

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

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY.**

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

**CIRCULAR TO SHAREHOLDERS**

**In Relation To**

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

**AND**

**EXTRACT OF THE NOTICE OF ANNUAL GENERAL MEETING**

The Notice convening the 15<sup>th</sup> Annual 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 Friday, 23 November 2012 at 10.00 a.m. is attached to the Company's 2012 Annual Report.

A Proxy Form is attached to the Company's 2012 Annual Report which you are requested to complete and return in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not later than 48 hours before the time set for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The last day and time for lodging the Form of Proxy: Wednesday, 21 November 2012 at 10.00 am.

**This Circular is dated 1 November 2012**

## DEFINITIONS

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

- “Act” : The Malaysian Companies Act, 1965 as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “Board” : The Board of Directors of SHB
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “Dekon Holdings Group” : Dekon Holdings Sdn Bhd (145970-U) and its subsidiaries including Tajul Green Sdn Bhd (formerly known as Dekon Tajul Nursery & Landscaping Sdn Bhd)
- “Director” : Includes any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the directors of a corporation are accustomed to act and an alternate or substitute director and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or a chief executive officer of the company (or any other company which is its subsidiary or holding company)
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities
- “Major Shareholder” : Includes any person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share or the aggregate of the nominal amounts of those shares, is:-
- (a) equal to or more than 10% of the aggregate of the nominal amount of all voting shares in the company;
  - or
  - (b) equal to or more than 5% of the aggregate of the nominal amounts of all voting shares in the company where such person is the largest shareholder of the company
- including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a shareholder of the company as defined above (or any other company which is its subsidiary or holding company). For the purpose of this definition, “interest in shares” shall have the meaning given in section 6A of the Act
- “Mandated Related Party” : Dekon Holdings Group

- “Person Connected” : Such person, in relation to the Director or Major Shareholder, who falls under any one of the following categories:-
- (a) a member of the Director or Major Shareholder’s family, which family shall have the meaning given in Section 122A of the Act;
  - (b) a trustee of a trust (other than a trustee for an employee share option scheme or a pension scheme) under which the Director, Major Shareholder or a member of the Director or Major Shareholder’s family is the sole beneficiary;
  - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
  - (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (f) a body corporate or its Director which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (g) a body corporate or its Director whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
  - (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
  - (i) a body corporate which is a related corporation
- “Proposed Shareholders’ Mandate” or “Proposal” : Proposed shareholders’ mandate for RRPT to be entered into by SHB Group from the date of the forthcoming AGM to the next AGM

“Related Party(ies)”	:	A Director, Major Shareholder or Person Connected with such Director or Major Shareholder. For the purpose of this definition, “Director” and “Major Shareholder” have the meanings given in paragraph 10.02 of the Listing Requirements
“Related Party Transaction”	:	A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party
“RRPT”	:	Related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for SHB Group’s day-to-day operations and are in the ordinary course of business
“Share(s)”	:	Ordinary share(s) of RM0.25 each in the Company
“SHB” or “the Company”	:	SILK Holdings Berhad (405897-V)
“SHB Group” or “the Group”	:	SHB and its subsidiaries
“SILK”	:	Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (371220-V)

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**SILK HOLDINGS BERHAD**

(Company No.: 405897-V)

**Registered Office:**

D2-3-2, Solaris Dutamas

1, Jalan Dutamas 1, 50480 Kuala Lumpur

Tel: (03) 6207-8080

Fax: (03) 6207-9933

1 November 2012

Board of Directors:

Dato' Mohd Azlan Hashim (*Non-Independent Executive Chairman*)

Datuk Seri Razman M Hashim (*Non-Independent Non-Executive Deputy Chairman*)

Johan Zainuddin bin Dzulkifli (*Non-Independent Non-Executive Director*)

Dato' Harun bin Md Idris (*Independent Non-Executive Director*)

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

Abdul Hamid bin Sh. Mohamed (*Independent Non-Executive Director*)

Nik Abdul Malik bin Nik Mohd Amin (*Independent Non-Executive Director*)

To: The Shareholders of SILK Holdings Berhad

Dear Sir/Madam,

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

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**1. INTRODUCTION**

Pursuant to Paragraph 10.09 of the Listing Requirements, the Company had procured the renewal of the shareholders' mandate at its last AGM held on 28 October 2011, for the Company and its subsidiaries, in their normal course of business, to enter into those transactions which are recurrent and of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in paragraph 2D below, with the Group's Related Parties. The shareholders' mandate will be in force until the conclusion of the forthcoming AGM of the Company, unless renewed.

