

**THIS CIRCULAR 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.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Circular prior to its issuance as it is an exempted circular pursuant to the provision of the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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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' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The above proposal will be tabled as Special Business at the Twenty-Seventh Annual General Meeting ("**27th AGM**") of DKSH Holdings (Malaysia) Berhad ("**DKSH**") to be held on Wednesday, May 29, 2019 at 10:00 a.m. at Ballroom 3, Level 2, New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan. The Notice of the 27th AGM and the Proxy Form are set out in the Annual Report 2018 of DKSH.

If you are entitled to attend and vote at the 27th AGM, you may appoint proxy(ies) 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 27th AGM at the office of DKSH's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the 27th AGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 27th AGM should you subsequently decide to do so.

Date and time of the 27th AGM	:	May 29, 2019 at 10:00 a.m.
Last date and time for lodging the Proxy Form	:	May 27, 2019 at 10:00 a.m.

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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 2016, 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 Shareholders' 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, 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 share(s) 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 March 29, 2019 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 number or aggregate number of those shares, is:  (a) 10% or more of the total number of voting shares in DKSH; or (b) 5% or more of the total number of 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" shall have the meaning of "interest in shares" given in Section 8 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 any person (referred to as “said Person”) as defined under Paragraph 1.01 of the Listing Requirements means such person who falls under any one of the following categories:  (a) a family member of the said Person;  (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;  (c) a partner of the said Person;  (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;  (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;  (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or  (g) a body corporate which is a related corporation of the said Person.
Promotion Services	: Shall include introduction of products to consumers, detailing its benefits and making consumers aware of products in shopping areas, retail outlets and other public places
Proposed Shareholders’ Mandate	: Proposed renewal of shareholders’ mandate pursuant to Chapter 10 Paragraph 10.09 of the Listing Requirements for DKSH to enter into Recurrent RPTs as set out in Section 2.5 (a) of this Circular
2018 Mandate	: The existing shareholders’ mandate for Recurrent RPTs entered with DKSH Holdings Ltd and its subsidiaries obtained at the Company’s Twenty-Sixth AGM (“26th AGM”) held on May 23, 2018 as disclosed in the Company’s circular to shareholders dated April 24, 2018 and which shall expire at the conclusion of the forthcoming 27th AGM to be held on May 29, 2019
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)
RM and sen	: Ringgit Malaysia and sen, the lawful currency of Malaysia

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:**

B-11-01, The Ascent, Paradigm  
No. 1, Jalan SS7/26A, Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan

April 29, 2019

**Board of Directors:**

Stephen John Ferraby, *Non-Independent Non-Executive Chairman*  
Lee Chong Kwee, *Senior Independent Non-Executive Director*  
Datuk Haji Abdul Aziz bin Ismail, *Independent Non-Executive Director*  
Chan Thian Kiat, *Independent Non-Executive Director*  
Jason Michael Nicholas McLaren, *Non-Independent Executive Director/Group Finance Director*  
Lian Teng Hai, *Non-Independent Non-Executive Director*

**To: Our Shareholders**

Dear Sir/Madam,

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

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**1. INTRODUCTION**

The Company had at its 26th AGM held on May 23, 2018 obtained a mandate from its shareholders for the Recurrent RPTs as set out in the circular to shareholders of the Company dated April 24, 2018. That authority granted pursuant to the shareholders' mandates obtained at the 26th AGM shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 27th AGM of the Company unless authority for its renewal is obtained from its shareholders at the said AGM.

Accordingly, the Board had on April 12, 2019 announced the Company's intention to seek your approval at the 27th AGM to be held on May 29, 2019 for the proposed renewal of shareholders' mandate 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 Shareholders' Mandate and to seek your approval for Ordinary Resolution 6 to be tabled at the forthcoming 27th 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 SHAREHOLDERS' MANDATE AT THE COMPANY'S FORTHCOMING AGM.**

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' 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 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) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) 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
- (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 Securities.

Pursuant to Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the Company has disclosed in its Annual Report 2018 the details, including a breakdown of the aggregate value, of the Recurrent RPTs transacted during the financial year ended December 31, 2018 for which the 2018 Mandate is in force.

Similarly, disclosure of details of the Recurrent RPTs conducted pursuant to the Proposed Shareholders' Mandate will be made in the Company's Annual Report for the financial year ending 2019.

### **2.2 VALIDITY PERIOD**

In accordance with the Practice Note 12 of the Listing Requirements, the Proposed Shareholders' Mandate, if approved at the forthcoming 27th AGM of the Company, will take effect from the passing of Ordinary Resolution 6 thereat and the authority conferred by the Proposed Shareholders' Mandate will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming 27th AGM at which the Proposed Shareholders' Mandate is 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 340 (2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340 (4) 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 Shareholders' Mandate is expected to continue, your approval will be sought, if deemed necessary, for the renewal of the Proposed Shareholders' Mandate 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.

