

**THIS CIRCULAR TO SHAREHOLDERS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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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-Second Annual General Meeting ("22<sup>nd</sup> AGM") of DKSH Holdings (Malaysia) Berhad ("DKSH") to be held on Tuesday, June 24, 2014 at 10.00 a.m. The Notice of the 22<sup>nd</sup> AGM and the Proxy Form are set out in the Annual Report 2013 of DKSH.

The original signed Proxy Form must be completed and lodged at the registered office of DKSH at 74 Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time fixed for the 22<sup>nd</sup> AGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 22<sup>nd</sup> AGM should you subsequently wish to do so.

Date and time of the 22 <sup>nd</sup> AGM	:	June 24, 2014 at 10.00 a.m.
Last date and time for lodging the Proxy Form	:	June 22, 2014 at 10.00 a.m.
Venue of the 22 <sup>nd</sup> AGM	:	Conference Room, Ground Floor 74 Jalan University 46200 Petaling Jaya Selangor Darul Ehsan Malaysia

This Circular is dated May 30, 2014

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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 or Directors	:	Board of Directors of DKSH.
Bursa Malaysia	:	Bursa Malaysia Securities Berhad.
Director	:	Shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007 and for the purposes of the Proposed 2014 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, its subsidiary or its holding company.
DKSH or the Company	:	DKSH Holdings (Malaysia) Berhad.
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 Malaysia, including any amendment thereto that may be made from time to time.
LPD	:	Means April 30, 2014 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.  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 is 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 2013 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 2013 Mandate for Recurrent RPT entered with Lembaga Tabung Angkatan Tentera as set out in section 2.5(b) of this Circular.
Proposed 2014 Mandate	: Shall mean collectively the Proposed Mandate I and the 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 or Related Parties	: Director(s), Major Shareholder(s) or Person(s) Connected.
Related Party Transaction(s)	: Transaction(s) 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 : Ringgit Malaysia.

2013 Mandate : The existing shareholders' mandates obtained at the Company's Twenty-First AGM ("21<sup>st</sup> AGM") held on June 25, 2013 for DKSH Group to enter into the Recurrent RPTs as disclosed in the Company's circular to shareholders dated June 3, 2013 and which shall expire at the conclusion of the forthcoming 22<sup>nd</sup> AGM to be held on June 24, 2014.

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

All references to "you" 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.

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**DKSH HOLDINGS (MALAYSIA) BERHAD**  
(Company No. : 231378-A)

**Registered office:**  
74 Jalan University  
46200 Petaling Jaya  
Selangor Darul Ehsan

May 30, 2014

**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*  
John Peter Clare, *Non-Independent Executive Director/Group Finance 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 21<sup>st</sup> AGM held on June 25, 2013 obtained a mandate from its shareholders for the Recurrent RPTs as set out in the circular to shareholders of the Company dated June 3, 2013. That authority granted pursuant to the shareholders' mandates obtained at the 21<sup>st</sup> AGM shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 22<sup>nd</sup> AGM of the Company.

The Board had on May 20, 2014 announced the Company's intention to seek shareholders' approval at the 22<sup>nd</sup> AGM 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 7 and Ordinary Resolution 8 to be tabled at the forthcoming 22<sup>nd</sup> 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 2014 MANDATE**

### **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 its day-to-day operations 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, or as prescribed in paragraph 10.09(1)(b) of the Listing Requirements, if applicable;
- (c) the listed issuer will issue a circular to its shareholders in relation to the shareholders' mandate which will include the information as may be prescribed by Bursa Malaysia and the draft circular must be submitted to Bursa Malaysia together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder and/or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions; and an interested director or interested major shareholder must ensure that the persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) 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 Malaysia.

Pursuant to paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the Company has disclosed in its Annual Report 2013 the details, including a breakdown of the aggregate value, of the Recurrent RPTs transacted during the financial year ended December 31, 2013 for which the 2013 Mandate is in force.

Similarly, disclosure of details of the Recurrent RPTs conducted pursuant to the Proposed 2014 Mandate will be made in the Company's Annual Report for the next financial year ending 2014.

