THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 advisers immediately.

AFFIN BANK

AFFIN BANK BERHAD
(Registration No. 197501003274 (25046-T))
(Incorporated in Malaysia under the Companies Act, 2016)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DIVESTMENT OF 7,000,000 ORDINARY SHARES IN AFFIN HWANG ASSET MANAGEMENT BERHAD ("AHAM"), REPRESENTING 63% OF THE EQUITY INTEREST IN AHAM, BY AFFIN HWANG INVESTMENT BANK BERHAD, A WHOLLY-OWNED SUBSIDIARY OF AFFIN BANK BERHAD ("ABB"), TO STARLIGHT ASSET SDN BHD, AN INVESTMENT HOLDING COMPANY INCORPORATED BY FUNDS MANAGED BY CVC CAPITAL PARTNERS ASIA V LIMITED, FOR A PROVISIONAL CASH CONSIDERATION OF RM1,417.5 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

AFFIN HWANG INVESTMENT BANK

AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of the Extraordinary General Meeting ("**EGM**") and the Form of Proxy are enclosed in this Circular. Details of the EGM, which will be broadcasted live on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities, which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online, from the Broadcast Venue at Menara Affin, Lingkaran TRX, Tun Razak Exchange, Jalan Tun Razak, 55188 Kuala Lumpur, Malaysia, are set out below:

Date and time of the EGM	:	Wednesday, 25 May 2022 at 11:30 a.m. or immediately following the conclusion or adjournment of the 46th Annual General Meeting of ABB to be held on the same day at 10:00 a.m.
Last date and time for lodging the Form of Proxy	:	Monday, 23 May 2022 at 11:30 a.m. or any adjournment thereof

If you are unable to participate and vote remotely at the EGM, you may appoint one or more proxies to participate and vote on your behalf. If you wish to do so, please complete, sign and return the Form of Proxy enclosed in this Circular as soon as possible so as to arrive at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Alternatively, the Form of Proxy may be deposited via TIIH Online website at https://tiih.online not less than 48 hours before the time set for holding the EGM. Please refer to the Administrative Notes for the EGM for further information on electronic submission. The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the EGM should you subsequently wish to do so.

This Circular is dated 26 April 2022

DEFINITIONS

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

"ABB" or the "Bank"	:	Affin Bank Berhad (Registration No. 197501003274 (25046-T))
"ABB Group" or the "Group"	:	Collectively, ABB, its subsidiaries and joint-controlled entities
"Act"	:	Companies Act, 2016
"Affin Hwang IB" or "Principal Adviser"	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U)), a wholly-owned subsidiary of ABB
"Affin Hwang IB Provisional Consideration"	:	Provisional cash consideration of RM1,417.5 million payable by the Purchaser to Affin Hwang IB pursuant to the Proposed Divestment, subject to the Closing Adjustments as well as the terms and conditions as set out in the SPA
"Affin Hwang IB Sale Shares"	:	7,000,000 AHAM Shares, representing 63% equity interest in AHAM
"Agreed Pre-Closing Dividend"	:	Agreed pre-closing dividend of at least RM100 million to be declared by AHAM to its shareholders prior to the completion of the Proposed Divestment
"AHAM"	:	Affin Hwang Asset Management Berhad (Registration No. 199701014290 (429786-T)), a 63% owned subsidiary of Affin Hwang IB
"AHAM Group"	:	Collectively, AHAM, its subsidiary companies and joint-controlled entities
"AHAM KSM"	:	Selected key senior management of AHAM who exercised all of their AHAM stock options into the Management Shares on 8 March 2019 pursuant to the SOP 2014.
"AHAM Shares"	:	Ordinary shares in AHAM
"AIIMAN"	:	AIIMAN Asset Management Sdn Bhd (Registration No. 199301001937 (256674-T)), a wholly-owned subsidiary of AHAM
"Ascribed Value"	:	Purchaser's offer for 100% equity interest in AHAM at an equity value of RM2,250 million, which includes the Agreed Pre-Closing Dividend
"AUM"	:	Assets under management
"AVA"	:	AccelVantage Academy Sdn Bhd (Registration No. 201701045688 (1259864-K)), a 51%-owned subsidiary of AHAM
"BCP"	:	Bintang Capital Partners Berhad (Registration No. 197501001009 (22728-T)), a 51%-owned subsidiary of AHAM
"BCPAP"	:	BCP Asia Partners Sdn Bhd (Registration No. 202101010447 (1410746-T)), a 50%-owned joint-controlled entity of BCP
"Board"	:	The Board of Directors of ABB

"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Buy-back"	:	The obligation by AHAM to acquire the Management Shares from the AHAM KSM between 2021 and 2023 by way of a selective capital reduction exercise undertaken by AHAM, in such manner as prescribed under the SOP 2014. Pursuant to the Proposed Divestment, the Buy-back obligation will be extinguished
"CET1"	:	Common Equity Tier 1
"Circular"	:	This circular to shareholders of ABB dated 26 April 2022 in relation to the Proposed Divestment
"Closing"	:	Completion of the sale and purchase of the Sale Shares pursuant to the terms of the SPA
"Closing Adjustments"	:	Closing adjustments of the SPA as set out in item (iii) of **Appendix I** of this Circular
"Closing Date"	:	Date to be determined in accordance with the terms of the SPA after the SPA has become unconditional
"CMSA"	:	Capital Markets and Services Act, 2007
"Conditional Period"	:	6 months from the date of the SPA with an automatic extension of 3 months or such other period as may be mutually agreed in writing between the Purchaser and Affin Hwang IB (acting as the Vendors' representative)
"Conditions Precedent"	:	Conditions precedent of the SPA as set out in item (v) of **Appendix I** of this Circular
"CVC"	:	CVC Capital Partners Asia V Limited (Registration No. 125911)
"Director(s)"	:	Shall have the meaning given in Section 2(1) of the CMSA 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 of ABB (or any other company which its subsidiary) or a chief executive officer of ABB or its subsidiary
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"EUR"	:	Euro
"Final Purchase Price"	:	Final purchase price after adjustments to the Provisional Purchase Price in the manner as set out in item (iii) of **Appendix I** of this Circular

"FPE"	:	Financial period ended or where the context requires, financial period ending
"FYE"	:	Financial year ended or where the context requires, financial year ending
"GBP"	:	British Pound Sterling
"IDR"	:	Indonesian Rupiah
"Listing Requirements"	:	Main Market Listing Requirement of Bursa Securities
"LPD"	:	31 March 2022, being the latest practicable date prior to the date of this Circular
"MAC AUM"	:	A reduction in the aggregate amount of AUM of the AHAM Group as at the date falling on the 5th business day prior to the Closing Date relative to the Reference Date AUM (MMF) which is caused by redemptions, withdrawal of funds or closure of account, in each case at the customer's insistence, and which amount of reduction is equal to 20% or more of the Reference Date AUM (MMF)
"Management Shares"	:	1,111,000 AHAM Shares held by AHAM KSM as at the LPD, representing 10% equity interest in AHAM
"Material Adverse Change"	:	Any change, event, circumstance, effect or other matter which occurs at any time after the date of the SPA but prior to the Closing Date (both dates inclusive) that has, either individually or in aggregate, a material adverse effect on the ability of the AHAM Group or any group company to carry on its business in substantially the same manner as it was carried on as at the date of the SPA arising from any non-renewal, cancellation or revocation of any licences issued by the SC for the following lines of business and operations of the AHAM Group: (i) fund management and asset management (whether conventional or Islamic); (ii) dealing in securities; and/or (iii) dealing in private retirement schemes
"NA"	:	Net assets
"NAM"	:	Nikko Asset Management International Limited (Registration No. 199002028H)
"PAT"	:	Profit after tax
"PATAMI"	:	Profit after tax and minority interests
"P/AUM"	:	Price-to-AUM ratio
"PBT"	:	Profit before tax
"P/E"	:	Price-to-earnings ratio
"PN17"	:	Practice Note 17 of the Listing Requirements

