <p>JNM (Non-Independent Executive Director/Group Finance Director) has been nominated to the Board of DKSH by DKSH Resources. JNM is a Person Connected with DKSH Holding Ltd, DKSH Asia and DKSH Resources.</p> <p>He is also a Director of DKSH Resources, DKSH Asia, Bio-Life, CSSC and DKSH Smollan.</p> <p>(v) <b>Lian Teng Hai (“LTH”)</b></p> <p>LTH (Non-Independent Executive Director) has been nominated to the Board of DKSH by DKSH Resources. LTH is a Person Connected with DKSH Holding Ltd, DKSH Asia and DKSH Resources.</p>

- (b) The Proposed Mandate II applies to the following classes of Related Parties:

	Related Parties	Relationship with DKSH	Other persons connected with the Related Parties
(i)	Lembaga Tabung Angkatan Tentera ("LTAT")	<p>LTAT is a body corporate established under the Tabung Angkatan Tentera Act 1973.</p> <p>LTAT is a Related Party by virtue of LTAT being a Person Connected with Datuk Haji Abdul Aziz bin Ismail (Non-Independent Non-Executive Director), who has been nominated to the Board of DKSH by LTAT.</p>	By virtue of being nominated to the Board of DKSH by LTAT, Datuk Haji Abdul Aziz bin Ismail is deemed interested in the Proposed Mandate II.

## 2.5 NATURE OF RECURRENT RPT

- (a) The nature and aggregate value of the Recurrent RPTs covered by the Proposed Mandate I on which shareholders' approval is sought via Ordinary Resolution 8 is as follows:

	Proposed 2015 Mandate (Proposed Mandate I)				2014 Mandate	
	Nature of Recurrent RPTs	Transacting Party(ies) with whom DKSH Group transact(s)	Interested Related Parties	Estimated value <sup>&gt;</sup> (RM'000)	Estimated value <sup>*</sup> (RM'000)	Actual value <sup>@</sup> (RM'000)
(i)	Hosting and support of system applications, data processing applications, provision of infrastructure and support facilities, provision of IT, organizational consultancy and outsourced accounting services by the transacting party to DKSH Group	CSSC	DKSH Resources DKSH Asia DKSH Holding Ltd JPC JNM LTH	16,000	15,000	13,101
(ii)	Sale of goods by DKSH Group to transacting parties	DKSH Holding Ltd and its subsidiaries	DKSH Resources DKSH Asia DKSH Holding Ltd JPC JNM LTH	20,000	20,000	1,902

	Proposed 2015 Mandate (Proposed Mandate I)				2014 Mandate	
	Nature of Recurrent RPTs	Transacting Party(ies) with whom DKSH Group transact(s)	Interested Related Parties	Estimated value <sup>&gt;</sup> (RM'000)	Estimated value <sup>*</sup> (RM'000)	Actual value <sup>@</sup> (RM'000)
(iii)	Provision of distribution and logistics services by DKSH Group to transacting parties	DKSH Holding Ltd and its subsidiaries	DKSH Resources DKSH Asia DKSH Holding Ltd JPC JNM LTH	90,000	90,000	46,984
(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 DKSH Asia DKSH Holding Ltd JPC JNM LTH	15,000	15,000	9,223

- (b) The nature and aggregate value of the Recurrent RPT covered by the Proposed Mandate II on which shareholders' approval is sought via Ordinary Resolution 9 is as follows:

	Proposed 2015 Mandate (Proposed Mandate II)				2014 Mandate	
	Nature of Recurrent RPT	Transacting Party(ies) with whom DKSH Group transact(s)	Interested Related Parties	Estimated value <sup>&gt;</sup> (RM'000)	Estimated value <sup>*</sup> (RM'000)	Actual value <sup>@</sup> (RM'000)
(i)	Lease/tenancy of land and/or premises and/or properties, and provision of related/administrative facilities from the transacting party <sup>+</sup>	LTAT	LTAT DAA	11,000	11,000	8,135

Notes:

- <sup>></sup> The estimated aggregate value of Recurrent RPTs contemplated under the Proposed 2015 Mandates during the validity period (as disclosed in this Circular) is based on the historical and/or current actual transaction and management forecast. The actual aggregate value may vary from the estimated aggregate value disclosed above.
- <sup>\*</sup> The estimated aggregate value of Recurrent RPTs covered under the 2014 Mandate ("2014 Estimated Value") as disclosed in the preceding year's circular to shareholders of the Company dated May 30, 2014.
- <sup>@</sup> The actual aggregate value of the respective Recurrent RPTs transacted from June 24, 2014 up to LPD during which time the 2014 Mandate is in force ("2014 Actual Value").  
None of the 2014 Actual Aggregate Value has exceeded the 2014 Estimated Aggregate Value by 10% or more during which time the 2014 Mandate is in force.
- <sup>+</sup> Lease of premises and properties at Geran 20004 (Lot 10394), Geran 20062 (Lot 10452) and Geran 35910 (Lot 10451), all in Mukim Klang, State of Selangor (now amalgamated and held under HS(D) 66055, PT 66619, Mukim Klang, Daerah Klang, Negeri Selangor) from LTAT for a term of six years commencing from April 1, 2013 to March 31, 2019 with rental payable on a monthly basis as follows:
- monthly rental of RM739,500.00 per month for the period from April 1, 2013 to March 31, 2016; and
  - monthly rental of RM790,500.00 per month for the period from April 1, 2016 to March 31, 2019.

*Provision of related/administrative facilities shall include maintenance of the premises and properties, if any.*

*As at December 31, 2014, there is no outstanding amount arising out of Recurrent RPTs which is due and owing to the Company by the Related Parties which has exceeded the DKSH Group's credit terms. Accordingly, there are no late payment charges imposed on the Related Parties.*

### **3. RATIONALE FOR AND BENEFITS OF THE PROPOSED 2015 MANDATES**

The Recurrent RPTs which are contemplated under the Proposed 2015 Mandates and that the Group intends to enter into are all in the ordinary course of business and are necessary for the Group's day-to-day operations. These Recurrent RPTs are likely to occur with some degree of frequency and arise at any time or from time to time. It is impractical to seek shareholders' approval on a case-by-case basis before entering into them as these transactions may be constrained by their time-sensitive and confidential nature. These Recurrent RPTs have been or will be entered into (as the case may be) on normal commercial terms, on an arm's length basis, on terms not more favorable to the Related Parties than those generally available to the public and will not be detrimental to our minority shareholders.

By obtaining a shareholders' mandate on an annual basis, the Company does not have to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent RPTs occur. Besides facilitating a smoother and more efficient conduct of the Group's business, this would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings. It would also enable the Group to meet its corporate objectives and realise business opportunities, as and when Recurrent RPTs may arise, in a more timely and effective manner.

Some of the key benefits of the Proposed 2015 Mandates are as follows:

- (a) DKSH Group will continue to benefit from the outsourcing of IT services to CSSC as this is expected to provide the DKSH Group with an efficient IT platform and cost savings derived from leveraging off specialist resources and systems. The Proposed 2015 Mandates will allow the DKSH Group to improve operational effectiveness and efficiency, provide clients with leading IT solutions, and derive cost savings through the outsourcing of IT services;
- (b) In its role as a Market Expansion Services provider, the Group may represent clients that wish to expand into other global markets. The Proposed 2015 Mandates will allow the DKSH Group to represent clients and sell their products to DKSH Holding Ltd and/or its subsidiaries and therewith explore additional growth opportunities;
- (c) The core business of the DKSH Group is to provide Market Expansion Services, including but not limited to marketing, sales, provision of distribution and logistics services to local and international clients. The Proposed 2015 Mandates will allow DKSH Group to distribute products for DKSH Holding Ltd and/or its subsidiaries in and outside of Malaysia and with this allows for additional growth opportunities;
- (d) DKSH Group will benefit from engaging subsidiaries of DKSH Holding Ltd, such as DKSH Smollan and Bio-Life, to perform Merchandising Services and Promotion Services. DKSH Smollan is a dedicated field-marketing and merchandising company, whilst Bio-Life has its own team of merchandisers and promoters. Both DKSH Smollan and Bio-Life's services have assisted the DKSH Group's fast moving consumer goods and healthcare businesses to drive sales and to turn shoppers into buyers. The Proposed 2015 Mandates will allow the Group to utilize an effective and efficient field-marketing, merchandising and promoter platform and with this supports the growth of the Group; and
- (e) The renewal of Recurrent RPT entered into with LTAT will allow the Group to continue utilizing the premises and/or properties leased from LTAT for its business.