### **2.2 VALIDITY PERIOD**

In accordance with the Practice Note 12 of the Listing Requirements, the Proposed 2014 Mandate, if approved at the forthcoming 22<sup>nd</sup> AGM of the Company, will take effect from the passing of Ordinary Resolution 7 and Ordinary Resolution 8 thereat and the authority conferred by the Proposed 2014 Mandate will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming 22<sup>nd</sup> AGM unless by an ordinary resolution passed at the next AGM of the Company, 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.

## 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 principal activity of the respective subsidiaries of DKSH as at LPD is as detailed below:

	<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	Dormant	100
(vi)	DKSH Logistics Services Sdn Bhd	Dormant	100
(vii)	DKSH Management Malaysia Sdn Bhd	Dormant	100
(viii)	DKSH Marketing Services Sdn Bhd	Dormant	100

Note:

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

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## 2.4 CLASS OF RELATED PARTIES

(a) The Related Parties to which the Proposed Mandate I applies are as follows:

	<b>Related Parties</b>	<b>Relationship with DKSH</b>
(i)	DKSH Resources (Malaysia) Sdn Bhd (“DKSH Resources”)	DKSH Resources is a Major Shareholder (74.31% direct interest as at LPD) and a wholly-owned subsidiary of DKSH Asia (as defined hereinunder).  DKSH Resources is a Person Connected with DKSH Asia (as defined hereinunder), DKSH Holding Ltd and JPC (as defined hereinunder).
(ii)	DKSH Holdings (Asia) Sdn Bhd (“DKSH Asia”)	DKSH Asia is the holding company of DKSH Resources and a wholly-owned subsidiary of DKSH Holding Ltd.  DKSH Asia is a Person Connected with DKSH Resources, DKSH Holding Ltd and JPC (as defined hereinunder).
(iii)	DKSH Holding Ltd	DKSH Holding Ltd is the holding company of DKSH Asia and the ultimate holding company of DKSH Resources.  DKSH Holding Ltd is a Person Connected with DKSH Asia, DKSH Resources and JPC (as defined hereinunder).
(iv)	John Peter Clare (“JPC”)	JPC (Non-Independent Executive Director/Group Finance 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.  He is a Director of DKSH Resources, DKSH Asia, Bio-Life Marketing Sdn Bhd (“Bio-Life”), DKSH Corporate Shared Services Center Sdn Bhd (“CSSC”) and DKSH Smollan Field Marketing (Malaysia) Sdn Bhd (“DKSH Smollan”). Bio-Life and CSSC are wholly-owned subsidiaries of DKSH Holding Ltd whilst DKSH Smollan is a 51% owned subsidiary of DKSH Holding Ltd.

(b) The Related Parties to which the Proposed Mandate II applies are as follows:

	<b>Related Parties</b>	<b>Relationship with DKSH</b>
(i)	Lembaga Tabung Angkatan Tentera (“LTAT”)	LTAT is a body corporate established under the Tabung Angkatan Tentera Act 1973.  LTAT is a Related Party by virtue of DAA being a Person Connected with LTAT.
(ii)	Datuk Haji Abdul Aziz bin Ismail (“DAA”)	DAA (Non-Independent Non-Executive Director) has been nominated to the Board of DKSH by LTAT. DAA is a Person Connected with LTAT.

## 2.5 NATURE OF RECURRENT RPT

- (a) The nature of the Recurrent RPTs covered by the Proposed Mandate I on which a shareholders' approval is sought for Ordinary Resolution 7 is as follows:

	Proposed 2014 Mandate (Proposed Mandate I)				2013 Mandate	
	Nature of Recurrent RPTs	Transacting companies with whom DKSH Group transacts	Interested Directors and Major Shareholders	Estimated value <sup>&gt;</sup> (RM'000)	Estimated value * (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 and organizational consultancy services by the transacting company to DKSH Group	CSSC	DKSH Resources DKSH Asia DKSH Holding Ltd JPC	15,000	14,000	11,782
(ii)	Sale of goods by DKSH Group to transacting companies	DKSH Holding Ltd and its subsidiaries	DKSH Resources DKSH Asia DKSH Holding Ltd JPC	20,000	20,000	2,336
(iii)	Provision of distribution and logistics services by DKSH Group to transacting companies	DKSH Holding Ltd and its subsidiaries	DKSH Resources DKSH Asia DKSH Holding Ltd JPC	90,000	90,000	46,647
(iv)	Provision of Merchandising Services and Promotion Services by transacting companies for products distributed by DKSH Group	DKSH Holding Ltd and its subsidiaries	DKSH Resources DKSH Asia DKSH Holding Ltd JPC	15,000	14,000	7,658