The Board wishes to seek the shareholders' approval for renewal of the Proposed Shareholders' Mandate at the forthcoming AGM of the Company. The Company had on 31 October 2012, made the announcement to Bursa Securities pertaining to the Proposal.

The purpose of this Circular is to provide you with details pertaining to the Proposal and seek your approval for the resolution thereto to be tabled at the forthcoming AGM of the Company scheduled to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 23 November 2012 at 10.00 am.

## 2. DETAILS OF THE PROPOSAL

### A. Part E, Paragraph 10.08 and 10.09 of the Listing Requirements

The details of the recurrent related party transactions of a revenue or trading nature pursuant to Part E, Paragraph 10.09, which should be read in conjunction with paragraph 10.08 of the Listing Requirements to be dealt with at the forthcoming AGM are as follows:-

Under Part E, Paragraph 10.08 (1) – (4) of the Listing Requirements, where transactions are entered into by the Company or its subsidiaries with a Related Party, the Company must make an immediate announcement to Bursa Securities in respect of such transactions except where the value of the consideration given or received in relation to the transaction is less than RM250,000.

- (a) For a Related Party Transaction where any one of the percentage ratios is equal to or exceeds 5%, the Company must comply with the following:-
- (i) Issuing of circular to shareholders;
  - (ii) Obtain shareholders' approval in general meeting; and
  - (iii) Appointment of independent advisor or expert who is independent of the management and Board which appoints it and free from any business or other relationship which could interfere with the exercise of independent judgment by such advisor or expert.

The independent advisor referred to in (iii) above must be appointed by the Company before terms of the transaction are agreed upon, and it shall be the duty and responsibility of the independent advisor to:-

- (i) confirm to Bursa of its eligibility to act as an independent advisor within a period of 2 weeks after announcement of the transaction;
  - (ii) comment as to whether the transaction is fair and reasonable so far as the shareholders are concerned and whether the transaction is to the detriment of minority shareholders and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion; and
  - (iii) advise the minority shareholders on whether they should vote in favour of the transaction.
- (b) For a Related Party Transaction where any one of the percentage ratios is equal or exceeds 25%, the Company must comply with the following:-
- (i) A main advisor, which shall be a merchant bank or a member company approved by the Securities Commission to act as an advisor in the same manner as advisors under the Securities

Commission's Policies and Guidelines on Issue/Offer of Securities, must be appointed by the Company before terms of the transaction are agreed upon, and it shall be the duty and responsibility of the main advisor to:-

- (aa) ensure that such transaction is carried out in fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the Company;
  - (bb) ensure that such transaction complies with the relevant laws/regulations/guidelines, where applicable;
  - (cc) ensure full disclosure of all information required to be disclosed in the announcement and circular; and
  - (dd) confirm to Bursa Securities after the transaction has been completed and all the necessary approvals have been obtained, that it has discharged its responsibility with due care in regard to the transaction.
- (ii) An independent advisor, which shall be an advisor approved by the Securities Commission to act as a corporate finance advisor, must be appointed by the Company before terms of the transaction are agreed upon, and it shall be the duty and responsibility of the independent advisor to:-
- (aa) confirm to Bursa Securities of its eligibility to act as an independent advisor within a period of 2 weeks after the announcement of the transaction;
  - (bb) comment as to whether the transaction is fair and reasonable so far as the shareholders are concerned and whether the transaction is to the detriment of minority shareholders and such opinion must set out the reason for, the key assumptions made and the factors taken into consideration in forming that opinion; and
  - (cc) advise the minority shareholders on whether they should vote in favour of the transaction.

Under Part E, Paragraph 10.09 of the Listing Requirements, the Company may seek shareholders mandate in respect of Related Party Transactions involving recurrent transactions of revenue or trading nature, which are necessary for its day-to-day operations such as supplies of materials, subject to the following:-

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) The shareholders' mandate is subject to annual renewal and disclosure of the aggregate value of such transactions conducted during the financial period is made in the annual report;



- (c) Issuing of circular to shareholders by the Company for the shareholders' mandate; and
- (d) In a meeting to obtain shareholders' mandate, the interested Director, Major Shareholder or Persons Connected with a Director or Major Shareholder; and where it involves the interest of the Persons Connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution approving the transactions. An interested Director or major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions.

Where the Company has procured shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply.

## **B. Proposed Shareholders' Mandate**

SHB is principally an investment holding company. The principal activities of its subsidiaries are;

- (a) the operations and maintenance of a 37 km highway in the south-eastern corridor of Klang Valley known as the Kajang Traffic Dispersal Ring Road undertaken by SILK, and
- (b) the operations of offshore marine support services to oil majors undertaken by Jasa Merin (Malaysia) Sdn Bhd ("Jasa Merin") and its subsidiaries.