"Precedent Transactions"	:	Precedent transactions involving the acquisition or divestment of asset management companies by banking or financial services locally and globally
"Proposed Divestment"	:	Proposed divestment of 7,000,000 AHAM Shares, representing 63% equity interest in AHAM, by Affin Hwang IB to the Purchaser for the Affin Hwang IB Provisional Consideration
"Provisional Purchase Price"	:	Provisional purchase price of the SPA as set out in item (ii) of **Appendix I** of this Circular
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"Reference Date AUM (MMF)"	:	AUM (including the AUM of the money market funds managed by the AHAM Group) as at 31 December 2021 of RM81.1 billion
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	7,594,338 AHAM Shares, representing 68.35% of the equity interest in AHAM held by the Vendors
"SC"	:	Securities Commission Malaysia
"Shareholders' Agreement"	:	Collectively, the Shareholders' Agreement dated 19 September 2014 entered into between AHAM, Affin Hwang IB and Nikko Asset Management Asia Limited and the supplemental shareholders' agreements dated 16 April 2015 and 22 August 2019 entered into between AHAM, Affin Hwang IB and NAM, in relation to the operation and management of AHAM
"SOP 2014"	:	A stock option plan of AHAM which entails the granting of equity options to the AHAM KSM over a period of 5 years between 2014 and 2018, amounting to 10% of the enlarged number of AHAM Shares in issue
"SPA"	:	Conditional share sale and purchase agreement dated 28 January 2022 entered into between the Vendors and the Purchaser in relation to the proposed divestment of 7,594,338 AHAM Shares, representing 68.35% equity interest in AHAM, by the Vendors to the Purchaser for the Provisional Purchase Price, subject to the Closing Adjustments as well as the terms and conditions as set out in the SPA
"Starlight Asset" or "Purchaser"	:	Starlight Asset Sdn Bhd (Registration No. 202201002162 (1447859-T)), an investment holding company incorporated by funds managed by CVC
"THB"	:	Thai Baht
"USD"	:	United States Dollar

"UBS" or "International Financial Adviser to Affin Hwang IB"	:	UBS AG Hong Kong Branch, a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (Central Entity number: AEP554) to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the international financial adviser to Affin Hwang IB. UBS AG is incorporated in Switzerland with limited liability
"Vendors"	:	Collectively, Affin Hwang IB and the AHAM KSM, all of whom are parties to the SPA and each a "Vendor"
"VND"	:	Vietnamese Dong

All references to "ABB" and/or the "Bank" in this Circular are to ABB, "the Group" and/or "Group" collectively refer to ABB and its subsidiaries and references to "we", "us", "our" and "ourselves" are to ABB and where the context otherwise requires, shall include its subsidiaries.

All references to "you" in this Circular are to the shareholders of ABB who are entitled to attend and vote at the forthcoming EGM and whose names appear in the Record of Depositors of ABB at the time and on the date to be determined by the Board.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any act, rules, written law, ordinance, enactment or guideline is a reference to that act, rules, written law, ordinance, enactment or guideline currently enforced and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian Standard Time (GMT +8), unless otherwise stated.

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

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that ABB's plans and objectives will be achieved.

TABLE OF CONTENTS

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE PERTINENT INFORMATION IN RELATION TO THE PROPOSED DIVESTMENT. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR INCLUDING THE APPENDICES BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DIVESTMENT TO BE TABLED AT THE FORTHCOMING EGM.

Key information		**Summary**	**Reference in this Circular**
Summary	:	(i) Affin Hwang IB had on 28 January 2022 entered into the SPA with the AHAM KSM and the Purchaser to divest its entire 63% equity interest held in AHAM to the Purchaser for the Affin Hwang IB Provisional Consideration of RM1,417.5 million subject to the Closing Adjustments as well as the terms and conditions as set out in the SPA. (ii) AHAM is a fund management company licensed under the CMSA. AHAM Group is principally involved in the establishment, management and distribution of unit trust funds, exchange traded fund and private retirement schemes, provision of fund management services to private clients, managing corporate private equity investment, as well as providing training and coaching services to AHAM's tied sales consultants. (iii) Key financial information of AHAM Group is set out below:	Section 2 and Appendix II

	Audited FYE 31 December		
	2019	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**
Revenue	396,799	537,665	728,671
PBT	109,771	137,302	156,827
PAT	84,435	114,251	122,760

Rationale of the Proposed Divestment	:	The Proposed Divestment would: (i) provide an avenue for ABB to unlock and realise the value of its investment in AHAM at an attractive premium; (ii) enable ABB Group to realise an *en bloc* control premium on its stake in AHAM, resulting in a pro forma net gain of approximately RM1,063.5 million for ABB Group; (iii) enable ABB Group to improve its capital position through the proposed utilisation of proceeds as set out in **Section 5** of this Circular; and (iv) enable ABB Group to accelerate growth in its core banking business, Islamic banking business and investment banking business as well as expand ABB Group's loan portfolio, which in return will enable ABB to deliver long-term value for its shareholders.	Section 4
Risk factors	:	The Proposed Divestment is subject to non-completion and contractual risks, risk of not generating other returns to replace the contribution from AHAM Group and regulatory risk.	Section 6
Effects of the Proposed Divestment	:	(i) The Proposed Divestment will not have any effect on the issued share capital and substantial shareholders' shareholdings of ABB. (ii) Based on the audited consolidated financial statements of ABB as at 31 December 2021, ABB Group's: (a) NA per share will increase from RM4.66 to RM5.20 per share: and (b) gearing will decrease from 0.33 times to 0.30 times, pursuant to the Proposed Divestment.	Section 7

Key information		Summary	Reference in this Circular
		(iii) The Proposed Divestment will result in an improved pro forma consolidated PATAMI of RM1,471.2 million as compared to the audited PATAMI of ABB Group of RM526.9 million for the FYE 31 December 2021. The Proposed Divestment is expected to result in a pro forma net gain of RM1,037.2 million, which translates into a gain of approximately 49.13 sen per ABB share, assuming that the Proposed Divestment had been completed on 1 January 2021. The reconciliation between this pro forma net gain and the pro forma net gain of RM1,063.5 million measured as at 31 December 2021 is set out in **Note 5, Table 8** of this Circular.	
Approvals required	:	The Proposed Divestment is subject to the following approvals being obtained from: (i) the shareholders of ABB at the forthcoming EGM; (ii) the SC for the following: (a) sale and purchase of the Sale Shares as it will result in the change in the controller of AHAM and AIIMAN; (b) change of AHAM's name; and (c) the Purchaser to be a "related corporation" of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC. The application to the SC has been submitted by AHAM and AIIMAN on 28 March 2022, decision of which is currently pending as at the LPD.	Section 8
Directors' statement and recommendation		The Board, having considered all aspects of the Proposed Divestment, including but not limited to the salient terms of the SPA, the basis and justification for the Affin Hwang IB Provisional Consideration, the rationale and effects of the Proposed Divestment, is of the opinion that the Proposed Divestment is in the best interest of ABB Group. Accordingly, the Board recommends that you vote in favour of the ordinary resolution in relation to the Proposed Divestment to be tabled at the forthcoming EGM.	Section 13

AFFIN BANK BERHAD
(Registration No. 197501003274 (25046-T))
(Incorporated in Malaysia under the Companies Act, 2016)

Registered Office:

17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur

26 April 2022

Board of Directors

Dato' Agil Natt *(Chairman, Independent Non-Executive Director)*
Dato' Mohd Hata bin Robani *(Independent Non-Executive Director)*
Dato' Abdul Aziz bin Abu Bakar *(Independent Non-Executive Director)*
Mr. Chan Tze Ching Ignatius *(Non-Independent Non-Executive Director)*
Dato' Rozalila binti Abdul Rahman *(Independent Non-Executive Director)*
Mr. Yuen Wai Hung Peter *(Non-Independent Non-Executive Director)*
Puan Marzida binti Mohd Noor *(Independent Non-Executive Director)*
Mr. Gregory Jerome Gerald Fernandes *(Independent Non-Executive Director)*
Ms. Chan Wai Yu *(Independent Non-Executive Director)*

To: The Shareholders of ABB

Dear Sir/Madam,

PROPOSED DIVESTMENT

1. INTRODUCTION

On 28 January 2022, Affin Hwang IB had, on behalf of the Board, announced that it had, together with the AHAM KSM and Starlight Asset, on even date entered into the SPA for the proposed divestment of the Sale Shares for the Provisional Purchase Price, subject to the Closing Adjustments as well as the terms and conditions as set out in the SPA.