### **4. EFFECTS OF THE PROPOSED 2015 MANDATES**

The Proposed 2015 Mandates are not expected to have any effect on the share capital or the shareholdings of Directors and Major Shareholder of the Company and are not expected to have any material effect on the net assets and earnings of the Group.

### **5. GUIDELINES AND REVIEW PROCEDURES ON RECURRENT RPT**

The Company has established various procedures to ensure that the Recurrent RPTs are conducted in the ordinary course of business on an arm's length basis and on normal commercial terms which are consistent with the Group's normal business practices and policies, are on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

In this respect, the Company has implemented the following guidelines and review procedures with regard to the Recurrent RPTs:

- (a) The Company will notify all of its subsidiaries of the identities of the Related Parties. Prior to entering into any Recurrent RPTs, the Company's subsidiaries must ensure that all such transactions are consistent with the normal business practices and policies of the Group, which are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders;
- (b) The Group will only enter into the Recurrent RPTs after taking into account the pricing, level of service, quality of product as compared to market prices and industry standards. The terms and prices of the transactions will be determined on an arm's length basis and on terms not more favorable to the Related Parties than those generally available to the public. Any Recurrent RPTs entered into will also be treated and processed on normal commercial terms consistent with the Group's normal business practices and policies;
- (c) Where practical and feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, whenever possible. The Group will determine whether the price and terms offered to/by the Related Parties are fair, reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- (d) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered to/by other unrelated parties for the same or substantial similar type of transaction to ensure that the Recurrent RPTs are entered into on an arm's length basis and on terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders;
- (e) There are no specific thresholds for the approval of the Recurrent RPTs as all transactions will be reviewed by the Audit Committee and approved by the Board;
- (f) The Company will include a review of the Recurrent RPTs entered into pursuant to the shareholders' mandate granted as part of the Company's internal audit plan. This is to ensure that relevant approvals have been obtained and the internal control procedures for the Recurrent RPTs have been adhered to;
- (g) The Board and Audit Committee of the Company will review the internal audit reports to ascertain if the guidelines and procedures established to monitor Recurrent RPTs have been complied with;
- (h) The Company will maintain records to capture all the Recurrent RPTs which the Group has entered into pursuant to the Proposed 2015 Mandates and monitor the transaction value of the respective Recurrent RPTs;
- (i) The Board and Audit Committee of the Company will have the overall responsibility for the determination of the review procedures, including addition of new review procedures, as and when necessary. The Board and Audit Committee of the Company may also appoint individuals and committees to examine the Recurrent RPTs, as they deem appropriate. If a member of the Board or Audit Committee has an interest in a transaction, he or she shall declare his or her interest and will abstain from any deliberation and decision-making at the Board or Audit Committee meetings, as the case may be, in respect of the said transaction; and
- (j) The Company will, where required, disclose in the annual report of the Company the breakdown of the annual aggregate value of Recurrent RPTs conducted under the Proposed 2015 Mandates during the relevant financial year, in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements.

## **6. STATEMENT FROM THE AUDIT COMMITTEE**

The Audit Committee of DKSH is of the opinion that:

- (a) DKSH Group has in place adequate guidelines, procedures and processes as set forth in Section 5 above to monitor, track and identify Recurrent RPTs in a timely and orderly manner, and such procedures and processes are reviewed on an annual basis and whenever the need arises; and
- (b) the said guidelines and procedures are sufficient to ensure that the Recurrent RPTs are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

## 7. APPROVAL REQUIRED

The Proposed Mandate I and the Proposed Mandate II are subject to your approval being obtained at the forthcoming 23rd AGM of the Company.

## 8. INTERESTS OF INTERESTED DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Save as disclosed in this Circular, none of the Directors or Major Shareholders or Persons Connected with them have any interest, direct or indirect, in the Proposed Mandate I and Proposed Mandate II.

### (i) Interested Major Shareholder

DKSH Resources is a Major Shareholder of the Company. It is a wholly-owned subsidiary of DKSH Asia which in turn is a wholly-owned subsidiary of DKSH Holding Ltd.

