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

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**SILK HOLDINGS BERHAD**

(Company No.: 405897-V)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PART A**

**PROPOSED DIVIDEND REINVESTMENT PLAN THAT GIVES ITS SHAREHOLDERS THE OPTION TO REINVEST THEIR CASH DIVIDEND(S) DECLARED BY SILK HOLDINGS BERHAD ("SHB") IN NEW ORDINARY SHARES OF SHB**

**PART B**

**PROPOSED SHARE BUY-BACK AUTHORITY TO PURCHASE UP TO 10% OF THE ISSUED SHARE CAPITAL OF SHB AS AT THE POINT OF PURCHASE**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**PRINCIPAL ADVISER**



**AFFIN HWANG**  
CAPITAL

**AFFIN HWANG INVESTMENT BANK BERHAD**

(Company No.: 14389-U)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**FINANCIAL ADVISER**



**ASTRAMINA**  
ADVISORY

**ASTRAMINA ADVISORY SDN BHD**

(Company No.: 810705-K)

(A licensed corporate finance advisory firm)

The Notice of the Extraordinary General Meeting ("**EGM**") of our Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 21 June 2017 at 11.00 a.m., or immediately following the conclusion of the 20<sup>th</sup> annual general meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later (or at any adjournment thereof), together with the Form of Proxy are set out in this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete and lodge the Form of Proxy for the EGM at our Registered Office at Level 22, Axiata Tower, No. 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

Date of Record of Depositors for the purpose of : Wednesday, 14 June 2017 at 5.00 p.m.  
determining members' entitlement to attend, vote and  
speak at the EGM

Last date and time for lodging the Form of Proxy : Tuesday, 20 June 2017 at 11.00 a.m.

Date and time of the EGM : Wednesday, 21 June 2017 at 11.00 a.m., or immediately following the conclusion  
of the 20<sup>th</sup> annual general meeting of the Company, whichever is later (or at any  
adjournment thereof)

This Circular is dated 6 June 2017

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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
“Affin Hwang IB” or “Principal Adviser”	:	Affin Hwang Investment Bank Berhad (Company No.: 14389-U)
“AGM”	:	Annual General Meeting
“Astramina Advisory” or “Financial Adviser”	:	Astramina Advisory Sdn Bhd (Company No.: 810705-K)
“Board”	:	Board of Directors of SHB
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Company No.: 635998-W)
“Cash Portion”	:	The proportion of such Dividend to which the Reinvestment Option does not apply
“CMSA”	:	Capital Markets and Services Act, 2007
“Constitution”	:	The Constitution of SHB
“Disposal of SILK”	:	Disposal of the entire equity interest in Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd, a previously wholly-owned subsidiary of SHB, to Permodalan Nasional Berhad for a cash consideration of RM380.00 million which was completed on 28 April 2017
“Dividend(s)”	:	Cash dividend(s) declared by SHB (either an interim, final, special or any other dividend)
“EGM”	:	Extraordinary General Meeting
“Electable Portion”	:	The proportion of such Dividend to which the Reinvestment Option applies
“Entitlement Date”	:	The date to be determined by our Board and announced later, on which the names of our shareholders must be registered in the Record of Depositors of SHB in order to be eligible to participate in the Proposed DRP applicable to a Dividend
“EPS”	:	Earnings per share
“Expiry Date”	:	The last day (which will be a date to be fixed and announced by the Board) to make the election in relation to the Electable Portion
“FYE”	:	Financial year ended
“Issue Price”	:	The issue price of the new Shares to be issued pursuant to the Proposed DRP
“Joint Advisers”	:	Affin Hwang IB and Astramina Advisory, collectively
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities

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## DEFINITIONS

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“LPD”	:	8 May 2017, being the latest practicable date prior to the date of this Circular
“Market Day(s)”	:	Any day between Monday and Friday (both inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
“MTSB”	:	Manfaat Tetap Sdn Bhd (Company No.: 789358-A), a wholly-owned subsidiary of Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
“MTSB Sukuk Mudharabah”	:	Sukuk Mudharabah for the amount of RM752,236,660 issued by MTSB on the terms of the Sukuk Mudharabah as set out in the MTSB Sukuk Mudharabah Trust Deed
“MTSB Sukuk Mudharabah Trust Deed”	:	Trust deed dated 17 January 2008 and supplemental trust deeds dated 15 March 2011, 31 March 2016 and 16 May 2017 executed between MTSB and PB Trustee Services Berhad as trustee for the MTSB Sukuk Mudharabah
“NA”	:	Net assets
“Notice of Election”	:	Notice of election by which the shareholders confirm the exercise of the Reinvestment Option
“Price Fixing Date”	:	A date to be determined by the Board on which the Issue Price will be determined
“Proposals”	:	Proposed DRP and Proposed Share Buy-Back, collectively
“Proposed DRP”	:	Proposed dividend reinvestment plan that gives its shareholders the option to reinvest their Dividend(s) declared by SHB in new Shares
“Proposed Share Buy-Back”	:	Proposed share buy-back authority to purchase up to 10% of the issued share capital of the Company as at the point of purchase
“Public Shareholding Spread”	:	Total number of issued shares of the Company in the hands of public shareholders
“Purchased Shares”	:	Shares purchased by SHB pursuant to the Proposed Share Buy-Back
“Record of Depositors” or “ROD”	:	A record provided by Bursa Depository under Chapter 24 of the Rules of Bursa Depository
“Reinvestment Option”	:	The option given to shareholders to reinvest the whole or only a portion of the Dividend in new Shares
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	The Rules on Take-overs, Mergers and Compulsory Acquisitions
“SHB” or “Company”	:	SILK Holdings Berhad (Company No.: 405897-V)
“SHB Group” or “Group”	:	SHB and its subsidiaries, collectively
“SHB Shares” or “Shares”	:	Ordinary shares in SHB
“Treasury Shares”	:	Purchased Shares which are or will be retained in treasury (as defined in Section 127 of the Act)

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## DEFINITIONS

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“VWAP” : Volume-weighted average market price

All references to the “Company” and/or “SHB” in this Circular are to SHB. References to “SHB Group” and/or the “Group” are to SHB and its subsidiaries and references to “we”, “us”, “our” and “ourselves” are to SHB and where the context does require, shall include its subsidiaries.

All references to “you” and “your” in this Circular are to the shareholders of the Company.

Words referring to the singular shall, where applicable, include the plural and vice versa and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

Any discrepancy in the tables between the amounts listed in the tables and the totals in this Circular are due to rounding.

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

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**PART A**  
**LETTER TO THE SHAREHOLDERS OF SHB IN**  
**RELATION TO THE PROPOSED DRP**



**SILK HOLDINGS BERHAD**

(Company No.: 405897-V)  
(Incorporated in Malaysia)

**Registered Office:**

Level 22, Axiata Tower  
No. 9 Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

6 June 2017

**Board of Directors:**

Dato' Mohammed Azlan bin Hashim	<i>(Executive Chairman/Non-Independent Executive Director)</i>
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim	<i>(Deputy Chairman/Independent Non-Executive Director)</i>
Dato' Harun bin Md Idris	<i>(Independent Non-Executive Director)</i>
Dato' Haji Razali bin Mohd Yusof	<i>(Independent Non-Executive Director)</i>
Dato' Abdul Hamid bin Sh. Mohamed	<i>(Independent Non-Executive Director)</i>
Tai Keat Chai	<i>(Independent Non-Executive Director)</i>
Nik Abdul Malik bin Nik Mohd Amin	<i>(Independent Non-Executive Director)</i>

**To: The Shareholders of SHB**

Dear Sir/Madam

**PROPOSED DRP**

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**1. INTRODUCTION**

On 18 May 2017, the Joint Advisers on behalf of our Board, announced that SHB is proposing to undertake the Proposed DRP.

The purpose of this Circular is:

- (i) to provide you with the relevant information on the Proposed DRP;
- (ii) to set out our Board's recommendation on the Proposed DRP; and
- (iii) to seek your approval on the ordinary resolutions relating to the Proposed DRP to be tabled at the forthcoming EGM.

The Notice of EGM and the Form of Proxy are enclosed with this Circular.

**YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS RELATING TO THE PROPOSED DRP TO BE TABLED AT THE FORTHCOMING EGM.**

**2. DETAILS OF THE PROPOSED DRP**

**2.1 Overview**

The Proposed DRP will provide shareholders of our Company with an option to reinvest their cash dividend(s) in new Shares instead of receiving it in cash.



In relation to any Dividends, our Board may, in its absolute discretion, determine whether to pay such Dividends in cash or to offer to shareholders the Reinvestment Option. The proportion of such Dividend to which the Reinvestment Option applies is referred to as the Electable Portion. The Electable Portion may include the whole Dividend declared or only a portion of the Dividend. The remaining portion of the Dividend, if any, will be paid in cash; i.e. the Cash Portion.

**Unless our Board has determined that the Proposed DRP will apply to a particular Dividend, all Dividends as may be declared by our Company will be paid wholly in cash to the shareholders in the usual manner.**

**The Board will make an immediate announcement when the Proposed DRP is applicable to a particular Dividend.**

## **2.2 Election to reinvest Dividends in new Shares**

In respect of the Reinvestment Option, each shareholder has the following options:

### **(i) Option 1**

- (a) elect to participate and thereby reinvest in whole or in part the Electable Portion at an Issue Price to be determined by our Board on a Price Fixing Date to be announced later; and
- (b) receive the Cash Portion, if applicable, in cash.

### **(ii) Option 2**

Elect not to participate and receive the entire Dividend in cash.

Irrespective of whether an election is made by shareholders, a tax voucher in relation to the Dividend will be issued and despatched to all shareholders. The election for the Reinvestment Option does not relieve shareholders of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

An approval for the listing of and quotation for the new Shares on the Main Market of Bursa Securities will be sought from Bursa Securities and the announcement of the Entitlement Date will be made after receiving the said approval from Bursa Securities. The Issue Price shall be announced on or before the announcement of the Entitlement Date.

Subsequently, a Notice of Election will be despatched to shareholders. Instructions will be provided in the Notice of Election in respect of the action to be undertaken by the shareholders to exercise the Electable Portion. The Expiry Date will be stated in the Notice of Election and shall be at least 14 days from the despatch of the Notice of Election pursuant to Paragraph 6.45C of the Listing Requirements.