The Sale Shares to be divested by each Vendor under the SPA are as follows:

Table 1

	Sale Shares		
Vendor	**No. of shares**	**(1) %**	**Provisional cash consideration**
			RM'million
Affin Hwang IB (2)	7,000,000	63.00	1,417.5
AHAM KSM (3)	594,338	5.35	120.4
Total	**7,594,338**	**68.35**	**1,537.9**

Notes:

(1) Based on the total of 11,111,000 AHAM Shares in issue as at the LPD.

(2) Proposed Divestment.

*(3) Further details as set out in **Section 5** of **Appendix II** of this Circular.*

Further details on the Proposed Divestment are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED DIVESTMENT AND TO SEEK YOUR APPROVAL FOR THE PROPOSED DIVESTMENT AS SET OUT IN THE RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM, TOGETHER WITH THE FORM OF PROXY, ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED DIVESTMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DIVESTMENT

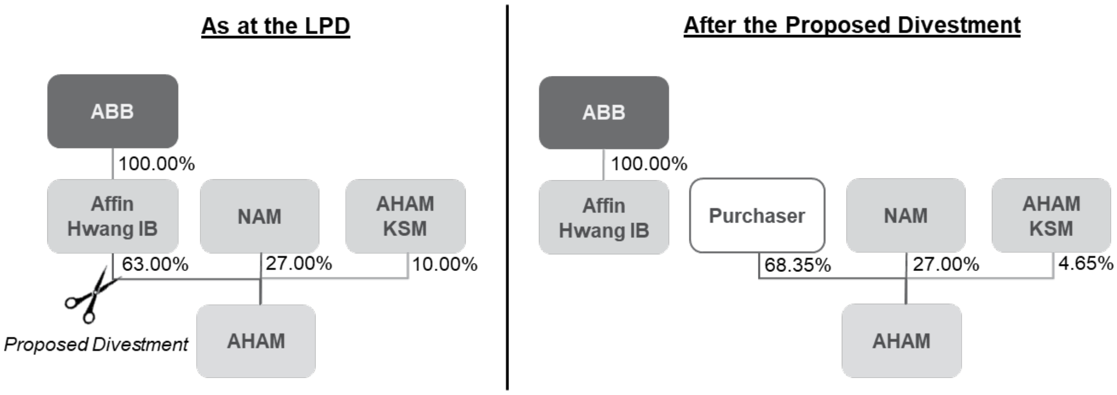
2.1 Background information

The Proposed Divestment entails Affin Hwang IB divesting its entire 63% equity interest held in AHAM, representing 7,000,000 AHAM Shares, for the Affin Hwang IB Provisional Consideration of RM1,417.5 million, subject to the Closing Adjustments as well as the terms and conditions as set out in the SPA.

The Affin Hwang IB Provisional Consideration is based on the Ascribed Value of RM2,250 million, which includes the Agreed Pre-Closing Dividend of at least RM100 million. Hence, the Affin Hwang IB Provisional Consideration is the Ascribed Value attributable to Affin Hwang IB Sale Shares, i.e. 63% of the Ascribed Value.

Subject to the Closing Adjustments, the Final Purchase Price may differ from the Provisional Purchase Price in the event that there is a change in the shareholders' equity of AHAM Group between 31 December 2021 and the Closing Date.

For illustrative purposes only, the corporate structure of AHAM before and after the completion of the Proposed Divestment are as follows:



Upon completion of the Proposed Divestment, AHAM will cease to be a subsidiary of Affin Hwang IB and the financial results of AHAM Group will be deconsolidated from the consolidated financial statements of ABB.

The salient terms of the SPA are set out in **Appendix I** of this Circular. UBS has been appointed as the International Financial Adviser to Affin Hwang IB for the Proposed Divestment.

2.2 Information on AHAM

AHAM is a fund management company licensed under the CMSA. The principal activities of AHAM Group are the establishment, management and distribution of unit trust funds, exchange traded fund and private retirement schemes, provision of fund management services to private clients, managing corporate private equity investment, as well as providing training and coaching services to AHAM's tied sales consultants.

Further details on AHAM Group are set out in **Appendix II** of this Circular.

2.3 Date and original cost of investment

As at the LPD, the date and original cost of investment in AHAM are as follows:

Table 2

Original date of investment	AHAM Shares acquired	Cost
		RM'000
7 April 2014	(1) 5,300,000	219,490
7 April 2014	(2) 1,700,000	62,640
Total	**7,000,000**	**282,130**

Notes:

(1) Acquired from Hwang-DBS (Malaysia) Berhad, as announced by Affin Holdings Berhad on 22 January 2014.

(2) Acquired from Y.A.M Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tunku Ja'afar, as announced by Affin Holdings Berhad on 22 January 2014.

2.4 Information on the Purchaser

Starlight Asset was incorporated in Malaysia under the Act as a private limited company on 17 January 2022 under the name of Starlight Asset Sdn Bhd. Starlight Asset is an investment holding company incorporated for the sole purpose of acquiring and holding shares in AHAM pursuant to the Proposed Divestment. Starlight Asset is a wholly-owned indirect subsidiary of funds managed by CVC.

CVC is a leading private equity and investment advisory firm with a network of 24 offices throughout Europe, Asia and the United States, with approximately US$125 billion of AUM. Since its founding in 1981, CVC has secured commitments in excess of US$165 billion from some of the world's leading institutional investors across its private equity and credit strategies. Funds managed or advised by CVC are invested in over 100 companies worldwide, which have combined annual sales in excess of US$100 billion and employ more than 450,000 people. For more information on CVC, please visit www.cvc.com.

As at the LPD:

(i) the issued share capital of Starlight Asset is RM1.00 comprising 1 ordinary share; and

(ii) the shareholders of Starlight Asset and their respective shareholdings are as follows:

Table 3

		Direct		Indirect	
	Country of incorporation	No. of shares	%	No. of shares	%
Starlight Universe Limited	Hong Kong	1	100.0	-	-
Starlight TopCo Limited (1)	Hong Kong	-	-	1	(2)100.0

Notes:

(1) Wholly-owned indirect subsidiary of funds managed by CVC.

(2) Deemed interested by virtue of its shareholdings in Starlight Universe Limited pursuant to Section 8 of the Act.

(iii) the directors of Starlight Asset are Lim Chiaw Beng Alvin and Sri Sargunaraj A/L Ideraju. None of the directors hold a direct or indirect interest in the shares of Starlight Asset pursuant to Section 8 of the Act.

2.5 Liabilities remaining with ABB Group

Save for the liabilities as stated in the SPA which may arise in the event there is a breach or non-fulfilment of the Vendors' warranties and indemnities, there are no liabilities, including contingent liabilities, in relation to the Proposed Divestment that shall remain with ABB Group upon completion of the Proposed Divestment.

2.6 Provision of guarantee to the Purchaser

No guarantees shall be given by the Vendors to the Purchaser or AHAM upon completion of the Proposed Divestment.

2.7 Cash Company or PN17 Company

The Proposed Divestment will not result in ABB becoming a Cash Company or a PN17 company as defined in the Listing Requirements. ABB's principal business is the provision of banking and related financial services.