### (ii) Interested Directors

As JPC, JNM and LTH are nominated to the Board of DKSH by DKSH Resources, they are deemed interested in the Proposed Mandate I. Accordingly, they have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Mandate I at the relevant Board meetings, and will abstain and have also undertaken to ensure that Persons Connected with them will also abstain from voting on (in respect of their direct and/or indirect shareholdings in the Company, if any), deliberating or approving the resolution pertaining to the Proposed Mandate I at the Company's forthcoming 23rd AGM.

LTAT with whom the Company will be transacting in relation to the Proposed Mandate II, is a Person Connected with Datuk Haji Abdul Aziz bin Ismail ("**DAA**"), a Director of the Company by virtue of DAA being a person nominated to the Board of DKSH by LTAT.

DAA is therefore deemed an interested director in the Proposed Mandate II. Accordingly, he has abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Mandate II at the relevant Board meetings, and will abstain and has also undertaken to ensure that Persons Connected with him will also abstain from voting on (in respect of their direct and/or indirect shareholdings in the Company, if any), deliberating or approving the resolution pertaining to the Proposed Mandate II at the Company's forthcoming 23rd AGM.

The direct and indirect shareholdings of the interested Director(s), Major Shareholder(s) and Person(s) Connected with them in the Company as at LPD are as set out below:

Interested Director(s), Major Shareholder(s) and Person(s) Connected	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
DKSH Resources	117,155,076	74.31	-	-
DKSH Asia <sup>1</sup>	-	-	117,155,076	74.31
DKSH Holding Ltd <sup>2</sup>	-	-	117,155,076	74.31
LTAT	8,018,200	5.09	-	-
JPC	-	-	-	-
JNM	-	-	-	-
LTH	-	-	-	-
DAA	-	-	-	-

Notes:

<sup>1</sup> Deemed interested through its 100% direct interest in DKSH Resources.

<sup>2</sup> Deemed interested through its 100% direct interest in DKSH Asia. See Note <sup>1</sup> above for DKSH Asia's deemed interest in DKSH Shares.

DKSH Resources will abstain, and has also undertaken to ensure its Persons Connected will also abstain from deliberating, approving or voting at the 23rd AGM on the resolution pertaining to the Proposed Mandate I, in respect of their direct and/or indirect shareholdings in the Company.

LTAT will abstain, and has also undertaken to ensure its Persons Connected will also abstain, from deliberating, approving or voting at the 23rd AGM on the resolution pertaining to the Proposed Mandate II, in respect of their direct and/or indirect shareholdings in the Company.



Further, where the Persons Connected with the Directors and/or Major Shareholder have any interest, direct or indirect, in the Proposed Mandate I and/or the Proposed Mandate II, the Directors and/or Major Shareholder concerned will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the respective resolutions approving the Proposed Mandate I and Proposed Mandate II.

## **9. DIRECTORS' RECOMMENDATION**

- (a) Having considered all aspects of the Proposed Mandate I, the Directors (save for John Peter Clare, Jason Michael Nicholas McLaren and Lian Teng Hai who are deemed interested in the Proposed Mandate I in the manner as set out in Sections 2.4(a) and 8 of this Circular and have therefore abstained from making any recommendation in respect of the Recurrent RPTs in which their interests are involved) are of the opinion that the Proposed Mandate I is in the best interest of the Group.

Accordingly, the Directors (save for John Peter Clare, Jason Michael Nicholas McLaren and Lian Teng Hai who are deemed interested in the Proposed Mandate I) recommend that you vote in favor of Ordinary Resolution 8 on the Proposed Mandate I to be tabled at the forthcoming 23rd AGM of the Company.

- (b) Having considered all aspects of the Proposed Mandate II, the Directors (save for Datuk Haji Abdul Aziz bin Ismail who is deemed interested in the Proposed Mandate II in the manner as set out in Sections 2.4(b) and 8 of this Circular and has therefore abstained from making any recommendation in respect of the Recurrent RPTs in which his interest is involved) are of the opinion that the Proposed Mandate II is in the best interest of the Group.

Accordingly, the Directors (save for Datuk Haji Abdul Aziz bin Ismail who is deemed interested in the Proposed Mandate II) recommend that you vote in favor of Ordinary Resolution 9 on the Proposed Mandate II to be tabled at the forthcoming 23rd AGM of the Company.

## **10. AGM**

The resolutions pertaining to the Proposed Mandate I and Proposed Mandate II are set out in the Notice of the Company's 23rd AGM, which is despatched to you together with this Circular. An extract of the said resolutions is enclosed as Appendix I of this Circular.