DKSH (B) Sdn Bhd, DKSH Central Services Malaysia Sdn Bhd and DKSH Management Malaysia Sdn Bhd are currently dormant.

FACC (B) Sdn Bhd was incorporated on August 14, 2018 in Brunei Darussalam and is a wholly-owned subsidiary of The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn Bhd.

The members' voluntary winding up pursuant to Section 439(1)(b) of the Act for DKSH Logistics Services Sdn Bhd and DKSH Marketing Services Sdn Bhd were commenced on March 5, 2019.

The Company acquired the entire equity interest of Auric Pacific (M) Sdn Bhd on March 29, 2019. Auric Marketing Sdn Bhd and Auric Pacific Food Processing Sdn Bhd are wholly-owned subsidiaries of Auric Pacific (M) Sdn Bhd.

	<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 <sup>2</sup>	Provision of estate management services.	100
(vi)	DKSH Logistics Services Sdn Bhd <sup>3</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>3</sup>	Distribution of phone cards.	100
(ix)	FACC (B) Sdn Bhd <sup>4</sup>	Sale of freshly baked chocolate chip cookies and operation of retail outlets in Brunei	100
(x)	Auric Pacific (M) Sdn Bhd <sup>5</sup>	Investment holding activities	100
(xi)	Auric Marketing Sdn Bhd <sup>5</sup>	Supply of bakery and confectionary materials and other general products	100
(xii)	Auric Pacific Food Processing Sdn Bhd <sup>5</sup>	Manufacturer of and dealer in butter, margarine and related confectionary products	100

Note:

<sup>1</sup> Incorporated in Brunei Darussalam and is presently dormant.

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

<sup>3</sup> In the midst of members' voluntary winding up.

<sup>4</sup> Incorporated in Brunei Darussalam on August 14, 2018.

<sup>5</sup> Acquired by the Company on March 29, 2019

## 2.4 CLASS OF RELATED PARTIES

The Recurrent RPTs for which the Proposed Shareholders' Mandate is sought are in respect of transactions entered into by DKSH Group with its major shareholder DKSH Holding Ltd and its subsidiaries.

- (a) The Proposed Shareholders' Mandate 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>Stephen John Ferraby ("SJF")</b></p> <p>SJF (Non-Independent Non-Executive Chairman) has been nominated to the Board of DKSH by DKSH Resources. SJF is a Person Connected with DKSH Holding Ltd, DKSH Asia and DKSH Resources.</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, DKSH Corporate Shared Services Center Sdn Bhd ("<b>CSSC</b>") and DKSH Smollan Field Marketing (Malaysia) Sdn Bhd ("<b>DKSH Smollan</b>"). CSSC is a wholly-owned subsidiary of DKSH Holding Ltd whilst DKSH Smollan is a 51% owned subsidiary of DKSH Holding Ltd.</p> <p>(v) <b>Lian Teng Hai ("LTH")</b></p> <p>LTH (Non-Independent Non-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>

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## 2.5 NATURE OF RECURRENT RPT

- (a) The nature and aggregate value of the Recurrent RPTs covered by the Proposed Shareholders' Mandate on which shareholders' approval is sought via Ordinary Resolution 6 is as follows:

	Nature of Recurrent RPTs	Transacting Party(ies) with whom DKSH Group transact(s)	Interested Related Parties	Estimated value > (RM'000)	2018 Mandate	
					Estimated value * (RM'000)	Actual value @ (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 SJF JNM LTH	23,000	20,000	13,645
(ii)	Sale of goods by DKSH Group to transacting parties	DKSH Holding Ltd and its subsidiaries	DKSH Resources DKSH Asia DKSH Holding Ltd SJF JNM LTH	20,000	20,000	1,216

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## 2.5 NATURE OF RECURRENT RPT (CONT'D)

	Nature of Recurrent RPTs	Transacting Party(ies) with whom DKSH Group transact(s)	Interested Related Parties	Estimated value > (RM'000)	2018 Mandate	
					Estimated value * (RM'000)	Actual value @ (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 SJF JNM LTH	20,000	20,000	4,997
(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 SJF JNM LTH	20,000	20,000	10,731

**Notes:**

> The estimated aggregate value of Recurrent RPTs contemplated under the Proposed Shareholders' 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 the estimated aggregate value disclosed above.

\* The estimated aggregate value of Recurrent RPTs covered under the 2018 Mandate ("2018 Estimated Value") as disclosed in the preceding year's circular to shareholders of the Company dated April 24, 2018.