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3. BASIS AND JUSTIFICATION FOR THE AFFIN HWANG IB PROVISIONAL CONSIDERATION

At the time of the Board's deliberation, the Affin Hwang IB Provisional Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration, amongst others, the following:

(i) audited and unaudited PAT of AHAM Group of RM114.3 million and RM122.8 million for the FYE 31 December 2020 and FYE 31 December 2021 respectively;

(ii) ABB Group's cost of investment in AHAM of RM282.1 million based on ABB Group's financial statements for the FYE 31 December 2020; and

(iii) audited and unaudited NA attributable to owners of AHAM Group as at 31 December 2020 and 31 December 2021 of RM191.6 million and RM125.4 million respectively.

In justifying the Affin Hwang IB Provisional Consideration, the Board has taken into consideration, amongst others, the following:

(a) rationale of the Proposed Divestment as set out in **Section 4** of this Circular; and

(b) valuation multiples implied by the Ascribed Value as compared to those derived from the Precedent Transactions[1]. The Precedent Transactions were selected based on the principal activities of the target companies, which are broadly similar to the principal activities of AHAM but may not be directly comparable to AHAM in terms of, amongst others, the composition of business activities, scale of operations, type of financial products offered, client and asset base, geography, track record, financial performance, risk profile and future prospects. The details of the Precedent Transactions are as follows:

Table 4

Date announced	Acquirer(s)	Target	Vendor(s)	Equity interest acquired	Consideration	Implied equity value	P/E	P/AUM
				%	RM'million	RM'million	times	%
Local transactions								
23.03.2021	Clement Chew Kuan Hock, Asgari Bin Mohd Fuad Stephens, Raevendran Ramachandran	Apex Investment Services Berhad	JF Apex Securities Berhad	43.0	5.18	12.06	N/A	N/A
01.04.2020	Ericsenz Partners Sdn Bhd	Libra Invest Berhad	Kenanga Investors Berhad	100.0	10.75	10.75	6.84	N/A

1 *The Board takes cognisance that there is no standalone asset management company listed on Bursa Securities that may be adopted as comparable companies for the purposes of evaluating the Affin Hwang IB Provisional Consideration. Accordingly, in assessing the Affin Hwang IB Provisional Consideration, the Board has instead considered the Precedent Transactions to provide an indication of the prevailing market expectations in relation to the valuation of AHAM.*

Date announced	Acquirer(s)	Target	Vendor(s)	Equity interest acquired	Consideration	Implied equity value	P/E	P/AUM
				%	RM'million	RM'million	times	%
11.06.2019	Bank of Singapore Limited	Pacific Mutual Fund Bhd	Koperasi Angkatan Tentera Malaysia Berhad	30.0	10.67	35.57	N/A	N/A
			Lion Global Investors Limited	70.0	24.90	35.57	N/A	N/A
28.03.2019	Kenanga Investors Berhad	Libra Invest Berhad	ECM Libra Financial Group Berhad	100.0	50.07	50.07	29.47	0.93
11.01.2018	Principal International (Asia) Limited	CIMB-Principal Asset Management Berhad	CIMB Group Sdn Bhd	20.0	470.29	2,467.17	25.01	4.04
11.01.2018	Principal Finance Services Inc.	CIMB-Principal Islamic Asset Management Sdn Bhd	CIMB Group Sdn Bhd	10.0				
13.12.2017	Permodalan Nasional Berhad	Maybank Asset Management Group Berhad	Malayan Banking Berhad	20.0	50.00	250.00	N/A	0.80
13.12.2017	Maybank Asset Management Berhad	Amanah Mutual Berhad	Amanah Saham Nasional Berhad	100.0	16.12	16.12	9.78	N/A
		Singapore Unit Trusts Limited	PNB International Limited	100.0	34.88	34.88	14.30	N/A
10.06.2016	Plato Capital Limited	ECM Libra Financial Group Berhad	Bank Julius Bär & Co Ltd.	1.3	1.42	109.23	10.50	N/A
24.02.2016	Plato Capital Limited	ECM Libra Financial Group Berhad	Amcorp Group Berhad, Arab-Malaysian (CSL) Sdn Bhd, Equity Vision Sdn Bhd, Hikkaya Jaya Sdn Bhd	25.9	27.45	106.00	9.50	N/A
04.07.2014	Med-Bumikar Mara Sdn Bhd, Clement Chew Kuan Hock, Ng Seng Leong, Law Chee Kheong	Apex Investment Services Berhad	Apex Equity Holdings Berhad	57.0	11.10	19.47	17.22	N/A

Date announced	Acquirer(s)	Target	Vendor(s)	Equity interest acquired	Consideration	Implied equity value	P/E	P/AUM
				%	'million	'million	times	%
Foreign transactions (in local currency)								
04.11.2021	Victory Capital Holdings, Inc.	WestEnd Advisors, LLC	Kudu Investment Management LLC	100.0	USD 480.00	USD 480.00	N/A	2.67
26.10.2021	Schroders PLC	River & Mercantile Group PLC (Advisory, fiduciary management and derivatives business)	River and Mercantile Group PLC	100.0	GBP 230.00	GBP 230.00	12.10	0.55
26.07.2021	Allianz Global Investors Asia Pacific GmbH, PT Asuransi Allianz Life Indonesia PLC	PT RHB Asset Management Indonesia	PT RHB Securities Indonesia	99.6	EUR 7.47	EUR 7.50	N/A	1.84
11.03.2020	Mattioli Woods PLC	Hurley Partners Limited	N/A	100.0	GBP 17.60	GBP 17.60	N/A	3.09
18.02.2020	Franklin Resources, Inc.	Legg Mason, Inc.	Trian Fund Management, L.P.	100.0	USD 4,500.00	USD 4,500.00	20.10	0.56
02.12.2019	UOB Asset Management Ltd	VAM Vietnam Fund Management	Nguyen Xuan Minh	100.0	VND 113,680.00	VND 113,680.00	N/A	N/A
22.11.2019	Brooks MacDonald Group PLC	Cornelian Asset Managers Group	N/A	100.0	GBP 31.00	GBP 31.00	N/A	2.21
30.09.2019	Prudential Corporation Holdings Limited	Thanachart Fund Management	Government Savings Bank	50.1	THB 4,208.00	THB 8,399.20	N/A	3.96
04.09.2019	Premier Miton Group PLC	Miton Group PLC	David Barron, Piers Harrison, Bart Edgar, Rysaffe Trustee Company (CI) Limited and others	100.0	GBP 89.50	GBP 89.50	13.70	1.90
31.07.2019	Liontrust Asset Management	Neptune Investment Management	N/A	100.0	GBP 36.89	GBP 36.89	N/A	1.31

Date announced	Acquirer(s)	Target	Vendor(s)	Equity interest acquired	Consideration	Implied equity value	P/E	P/AUM
				%	'million	'million	times	%
22.04.2019	PT Bank Tabungan Negara	PT PNM Investment Management	PT Permodalan Nasional Madani	30.0	IDR 114,300.00	IDR 381,000.00	26.70	4.49
15.04.2019	Silvercrest Asset Management	Cortina Asset Management	N/A	100.0	USD 42.53	USD 42.53	6.50	2.50
26.11.2018	UOB Asset Management Ltd	PT PG Asset Management	PT Multikem Suplindo	75.0	IDR 23,710.48	IDR 31,613.98	N/A	12.45
19.11.2018	Paulson & Co. Inc.	BrightSphere Investment Group PLC	HNA Capital (US) Holding LLC	7.5	USD 111.60	USD 1,483.40	10.92	0.62
25.07.2018	Prudential Corporation Holdings Limited	TMB Asset Management	TMB Bank Public Company Limited	65.0	GBP 197.00	GBP 303.08	N/A	3.03
23.07.2014	CIMB-Principal Asset Management Berhad	Finansa Asset Management Limited	Finansa Public Company Limited	100.0	THB 178.00	THB 178.00	N/A	0.61
High							**29.47**	**12.45**
Mean							**15.19**	**2.64**
Median							**12.90**	**2.06**
Low							**6.50**	**0.55**
AHAM:								
• *based on the Ascribed Value as well as the audited PAT for the FYE 31 December 2020 & AUM as at 31 December 2020, being the latest audited benchmarks available during the Board's deliberations and evaluations on the Proposed Divestment*							**19.69**	**3.08**
• *based on the Ascribed Value as well as the audited PAT for the FYE 31 December 2021 & AUM as at 31 December 2021*							**18.33**	**2.78**
Implied multiples during Affin Hwang IB's acquisition of AHAM in 2014							(1)**12.70**	(2)**1.80**