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- (b) The nature of the Recurrent RPT covered by the Proposed Mandate II on which a shareholders' approval is sought for Ordinary Resolution 8 is as follows:

	Proposed 2014 Mandate (Proposed Mandate II)				2013 Mandate	
	Nature of Recurrent RPT	Transacting company with whom DKSH Group transacts	Interested Director and Major Shareholder	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 company <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 2014 Mandate 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 this estimated aggregate value.
- <sup>\*</sup> The estimated aggregate value of Recurrent RPTs covered under the 2013 Mandate ("2013 Estimated Value") as disclosed in the preceding year's circular to shareholders of the Company dated June 3, 2013.
- <sup>@</sup> The actual value of the respective Recurrent RPTs transacted from June 25, 2013 up to LPD during which time the 2013 Mandate is in force ("2013 Actual Value").  
None of the 2013 Actual Value has exceeded the 2013 Estimated Value by 10% or more during which time the 2013 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.
- N.B. As at December 31, 2013, 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 2014 MANDATE

The Recurrent RPTs which are contemplated under the Proposed 2014 Mandate 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 will be 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.

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 Company's business, this would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings. It would also enable the Company to meet the corporate objectives of the Company and to 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 2014 Mandate 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 2014 Mandate 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 2014 Mandate 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 2014 Mandate will allow the 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 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 2014 Mandate will allow the Group to utilize an effective and efficient field-marketing, merchandising and promoter platform and with this supports the growth for the Group.
- (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 2014 MANDATE**

The Proposed 2014 Mandate is not expected to have any effect on the share capital or the shareholdings of Directors and Major Shareholders of the Company and has no material impact on the net assets and earnings of the Company.

#### **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 the 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 the 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 other contemporaneous transactions with unrelated third parties for similar products and/or services will be used as comparison. 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 and/or services.
- (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 the minority shareholders of the Company.

- (e) There are no 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 2014 Mandate 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 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.
- (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 2014 Mandate 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) the 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 manner, and such procedures and processes are reviewed on a monthly 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 the minority shareholders of the Company.

## **7. APPROVAL REQUIRED**

The Proposed Mandate I and the Proposed Mandate II are subject to the approval being obtained from the shareholders of the Company at its forthcoming 22<sup>nd</sup> AGM.

## **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 the Proposed Mandate II.

DKSH Resources is a Major Shareholder and a wholly-owned subsidiary of DKSH Asia, which in turn a wholly-owned subsidiary of DKSH Holding Ltd.

LTAT is a Related Party by virtue of DAA being a Person Connected with LTAT.

As JPC is nominated to the Board of DKSH by DKSH Resources, he is deemed interested in the Proposed Mandate I. Accordingly, he has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings, and will abstain and will ensure the Persons Connected with him 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 22<sup>nd</sup> AGM.

As DAA is nominated to the Board of DKSH by LTAT, he is deemed interested in the Proposed Mandate II. Accordingly, he has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings, and will abstain and will ensure the Persons Connected with him 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 22<sup>nd</sup> AGM.

The direct and indirect shareholdings of the interested Directors, Major Shareholders and Persons Connected with them in the Company as at LPD are as set out below:

Interested Directors, Major Shareholders and Persons Connected	Direct interest		Indirect interest	
	No. of Shares	% <sup>#</sup>	No. of Shares	% <sup>#</sup>
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	8,036,100 <sup>3)</sup>	5.10	-	-
JPC	-	-	-	-
DAA	-	-	-	-

Notes:

<sup>#</sup> Percentage interest is based on the total issued and paid-up share capital of the Company as at LPD.

<sup>1)</sup> Deemed to have interest in DKSH Shares pursuant to section 6A of the Act by virtue of its direct interest in DKSH Resources.

<sup>2)</sup> Deemed to have interest in DKSH Shares pursuant to section 6A of the Act by virtue of its direct interest in DKSH Asia.

<sup>3)</sup> Shareholding as at LPD based on information in the Register of Substantial Shareholders of the Company.