@ The actual aggregate value of the Recurrent RPTs transacted from May 24, 2018 up to LPD during which time the 2018 Mandate was in force ("2018 Actual Value"). None of the 2018 Actual Value has exceeded the 2018 Estimated Value by 10% or more during which time the 2018 Mandate were in force.

As at December 31, 2018, 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 SHAREHOLDERS' MANDATE

The Recurrent RPTs which are contemplated under the Proposed Shareholders' 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 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 realize business opportunities, as and when Recurrent RPTs may arise, in a more timely and effective manner.

Some of the key benefits of the Proposed Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' Mandate 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; and
- (d) DKSH Group will benefit from engaging subsidiaries of DKSH Holding Ltd, such as DKSH Smollan to perform Merchandising Services and Promotion Services. DKSH Smollan is a dedicated field-marketing and merchandising company. Both DKSH Smollan'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 Shareholders' Mandate 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.

#### **4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is 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 to the Group;

- (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 Shareholders' 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 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 Shareholders' 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) 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 Shareholders' Mandate is subject to your approval being obtained at the forthcoming 27th 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 Shareholders' Mandate.

- (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 SJF, JNM and LTH are nominated to the Board of DKSH by DKSH Resources, they are deemed interested in the Proposed Shareholders' Mandate. Accordingly, they have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Shareholders' Mandate 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 at the Company's forthcoming 27th 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
SJF	10,000	0.006	-	-
JNM	-	-	-	-
LTH	-	-	-	-

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 27th AGM on the resolution pertaining to the Proposed Shareholders' Mandate, 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 Shareholders' Mandate, 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 Shareholders' Mandate.

## 9. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, the Directors (save for SJF, JNM and LTH who are deemed interested in the Proposed Shareholders' Mandate 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 Shareholders' Mandate is in the best interest of the Group.

Accordingly, the Directors (save for SJF, JNM and LTH who are deemed interested in the Proposed Shareholders' Mandate) recommend that you vote in favor of Ordinary Resolution 6 on the Proposed Shareholders' Mandate to be tabled at the forthcoming 27th AGM of the Company.

## 10. AGM

The resolutions pertaining to the Proposed Shareholders' Mandate is set out in the Notice of the Company's 27th AGM. An extract of the said resolutions is enclosed as Appendix I of this Circular.

The 27th AGM of the Company will be held on Wednesday, May 29, 2019 at 10:00 a.m. at Ballroom 3, Level 2, New World Petaling Jaya Hotel, Paradigm, 1 Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

If you are unable to attend and vote in person at the forthcoming 27th AGM and wish to appoint proxy(ies) to attend and vote in your stead, you are requested to complete, sign and return the Proxy Form enclosed in the Notification Documents 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 & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur no less than forty-eight (48) hours before the time appointed for the 27th AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 27th AGM should you subsequently wish to do so.

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**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**

Lee Chong Kwee  
Senior Independent Non-Executive Director

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**EXTRACT OF RESOLUTIONS TO BE TABLED AT THE COMPANY'S FORTHCOMING 27TH AGM IN CONNECTION WITH THE PROPOSED SHAREHOLDERS' MANDATE**

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**As Special Business:**

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

**7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("DKSH Group") to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of DKSH Group ("Related Parties") as specified in Section 2.5(a) of the Circular to Shareholders dated April 29, 2019 ("Proposed Shareholders' Mandate") provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations; and
- (iii) carried out in the ordinary course of business on normal commercial terms which are consistent with DKSH Group's normal business practices and policies, on terms 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 Shareholders' Mandate will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company, unless by a resolution passed at that meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("Act") (but must not extend to such extensions as may be allowed pursuant to Section 340 (4) of the Act); or
- (iii) until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered to complete and to do all such acts and things, including executing all such documents as may be required, as they may consider expedient or necessary to give effect to this resolution."

**Ordinary Resolution 6**

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**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, there are no material contracts (not being contracts entered into in the ordinary course of business), that have been entered into by the Group within two (2) years immediately preceding the LPD of this Circular:

- (i) On December 21, 2018, the Group entered into a conditional share purchase agreement with Auric Pacific Group Limited for the acquisition of the entire equity interest in Auric Pacific (M) Sdn. Bhd. for a cash consideration of SGD157,674,000 (equivalent to RM480,905,700) based on Bank Negara Malaysia's published middle rate of SGD1:RM3.0500 as at 9.00 a.m. on December 21, 2018 ("Proposed Acquisition").

The Proposed Acquisition was approved by the shareholders at an Extraordinary General Meeting held on February 22, 2019 and was completed on March 29, 2019.

**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 27th AGM:

- (i) the Constitution of the Company; and
- (ii) the Audited Consolidated Financial Statements of the Company for the past two (2) financial years ended December 31, 2017 and December 31, 2018.
- (iii) material contract referred to in note 2 of Appendix II.

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