(Sources: Bloomberg, Capital IQ, Mergermarket, audited financial statements of the respective companies as extracted from Companies Commission of Malaysia, press releases and announcements on Bursa Securities)

Notes:

N/A *Not available.*

(1) *Based on the consolidated PAT of AHAM and AIIMAN as at the time of the completion of the acquisition by ABB Group. As announced on 22 January 2014, ABB Group, via Affin Holdings Berhad, indirectly acquired the stakes in AHAM and AIIMAN when it acquired the entire equity interest in HwangDBS Investment Bank Berhad ("**AHAM 2014 Acquisition**"). The AHAM 2014 Acquisition was completed on 7 April 2014.*

(2) *Based on the combined AUM of AHAM and AIIMAN as at the time of the completion of the AHAM 2014 Acquisition.*

The Ascribed Value represents:

(i) an implied P/E of 19.69 times and 18.33 times (based on the audited and unaudited PAT of AHAM Group for the FYE 31 December 2020 and FYE 31 December 2021 respectively), which are higher than:

 (a) the median and average P/E implied by the Precedent Transactions of 12.90 times and 15.19 times respectively; and

 (b) the implied P/E of 12.70 times during the AHAM 2014 Acquisition; and

(ii) an implied P/AUM of 3.08% and 2.78% (based on the audited and unaudited NA attributable to owners of AHAM Group as at 31 December 2020 and 31 December 2021 respectively, which are higher than:

 (a) the median and average P/AUM implied by the Precedent Transactions of 2.06% and 2.64% respectively; and

 (b) the implied P/AUM of 1.80% during the AHAM 2014 Acquisition.

4. RATIONALE OF THE PROPOSED DIVESTMENT

The Proposed Divestment provides an avenue for ABB to unlock and realise the value of its investment in AHAM at an attractive premium. As set out in **Section 3** of this Circular, the Ascribed Value represents implied P/Es and P/AUMs which are higher than those implied by the Precedent Transactions and the AHAM 2014 Acquisition.

For information purposes, Affin Hwang IB's share of AHAM Group's profit as a proportion of ABB Group's profit based on the audited financial statements for the FYEs 31 December 2019 to 2021 are as follows:

Table 5

		Audited FYE 31 December		
	Reference	**2019**	**2020**	**2021**
		RM'million	**RM'million**	**RM'million**
PATAMI:				
• AHAM Group	(A)	84.8	114.5	123.9
• Affin Hwang IB's share	(B) = 63% * (A)	53.4	72.1	78.1
PATAMI of ABB Group	(C)	487.8	230.3	526.9
Contribution from AHAM Group	(B) / (C)	10.9%	31.3%	14.8%

Notwithstanding the absence of future profit contribution from AHAM Group pursuant to the Proposed Divestment, the Proposed Divestment is a unique opportunity for ABB Group to realise an *en bloc* control premium on its stake in AHAM, resulting in a pro forma net gain of approximately RM1,063.5 million for ABB Group. This will significantly enhance ABB Group's capital position which would allow ABB Group to add substantial scale to its lending operations and/or enhance its capital buffer. In this regard, ABB Group's pro forma CET1 ratio is expected to improve by 2.70% from 14.20% as at 31 December 2021 to 16.90% upon completion of the Proposed Divestment.

Further, the Proposed Divestment bodes well with ABB Group's transformation initiatives, which entail, among others, the following:

(i) improving return on equity;

(ii) lowering the overall cost of funds through balance sheet optimisation; and

(iii) improving risk management through enhanced asset quality management, liquidity risk and capital management initiatives.

The Proposed Divestment would enable ABB Group to improve its capital position by reinvesting the proceeds of the Proposed Divestment as working capital, details as set out in **Section 5** of this Circular. This would enable ABB Group to accelerate growth in its core banking business, Islamic banking business and investment banking business as well as expand ABB Group's loan portfolio backed against a stronger capital base. This in return, will enable ABB to deliver long-term value for its shareholders. The expanded banking business will give additional sustainable earnings which is expected to offset the absence of future earnings contribution from AHAM Group following the Proposed Divestment.

Hence, the Proposed Divestment bodes well with ABB Group's overall strategies under its affinity in motion (*AIM22)* transformation programme to enhance ABB Group's financial strength and value proposition to its customers.

5. UTILISATION OF PROCEEDS

The proceeds from the Affin Hwang IB Provisional Consideration of RM1,417.5 million, comprising a cash payment of RM1,354.5 million and Affin Hwang IB's share of an illustrative Agreed Pre-Closing Dividend of RM63 million (based on the Affin Hwang IB Sale Shares), is expected to be utilised in the following manner:

Table 6

Details	**Amount** **RM'million**	**[1] Expected utilisation timeframe**
To fund ABB Group's banking activities and/or working capital requirements [2]	1,400.9	Within 24 months
Estimated expenses in relation to the Proposed Divestment [3]	16.6	Immediate
Total estimated proceeds	**1,417.5**	

Notes:

(1) From the date of completion of the Proposed Divestment.

(2) To fund ABB Group's growth including financing and investing activities such as, amongst others, investing in government securities, treasury bills, money market and non-money market instruments (including private debt securities, bonds and wholesale funds), to meet liquidity obligations arising from withdrawal of deposits and retention of credit, new loan disbursements as well as for purposes of defraying operating expenses incurred in the course of day-to-day business operations. The exact proceeds to be utilised for each component cannot be determined at this juncture as it would depend on the operating requirements of ABB Group at the time of utilisation.

In the event that the Final Purchase Price is lower than the Provisional Purchase Price, such shortfall will be adjusted from the allocation for working capital requirement. In the event that the Final Purchase Price is higher than the Provisional Purchase Price, such excess proceeds will be allocated towards working capital requirement.

(3) Consist of the following:

	RM' million
Professional fees	*15.5*
Regulatory fees and tax	*0.9*
Printing, advertisement and EGM related expenses	*0.1*
Contingency and other miscellaneous expenses	*0.1*
Total	***16.6***

In the event that the expenses for the Proposed Divestment are higher than budgeted, the deficit will be funded out of proceeds allocated for ABB Group's working capital requirements. Conversely, if the actual expenses for the Proposed Divestment are lower than budgeted, the excess will be utilised for ABB Group's working capital requirements.

Pending the use of the proceeds from the Proposed Divestment, such proceeds will be placed in interest-bearing deposits with financial institution(s) and/or short-term money market instrument(s). The interest derived from the deposits with financial institution(s) and/or any gain arising from the short-term money market instrument(s) will be used for ABB Group's working capital requirements.

6. RISK FACTORS

The following risk factors (which are by no means exhaustive) in relation to the Proposed Divestment should be noted and taken into consideration:

6.1 Non-completion risk

The completion of the Proposed Divestment is conditional upon the Conditions Precedent, further details as set out in **Appendix I** of this Circular, being met. There is no assurance that all the Conditions Precedent will be fulfilled and that the Proposed Divestment will be completed within the stipulated period permitted under the SPA. If any one or more of the terms and conditions is/are not fulfilled by either the Vendors and/or the Purchaser within the stipulated period set out in the SPA, the Proposed Divestment may be delayed or terminated.