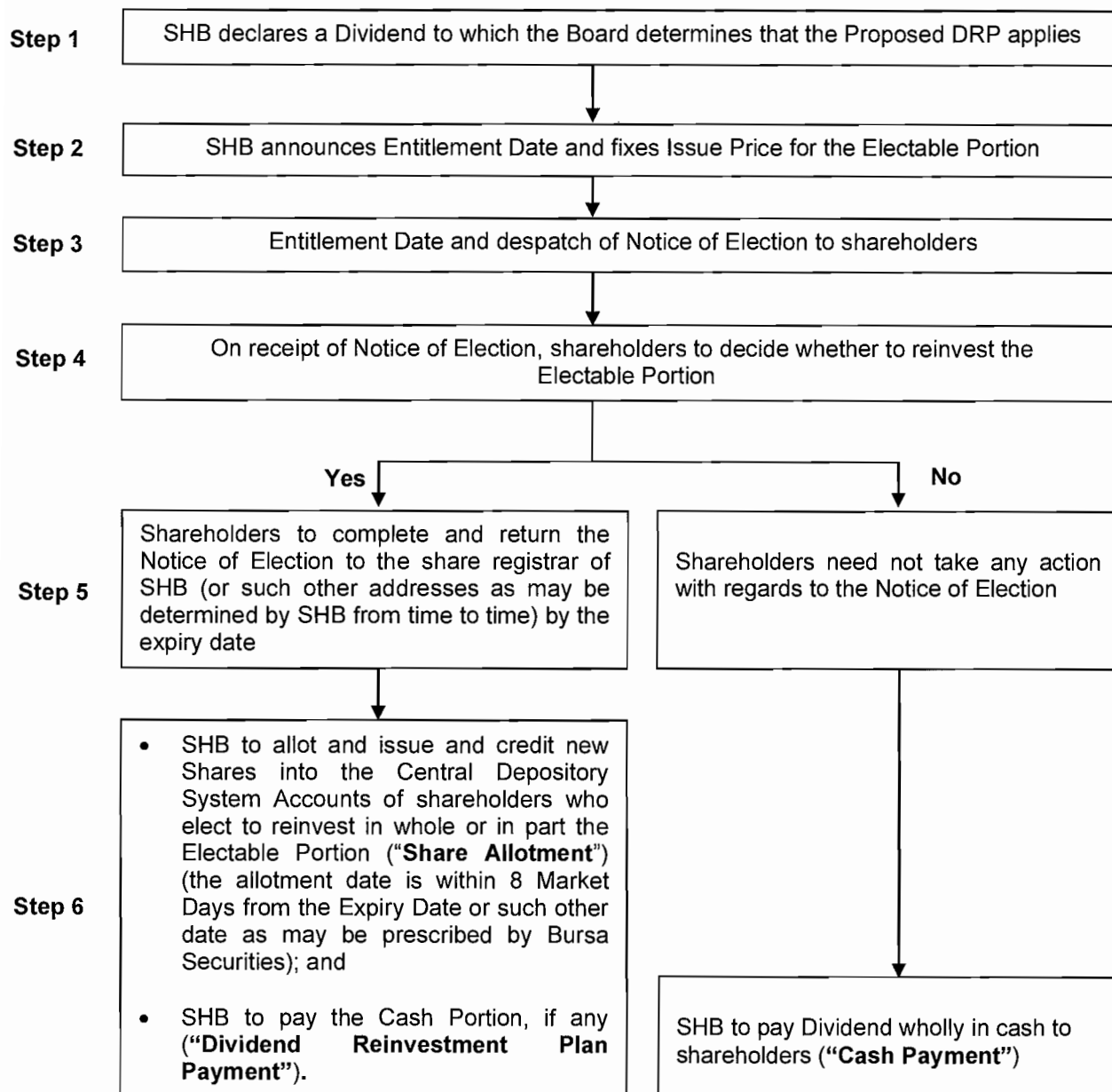
An announcement will also be made in respect of the listing of and quotation for the new Shares to be issued pursuant to the Proposed DRP on the Main Market of Bursa Securities.

Under the Proposed DRP, shareholders who elect to exercise the Reinvestment Option shall not be allotted fractional shares. As such, the amount of cash dividend relating to such fractional entitlement of new Shares will be paid in cash to the shareholders in the usual manner.

**Shareholders will receive the Electable Portion in cash if they do not expressly elect in writing to participate in the Proposed DRP according to its terms. As such, shareholders do not need to take any action if they wish to receive their Electable Portion in cash.**

## 2.3 Process flow chart

The process flow chart illustrating how the Proposed DRP is intended to be administered is set out below.



**Note:**

*The Cash Payment, the Share Allotment and the Dividend Reinvestment Plan Payment will occur on the same day, which will be within 1 month from the Entitlement Date and in any event, within 3 months from the date of the declaration of the Dividend or the date on which the approval is obtained in an annual/extraordinary general meeting of SHB, whichever is applicable.*

**Shareholders who wish to receive the Dividend wholly in cash do not need to take any action.**

**Shareholders will, by default, receive the Dividend in cash if they do not expressly elect in writing to participate in the Proposed DRP according to its terms.**

## **2.4 Pricing of the new Shares**

The Issue Price shall be the adjusted VWAP for the 5 Market Days immediately prior to the Price Fixing Date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount.

The new Shares will be issued free from any brokerage or fees to shareholders unless otherwise provided by any statute, law or regulation.

## **2.5 Eligibility**

All shareholders are eligible to participate in the Proposed DRP, subject to:

- (i) restriction to shareholders with registered addresses outside Malaysia as at the relevant Entitlement Date for the Dividend to which the Proposed DRP applies. The Notice of Election will not be sent to shareholders whose address in the Company's Record of Depositors is not in Malaysia to avoid any violation on the part of our Company of the securities laws applicable outside Malaysia; and
- (ii) the requirement that such participation by the shareholders will not result in a breach of any other restriction on such shareholder's holding of the Shares which may be imposed by statute, law or regulation in force in Malaysia or any other relevant jurisdiction or prescribed in our Constitution.

Shareholders who currently do not have a registered address in Malaysia and who wish to participate in the Proposed DRP are strongly advised to provide our share registrar with a registered address in Malaysia no later than 3 Market Days before the relevant Entitlement Date in respect of any particular Dividend to which the Reinvestment Option is made available by our Board.

## **2.6 Maximum number of new Shares**

The maximum number of new Shares to be issued under the Proposed DRP will depend on, amongst others:

- (i) the quantum of the Dividend;
- (ii) our Board's decision on the proportion/size of the Electable Portion;
- (iii) the extent to which shareholders elect to exercise the Reinvestment Option; and
- (iv) any necessary downward adjustment by our Board to the final number of new Shares to be allotted and issued to any of our shareholders as referred to in Section 3, Part A of this Circular.

Under the Proposed DRP, shareholders who elect to exercise the Reinvestment Option will not be allotted fractional shares. As such, the amount of the Dividend relating to such fractional entitlement of new Shares will be added to the remaining portion of the Dividend (where the Electable Portion is not applicable to the whole Dividend declared) which will be paid in cash to shareholders in the usual manner.

## **2.7 Odd lots**

A shareholder who elects to reinvest the Electable Portion and receive new Shares may be allotted such new Shares in odd lots. Shareholders who receive odd lots of new Shares and who wish to trade such odd lots on Bursa Securities should do so on the Odd Lots Market, which allows trading of odd lots (with a minimum of 1 Share).

## **2.8 Availability**

If at any time after our Board has determined that the Proposed DRP shall apply to any Dividend and before the allotment and issuance of new Shares in respect of the Electable Portion, our Board considers that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the Proposed DRP in respect of the Electable Portion, our Board may, in their absolute discretion and as they deem fit and in the best interest of our Company, and without assigning any reason whatsoever, cancel the application of the Proposed DRP in relation to the Electable Portion.

In such event, the Electable Portion shall be paid in cash to shareholders in the usual manner.

## **2.9 Termination**

Save for any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be, the Proposed DRP may be modified, suspended (in whole or in part) or terminated at any time by our Board as our Board deems fit by giving notice in writing to all shareholders.

## **2.10 Ranking of new Shares**

The new Shares to be issued pursuant to the Proposed DRP will rank equally in all respects with the existing Shares, except that the holders of the new Shares shall not be entitled to any Dividend, rights, allotments and/or other distributions which may be declared, made or paid preceding the date of allotment of the new Shares.

## **2.11 General**

It should be noted that the grant of the right to participate in the Proposed DRP (i.e. to elect to reinvest the Electable Portion into new Shares) is made to all shareholders, including Directors, major shareholders and other interested persons (including persons connected with a Director or major shareholder) of the Company who hold the Shares, subject to restriction referred to in Sections 2.5 and 3, Part A of this Circular.

**A shareholder's shareholding in our Company will be diluted should that shareholder elect not to exercise his Reinvestment Option. However, the extent of dilution will depend on the number of new Shares issued by our Company pursuant to the exercise of the Reinvestment Option by our shareholders.**

**We do not require amendments to our Constitution for the Proposed DRP as our Constitution and the Act does not prohibit the implementation of any dividend reinvestment plan.**

For further information on how the Proposed DRP will be administered, please refer to Appendix I and Appendix II of this Circular.

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## 2.12 Illustration

For illustrative purpose only, the number of new Shares that our Company could potentially issue pursuant to the Proposed DRP is based on the following parameters/assumptions:

- (a) proposed special dividend of 10 sen per Share (based on the circular to the shareholders of our Company in relation to the Disposal of SILK dated 6 March 2017);
- (b) the Board determines that the Reinvestment Option applies to the entire Dividend; and
- (c) 100% of the shareholders elect to participate in the Proposed DRP and choose to receive the special dividend wholly in new Shares.

No. of Shares in issue as at LPD	A	701,533,561
Special dividend per Share		RM0.10
Electable portion of special dividend	B	RM0.10
Total special dividend payout	$C = A \times B$	RM70,153,356
Illustrative issue price per new Share <sup>(1)</sup>	D	RM0.35
Number of new Shares to be issued <sup>(2)</sup>	$E = C / D$	200,438,160

**Note:**

- (1) *Calculated based on the 5-day VWAP of SHB Shares prior to and including the LPD of RM0.4864 after deducting the special dividend and thereafter, applying a discount of 9.42%.*
- (2) *The 200,438,160 new Shares to be issued represents 22.22% of SHB's enlarged share capital of 901,971,721 Shares.*

## 2.13 Utilisation of proceeds

The proceeds to be received by our Company arising from the Proposed DRP can only be ascertained when the Electable Portion is made available in respect of any particular Dividend declared. Therefore, the time frame for the utilisation of such proceeds can only be determined then.

Nonetheless, the net proceeds from the Proposed DRP (after deducting estimated expenses for the Proposed DRP) will be utilised for future investments, and the general corporate and working capital requirements of our Group.

We wish to highlight that the Company has yet to fully utilise the proceeds from the Disposal of SILK. Based on the circular to the shareholders of SHB in relation to the Disposal of SILK dated 6 March 2017, the Company has earmarked RM200.00 million for future investments and RM101.85 million for general corporate and working capital requirements. These funds are intended to be utilised within 24 months from the date of completion of the Disposal of SILK on 28 April 2017.

The net proceeds from the Proposed DRP will supplement the proposed utilisation of proceeds from the Disposal of SILK.

The funds earmarked for future investments are to be utilised to enhance and strengthen the Group's existing offshore marine support services and marine logistics business and investment in related businesses in the oil and gas segment, and for investment opportunities which have yet to be identified at this juncture. The SHB Group is continuously exploring viable investment opportunities and has/will have ready funds from the Disposal of SILK and the Proposed DRP to capitalise on such opportunities as and when they arise.

The funds earmarked for the Group's general corporate and working capital requirements include financing the Group's daily operations and operating expenses, which include sales and marketing expenses, general administrative and other operating expenditure, as well as for general corporate purposes. The proceeds may also be utilised by the Group for the repayment of borrowings, which has yet to be identified at this juncture.

As at the LPD, the total borrowings of our Group is RM986.26 million. Assuming an average finance cost of approximately 7.43% (based on the weighted average borrowing cost of the Group for the FYE 31 December 2016), every RM1.00 million in repayment of borrowings is expected to result in RM74,300 in interest savings per annum. The estimated expenses in relation to the Proposals of RM100,000 will be financed using our Group's internally generated funds.

### 3. IMPLICATION OF THE RULES AND OTHER SHAREHOLDING LIMITS

#### 3.1 The Rules

Under Paragraph 4.01 of the Rules and Section 217 of the CMSA, a shareholder may be under an obligation to extend a take-over offer for the remaining Shares in the Company not already owned by him and persons acting in concert with him, if by participating in the Proposed DRP:

- (i) he, together with persons acting in concert with him (collectively, the "**Affected Party**") is entitled to exercise or control the exercise of more than 33% of the voting shares of our Company; or
- (ii) where the Affected Party holds more than 33% but less than 50% of the voting shares of our Company, his holding increases by more than 2% in any period of 6 months.

If any of the circumstances above apply, the Affected Party may make an application to the Securities Commission of Malaysia for a waiver from the obligation to undertake a mandatory offer pursuant to the Rules prior to them exercising the Electable Portion.