The 23rd AGM of the Company will be held on Thursday, June 25, 2015 at 10.00 a.m. at the Ballroom 2, Level 2, Pullman Kuala Lumpur Bangsar, No. 1 Jalan Pantai Jaya, Tower 3, 59200 Kuala Lumpur.

If you are unable to attend and vote in person at the forthcoming 23rd AGM and wish to appoint a proxy or proxies to attend and vote in your stead, you are requested to complete, sign and return the Proxy Form enclosed in the Company's Annual Report 2014 in accordance with the instructions contained therein and deposit the original copy of the duly signed and/or sealed Proxy Form at the office of the Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no less than forty-eight (48) hours before the time appointed for the 23rd AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 23rd AGM should you subsequently wish to do so.

## **11. FURTHER INFORMATION**

You are advised to refer to Appendix II of this Circular for further information.

Yours faithfully  
For and on behalf of the Board of  
**DKSH HOLDINGS (MALAYSIA) BERHAD**

Michael Lim Hee Kiang  
Independent Non-Executive Chairman



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**EXTRACT OF RESOLUTIONS TO BE TABLED AT THE COMPANY'S FORTHCOMING 23RD AGM IN CONNECTION WITH THE PROPOSED 2015 MANDATES**

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**As Special Business:**

To consider and if thought fit, to pass with or without modifications, the following Resolutions:

9. **Proposed Mandate I 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 May 29, 2015 ("Proposed Mandate I") 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 143(1) of the Companies Act 1965 ("Act") (but must not extend to such extensions as may be allowed pursuant to Section 143(2) 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 8**

10. **Proposed Mandate II 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(b) of the Circular to Shareholders dated May 29, 2015 ("Proposed Mandate II") 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 II 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 143(1) of the Companies Act 1965 ("Act") (but must not extend to such extensions as may be allowed pursuant to Section 143(2) 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 9**

**1. Responsibility statement**

This Circular has been seen and approved by the Directors who collectively and individually accept full responsibility for the accuracy of the information given therein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

**2. Material contracts**

Save as disclosed below, neither the Company nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular:

- (i) Sale and purchase agreement dated May 31, 2013 between DKSH Central Services Malaysia Sdn Bhd (Company No. 393972-X) ("DCS") and Sun-PJDC Sdn Bhd (Co. No. 640018-X) ("Sun-PJDC") for the disposal of all that piece of leasehold land measuring approximately 258,746 sq. ft. and held under Pajakan Negeri 3696, Lot 52 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with the office and industrial buildings and warehouses erected thereon by DCS to Sun-PJDC for a total cash consideration of RM124,200,000.00 (Ringgit Malaysia One Hundred Twenty Four Million and Two Hundred Thousand) ("Agreement I"). Agreement I was completed on October 17, 2013.
- (ii) Share sale agreement dated August 30, 2013 between the Company (together with 4 other vendors) on one part and Delta Express (M) Sdn Bhd (Co. No. 407682-V) ("Delta Express") on the other part, for the disposal of the entire equity interest held by the Company and the other 4 vendors collectively in DKSH Transport Agencies (M) Sdn Bhd (Co. No. 11915-V) ("DKSH TA") ("Agreement II") to Delta Express. Under the Agreement II, the Company disposed of its entire 51% equity interest in DKSH TA comprising 5,508 ordinary shares of RM100.00 each to Delta Express for a cash consideration of RM30,600,000.00 (Ringgit Malaysia Thirty Million and Six Hundred Thousand). Agreement II was completed on October 29, 2013.

**3. Material litigation**

As at the date of this Circular, neither DKSH nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and to the best of their knowledge, the Directors of DKSH are not aware of any proceeding, pending or threatened against the DKSH Group or any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the DKSH Group.

**4. Documents available for inspection**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company from the date of this Circular up to and including the date of the 23rd AGM:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the Audited Consolidated Financial Statements of the Company for the past two (2) financial years ended December 31, 2013 and December 31, 2014;
- (iii) the unaudited results for the financial quarter ended March 31, 2015 being the latest unaudited quarterly results since the last Audited Consolidated Financial Statements of the Company (being the Audited Consolidated Financial Statements for the financial year ended December 31, 2014); and
- (iv) Agreement I and Agreement II as stated in Section 2 above of this Appendix.

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