Nevertheless, ABB Group, through Affin Hwang IB, shall endeavour to take all necessary steps to ensure that all Conditions Precedent which it is responsible for are fulfilled within the stipulated period to facilitate the completion of the Proposed Divestment.

6.2 Contractual risk

ABB Group, through Affin Hwang IB, is subject to certain contractual risks including, but not limited to, amongst others, the Vendors' warranties and indemnities which are given or to be given pursuant to the SPA. ABB Group, through Affin Hwang IB, may also be subject to contractual risks if the pre-completion and completion obligations of Affin Hwang IB under the SPA are not fulfilled and/or in the event of any breach of the terms and conditions set out in the SPA.

There is no assurance that any of these events will not occur. Nevertheless, ABB Group, through Affin Hwang IB, shall endeavour to take all necessary steps and ensure full compliance in relation to the fulfilment of its obligations under the SPA.

6.3 Absence of future income contribution from AHAM Group

Upon completion of the Proposed Divestment, the control of AHAM will be transferred from ABB to the Purchaser. AHAM will cease to be a subsidiary of ABB and its financials will be deconsolidated from ABB Group's financial statements. Accordingly, ABB will no longer derive any revenue and earnings contributions from AHAM Group.

The absence of contribution from AHAM Group upon completion of the Proposed Divestment is expected to be largely compensated through the potential annual income to be generated in the long run from the loan growth arising from the improvement in the pro forma CET1 capital as mentioned in **Section 4** of this Circular.

However, there is no assurance that ABB Group will be able to achieve the targeted loan growth and generate the desired returns from the new business. To mitigate such risk, ABB Group will actively seek suitable investments and take reasonable measures including assessing the merits and risks of each investments as well as conducting due diligence on the proposed investments.

6.4 Regulatory risk

The Proposed Divestment may be affected by any change in the regulatory environment in Malaysia. Such risks include, but are not limited to, changes in policies and applicable legislation on taxation. There can be no assurance that any unfavourable development in the prevailing regulatory environment will not have any impact on the Proposed Divestment. Nevertheless, the Board will endeavour to ensure compliance with any changes in the regulatory environment in Malaysia.

7. EFFECTS OF THE PROPOSED DIVESTMENT

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Divestment will not have any effect on the issued share capital and substantial shareholders' shareholdings of ABB as it does not involve any issuance of new shares by ABB.

7.2 NA, NA per share and gearing

For illustrative purposes only, the pro forma effects of the Proposed Divestment on the NA, NA per share and gearing of ABB Group based on the latest audited consolidated financial statements of ABB as at 31 December 2021 are as follows:

Table 7

	Audited as at 31 December 2021	**After the Proposed Divestment**
	RM'million	**RM'million**
Share capital	4,969.2	4,969.2
Reserves	4,919.8	(1) 6,067.8
Equity attributable to owners of ABB / NA	**9,889.0**	**11,037.0**
Non-controlling interest	44.7	(2)-
Total equity	**9,933.7**	**11,037.0**
Borrowings	3,303.1	3,303.1
No. of ordinary shares ('000)	2,124,062	2,124,062
NA per share (RM)	4.66	5.20
Gearing (times)	0.33	0.30

Notes:

(1) Net increase in the reserve arising from the following:

(i) net gain on divestment of RM1,063.5 million arising from the Proposed Divestment; and

(ii) adjustment entries to be accounted due to the reversal of the Buy-back provision made by AHAM amounting to RM84.5 million.

(2) After elimination of minority interest in AHAM amounting to RM44.7 million.

7.3 Earnings and EPS

The Proposed Divestment is not expected to have any effect on the earnings and EPS of ABB Group for the FYE 31 December 2021 as the Proposed Divestment is expected to be completed by the 3rd quarter of 2022.

For illustrative purposes only, assuming that the Proposed Divestment had been completed on 1 January 2021, being the beginning of the FYE 31 December 2021, the pro forma effects of the Proposed Divestment on the earnings and EPS of ABB Group are as follows:

Table 8

	Amount	(1) Basic EPS
	RM'million	**sen**
PATAMI for the FYE 31 December 2021	526.9	24.96
Less: Deconsolidation of PAT of AHAM for the FYE 31 December 2021	(2) (92.9)	(4.40)
Pro forma PATAMI for the FYE 31 December 2021 before accounting for the one-off pro forma gain arising from the Proposed Divestment	**434.0**	**20.56**
Add: One-off pro forma gain arising from the Proposed Divestment assuming effected at the beginning of the FYE 31 December 2021 (3)	(4),(5) 1,037.2	49.13
Pro forma PATAMI for the FYE 31 December 2021	**1,471.2**	**69.69**

Notes:

(1) Computed based on the weighted average number of ABB shares in issue of 2,110,963,000 as at the beginning of FYE 31 December 2021.

(2) After taking into consideration of Affin Hwang IB's portion after adjusting for the remeasurement of the Buy-back provision for the FYE 31 December 2021 of RM14.8 million.

(3) In the event that the Final Purchase Price is adjusted upwards, the ABB Group's gain will be increased accordingly. In the event that the Final Purchase Price is adjusted downwards, the ABB Group's gain will be reduced accordingly.

(4) Based on the Affin Hwang IB Provisional Consideration of RM1,417.5 million, less ABB Group's cost of investment in AHAM of RM282.1 million, the deconsolidation effects of AHAM's post acquisition reserve by ABB Group of RM81.6 million and estimated expenses in relation to the Proposed Divestment of RM16.6 million.

(5) This one-off pro forma gain is lower than the net gain on divestment of RM1,063.5 million presented in Table 7 above due to the difference in the carrying amount of AHAM Group at ABB Group based on 2 different points of measurement, further details as follows:

	Point of computation, assuming the Proposed Divestment is completed on:		
	1 January 2021	***Difference***	***31 December 2021***
	RM'million	***RM'million***	***RM'million***
Affin Hwang IB Provisional Consideration (excluding Affin Hwang IB's share of the Agreed Pre-Closing Dividend)	*1,354.5*		*1,354.5*
Less: Carrying amount of AHAM Group's NA, excluding minority interests and Affin Hwang IB's share of the Agreed Pre-Closing Dividend	*(300.7)*	** (26.3)*	*(274.4)*
Gain on disposal	***1,053.8***		***1,080.1***
Less: Estimated expenses	*(16.6)*		*(16.6)*
Net gain on disposal	***1,037.2***		***1,063.5***

** The reduction within the financial year was mainly due to the profit of AHAM Group attributable to ABB Group for the FYE 31 December 2021, after netting off Affin Hwang IB's share of dividends paid by AHAM during the year.*

Based on the above illustration, ABB Group is expected to realise an estimated one-off net gain on divestment of RM1,037.2 million, which translates into a gain of approximately 49.13 sen per ABB share, assuming that the Proposed Divestment had been completed on 1 January 2021.

8. APPROVALS REQUIRED

The Proposed Divestment is subject to the following approvals being obtained:

(i) the shareholders of ABB at the forthcoming EGM;

(ii) the SC for the following:

(a) sale and purchase of the Sale Shares as it will result in the change in the controller of AHAM and AIIMAN;

(b) change of AHAM's name; and

(c) the Purchaser to be a "related corporation" of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC.

The application to the SC has been submitted by AHAM and AIIMAN on 28 March 2022, decision of which is currently pending as at the LPD.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

On 22 June 2021, Affin Hwang IB had, on behalf of the Board, announced the following:

(i) proposed disposal of 21.00% equity interest in AXA Affin Life Insurance Berhad ("**AALI**") ("**Proposed AALI Disposal**");

(ii) proposed disposal of approximately 2.95% equity interest in AXA Affin General Insurance Berhad ("**AAGI**") ("**Proposed AAGI Disposal**"); and

(iii) proposed acquisition of certain assets and liabilities of MPI Generali Insurans Berhad by AAGI via a business transfer to AAGI upon completion of the Proposed AAGI Disposal ("**Proposed Merger**").