**These statements do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Rules or other relevant legislations or regulations. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Rules as a result of any subscription of Shares through their participation in the Proposed DRP are advised to consult their professional advisers at the earliest opportunity.**

#### 3.2 Other shareholding limits

**All shareholders are responsible for ensuring that their participation in the Proposed DRP will not result in a breach of any restrictions on their respective holding of the Shares which may be imposed by any of the shareholders' contractual obligations, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts) or as prescribed in our Constitution, as the case may be.**

In view of the above, notwithstanding anything to the contrary, should our Board be aware of or be informed in writing of any breach of such shareholding limits as a result of the exercise of the Reinvestment Option by such shareholder, our Board shall be entitled but not obligated (save and except where required by law) to reduce or limit the number of new Shares to be issued to any such shareholder and/or pay to such shareholder, the Electable Portion or any part thereof in cash.

#### 4. RATIONALE

The rationale for the Proposed DRP is as follows:

- (i) provides shareholders with an opportunity to enhance and maximise the value of their shareholdings in our Company by investing in the new Shares at a discount as detailed in Section 2, Part A of this Circular;
- (ii) provides shareholders with flexibility in meeting their investment objectives, as they would have the choice of receiving cash and/or reinvesting in our Company through subscription of new Shares without having to incur brokerage fees and related transactions costs, except for minimal subscription expenses;
- (iii) the election by shareholders for new Shares will enlarge our Company's share capital base and strengthen our capital position; and
- (iv) the cash which could otherwise be payable by way of Dividend will be retained in part or in full to fund the future investments, and general corporate and working capital requirements of our Group. Please refer to Section 2.13, Part A of this Circular for further details on the proposed utilisation of the net proceeds from the Proposed DRP.

Taking into consideration the proposed utilisation of net proceeds from the Proposed DRP and the proceeds from the Disposal of SILK, the Proposed DRP represents an opportunity for shareholders to reinvest the Electable Portion of the Dividend to increase their participation in our Company at a discount to current market prices and with minimal subscription expenses.

Nonetheless, we wish to highlight that the Proposed DRP provides shareholders with the Reinvestment Option and is not an obligation. If shareholders elect to participate in the Proposed DRP and reinvest the Electable Portion, they will receive new Shares and if Shareholders decide not to participate in the Proposed DRP, they will receive the entire Dividend in cash.

#### 5. EFFECTS OF THE PROPOSED DRP

##### 5.1 Share capital and substantial shareholders' shareholdings

The issued share capital of SHB will increase and such increase will depend on our Board's decision on the Electable Portion and the extent shareholders elect to reinvest the Electable Portion into new Shares.

The illustrative effects of the Proposed DRP on the issued share capital of SHB (based on the assumption in Section 2.12, Part A of this Circular) are as follows:

	<u>No. of Shares</u>	<u>%</u>
As at the LPD	701,533,561	77.78
Issuance of new Shares	200,438,160	22.22
<b>Enlarged share capital</b>	<b><u>901,971,721</u></b>	<b><u>100.00</u></b>

The percentage shareholding of the substantial shareholders in SHB may change by the exercise of Reinvestment Option and such change will depend on the substantial shareholders' and other shareholders' decisions on whether to participate and reinvest in whole or in part the Electable Portion.

If the substantial shareholders of SHB elect to reinvest their entire Electable Portion or part thereof in new Shares while some or none of the remaining shareholders elect to reinvest the entire Electable Portion or part thereof, the shareholding percentage of those substantial shareholders in SHB may increase. However, the shareholders' shareholding percentage in SHB will not be affected if all shareholders exercise their respective Reinvestment Option to the fullest extent.

For illustrative purposes, the effects of the Proposed DRP on our substantial shareholders and their shareholdings in SHB, based on the Register of Substantial Shareholders of SHB as at the LPD and the assumptions in Section 2.12, Part A of this Circular, are as follows:

Substantial shareholder	As at the LPD				After the Proposed DRP			
	No. of Shares held				No. of Shares held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Abdul Rahman bin Ali	182,781,751	26.05	<sup>(1)</sup> 20,309,083	2.89	235,005,108	26.05	<sup>(1)</sup> 26,111,678	2.89
Dato' Mohd Azlan Hashim	19,662,467	2.80	<sup>(2)</sup> 140,791,759	20.07	25,280,314	2.80	<sup>(2)</sup> 181,017,975	20.07
Johan Zainuddin bin Dzulkifli	48,927,250	6.97	<sup>(3)</sup> 59,555,426	8.49	62,906,464	6.97	<sup>(3)</sup> 76,571,262	8.49
Bijak Permai Sdn Bhd	81,236,333	11.58	-	-	104,446,713	11.58	-	-
Infra Bumitek Sdn Bhd	59,555,426	8.49	-	-	76,571,262	8.49	-	-

**Note:**

(1) Deemed interest through Temuras Jaya Sdn Bhd.

(2) Deemed interest through Infra Bumitek Sdn Bhd and Bijak Permai Sdn Bhd.

(3) Deemed interest through Infra Bumitek Sdn Bhd.

## 5.2 Earnings and EPS

Our EPS will be diluted depending on the extent our shareholders elect to reinvest the Electable Portion into new Shares. However, such reinvested amount will be retained to fund the working capital or capital funds requirement of our Group and is expected to contribute positively to the future earnings of our Group. As compared with paying dividends wholly in cash which results in a decrease in retained earnings, the Proposed DRP may potentially increase SHB's share capital due to the reinvestment of Electable Portion into new Shares.

## 5.3 NA and gearing

The effects on the NA and gearing of SHB will depend on the extent to which the shareholders elect to reinvest the Electable Portion into new Shares. As compared with paying dividends wholly in cash which results in a decrease in retained earnings, the Proposed DRP may potentially increase SHB's share capital due to the reinvestment of Electable Portion into new Shares. Thus, the NA of our Company may increase comparatively and this in turn, improves the gearing position of our Company.

## 5.4 Convertible securities

As at the LPD, our Company does not have any existing convertible securities.

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## 6. HISTORICAL SHARE PRICE

The monthly highest and lowest market prices of SHB Shares traded on the Main Market of Bursa Securities for the past 12 months are as follows:

	High	Low
<b>2017</b>		
May	0.53	0.46
April	0.56	0.46
March	0.51	0.42
February	0.46	0.42
January	0.49	0.34
<b>2016</b>		
December	0.36	0.33
November	0.38	0.35
October	0.39	0.35
September	0.40	0.36
August	0.42	0.36
July	0.39	0.35
June	0.48	0.35
<b>Last transacted market price of SHB Shares on 17 May 2017 (being the last trading day prior to the announcement of the Proposed DRP)</b>		<b>0.51</b>
<b>Last transacted market price of SHB Shares as at the LPD</b>		<b>0.48</b>

(Source: Bloomberg)

## 7. APPROVALS REQUIRED

The Proposed DRP is subject to approvals being obtained from the following:

- (i) approval of Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the Proposed DRP on the Main Market of Bursa Securities;
- (ii) approval from our shareholders at an EGM to be convened (subsequently, approval for future issuances of new Shares for the Proposed DRP is to be sought at the annual general meeting of SHB on an annual basis); and
- (iii) approvals of any other relevant authorities and/or parties, if required.

## 8. ESTIMATED TIMEFRAME FOR THE IMPLEMENTATION OF THE PROPOSED DRP

Subject to the receipt of approvals stated in Section 7 above and barring any unforeseen circumstances, the Proposed DRP is expected to be implemented by the 3rd quarter of 2017.

The tentative timeline for the first implementation of the Proposed DRP is as follows:

<b>Event</b>	<b>Indicative timeline</b>
EGM	21 June 2017
<b>Announcement of Issue Price and Entitlement Date</b>	<b>Early July 2017</b>
Entitlement Date	Middle July 2017
Despatch of Notice of Election to our shareholders	End July 2017
Expiry Date	Early August 2017
Issuance and allotment of new Shares as well as payment of cash Dividend to our shareholders	Middle August 2017
Listing of new Shares on the Main Market of Bursa Securities	Middle August 2017

**9. DETAILS OF ANY OTHER INTENDED CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Share Buy-Back, there is no other proposals announced but pending implementation prior to the printing of this Circular.

The Proposed DRP is not conditional or inter-conditional upon any other corporate exercise or scheme.

**10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Our Directors or major shareholders and/or persons connected to them do not have any interest, direct and/or indirect, in the Proposed DRP beyond their respective entitlements to Dividends as shareholders, to which all other shareholders are similarly entitled to.

**11. DIRECTORS' RECOMMENDATION**

Our Board, having considered all aspects of the Proposed DRP including the effects of the Proposed DRP and after careful deliberation, is of the opinion that the Proposed DRP is in the best interest of our Company. Accordingly, our Board recommends that shareholders vote in favour of the ordinary resolutions to give effect to the Proposed DRP which will be tabled at the forthcoming EGM.

**12. EGM**

An EGM, the notice of which is enclosed in this Circular, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 21 June 2017 at 11.00 a.m. or immediately after the conclusion of the 20<sup>th</sup> AGM of our Company which is to be held at the same venue and on the same day at 10.00 a.m., whichever is later (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing the ordinary resolutions relating to the Proposed DRP.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of our Company at Level 22, Axiata Tower, No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

**13. FURTHER INFORMATION**

You are requested to refer to the enclosed appendices for further information.

Yours faithfully  
For and on behalf of the Board  
**SILK Holdings Berhad**

**Dato' Mohd Azlan Hashim**  
Executive Chairman

**Tai Keat Chai**  
Independent Non-Executive Director

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**PART B**

**LETTER TO THE SHAREHOLDERS OF SHB IN  
RELATION TO THE PROPOSED SHARE BUY-BACK**



**SILK HOLDINGS BERHAD**

(Company No.: 405897-V)

(Incorporated in Malaysia)

**Registered Office:**

Level 22, Axiata Tower  
No. 9 Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

6 June 2017

**Board of Directors:**

Dato' Mohammed Azlan bin Hashim	<i>(Executive Chairman/Non-Independent Executive Director)</i>
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim	<i>(Deputy Chairman/Independent Non-Executive Director)</i>
Dato' Harun bin Md Idris	<i>(Independent Non-Executive Director)</i>
Dato' Haji Razali bin Mohd Yusof	<i>(Independent Non-Executive Director)</i>
Dato' Abdul Hamid bin Sh. Mohamed	<i>(Independent Non-Executive Director)</i>
Tai Keat Chai	<i>(Independent Non-Executive Director)</i>
Nik Abdul Malik bin Nik Mohd Amin	<i>(Independent Non-Executive Director)</i>

**To: The Shareholders of SHB**

Dear Sir/Madam

**PROPOSED SHARE BUY-BACK**

---

**1. INTRODUCTION**

On 18 May 2017, the Joint Advisers on behalf of our Board, announced our intention to seek the shareholders' approval for the Proposed Share Buy-Back at the forthcoming EGM of our Company.

The purpose of Part B of this Circular is:

- (i) to provide you with the relevant information on the Proposed Share Buy-Back;
- (ii) to set out our Board's recommendation on the Proposed Share Buy-Back; and
- (iii) to seek your approval on the ordinary resolution relating to for the Proposed Share Buy-Back to be tabled at the forthcoming EGM.

The Notice of EGM and the Form of Proxy are enclosed with this Circular.

**YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION RELATING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSED SHARE BUY-BACK

Our Board proposes to seek shareholders' approval for the authority to purchase the Shares of up to 10% of the issued share capital of our Company as at the point of purchase.

As at the LPD, the issued share capital of our Company comprises 701,533,561 Shares. A maximum of 70,153,356 Shares may be repurchased, representing 10% of the total number of issued Shares.