The Board is seeking approval from the shareholders for renewal of the Proposed Shareholders' Mandate in respect of RRPT to be entered into by SHB Group from the date of the forthcoming AGM to the next AGM. These RRPT are conducted in the ordinary course of business with the Mandated Related Party and are on normal terms which are not more favourable to the Mandated Related Party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

The Proposed Shareholders' Mandate, if approved by the shareholders at the AGM, will take effect from and including 23 November 2012, being the date of the forthcoming AGM, and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company to be held in 2013, at which time it will lapse, unless by a resolution passed at the next AGM, the Proposed Shareholders' Mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143 (1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting.

**C. Mandated Related Party**

The Proposal will apply to the following Mandated Related Party:-

<b>Mandated Related Party</b>	<b>Principal Activities</b>
Dekon Holdings Group	Investment holding, provision of management services, general construction works, specialist contractor in renovation of commercial projects, landscaping, dealer and supplier of nursery plants, property development, interior decorators and contractors.

**Relationship with Related Party**

Datuk Seri Razman M Hashim who is a Director of SHB Group, is a Major Shareholder of Dekon Holdings Sdn Bhd.

The number of shares and percentage of shareholding held by the Related Party in the Mandated Related Party as at 15 October 2012 are as follows:-

<b><u>Related Party</u></b>	<b><u>Datuk Seri Razman M Hashim</u></b>
Mandated Related Party:	Dekon Holdings Group
Number of shares held:	25,600
Percentage of shareholding:	25.6%

**D. Nature of RRPT and Estimated Values**

The types of RRPT which will be covered by the Proposed Shareholders' Mandate are transactions of a revenue or trading nature which are necessary for the day-to-day operations of SHB Group and are on terms not more favourable to the Mandated Related Party than those generally available to the public.

The details of RRPT and their estimated values from the date of forthcoming AGM to the next AGM, for which the shareholders' approval is sought on the Proposed Shareholders' Mandate are set out in Appendix II.

**E. Amount due and owing by Related Party pursuant to the RRPT**

As at 31 July 2012, there was no amount due and owing to SHB Group by its Related Party pursuant to the RRPT.

**F. Rationale for, and the benefit to, the Group for transacting with Mandated Related Party**

SHB Group has a long-standing business relationship with the Mandated Related Party. Over the years, the Mandated Related Party has proven to be a good services provider to SHB Group with a proven track record. The services provided by the Mandated Related Party are priced competitively and all transactions between SHB Group and the Mandated Related Party are carried out on an arm's length basis and on terms not more favourable to the Mandated Related Party than those generally available to the public. The close co-operation between SHB Group and the Mandated Related Party has reaped mutual benefits.

In this regard, SHB would like to seek its shareholders' approval for the renewal of the Proposed Shareholders' Mandate. The Proposed Shareholders' Mandate is intended to facilitate transactions in the normal course of business of SHB Group which are transacted from time to time with the Mandated Related Party, provided that they are carried out at arm's length and on SHB Group's normal commercial terms and are not prejudicial to its shareholders and on terms not more favourable to the Mandated Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

The procurement of the Proposed Shareholder's Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT with the Mandated Related Party arise, thereby substantially reducing administrative time and expenses in convening such meetings, without compromising the corporate objectives and business opportunities available to SHB Group.

Disclosure will be made in the annual report of the Company of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandate during the financial period where:-

- (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
- (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is higher.

In making the disclosure, the Company must provide a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:-

- (i) the type of RRPT made; and
- (ii) the names of the Related Party involved in each type of the RRPT made and their relationship with the Company.

The above disclosure will also be made in the Company's annual report for subsequent financial years during which the shareholders' mandate remains in force.

#### **G. Review Methods or Procedures for RRPT**

SHB Group has established guidelines and procedures to ensure that RRPT are entered into on an arm's length basis and on normal commercial terms consistent with SHB Group operating policies, which are not more favourable to the Mandated Related Party than those generally available to the public and are not to the detriment of the interests of the minority shareholders. These include transacting at the prevailing market prices or in accordance with the applicable industry norms.