The Proposed AALI Disposal, Proposed AAGI Disposal and Proposed Merger are collectively referred to as the "**Proposals"**. The application to Bank Negara Malaysia ("**BNM**") to seek the approval of BNM and the Minister of Finance (through BNM) for the Proposed AALI Disposal and the Proposed AAGI Disposal has been submitted by ABB on 30 June 2021, decision of which is currently pending as at the LPD.

Save for the Proposed Divestment and the abovementioned Proposals, there are no other corporate exercises that have been announced by ABB but pending completion prior to the date of this Circular.

10. CONDITIONALITY

The Proposed Divestment is not conditional upon or inter-conditional with the Proposals and any other corporate exercises undertaken or proposed to be undertaken by ABB.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Divestment pursuant to Paragraph 10.02(g) of the Listing Requirements is 31.3%, based on ABB's audited consolidated financial statements for the FYE 31 December 2020, being the latest audited consolidated financial statements available on the date of the SPA and announcement in relation to the Proposed Divestment.

12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of ABB, and/or person connected with them have any interest, either direct or indirect, in the Proposed Divestment.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Divestment, including but not limited to the salient terms of the SPA, the basis and justification for the Affin Hwang IB Provisional Consideration, the rationale and effects of the Proposed Divestment, is of the opinion that the Proposed Divestment is in the best interest of ABB Group.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution in relation to the Proposed Divestment to be tabled at the forthcoming EGM.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Divestment is expected to be completed by the 3rd quarter of 2022.

The tentative timeline for the completion of the Proposed Divestment is as follows:

Table 9

Event	Date
EGM of ABB	25 May 2022
Expected approval from the SC for the following:	3rd quarter of 2022
(a) sale and purchase of the Sale Shares as it will result in the change in the controller of AHAM and AIIMAN;	
(b) change of AHAM's name; and	
(c) the Purchaser to be a "related corporation" of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC.	
Completion of the Proposed Divestment	3rd quarter of 2022

15. EGM

The EGM of ABB, notice of which is enclosed in this Circular and available for download at ABB's website at *http://www.affingroup.com* or Bursa Securities' website at *https://www.bursamalaysia.com*, will be broadcasted live on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities, which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at *https://tiih.online*, from the Broadcast Venue at Menara Affin, Lingkaran TRX, Tun Razak Exchange, Jalan Tun Razak, 55188 Kuala Lumpur on Wednesday, 25 May 2022 at 11:30 a.m. or immediately following the conclusion or adjournment of the 46th Annual General Meeting of ABB to be held on the same day at 10:00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Divestment.

If you are unable to participate and vote remotely at the EGM, you may appoint one or more proxies to participate and vote on your behalf. If you wish to do so, please complete, sign and return the Form of Proxy enclosed in this Circular as soon as possible so as to arrive at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for the EGM or any adjournment thereof.

Alternatively, the Form of Proxy may be deposited via TIIH Online website at *https://tiih.online* not less than 48 hours before the time set for holding the EGM. Please refer to the Administrative Notes for the EGM for further information on electronic submission.

The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

We advise you to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of the Board of
AFFIN BANK BERHAD

DATO' AGIL NATT
Chairman, Independent Non-Executive Director

SALIENT TERMS OF THE SPA

The salient terms and conditions of the SPA are set out below:

Matter			Indicative term
(i)	Agreement to sell the Sale Shares	:	Affin Hwang IB and all the AHAM KSM agree to sell and the Purchaser agrees to purchase the Sale Shares free from any encumbrances and together with all rights and advantages attaching to them as at Closing.
(ii)	Sale price	:	The price for the Sale Shares shall be the Vendors' proportion of shareholding represented by the Sale Shares multiplied by the Provisional Purchase Price, subject to the Closing Adjustments as set out in item (iii) below. The Provisional Purchase Price is derived as follows: Provisional Purchase Price = Ascribed Value - Agreed Pre-Closing Dividend* ***Note:*** * *An amount not less than RM100 million to be distributed by AHAM to all shareholders of AHAM (in proportion to their respective shareholding) after the date of the SPA and prior to Closing.*
(iii)	Final sale price	:	The final price for the Sale Shares shall be the Vendors' proportion of shareholding represented by the Sale Shares multiplied by the Final Purchase Price. The Final Purchase Price is derived as follows: Final Purchase Price = Provisional Purchase Price + Shareholders' Equity Differential (1) Where: *Shareholders' Equity Differential = Adjusted shareholders' equity of AHAM Group(2) as at the Closing Date - Adjusted shareholders' equity of AHAM Group(2) as at 31 December 2021* ***Notes:*** *(1) To be determined on the 3rd business day after the agreement or determination of the adjusted shareholders' equity of AHAM Group as at the Closing Date. A statement of such adjusted shareholders' equity shall be prepared by the Purchaser (together with AHAM) and delivered to the Vendors in the form prescribed under the SPA within 60 days after the Closing Date.* *(2) Excluding any accounting movement in reserves for certain options specified in the SPA between 31 December 2021 and the Closing Date.*
(iv)	Payment term	:	The Provisional Purchase Price, multiplied by the Vendors' proportion of shareholding in AHAM represented by the Sale Shares, will be paid by the Purchaser to the Vendors wholly in cash on the Closing Date. Any surplus arising from the amount equal to the Shareholders' Equity Differential, multiplied by the Vendors' proportion of shareholding in AHAM represented by the Sale Shares, will be paid by the Purchaser to the Vendors, and vice versa, within 7 business days after the Final Purchase Price is determined.
(v)	Conditions Precedent	:	Satisfaction or waiver (as the case may be) of the following conditions by the parties within the Conditional Period: 1. each of AHAM and AIIMAN obtaining a written approval from the SC for the following: (a) change in AHAM and AIIMAN's shareholding resulting in a change of their controller;

	Matter		Indicative term
			(b) change in AHAM's name; and (c) the Purchaser to be a "related corporation" of AHAM and AIIMAN or an entity as may be approved by the SC pursuant to the Licensing Handbook issued by the SC. 2. the approval of the shareholders of ABB for the Proposed Divestment at an EGM to be convened. If any of the conditions precedent is not satisfied or waived (as the case may be) within the Conditional Period, the parties shall not be bound to proceed with the sale and purchase of the Sale Shares and the SPA will be terminated. Thereafter, the parties will not have any claim against the other, save for any pre-existing breach under the SPA.
(vi)	Transitional services agreement	:	Execution of a transitional services agreement between AHAM, ABB and Affin Hwang IB in respect of the provision of certain services and the licence of the "AFFIN Capital" and "AFFIN" marks to the AHAM Group for a period of 9 months after the Closing Date with an option to extend a further period of 3 months at AHAM's election.
(vii)	Trademark licensing agreement	:	Execution of a trademark licensing agreement between AHAM and Hwang Enterprises Sdn Bhd in respect of the licence of the "Hwang" mark to the AHAM Group for a period of 9 months after the Closing Date with an option to extend a further period of 3 months at AHAM's election.
(viii)	Termination of the Shareholders' Agreement	:	Execution of a deed of termination between AHAM, Affin Hwang IB and NAM to terminate the Shareholders' Agreement with effect from the Closing Date.
(ix)	Covenant on non-compete	:	For a period of 18 months after the Closing Date, Affin Hwang IB group and ABB Group will not carry on business which is similar to the licensed asset management business carried on by AHAM Group and will not solicit employees and customers of AHAM Group, with certain exceptions provided.
(x)	Retention of employees	:	The Purchaser agrees and undertakes that AHAM shall retain the employment of all persons employed as at the Closing Date for a period of 1 year after the Closing Date. The Purchaser shall also procure that all material terms, benefits and conditions of employment, which on an overall basis are no less favourable than those which are applicable to the employees of AHAM prior to the Closing Date, are maintained for a period of 1 year after the Closing Date.
(xi)	Indemnity by the Vendors	:	Tax indemnity with respect to pre-closing tax liabilities of AHAM Group with a lookback period from year 2016 up to the Closing Date except insofar and to the extent that provision has been made or is made for such liabilities in the accounts, the management accounts or the adjusted shareholders' equity statement.
(xii)	Events of default	:	1. <u>Default by the Purchaser</u> If all of the conditions precedent are fulfilled or waived (as the case may be) and the Purchaser does not pay the sale price to the Vendors on Closing Date, Affin Hwang IB (as the Vendors' representative) shall, after due consultation with all the other Vendors, be entitled (in addition and without prejudice to all other rights and remedies available to the Vendors under the SPA and at law) to: (a) claim for specific performance as provided under the SPA; (b) terminate the SPA. The Vendors' interest in the Sale Shares shall remain intact; or