The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act, the Listing Requirements and any prevailing laws, guidelines, rules and regulations issued by the relevant authorities at the time of the purchase(s). The Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution relating to the Proposed Share Buy-Back at an EGM of our Company to be convened and shall be valid until:

- (a) the conclusion of the 21<sup>st</sup> AGM of our Company; or
- (b) the expiration of the period within which the 21<sup>st</sup> AGM of our Company is required by law to be held,

whichever is earlier, unless earlier revoked or varied by an ordinary resolution of our shareholders in a general meeting, but shall not prejudice the completion of purchase(s) by our Company before the aforesaid expiry date and in any event in accordance with the provision of the Act, the Listing Requirements and other prevailing laws, guidelines, rules and regulations issued by the relevant authorities.

The Proposed Share Buy-Back will be effected through our Company's appointed stockbroker.

### 2.1 Maximum limit and source of funds

The maximum aggregate number of Shares which may be purchased by our Company pursuant to the Proposed Share Buy-Back shall not exceed 10% of the issued share capital of our Company at any point in time. For illustrative purposes, based on the issued share capital of our Company which comprises 701,533,561 Shares as at the LPD, the maximum number of Shares which may be purchased by our Company pursuant to the Proposed Share Buy-Back is 70,153,356 Shares, subject to the extent that the Public Shareholding Spread of our Company shall not fall below 25% at all times pursuant to the Proposed Share Buy-Back as stated in Section 2.4, Part B of this Circular.

The Proposed Share Buy-Back, if implemented, will be financed using our Group's internally generated funds and/or external bank borrowings, and the amount of funds to be allocated for the Proposed Share Buy-Back will not exceed our Company's retained earnings. Based on our Company's latest audited financial statements for the FYE 31 December 2016, the accumulated losses of our Company stood at RM20,789,000.

For information purposes, the Disposal of SILK as set out in the circular to shareholders of our Company in relation to the Disposal of SILK dated 6 March 2017, results in a proforma gain of approximately RM365.32 million which will increase the retained earnings of the Company.

The amount of internally generated funds and/or external bank borrowings to be utilised for the Proposed Share Buy-Back will only be determined later depending on, amongst others, the availability of internally generated funds, the actual number of Shares to be purchased and other relevant cost factors.

The actual number of Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market, the retained earnings and the financial resources available to our Group as well as the Public Shareholding Spread requirement.

Should the Proposed Share Buy-Back be financed through external bank borrowings, our Board will ensure that there are sufficient funds to repay such bank borrowings and that such repayment will not have a material effect on the cash flow of our Group.

## **2.2 Treatment of Purchased Shares**

In accordance with Section 127 of the Act, our Directors may deal with the Purchased Shares in the following manner:

- (i) cancel the Purchased Shares;
- (ii) retain the Purchased Shares as Treasury Shares; or
- (iii) retain part of the Purchased Shares as Treasury Shares and cancel the remainder of the Purchased Shares.

Where the Purchased Shares are held as Treasury Shares, our Directors may:

- (a) distribute all or part of the Treasury Shares as dividends to shareholders;
- (b) resell all or part of the Treasury Shares on Bursa Securities in accordance with the relevant prevailing rules of Bursa Securities;
- (c) transfer all or part of the Treasury Shares for the purposes of or under an employees' share scheme;
- (d) transfer all or part of the Treasury Shares as purchase consideration; or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

Pursuant to Section 127(5) of the Act, the Purchased Shares unless held in treasury, shall be deemed to be cancelled immediately on purchase. Further, Section 127(8) of the Act provides that the holder of Treasury Shares shall not confer:

- (1) the right to attend and vote at meetings and any purported exercise of such rights is void; and
- (2) the right to receive dividends or other distribution, whether cash or otherwise, of our Company's assets including any distribution of assets upon winding-up of our Company.

We are required to make an immediate announcement to Bursa Securities of any purchase/resale or cancellation of our Shares pertaining to the Proposed Share Buy-Back. In the event SHB wishes to purchase its own Shares, SHB is required to lodge a declaration of solvency to Bursa Securities and release an immediate announcement on the day the purchase is made.

## **2.3 Pricing**

In accordance with Paragraph 12.17 of the Listing Requirements, SHB may only purchase its own Shares listed on Bursa Securities at a price which is not more than 15% above the VWAP for the Shares for the past 5 Market Days immediately preceding the date of purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, our Company may only resell the Treasury Shares on Bursa Securities at a price which is:

- (i) not less than the VWAP for the Shares for the 5 Market Days immediately prior to the resale; or
- (ii) a discounted price of not more than 5% to VWAP for the Shares for the 5 Market Days immediately before the resale provided that:
  - (a) the resale takes place not earlier than 30 days from the date of purchase; and
  - (b) the resale price is not less than the cost of purchase of the Shares being resold.

## **2.4 Public Shareholding Spread**

In accordance to Paragraph 12.14 of the Listing Requirements, our Company can only undertake to purchase its own Shares listed on Bursa Securities to the extent that the Public Shareholding Spread of the Company shall not fall below 25% at all times pursuant to the Proposed Share Buy-Back.

The Public Shareholding Spread of the Company as at the LPD is 35.38%.

Our Board is mindful of the Public Shareholding Spread requirement and will continue to be mindful of the requirement when making any purchase of our Shares. Our Company will ensure that prior to any share buy-back exercise, the Public Shareholding Spread of at least 25% is maintained.

## **2.5 Implication of the Rules**

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Rules by any of our Company's shareholders and/or parties acting in concert with them, our Board will ensure that such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them. In this connection, our Board is mindful of the requirements when making any purchase of the Shares pursuant to the Proposed Share Buy-Back.

## **3. RATIONALE AND POTENTIAL ADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

The rationale and potential advantages of the Proposed Share Buy-Back are as follows:

- (i) our Group will be able to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market. The Proposed Share Buy-Back is to stabilise the market price of our Shares and to prevent against speculation of our Shares, when undervalued, to enhance investors' confidence;



- (ii) other things being equal, the Proposed Share Buy-Back, regardless of whether the Purchased Shares are maintained as Treasury Shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Therefore, the Proposed Share Buy-Back will improve our EPS, which in turn is expected to have a positive impact on the market price of SHB; and
- (iii) the Purchased Shares may be held as Treasury Shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of our Company. If any Treasury Shares are distributed as share dividends, this would serve to reward our shareholders.

#### 4. RISK ASSESSMENT AND POTENTIAL DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, will reduce the financial resources of our Company and may result in our Group foregoing any future investment opportunities and/or interest income that may be derived from depositing the funds in interest bearing instruments. However, the financial resources of our Company may increase should the Purchased Shares that are held as Treasury Shares be subsequently resold at higher prices than the purchase prices.

The Proposed Share Buy-Back is not expected to have any potential material disadvantages to our Company and shareholders as any share buy-back exercise will be undertaken only after in-depth consideration of the financial resources of our Group and of the resultant impact on our Group and shareholders. Our Directors in exercising any decision on the Proposed Share Buy-Back will be mindful of the interest of our Company and that of shareholders.

#### 5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

##### 5.1. Share capital

The Proposed Share Buy-Back will result in the reduction of our total number of issued Shares if the Purchased Shares are cancelled.

The proforma effects of the Proposed Share Buy-Back on the issued share capital of our Company are as follows:

	<b>No. of Shares</b>
Issued share capital as at the LPD	701,533,561
Assuming the Purchased Shares are cancelled <sup>(1)</sup>	(70,153,356)
<b>Resultant issued share capital</b>	<b>631,380,205</b>

**Note:**

(1) Assuming up to 10% of the issued share capital is purchased under the Proposed Share Buy-Back and subsequently cancelled.

The proforma effects of the Proposed Share Buy-Back on the resultant issued share capital of our Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The above illustration assumes that the Purchased Shares are cancelled. Nevertheless, if the Purchased Shares are retained as Treasury Shares, resold or distributed to Shareholders, the Proposed Share Buy-Back will have no effect on the existing issued share capital of our Company.

## **5.2. NA and gearing**

The effect of the Proposed Share Buy-Back on the NA of our Group will depend on the actual number of and prices paid for the Purchased Shares, the effective funding cost to our Group to finance the purchase of such Shares, or any loss in interest income to our Group, and whether the Purchased Shares are cancelled, retained as Treasury Shares, resold on Bursa Securities or distributed as share dividends to shareholders.

If all Purchased Shares are cancelled, the NA of our Group would decrease if the purchase price per Purchased Share exceeds the NA per Share at the relevant point in time, and vice versa.

The NA of our Group would decrease if the Purchased Shares are retained as Treasury Shares, due to the requirement for Treasury Shares to be carried at cost and be offset against equity.

If the Treasury Shares are resold on Bursa Securities, the NA of our Group would increase if our Company realises a gain from the resale, and vice versa. If the Treasury Shares are distributed as share dividends, the NA of our Group would decrease by the cost of the Treasury Shares.

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital of our Company, the quantum of which will depend on, amongst others, the number and the purchase price(s) of the Purchased Shares.

The effects of the Proposed Share Buy-Back on the gearing of our Group will depend on the proportion of borrowings utilised to fund any purchase of the Purchased Shares. At this juncture, we have not determined whether to use any form of borrowings for the Proposed Share Buy-Back.

## **5.3. Earnings and EPS**

The Proposed Share Buy-Back may increase or reduce the EPS of our Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to SHB to finance the purchase of such Shares, or any loss in interest income to SHB or opportunity cost in relation to other investment opportunities.

Assuming that the Purchased Shares are retained as Treasury Shares and subsequently resold, the extent of the effects on the earnings of our Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain arising from the resale.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back will increase the EPS of our Group provided the income forgone and interest expense incurred on the Purchased Shares on a per Share basis is less than the EPS before the Proposed Share Buy-Back.

## **5.4. Shareholdings of Directors and substantial shareholders**

The proforma effects of the Proposed Share Buy-Back on the shareholdings of our Directors and substantial shareholders based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings as at the LPD assuming the Proposed Share Buy-Back is carried out in full by SHB and the Shares so purchased are cancelled, are as follows:

**Directors' shareholdings**

Directors	As at the LPD			(1) After the Proposed Share Buy-Back			
	Direct		Indirect	Direct		Indirect	
	No. of Shares held	% of share capital	No. of Shares held	% of share capital	No. of Shares held	% of share capital	
Dato' Mohd Azlan Hashim	19,662,467	2.80	(2)140,791,759	20.07	19,662,467	(2)140,791,759	22.30
Dato' Hj. Razali bin Mohd Yusof	-	-	(3)32,000,000	4.56	-	(3)32,000,000	5.07
Nik Abdul Malik bin Nik Mohd Amin	2,400,000	0.34	-	-	2,400,000	-	-
Dato' Abdul Hamid bin Sh. Mohamed	1,000,000	0.14	-	-	1,000,000	-	-
Tai Keat Chai	-	-	(4)1,000,000	0.14	-	(4)1,000,000	0.16

**Note:**

- (1) On the assumption that the Company purchases 70,153,356 Shares, representing 10% of its total issued shares of 701,533,561 Shares.
- (2) Deemed interest through Bijak Permai Sdn Bhd and Infra Bumitek Sdn Bhd.
- (3) Deemed interest through Titan Tegap Sdn Bhd and Amanahraya Trustees Berhad.
- (4) Deemed interest through the shares held by his spouse.

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**Substantial shareholders' shareholdings**

Substantial shareholders	As at the LPD			(1) After the Proposed Share Buy-Back		
	Direct		Indirect	Direct		Indirect
	No. of shares held	% of share capital	No. of shares held	No. of shares held	% of share capital	No. of shares held
Abdul Rahman bin Ali	182,781,751	26.05	(2)20,309,083	182,781,751	28.95	(2)20,309,083
Dato' Mohd Azlan Hashim	19,662,467	2.80	(3)140,791,759	19,662,467	3.11	(3)140,791,759
Johan Zainuddin bin Dzulkifli	48,927,250	6.97	(4)59,555,426	48,927,250	7.75	(4)59,555,426
Bijak Permai Sdn Bhd	81,236,333	11.58	-	81,236,333	12.87	-
Infra Bumitek Sdn Bhd	59,555,426	8.49	-	59,555,426	9.43	-

**Note:**

- (1) On the assumption that the Company purchases 70,153,356 Shares, representing 10% of its total issued shares of 701,533,561 Shares.  
(2) Deemed interest through Temuras Jaya Sdn Bhd.  
(3) Deemed interest through Infra Bumitek Sdn Bhd and Bijak Permai Sdn Bhd.  
(4) Deemed interest through Infra Bumitek Sdn Bhd.