DKSH Resources will abstain, and will ensure its Persons Connected will also abstain, from deliberating or approving or voting at the 22<sup>nd</sup> 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 will ensure its Persons Connected will also abstain, from deliberating or approving or voting at the 22<sup>nd</sup> 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 Shareholders have any interest, direct or indirect, in the Proposed Mandate I and/or the Proposed Mandate II, the Directors and/or Major Shareholders concerned will abstain from voting in respect of their direct and/or indirect shareholdings on the respective resolutions approving the Proposed Mandate I and the Proposed Mandate II.

## 9. DIRECTORS' RECOMMENDATION

- (a) Having considered all aspects of the Proposed Mandate I, the Directors, except Mr John Peter Clare who is deemed interested in the Proposed Mandate I, are of the opinion that the Proposed Mandate I is in the best interest of the Group.

With the exception of Mr John Peter Clare who is deemed interested in the Proposed Mandate I in the manner as set out in sections 2.4(a) 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, the Board recommends that you vote in favor of Ordinary Resolution 7 on the Proposed Mandate I to be tabled at the forthcoming 22<sup>nd</sup> AGM of the Company.

- (b) Having considered all aspects of the Proposed Mandate II, the Directors, except Datuk Haji Abdul Aziz bin Ismail who is deemed interested in the Proposed Mandate II, are of the opinion that the Proposed Mandate II is in the best interest of the Group.

With the exception of 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 RPT in which his interest is involved, the Board recommends that you vote in favor of Ordinary Resolution 8 on the Proposed Mandate II to be tabled at the forthcoming 22<sup>nd</sup> AGM of the Company.

**10. AGM**

The resolutions pertaining to the Proposed Mandate I and the Proposed Mandate II are set out in the Notice of the Company's 22<sup>nd</sup> AGM, which is sent to you together with this Circular. An extract of the said resolutions is enclosed as Appendix I of this Circular.

The 22<sup>nd</sup> AGM of the Company will be held on Tuesday, June 24, 2014 at 10.00 a.m. at Conference Room, Ground Floor, 74 Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

If you are unable to attend and vote in person at the forthcoming 22<sup>nd</sup> AGM and wish to appoint a proxy 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 2013 in accordance with the instructions contained therein and deposit the original copy of the duly signed and/or sealed Proxy Form at the registered office of the Company no less than forty-eight (48) hours before the time set for the 22<sup>nd</sup> AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 22<sup>nd</sup> AGM should you subsequently wish to do so.

**11. FURTHER INFORMATION**

Shareholders of the Company are advised to refer to Appendix II 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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(1) **Ordinary Resolution 7**  
**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 30, 2014 (“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.”

(2) **Ordinary Resolution 8**  
**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 30, 2014 (“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.”



**1. Responsibility statement**

This Circular has been seen and approved by the Directors of DKSH Holdings (Malaysia) Berhad (“the Company” or “DKSH”) 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 has entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Circular:

- (i) Sale and purchase agreement dated June 20, 2012 between DKSH Central Services Malaysia Sdn Bhd (Co. No. 393972-X) (“DCS”), a wholly-owned subsidiary of the Company, and Absoland Sdn Bhd (Co. No. 1004075-H) (“ASB”) for the disposal of a piece of leasehold land held under Pajakan Negeri 9747, Lot 7 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with a single-storey warehouse and a two-storey office building annexed thereto and erected thereon by DCS to ASB for a total cash consideration of RM30,000,000.00 (Ringgit Malaysia Thirty Million) (“Agreement I”). The Agreement I was completed on October 23, 2012.
- (ii) Sale and purchase agreement dated May 31, 2013 between 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 II”). The Agreement II was completed on October 17, 2013.
- (iii) 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 III”) to Delta Express. Under the Agreement III, 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 (Ringgit Malaysia Thirty Million and Six Hundred Thousand). The Agreement III was completed on October 29, 2013.

**3. Material litigation**

Neither DKSH nor its subsidiaries is, as at the date of this Circular, engaged in any material litigation, claims or arbitration, either as plaintiff or defendant which has a material effect on the financial position or business of the DKSH Group and 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 at 74 Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan from the date of this Circular up to and including the date of the 22<sup>nd</sup> 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, 2012 and December 31, 2013;
- (iii) the unaudited results for the financial quarter ended March 31, 2014 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, 2013); and
- (iv) Agreement I, Agreement II and Agreement III as stated in section 2 above.