The SHB Group's review methods and procedures governing RRPT are as follows:-

- (i) Related Party Transactions are subject to annual review and approval by the Board. Details of the transacting parties, particulars of the Related Party and the terms of the transactions must be furnished in the proposal.
- (ii) To determine whether the price and terms offered by the Related Party are;-
  - fair and reasonable and comparable to those offered by other unrelated third parties,
  - at rates not more favourable to the Mandated Related Party than those generally available to the public, and
  - not detrimental to the Company and its subsidiaries,

for the same or substantially similar type of products or services, the proposed Related Party Transactions shall be compared with at least two similar transactions with unrelated third parties, or where there is no similar transaction, with similar proposals from at least two unrelated third parties.

Where it is not practical to obtain a minimum of 3 quotations due to logistic, monopoly or other constraints, there may be a situation whereby less than 3 quotations will be acceptable. These quotations shall be reviewed in respect of the industry norms, prevailing commercial rates, quality and service level by a team comprising different functional management staff.

- (iii) The details of the Mandated Related Party have been circulated to the Company's subsidiaries to notify that all RRPT are required to be undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the Mandated Related Party than those generally available to the public;
- (iv) Records are maintained by the Company to capture all RRPT which are entered into pursuant to the Proposed Shareholders' Mandate;

- (v) All RRPT with value equal to or exceeding RM1 million per transaction are reviewed and approved by a committee to ensure compliance with the Listing Requirements on RRPT;
- (vi) Where any person(s) has an interest in the transactions to be reviewed, such person(s) shall abstain from deliberation and decision making in respect of that transaction;
- (vii) The annual internal audit plan shall incorporate a review of RRPT entered into pursuant to the Proposed Shareholders' Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (viii) The Board and the Audit Committee shall review the internal audit report to ascertain that the procedures established to monitor RRPT have been complied with and the review shall be done at every quarter together with the review of quarterly results; and
- (ix) The Board and the Audit Committee have reviewed and shall continue to review the adequacy and appropriateness of the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

#### **H. Audit Committee Statement**

The Audit Committee of SHB has seen and reviewed the procedures set forth in Paragraph 2 (G) of this Circular and is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and is of the opinion that the review procedures are satisfactory and the RRPT will be carried out on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Audit Committee's review procedures are conducted on a yearly basis or such frequency as the Audit Committee considers appropriate having regard to the value and the frequency of the RRPT.

### **3. INTEREST OF A DIRECTOR**

As at 15 October 2012, the Interested Director, Datuk Seri Razman M Hashim does not hold any equity interest in the Company.

He has abstained and will continue to abstain from all deliberations and voting at the Board meetings in respect of the Proposed Shareholders Mandate and will also abstain from voting, if any, on the resolution to be tabled at the forthcoming 15th AGM.

In addition, the Interested Director undertakes to ensure that persons connected to him will abstain from voting on the Proposed Shareholders Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors of SHB or Persons Connected with them have any interest, directly or indirectly in the Proposal.

### **4. CONDITION OF THE PROPOSAL**

The proposal is conditional upon the approval of the shareholders of SHB being obtained at the forthcoming AGM.

### **5. DIRECTORS' RECOMMENDATION**

The Board (save and except for Datuk Seri Razman M Hashim, who is deemed interested in the Proposal), having considered all aspects of the Proposal, is of the opinion that the Proposal is in the best interest of the Company. Accordingly, the Directors (save and except for Datuk Seri Razman M Hashim), recommend that you vote in favour of the resolution pertaining to the Proposal to be tabled at the forthcoming AGM.

### **6. AGM**

The AGM, the notice of which is attached to the Company's 2012 Annual Report and an extract of which in relation to the Proposal is also 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 Friday, 23 November 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposal pursuant to the agenda of Special Business as detailed in the Company's 2012 Annual Report.

In addition, a Proxy Form is attached to the Company's 2012 Annual Report which you are requested to complete and deposit at the Registered Office of the Company at D2-3-2, Solaris Dutamas, 1, Jalan Dutamas 1, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time set for the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

**7. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

Yours faithfully  
For and on behalf of the Board of Directors  
**SILK HOLDINGS BERHAD**

**TAI KEAT CHAI**  
**Independent Non-Executive Director**

## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY

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

### 2. MATERIAL CONTRACTS

Save as disclosed below, there is no material contract (not being contracts entered into in the ordinary course of business) entered into by SHB and its subsidiaries within the past 2 years preceding 15 October 2012 (*being the latest practicable date prior to the printing of this Circular*).

- On 26 September 2012, Jasa Merin entered into two (2) separate Memorandum of Agreements to acquire two (2) units of 120 Ton Bollard Pull DP2 Anchor Handling Tug Supply vessels, each from Muhibbah Engineering (M) Berhad ("MEMB") and a wholly-owned subsidiary of MEMB, CB International Sdn Bhd at the purchase price of RM120.3 million each.