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**6. PURCHASES, RESALE AND/OR CANCELLATION OF SHARES DURING THE FYE 31 DECEMBER 2016**

There is no purchase, resale and/or cancellation of Shares by the Company during the FYE 31 December 2016.

**7. HISTORICAL SHARE PRICE**

The monthly highest and lowest market prices of SHB Shares traded on the Main Market of Bursa Securities for the past 12 months are as follows:

	<b>High</b>	<b>Low</b>
<b><u>2017</u></b>		
May	0.53	0.46
April	0.56	0.46
March	0.51	0.42
February	0.46	0.42
January	0.49	0.34
<b><u>2016</u></b>		
December	0.36	0.33
November	0.38	0.35
October	0.39	0.35
September	0.40	0.36
August	0.42	0.36
July	0.39	0.35
June	0.48	0.35
<b>Last transacted market price of SHB Shares on 17 May 2017 (being the last trading day prior to the announcement of the Proposed Share Buy-Back)</b>		<b>0.51</b>
<b>Last transacted market price of SHB Shares as at the LPD</b>		<b>0.48</b>

*(Source: Bloomberg)*

**8. APPROVALS REQUIRED**

The Proposed Share Buy-Back is subject to the approval of shareholders at the forthcoming EGM. The Proposed Share Buy-Back is not conditional or inter-conditional upon with any other corporate exercise or scheme undertaken or proposed to be undertaken by our Company.

**9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Our Directors or major shareholders of SHB and/or persons connected to them do not have any interest, direct and/or indirect, in the Proposed Share Buy-Back.

**10. DIRECTORS' RECOMMENDATION**

Our Board, having considered all aspects of the Proposed Share Buy-Back including the effects of the Proposed Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Share Buy-Back is in the best interest of our Company. Accordingly, our Board recommends that shareholders vote in favour of the ordinary resolution to give effect to the Proposed Share Buy-Back which will be tabled at the forthcoming EGM.

## 11. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 21 June 2017 at 11.00 a.m. or immediately after the conclusion of the 20<sup>th</sup> AGM of our Company which is to be held at the same venue and on the same day at 10.00 a.m., whichever is later (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed Share Buy-Back.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Registered Office of our Company at Level 22, Axiata Tower, No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

## 12. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

Yours faithfully  
For and on behalf of the Board  
**SILK Holdings Berhad**

**Dato' Mohd Azlan Hashim**  
Executive Chairman

**Tai Keat Chai**  
Independent Non-Executive Director

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**DIVIDEND REINVESTMENT PLAN STATEMENT**

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**SILK HOLDINGS BERHAD**  
(Company No. 405897-V)  
(Incorporated in Malaysia)

**DIVIDEND REINVESTMENT PLAN STATEMENT**

*(Abbreviations and definitions, unless where the context requires otherwise, shall be as set out in Section 2 of the Terms and Conditions (as defined below) governing this Dividend Reinvestment Plan Statement)*

This Dividend Reinvestment Plan Statement contains the terms and conditions of the Dividend Reinvestment Plan of SILK Holdings Berhad ("**SHB**" or "**Company**") ("**Terms and Conditions**") under which persons registered in the Record of Depositors of the Company, as the shareholders of SHB may, in relation to any Dividend, be given the option to reinvest the whole or only a portion of the Dividend in new Shares ("**Reinvestment Option**") as the Board of Directors of the Company ("**Board**") may, at its absolute discretion, make available ("**DRP**").

Irrespective of whether an election is made by shareholders, a tax voucher in relation to the Dividend will be issued and despatched to all shareholders. The election for the Reinvestment Option does not relieve shareholders of any income tax obligation (if applicable) and there is no tax advantage to be gained in exercising the Reinvestment Option or otherwise.

**Unless the Board has determined that the DRP will apply to a particular Dividend, all Dividends as may be declared by SHB will be paid wholly in cash to the shareholders in the usual manner through a Dividend Payment Account.**

**SUMMARY OF THE DRP**

The DRP will provide shareholders with an option to reinvest their cash dividend(s) in new Shares instead of receiving it in cash.

The Board may, in its absolute discretion, determine whether to offer to shareholders the Reinvestment Option. The remaining portion of the Dividend, if any, will be paid in cash.

The proportion of such Dividend to which the Reinvestment Option applies is referred to as the **Electable Portion**. In this respect, the Electable Portion may include the whole Dividend declared or only a portion of the Dividend.

In respect of the Reinvestment Option, each shareholder has the following options:

**(i) Option 1**

- (a) elect to participate and thereby reinvest in whole or in part the Electable Portion at an Issue Price to be declared by the Board on a Price Fixing Date to be announced later; and
- (b) receive the Cash Portion, if applicable, in cash.

**(ii) Option 2**

Elect not to participate and receive the entire Dividend in cash.

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**DIVIDEND REINVESTMENT PLAN STATEMENT**

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An approval for the listing of and quotation for the new Shares on the Main Market of Bursa Securities will be sought from Bursa Securities and the announcement of the Entitlement Date will be made after receiving the said approval from Bursa Securities. The issue price of the new Shares to be issued pursuant to the DRP ("**Issue Price**") shall be announced on or before the announcement of the Entitlement Date.

Subsequently, a Notice of Election will be despatched to the shareholders. Instructions will be provided in the Notice of Election in respect of the action to be undertaken by the shareholders to exercise the Electable Portion. The Expiry Date will be stated in the Notice of Election and shall be at least 14 days from the despatch of the Notice of Election pursuant to Paragraph 6.45C of the Listing Requirements.

An announcement will also be made in respect of the listing of and quotation for the new Shares to be issued pursuant to the exercise by the shareholders of the Reinvestment Option on the Main Market of Bursa Securities.

Under the DRP, shareholders who elect to exercise the Reinvestment Option shall not be allotted fractional shares. As such, the amount of Dividend relating to such fractional shares will be paid in cash to the shareholders in the usual manner.

**Shareholders will receive the Electable Portion in cash if they do not expressly elect in writing to participate in the DRP according to its Terms and Conditions. As such, shareholders need not take any action if they wish to receive their Electable Portion in cash.**

**ISSUE PRICE**

The Issue Price shall be the adjusted volume weighted average market price ("**VWAP**") for the 5 market days immediately prior to the Price Fixing Date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount.

The new Shares will be issued free from any brokerage or fees to shareholders unless otherwise provided by any statute, law or regulation.

**HOW TO PARTICIPATE**

Participation in the DRP is optional and not transferable. A shareholder wishing to reinvest in new Shares in respect of any Electable Portion must complete the Notice of Election and return it to the share registrar of SHB in accordance with the instructions as prescribed therein.

A shareholder receiving more than 1 Notice of Election and wishing to reinvest in new Shares in respect of all of his entitlement to the Electable Portion must complete all Notices of Election received by him and return the completed Notices of Election to the share registrar of SHB. Shareholders should note that they are at liberty to decide which particular Notice of Election they wish to elect for the reinvestment in new Shares. Where any particular Notice of Election is not elected upon, the Dividend relating thereto will be received in cash by the shareholders in the usual manner.

To be effective in respect of any exercise of the Reinvestment Option to which a Notice of Election relates, such duly completed and signed Notice of Election must be received by the share registrar of SHB no later than the Expiry Date stated in the Notice of Election in respect of that particular Reinvestment Option.

All shareholders are eligible to participate in the DRP, provided that:

- (i) such participation will not result in a breach of any restrictions on their holding of SHB Shares which may be imposed by any of their contractual obligations, or by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities as the case may be (unless the requisite approval under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts); or
- (ii) there are no restrictions for such participation as prescribed in our Constitution.



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**DIVIDEND REINVESTMENT PLAN STATEMENT**

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Shareholders should however note that to avoid any violation on the part of SHB of the securities laws applicable outside Malaysia, the Notice of Election will not be sent to Foreign Addressed Shareholders unless such Foreign Addressed Shareholders provide the share registrar with their respective address in Malaysia no later than the relevant Entitlement Date.

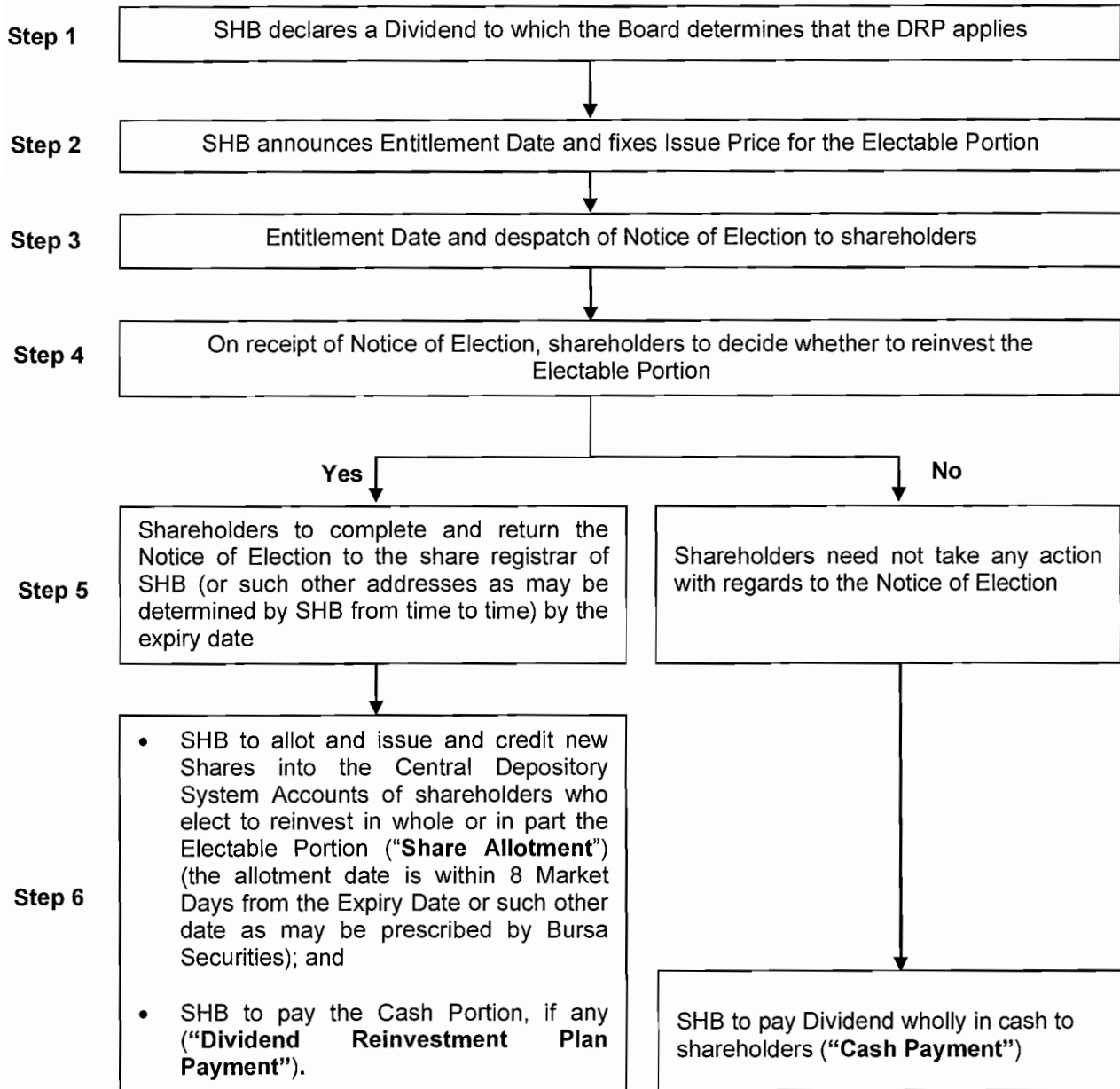
Shareholders should note that under the DRP:

- (a) in exercising the Reinvestment Option, they are at their liberty to reinvest in whole or in part the Electable Portion to which a Notice of Election relates; and
- (b) their right to exercise the Reinvestment Option is non-transferable.

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**DIVIDEND REINVESTMENT PLAN STATEMENT**

The process flow chart illustrating how the DRP is intended to be administered is set out below.



**Note:**

*The Cash Payment, the Share Allotment and the Dividend Reinvestment Plan Payment will occur on the same day, which will be within 1 month from the Entitlement Date and in any event, within 3 months from the date of the declaration of the Dividend or the date on which the approval is obtained in an annual/extraordinary general meeting of SHB, whichever is applicable.*

**Shareholders who wish to receive the Dividend wholly in cash do not need to take any action.**

**Shareholders will, by default, receive the Dividend in cash if they do not expressly elect in writing to participate in the DRP according to its terms.**

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**


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**1. ESTABLISHMENT**

The DRP has been established by the Board.

**2. TERM AND CONDITIONS**

In these Terms and Conditions, the following definitions shall apply:

“Allotment Date”	:	Date of allotment of new Shares which falls within 8 Market Days from the Expiry Date or such other period as may be prescribed by Bursa Securities
“Balance of the Electable Portion”	:	Balance of the Electable Portion not reinvested into new SHB Shares and/or the fractional entitlement of new SHB Share in relation to the Electable Portion under the DRP, whichever is applicable, of which will be paid to the shareholder in cash in the usual manner
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Company No.: 635998-W)
“Cash Portion”	:	The proportion of such Dividend to which the Reinvestment Option does not apply
“Constitution”	:	The Constitution of SHB
“Dividend”	:	Cash dividend(s) declared by SHB (either an interim, final, special or any other dividend)
“Dividend Payment Account”	:	The non-interest bearing account opened with HSBC Bank Malaysia Berhad to facilitate the payment of Dividend
“Electable Portion”	:	The whole or a portion of the Dividend (after the deduction of the applicable income tax), as the Board may at its absolute discretion determine, for which the Reinvestment Option applies
“Entitlement Date”	:	The date to be determined by our Board and announced later, on which the names of our shareholders must be registered in the Record of Depositors of SHB in order to be eligible to participate in the DRP applicable to a Dividend
“Expiry Date”	:	The last day (which will be a date to be fixed and announced by the Board and shall not be less than 14 days from the date of despatch of the Notice of Election) by which the duly completed Notice of Election must be received by the share registrar of SHB
“Foreign Addressed Shareholders”	:	Shareholders whose registered address in the Company’s Record of Depositors is not in Malaysia
“Issue Price”	:	The issue price of the new Shares to be issued pursuant to the DRP
“Market Day(s)”	:	Any day between Monday and Friday (both inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**


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“Notice of Election”	:	Notice of election by which shareholders confirm their exercise of the Reinvestment Option
“Participating Shareholders”	:	Shareholders who elect to exercise the Reinvestment Option pursuant to the DRP to the extent of Electable Portion in respect of their holdings of SHB Shares as at each Entitlement Date to which each notice of Election received by them relates
“Price Fixing Date”	:	A date to be determined by the Board on which the Issue Price will be determined
“Rules”	:	The Rules on Take-overs, Mergers and Compulsory Acquisitions
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SHB Shares” or “Shares”	:	Ordinary shares in SHB
“VWAP”	:	Volume-weighted average market price

**3. ELIGIBILITY**

All shareholders are eligible to participate in the DRP, subject to:

- (i) restriction to shareholders with registered addresses outside Malaysia as at the relevant Entitlement Date for the Dividend to which the DRP applies. The Notice of Election will not be sent to shareholders whose address in the Company’s Record of Depositors is not in Malaysia to avoid any violation on the part of SHB of the securities laws applicable outside Malaysia; and
- (ii) the requirement that such participation by the shareholders will not result in a breach of any other restriction on such shareholder’s holding of the Shares which may be imposed by statute, law or regulation in force in Malaysia or any other relevant jurisdiction or prescribed in our Constitution.

**4. FOREIGN ADDRESSED SHAREHOLDERS**

To avoid any violation on the part of the Company of the securities laws applicable outside of Malaysia, the Notice of Election and any other documents relating to the DRP will not be sent to Foreign Addressed Shareholders. Foreign Addressed Shareholders shall have no claim whatsoever against the Company as a result of such documents not being despatched to them. Foreign Addressed Shareholders who received or come to have in their possession a Notice of Election may not treat it as being applicable to them (except where the Notice of Election is collected from the share registrar of SHB as provided below) and are, in any event, advised to inform themselves of, and to observe, any prohibitions and restrictions and to comply with any applicable laws and regulations relating to the DRP as may be applicable.

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**

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Foreign Addressed Shareholders may collect the documents relating to the DRP from the share registrar of SHB at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan or at such address as may be announced by the Company from time to time and the share registrar of SHB may in such an event be entitled to satisfy itself as to the identity and authority of the person collecting the Notice of Election; or alternatively, provide the share registrar of SHB with their respective address in Malaysia not later than 3 Market Days before the relevant Entitlement Date in respect of any Dividend to which the Board has determined that the DRP shall apply.

Foreign Addressed Shareholders will be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subjected to, and participation by Foreign Addressed Shareholders in the DRP will be on the basis that they may lawfully so participate without the Company, its Directors and employees and its advisers and the employees of the advisers being in breach of the laws of any jurisdiction.

**5. NOTICE OF ELECTION**

Subsequent to the Entitlement Date, a Notice of Election will be despatched to shareholders. The Notice of Election will contain the instructions with respect to the action that is required to be taken by shareholders to exercise the Reinvestment Option and will also state the Expiry Date. The Notice of Election and any other documents relating to the DRP will not be sent to Foreign Addressed Shareholders.

The Company will, at its discretion, send to each shareholder 1 or more Notices of Election in relation to each Central Depository System account held by the shareholder. To be effective in respect of any exercise of the Reinvestment Option, a duly completed Notice of Election must be received by the share registrar of SHB, no later than the Expiry Date. A shareholder receiving two or more Notices of Election may elect to reinvest in new Shares in respect of his entitlement to which 1 Notice of Election relates and decline to reinvest in new Shares in respect of his entitlement to which any other Notice(s) of Election relates. A shareholder receiving 2 or more Notices of Election and wishing to reinvest in new Shares in respect of all of his entitlement to the Electable Portion in respect of all his holding of SHB Shares must duly complete all the Notices of Election received by him and return the completed Notices of Election to the office of the share registrar of SHB, no later than the Expiry Date specified in the Notice of Election.

A Notice of Election in respect of any Electable Portion shall not, upon its receipt by the Company be withdrawn or cancelled.

The Company has the discretion and right to accept or reject any Notice of Election that is incomplete, contains errors or is otherwise defective. The Company is under no obligation to correct invalid Notices of Election on behalf of any shareholder or to provide any reason for rejecting any Notice of Election.

By electing to participate in the DRP, the Participating Shareholders unconditionally:

- (i) warrants to the Company that it has the legal right and full power and authority to participate in the DRP and that its participation in DRP will not result in a breach of any law or regulation or contractual obligation by which it is bound;
- (ii) acknowledges that the Company may at any time determine whether the Participating Shareholder's Notice of Election or other form (collectively, "**Form**") is valid, even if the relevant Form is incomplete, contains errors or is otherwise defective;
- (iii) acknowledges that the Company may accept or reject any Form and agrees that the Company need not provide any reason therefore;
- (iv) acknowledges that the Company has not provided the Participating Shareholder with investment advice or any other advice;

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**


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- (v) agrees to these Terms and Conditions and agrees not to do any act or thing which would be contrary to the intention or purpose of the DRP;
- (vi) submits to the jurisdiction of Malaysian Courts, in each case, at all times until termination of the DRP; and
- (vii) agrees that notwithstanding any other provisions, the Terms and Conditions of the DRP set out herein or otherwise and irrespective of whether an election to exercise the Reinvestment Option has been made, if at any time after the Board has determined that the DRP shall apply to any Dividend and before the allotment and issuance of the new Shares in respect of any Electable Portion reinvested, where the Board considers that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the DRP in respect of the Electable Portion and regardless whether the Reinvestment Option is exercised by the shareholders, the Board may, at their absolute discretion and as they deem fit in the interest of the Company and without assigning any reason thereof, cancel the application of the DRP. In such event, the Electable Portion shall be paid in cash to the shareholders in the usual manner.

**6. EXTENT OF APPLICATION OF DRP TO EACH ELECTABLE PORTION**

The Board may, at its absolute discretion, determine in respect of any Dividend, whether the DRP shall apply and if so, whether the Electable Portion is for the whole or a portion of the Dividend. If, in its absolute discretion, the Board has not determined that the DRP is to apply to a particular Dividend, such Dividend shall be paid in cash to the shareholders in the usual manner through a Dividend Payment Account.

**7. SHARE ENTITLEMENT**

By electing to participate in the DRP in respect of any Notice of Election received by him, a shareholder elects to reinvest in whole or in part the entire Electable Portion to which such Notice of Election relates.

In respect of any Electable Portion, the number of new Shares to be allotted and issued to the Participating Shareholder electing to reinvest the entire Electable Portion or part thereof in new Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:

**(a) Maximum share entitlement**

$$N = \frac{S \times D}{V}$$

Where:

- N = is the maximum share entitlement to be allotted and issued as fully paid-up to the Participating Shareholder in respect of such Notice of Election.
- S = is the number of SHB Shares held by the Participating Shareholder as at the Entitlement Date to which such Notice of Election relates
- D = is the Electable Portion to which such Notice of Election relates

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**


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V = is the Issue Price, which, for the purpose of the DRP, shall be an amount in RM as determined by the Board based on the adjusted VWAP for the 5 Market Days immediately prior to a Price Fixing Date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price.

Any fractional entitlement of new Shares computed in accordance to the above formula will be paid in cash to the Participating Shareholders in the usual manner.

The shareholding of a shareholder in SHB will be diluted should he not exercise his Reinvestment Option. However, the extent of the dilution will depend on the number of new Shares issued by SHB pursuant to the level of exercise of the option to exercise by other shareholders as a whole.

**Example**

Based on the circular to the shareholders of our Company in relation to the Disposal of SILK dated 6 March 2017, it is the intention of the Board to distribute a cash dividend of RM0.10 per Share to the shareholders of the Company. Assuming that the Proposed DRP applies to this special dividend, and the Electable Portion is RM0.06, the maximum share entitlement of a shareholder who holds 10,000 SHB Shares at the Entitlement Date will be calculated as follows:

$$\begin{aligned} N &= \frac{S \times D}{V} \\ &= \frac{10,000 \times \text{RM}0.06}{\text{RM}0.35} \\ &= 1,714 \end{aligned}$$

In conclusion, his special dividend, Electable Portion and the Cash Portion are as follows:

	<b>RM</b>
Special dividend of RM0.10 per SHB Share held <i>Calculation = 10,000 x RM0.10 SHB Share</i>	1,000.00
Less: Electable Portion of RM0.06 per SHB Share held <i>Calculation = 10,000 x RM0.06 SHB Share</i>	600.00
<b>Cash Portion of RM0.04 per SHB Share held</b>	<b>400.00</b>

**(b) The Balance of the Electable Portion**

Where  $B = (S \times D) - (A \times V)$

B = is the Balance of the Electable Portion in respect of such Notice of Election relates

S = is the number of SHB Shares held by the Participating Shareholder as at the Entitlement Date to which such Notice of Election relates

D = is the Electable Portion to which such Notice of Election relates

A = is the number of new SHB Shares that the Participating Shareholder elects to subscribe for in respect of the Electable Portion to which such Notice of Election relates

V = is the Issue Price, which, for the purpose of the DRP, shall be an amount in RM as determined by the Board based on the adjusted VWAP for the 5 Market Days immediately prior to a Price Fixing Date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the Issue Price.