Jasa Merin has partly settled RM8.0 million for each vessel, and will fund the purchase with internally generated funds and bank borrowings.

### 3. MATERIAL LITIGATION

Save as disclosed below, neither SHB nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of SHB do not have any knowledge of any proceedings, pending or threatened, against SHB and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of SILK and/or its subsidiaries.

Following the compulsory acquisition of land falling under the Expressway, which was undertaken by SILK pursuant to the Concession Agreement, certain land owners whose land have been acquired, have filed their objection in Court against the Land Administrator for higher compensation. In the SILK funded stretch, there are 240 cases comprising 238 cases with claims amounting to RM485.96 million while the land owners' claim for 2 cases are yet to be determined. Out of the 240 cases, 8 cases with claims of RM131.2 million and 2 undetermined cases are still pending Court hearing.

Pursuant to the Turnkey Contract dated 31 July 2001 between SILK and Sunway Construction Sdn Bhd ("SCSB"), the amount payable by SILK to SCSB for the land use payments (including expenses and charges incurred by SCSB for the acquisition of land and for removal or resettling of squatters or other occupants on the Expressway) has been contracted at a ceiling amount of RM215 million. Any further amounts that may be awarded by the courts beyond RM215 million will therefore be borne by SCSB.



#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours (except public holidays) at the Registered Office of SHB at D2-3-2, Solaris Dutamas, 1, Jalan Dutamas 1, 50480 Kuala Lumpur from the date of this Circular up to the date of AGM:-

- (a) the Memorandum and Articles of Association of SHB;
- (b) the audited financial statements of SHB for the past two (2) financial years ended 31 July 2011 and 31 July 2012 respectively, and the unaudited quarterly results for the quarter ended 31 July 2012;
- (c) material contract as stated in paragraph 2 above, and
- (d) the relevant case papers in respect of material litigation referred to in paragraph 3 above.

## DETAILS OF RRPT FOR WHICH APPROVAL IS BEING SOUGHT

<b>SHB's Subsidiary</b>	<b>Mandated Related Party</b>	<b>Nature of RRPT</b>	<b>Previous estimated value as disclosed in the Circular to Shareholders dated 6 October 2011 ("Estimated Value")</b>	<b>Actual value transacted from the last AGM to 15 October 2012, being the latest practicable date before the printing of this Circular ("Actual Value")</b>	<b>New estimated value from this AGM to the next AGM (to be held in 2013) ("New Estimated Value")</b>
			<b>RM</b>	<b>RM</b>	<b>RM</b>
SILK	Dekon Holdings Group	Highway maintenance, landscaping and related services.	1,100,000	920,000	1,100,000

Notes:

- (a) The Proposed Mandate shall be effective from the forthcoming AGM and continue until the conclusion of the next AGM
- (b) The Current Mandate is effective from 28 October 2011 and continues until the forthcoming AGM



**SILK HOLDINGS BERHAD**

(Company No.: 405897-V)

(Incorporated in Malaysia under the Companies Act, 1965)

**EXTRACT OF NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the 15<sup>th</sup> Annual General Meeting of SILK HOLDINGS BERHAD (405897-V) will be held at Dewan Berjaya,, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 23 November 2012 at 10.00 am for the following purposes:-

**AS SPECIAL BUSINESS**

**ORDINARY RESOLUTION:**

**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving the interest of Dekon Holdings Group.**

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time with Dekon Holdings Group, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 1 November 2012 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to Dekon Holdings Group than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act") the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company to be held in 2013 at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143 (1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting.

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

*(Ordinary Resolution 8)*

By order of the Board

**KWAN WAI KEIN** (MAICSA 7055765)  
**SOTHIRAJEN a/I S. PARANJOTHI** (LS 0005734)  
**WAN ROHAYAH BINTI WAN HASSAN** (MAICSA 0731667)  
Company Secretaries  
Kuala Lumpur  
1 November 2012

**NOTES:**

1. 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.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation, either under the corporation's seal, or under the hand of an officer or attorney duly authorized.
3. 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.
4. The instrument appointing a proxy must be deposited at the Registered office of the Company at D2-3-2, Solaris Dutamas, 1, Jalan Dutamas 1, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (03) 6207-9933. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original form shall also be deposited at the Registered office, either by hand or post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Only members whose names appear in the Register of Depositors as at 19 November 2012 will be entitled to attend and vote at the meeting

**EXPLANATORY NOTES ON SPECIAL BUSINESS**

1. **Ordinary resolution 8 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The details on the Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 1 November 2012.