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**


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The Balance of the Electable Portion will be paid to the Participating Shareholders in cash in the usual manner.

**Examples****Scenario 1 - If a Participating Shareholder decides to reinvest the whole Electable Portion into new SHB Shares**

Assuming a Participating Shareholder holds 10,000 SHB Shares as at the Entitlement Date and he wishes to subscribe for his maximum share entitlement of 1,714 new SHB Shares calculated based on his entitlement for the Electable Portion as at the Entitlement Date using the formula as per Section 7(a) above, his Balance of the Electable Portion will be calculated as follows:

$$B = (S \times D) - (A \times V)$$

$$B = (10,000 \times \text{RM}0.06) - (1,714 \times \text{RM}0.35)$$

$$B = \text{RM}600.00 - \text{RM}599.90$$

$$B = \text{RM}0.10$$

Based on the calculation above, the table below shows the total cash amount payable to the participating shareholder based on his election:

	<b>RM</b>
Electable Portion of RM0.06 per SHB Share held	600.00
Less: Amount payable for reinvestment at RM0.35 per SHB Share (1,714 x RM0.35)	599.90
<b>Balance of the Electable Portion</b>	<b>0.10</b>
<b>Add: Cash Portion</b>	<b>400.00</b>
<b>Total cash amount payable</b>	<b>400.10</b>

**Scenario 2 - If a participating shareholder decides to reinvest part of the Electable Portion into new SHB Shares**

Assuming a Participating Shareholder holds 10,000 SHB Shares as at the Entitlement Date and his maximum share entitlement is 1,714 new SHB Shares calculated based on his entitlement for the Electable Portion as at the Entitlement Date using the formula as per Section 7(a) above. However, he only wishes to subscribe for 1,500 new SHB Shares; hence, his Balance of the Electable Portion will be calculated as follows:

$$B = (S \times D) - (A \times V)$$

$$B = (10,000 \times \text{RM}0.06) - (1,500 \times \text{RM}0.35)$$

$$B = \text{RM}600.00 - \text{RM}525.00$$

$$B = \text{RM}75.00$$

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**


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Based on the aforementioned calculation, the table below shows the total cash amount payable to the Participating Shareholder based on his election:

	<b>RM</b>
Electable Portion of RM0.06 per SHB Share held	600.00
Less: Amount payable for reinvestment at RM0.35 per SHB Share (1,500 x RM0.35)	525.00
<b>Balance of the Electable Portion</b>	<b>75.00</b>
<b>Add: Cash Portion</b>	<b>400.00</b>
<b>Total cash amount payable</b>	<b>475.00</b>

**8. TERMS OF ALLOTMENT**

Unless the Board otherwise determines, all new Shares allotted under the DRP will be allotted as fully paid-up. All such new Shares shall upon allotment and issuance, rank equally in all respects with the existing SHB Shares, except that the holders of new Shares shall not be entitled to any Dividends, rights, allotments and/or other distributions which may be declared, made or paid preceding the date of allotment of the new Shares. It should be noted that since fractional new Shares will not be allotted, any amount of the Dividend payment that is insufficient for the issuance of 1 whole new Share will be received in cash by shareholders in the usual manner.

As the new Shares to be issued pursuant to the DRP are prescribed securities, the new Shares will be credited directly into the respective Central Depository System Accounts of shareholders. No physical share certificate will be issued.

**9. ODD LOTS**

A shareholder who elects to reinvest the Electable Portion and receive new Shares may be allotted such new Shares in odd lots. Shareholders who receive odd lots of new Shares and who wish to trade such odd lots on Bursa Securities should do so on the Odd Lots Market, which allows trading of odd lots (with a minimum of 1 Share).

**10. NOTIFICATION TO PARTICIPATING SHAREHOLDERS**

After the Entitlement Date, the Company shall transfer funds amounting to the total net payment of Dividend (i.e. after the deduction of any applicable income tax) from its account to the Dividend Payment Account held in trust for shareholders.

After such transfer of funds, the Dividend in the Dividend Payment Account will be paid and dealt with as follows:

- (i) in respect of shareholders who elect to exercise their Reinvestment Option:
  - (a) their Electable Portion, which such shareholders elect to reinvest in New Shares, will be paid to and reinvested in the Company for new Shares; and
  - (b) receive the Cash Portion, if applicable, in cash.
- (ii) in respect of the shareholders who do not exercise their Reinvestment Option, their entire Dividend will be received in cash.

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**

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Thereafter, on the Allotment Date, new Shares will be allotted and issued and notices of allotment will be despatched to shareholders who have elected to exercise their Reinvestment Option.

An announcement will also be made on the listing of and quotation for the new Shares to be issued pursuant to the exercise by the shareholders of the Reinvestment Option on the Main Market of Bursa Securities.

If shareholders do not expressly elect in writing (i.e. by signing and returning the Notice of Election in accordance with the instructions stated therein) to exercise the Reinvestment Option by the Expiry Date, their Dividends will not be reinvested in new Shares and they will receive their Dividends in cash in the usual manner from the Dividend Payment Account. As such, shareholders who do not wish to reinvest their Dividends in new Shares need not take any action with regards to the Notice of Election.

**11. COST TO THE PARTICIPATING SHAREHOLDERS**

The new Shares will be issued free from any brokerage or fees to Participating Shareholders unless otherwise provided by any statute, law or regulation.

**12. CANCELLATION OF APPLICATION OF THE DRP**

Notwithstanding any other provisions, the Terms and Conditions of the DRP set out herein or otherwise and irrespective of whether an election to exercise the Reinvestment Option has been made, if at any time after the Board has determined that the DRP shall apply to any Dividend and before the allotment and issuance of new Shares in respect of the Electable Portion reinvested, the Board shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the DRP in respect of the Electable Portion, the Board may, at its absolute discretion and as it deems fit and in the interest of the Company and without assigning any reason thereof, cancel the application of the DRP to the Electable Portion subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be. In such event, the Electable Portion shall be received in cash by shareholders in the usual manner.

**13. TERMINATION OF THE DRP**

Save for any requirement or provision imposed by any statute, law or regulation in force in Malaysia, as the case may be, the DRP may be modified, suspended (in whole or in part) or terminated at any time by the Board as the Board deems fit by giving notice in writing to all shareholders.

**In the case of a suspension, the DRP will be suspended in whole or in part, as the case may be, until such time as the Board resolve to recommence or terminate the DRP. If the DRP is recommenced, Participating Shareholders' Notice of Election confirming their participation under the previously suspended DRP will be valid and have full force and effect in accordance with these Terms and Conditions and any directions, terms and conditions to shareholders for such recommencement of the DRP which may be notified to all shareholders.**

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**

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**14. GENERAL ADMINISTRATION OF THE DRP**

The Board may implement the DRP in the manner it deems fit. The Board has the power to:

- (i) determine procedures, rules and regulations for administration of the DRP consistent with these Terms and Conditions, as may be amended or modified from time to time;
- (ii) settle in such manner as they think fit, any difficulty, anomaly or dispute (including relating to the interpretation of any provision, regulation or procedure or as to any rights under the DRP) which may arise in connection with the DRP, whether generally or in relation to any Participating Shareholder or any SHB Share and the determination of the Board will be conclusive and binding on all shareholders and other persons to whom the determination relates;
- (iii) delegate to any one or more persons, for such period and on such conditions as the Board may determine, the exercise of any of its powers or discretion under or in respect of the DRP and references to a decision, opinion or determination of the Board include a reference to the decision, opinion or determination of the person or persons to whom the Board has delegated its authority for the purposes of administering the DRP; and
- (iv) waive strict compliance by the Company or any shareholders with any of these Terms and Conditions.

**15. IMPLICATION OF THE RULES AND OTHER SHAREHOLDING LIMITS****(a) The Rules**

Under Paragraph 4.01 of the Rules and Section 217 of the Capital Markets and Services Act, 2007, a shareholder may be under an obligation to extend a take-over offer for the remaining shares in the Company not already owned by him and persons acting in concert with him, if by participating in the DRP:

- (i) he, together with persons acting in concert with him (collectively, the "**Affected Party**") is entitled to exercise or control the exercise of more than 33% of the voting shares of SHB; or
- (ii) where the Affected Party holds more than 33% but less than 50% of the voting shares of SHB, his holding increases by more than 2% in any period of 6 months.

If any of the circumstances above apply, the Affected Party may make an application to the Securities Commission of Malaysia for a waiver from the obligation to undertake a mandatory offer pursuant to the Rules prior to them exercising the Electable Portion.

**These statements do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Rules or other relevant legislation or regulations. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Rules as a result of any subscription of Shares through their participation in the DRP are advised to consult their professional advisers at the earliest opportunity.**

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**DIVIDEND REINVESTMENT PLAN STATEMENT – TERMS AND CONDITIONS**

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**(b) Other shareholding limits**

All shareholders are responsible for ensuring that their participation in the DRP will not result in a breach of any restrictions on their respective holding of the Shares which may be imposed by any of the shareholders' contractual obligations, or by statute, law or regulation in force in Malaysia or any other relevant jurisdiction, or by any relevant authorities (unless the requisite approvals under the relevant statute, law or regulation or from the relevant authorities are first obtained or the relevant contractual obligation is otherwise waived in accordance with the terms and conditions of the relevant contracts) or as prescribed in the Company's Constitution, as the case may be.

In view of the above, notwithstanding anything to the contrary, should the Board be aware of or be informed in writing of any breach of such shareholding limits as a result of the exercise of the Reinvestment Option by such shareholder, the Board shall be entitled but not obligated (save and except where required by law) to reduce or limit the number of new Shares to be issued to any such shareholder and/or pay to such shareholder, the Electable Portion or any part thereof in cash.

**16. GOVERNING LAW**

The Dividend Reinvestment Plan Statement and the Terms and Conditions thereof shall be governed by, and construed in accordance with the laws of Malaysia.

**17. NOTICES AND STATEMENTS**

Unless otherwise provided in these Terms and Conditions, any notices, documents and statements required to be given by the Company to a Participating Shareholder shall be given in accordance with provisions of the Company's Constitution.

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**ADDITIONAL INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the accuracy of the information contained herein and confirms that after having made all reasonable enquiries, to the best of our knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS****2.1 Affin Hwang IB**

Affin Hwang IB, being the Principal Adviser to the Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Save as disclosed below, Affin Hwang IB declares that there is no other situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to the Company for the Proposals.

Affin Hwang IB together with its subsidiaries and its related companies ("**Affin Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Affin Group has engaged and may in the future, engage in transactions with and perform services for the Group, directors of SHB, major shareholders of SHB, in addition to the roles set out in this Circular. In addition, in the ordinary course of business, any member of the Affin Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with SHB, hold long or short positions in securities issued by SHB (where applicable), and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any of SHB (where applicable).

The business relationships between the Affin Group and SHB in the past 12 months prior to 18 May 2017, being the date of announcement of the Proposals are set out below:

- (i) Affin Bank Berhad has, in the ordinary course of its banking business, extended credit facilities and services to SHB. As at the LPD, Affin Bank Berhad has granted a total of RM474.26 million in credit facilities to the SHB Group, of which the outstanding amount owing by our Group to the Affin Group was approximately RM467.91 million;
- (ii) Affin Hwang IB has, in the ordinary course of its securities business, extended market trading services to SHB;
- (iii) Affin Hwang IB is the facility agent and security agent for the MTSB Sukuk Mudharabah;
- (iv) Affin Hwang IB is the Principal Adviser and Lead Arranger to MTSB in relation to the variation of terms of the MTSB Sukuk Mudharabah;
- (v) Affin Hwang IB was appointed as the Principal Adviser to the Company for the proposed disposal of the entire equity interest in Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd to WZ Satu Berhad ("**Proposed WZSB Disposal**"). The Company and WZ Satu Berhad entered into a heads of agreement in relation to the Proposed WZSB Disposal on 1 June 2016. The heads of agreement was subsequently mutually terminated by the Company and WZ Satu Berhad on 23 September 2016; and

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**ADDITIONAL INFORMATION**

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- (vi) Affin Hwang IB was appointed as the Principal Adviser and Joint Adviser to the Company for the Disposal of SILK which was completed on 28 April 2017.

Affin Hwang IB has considered the factors involved and believes objectivity and independence in carrying out its role are maintained at all times notwithstanding the aforementioned roles as these are mitigated by the following:

- (a) the businesses of the Affin Group generally act independently of each other, and accordingly, there may be situations where parts of the Affin Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the SHB Group. Nonetheless, the Affin Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions;
- (b) all credit facilities and services which have been extended and/or will be extended by the Affin Group are in its ordinary course of business;
- (c) the conduct of the Affin Group in its banking business is strictly regulated by the Financial Services Act, 2013, the Islamic Financial Services Act, 2013, the Capital Markets and Services Act, 2007, and the Affin Group's own internal controls and checks; and
- (d) based on AFFIN Holdings Berhad's audited consolidated financial statements as at 31 December 2016, the total outstanding loan exposure of the Affin Group to the SHB Group is not material as it is less than 1.50% of AFFIN Holdings Berhad's total audited consolidated gross loans, advances and financing of RM43.75 billion as at 31 December 2016.

Accordingly, the Board has been informed and is aware of the situations as described above and is agreeable to the role of Affin Hwang IB as the Principal Adviser to the Company in relation to the Proposals.

## **2.2 Astramina Advisory**

Astramina Advisory, being the Financial Adviser to the Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Astramina Advisory declares that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Financial Adviser in relation to the Proposals.

Astramina Advisory was also the Financial Adviser to the Company for the Disposal of SILK which was completed on 28 April 2017.

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**ADDITIONAL INFORMATION**


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**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

Save as disclosed below, our Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred by our Group as at the LPD that has not been provided for which upon becoming enforceable, may have a material impact on the financial results/position of our Group:

	<b>RM'000</b>
<b><u>Material commitments</u></b>	
<b>Approved but not contracted for:</b>	
Property, vessel and equipment	12,968
<b>Approved and contracted for:</b>	
Property, vessel and equipment	1,641
<b><u>Contingent liabilities</u></b>	
Bank guarantee to charterers and suppliers	6,421

**4. MATERIAL CONTRACTS**

As at the LPD, our Company and our subsidiaries have not entered into any material contracts outside the ordinary course of business which may have a material impact on the financial results/position of our Group during the 2 years immediately preceding the LPD, save for the share purchase agreement entered into between SHB and Permodalan Nasional Berhad dated 18 January 2017 in relation to the disposal of SHB's entire equity interest in Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd, a previously wholly-owned subsidiary of SHB, to Permodalan Nasional Berhad for a cash consideration of RM380.00 million. The sale and purchase transaction was completed on 28 April 2017.

**5. MATERIAL LITIGATION**

As at the LPD, we have not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of SHB at Level 22, Axiata Tower, No. 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, during normal office hours on Mondays to Fridays (except public holidays) commencing from the date of this Circular up to the date of the EGM:

- (i) the Constitution of SHB;
- (ii) the audited consolidated financial statements of SHB for the past 2 years FYE 31 December 2015 and FYE 31 December 2016 and the unaudited quarterly results of SHB Group for the 3-month financial period ended 31 March 2017;
- (iii) the letters of consent referred to in Section 2 of this appendix;
- (iv) the material contract referred to in Section 4 of this appendix; and
- (v) the Dividend Reinvestment Plan Statement (including the terms and conditions).



**SILK HOLDINGS BERHAD**  
(Company No: 405897-V)  
(Incorporated in Malaysia under the Companies Act 1965)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of SILK Holdings Berhad (the "**Company**") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 21 June 2017 at 11.00 a.m. or immediately after the conclusion of the 20<sup>th</sup> Annual General Meeting which is to be held at the same venue and on the same day at 10.00 a.m. whichever is later or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTION 1

**PROPOSED DIVIDEND REINVESTMENT PLAN THAT GIVES SHAREHOLDERS THE OPTION TO REINVEST THEIR CASH DIVIDEND(S) DECLARED BY SILK HOLDINGS BERHAD ("SHB") IN NEW ORDINARY SHARES OF SHB ("PROPOSED DRP")**

"**THAT** subject to the approvals of the relevant regulatory authorities for the Proposed DRP having been obtained and to the extent permitted by law:

- (i) the Proposed DRP be and is hereby approved;
- (ii) the Directors of the Company are hereby authorised:
  - (a) to establish and implement the Proposed DRP;
  - (b) to determine, in their sole and absolute discretion, whether the Proposed DRP will apply to any cash dividend (whether interim, final, special or any other dividend) declared and/or approved by the Company;
  - (c) to allot and issue such number of new ordinary shares in SHB from time to time as may be required to be allotted and issued pursuant to the Proposed DRP ("**New Shares**"); and
  - (d) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings as may be necessary or expedient in order to give full effect to the Proposed DRP with full powers to assent to any conditions, variations, modifications and/or amendments including amendments, modification, suspension and termination of the Proposed DRP as the Board of Directors of SHB ("**Board**") may, in its absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities;

**AND THAT** the new Shares shall, upon allotment and issue, rank equally in all respects with the existing ordinary shares in SHB, save and except that the holders of the New Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the New Shares."

### ORDINARY RESOLUTION 2

**PROPOSED ISSUANCE OF NEW SHARES IN RELATION TO THE PROPOSED DRP ("PROPOSED ISSUANCE OF NEW SHARES")**

"**THAT**, subject to the passing of Ordinary Resolution 1, and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board to allot and issue such number of New Shares pursuant to the Proposed DRP until the conclusion of the next Annual General Meeting, which shall upon such terms and conditions and to such persons as the Board may, in their sole and absolute discretion, deem fit and in the best interest of the Company;



**AND THAT**, the issue price of the said New Shares which will be determined by the Board on the price fixing date to be determined shall be the adjusted volume-weighted average price ("**VWAP**") for the 5 market days immediately prior to the price fixing date after applying a discount of not more than 10%. The VWAP shall be adjusted ex-dividend before applying the aforementioned discount;

**AND THAT**, the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Proposed Issuance of New Shares, with full powers to assent to any conditions, modifications, variations and/or amendments (if any) including amendments, modifications, suspension and termination of the Proposed DRP as the Board may, in their absolute discretion, deem fit and in the best interest of the Company and/ or as may be imposed or agreed to by any relevant authorities."

### **ORDINARY RESOLUTION 3**

#### **PROPOSED SHARE BUY-BACK AUTHORITY TO PURCHASE UP TO 10% OF THE ISSUED SHARE CAPITAL OF THE COMPANY AS AT THE POINT OF PURCHASE ("PROPOSED SHARE BUY-BACK")**

"**THAT** subject to the Companies Act 2016 ("**Act**"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of the Company's shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed 10% of the total ordinary share capital of the Company at any point in time of the said purchase(s);
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained earnings of the Company at the time of purchase; and
- (iii) the authority conferred by this resolution shall continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities;

**THAT** upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- (i) cancel all the ordinary shares so purchased;
- (ii) retain the ordinary shares so purchased in treasury for distribution as dividend to the shareholders, resell on the market of Bursa Securities, transfer for the purposes of an employees' share scheme, transfer as purchase consideration or sell/transfer/otherwise use for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; or
- (iii) retain part thereof as treasury shares and cancel the remainder;

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations, and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

By Order of the Board

**LIM HUI MING** (BC/L/740)  
**CHIA POH TIN** (MAICSA 7055061)

Company Secretaries

Kuala Lumpur  
6 June 2017

**Notes:**

- (i) A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) For the purpose of determining a member who shall be entitled to attend and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 5.00 p.m. on 14 June 2017. Only a depositor whose name appears on the Record of Depositors as at 5.00 p.m. on 14 June 2017 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his stead.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of its attorney or duly authorised officer.
- (iv) If a member appoints 2 proxies, the appointment will be invalid unless he states the percentage of his shareholding to be represented by each proxy.
- (v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 22, Axiata Tower, No. 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post or fax to (03) 2273 8310. In the case where the member is a corporation and the proxy form is delivered by fax, the original form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.

**FORM OF PROXY**

**SILK HOLDINGS BERHAD (405897-V)**

Number of share(s) held	
CDS Account No.	

Registered Office :  
 Level 22, Axiata Tower  
 No. 9 Jalan Stesen Sentral 5  
 Kuala Lumpur Sentral  
 50470 Kuala Lumpur  
 Tel : 03-2273 1919  
 Fax : 03-2273 8310

**PROXY "A"**

I/We ..... \*NRIC No./Passport No./Company No.....  
 Tel./HP No ..... of .....  
 ..... being a member of SILK HOLDINGS BERHAD and entitled to vote hereby appoint.....  
 ..... \*NRIC No./Passport No .....  
 Tel./HP No ..... of .....

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 21 June 2017 at 11.00 a.m., or immediately following the conclusion of the 20<sup>th</sup> annual general meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later (or at any adjournment thereof).

**WHERE THE MEMBER DESIRES TO APPOINT A 2ND PROXY, THIS SECTION MUST ALSO BE COMPLETED, OTHERWISE IT SHOULD BE DELETED**

**PROXY "B"**

I/We ..... \*NRIC No./Passport No./Company No.....  
 Tel./HP No ..... of .....  
 ..... being a member of SILK HOLDINGS BERHAD and entitled to vote hereby appoint.....  
 ..... \*NRIC No./Passport No .....  
 Tel./HP No ..... of .....

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 21 June 2017 at 11.00 a.m., or immediately following the conclusion of the 20<sup>th</sup> annual general meeting of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later (or at any adjournment thereof).

**The proportions of my/our holding to be represented by my/our proxies are as follows :**

1st Proxy "A" - ..... % (to be completed)  
 2nd Proxy "B" - ..... % (to be completed)  
**Total: 100 %**

\* Delete if inapplicable

My/our proxy/proxies shall vote as follows :

(Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion)

No.	RESOLUTION	1ST PROXY "A"		2ND PROXY "B"	
		FOR	AGAINST	FOR	AGAINST
1	Proposed DRP				
2	Proposed Issuance of New Shares				
3	Proposed Share Buy-Back				

Dated this .....day of .....2017

Signature of Member.....

**Notes:**

- (i) A member of the Company entitled to attend and vote, is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) For the purpose of determining a member who shall be entitled to attend and vote at the Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 5.00 p.m. on 14 June 2017. Only a depositor whose name appears on the Record of Depositors as at 5.00 p.m. on 14 June 2017 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his stead.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of its attorney or duly authorised officer.
- (iv) If a member appoints 2 proxies, the appointment will be invalid unless he states the percentage of his shareholding to be represented by each proxy.
- (v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 22, Axiata Tower, No. 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post or fax to (03) 2273 8310. In the case where the member is a corporation and the proxy form is delivered by fax, the original form shall also be deposited at the Registered office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.



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AFFIX  
STAMP

The Company Secretaries  
**SILK HOLDINGS BERHAD (Company No.: 405897-V)**  
Level 22, Axiata Tower  
No. 9 Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

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