SALIENT TERMS OF THE SPA *(CONT'D)*

Matter			Indicative term
			(c) fix a new closing date which shall be no later than 1 month from the original Closing Date, but without prejudice to the Vendors' right to elect for any of the remedies provided in (a) or (b) above should the Purchaser fail to complete the SPA on the new closing date. 2. <u>Default by the Vendors</u> If the Vendors fail to complete its closing obligations under the SPA on the Closing Date, the Purchaser shall be entitled to: (a) proceed to Closing so far as practicable; (b) claim for specific performance against the defaulting Vendor as provided under the SPA; (c) terminate the SPA. The Vendors' interest in the Sale Shares shall remain intact; or (d) fix a new closing date which shall be no later than 1 month from the original Closing Date, but without prejudice to the Purchaser's right to elect for any of the remedies provided in (a), (b) or (c) above should the Vendors fail to complete the SPA on the new closing date.
(xiii)	Warranties by the Vendors	:	1. Warranties on business and financial matters of AHAM. 2. Warranties on the title and ownership of the AHAM Shares. 3. Other warranties customary for a transaction of this nature.
(xiv)	Purchaser's right to terminate the SPA if there is a Material Adverse Change	:	The Purchaser may, prior to or on Closing Date, terminate the SPA if there is a Material Adverse Change and all rights and obligations of the parties shall cease to have effect immediately upon termination.
(xv)	Parties' right to terminate the SPA if there is a MAC AUM	:	Either the Purchaser or the Vendors may, prior to or on Closing Date, terminate the SPA if a MAC AUM has occurred and all rights and obligations of the parties shall cease to have effect immediately upon termination.

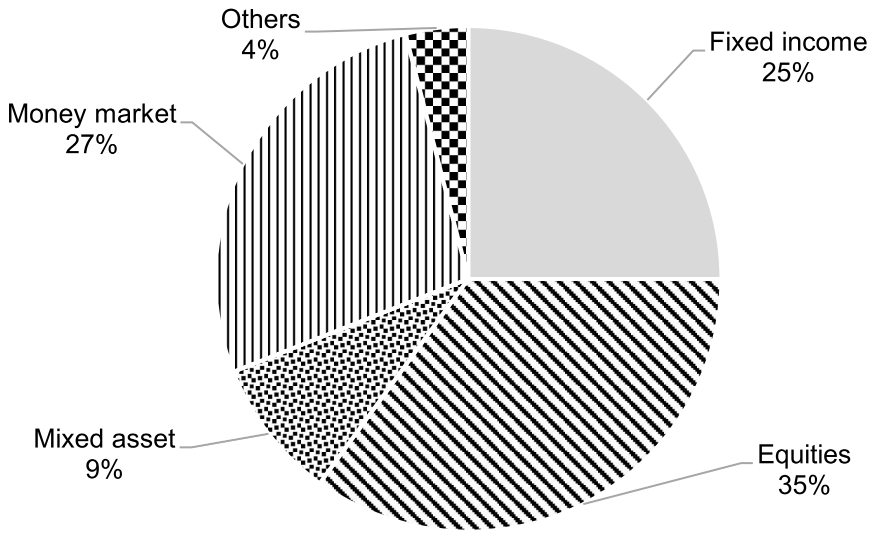
INFORMATION ON AHAM

1. HISTORY AND BUSINESS

AHAM was incorporated in Malaysia on 2 May 1997 as a private limited company under the name Hwang-DBS Capital Sdn Bhd, before being converted into a public company on 31 January 2001. Subsequently, the company converted its name to Hwang Investment Management Berhad ("**Hwang IM**") on 18 January 2012 before assuming its present name on 2 September 2014 following the completion of the merger between Affin Fund Management Berhad and Hwang IM. AHAM commenced its business operations on its date of incorporation.

AHAM is a fund management company licensed under the CMSA. The principal activities of AHAM Group are the establishment, management and distribution of unit trust funds, exchange traded funds and private retirement schemes, provision of fund management services to private clients, managing corporate private equity investments, as well as providing training and coaching services to AHAM's tied sales consultants.

AHAM is a license holder with the SC (CMSL/A0155/2007). As at 31 December 2021, AHAM adopts an active investment management style in managing its AUM of approximately RM81.1 billion, which is spread into the following asset classes:



AHAM clients include pension funds, public listed companies, state funds, high net worth individuals and retail investors. Based on the audited revenue generated by AHAM for the FYE 31 December 2021, AHAM's entire revenue was generated in Malaysia.

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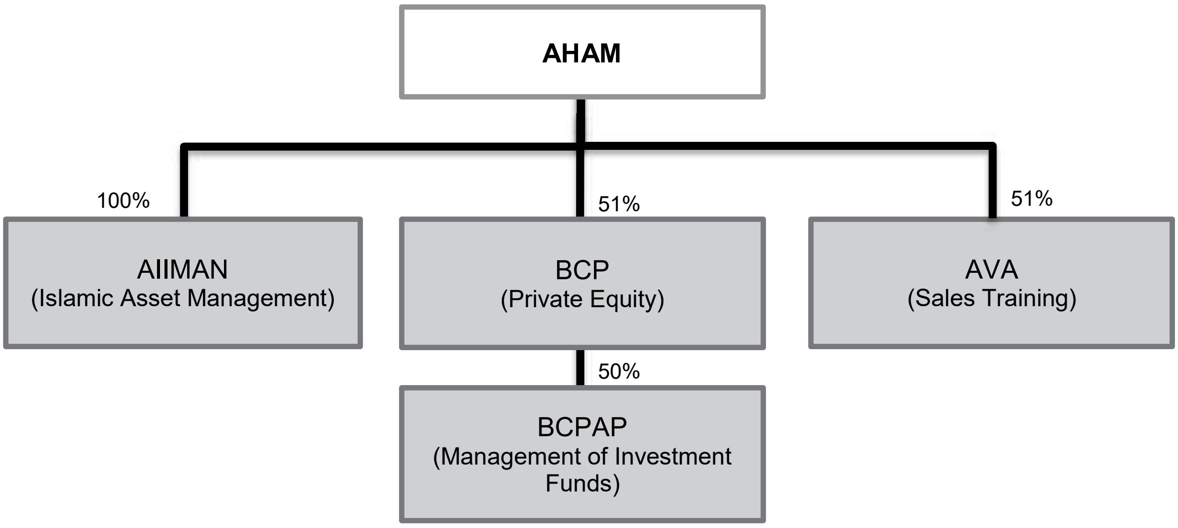
The corporate structure of AHAM Group as at the LPD is set out below:



2. SHARE CAPITAL

As at the LPD, AHAM has an issued share capital of RM54,773,300 comprising 11,111,000 ordinary shares.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of AHAM and their shareholdings in AHAM are as follows:

Table 10

Name	**Country of incorporation / Nationality**	**Direct interest**		**Indirect interest**	
		No. of shares	**[1] %**	**No. of shares**	**[1] %**
Affin Hwang IB	Malaysia	7,000,000	63.0	-	-
NAM	Singapore	3,000,000	27.0	-	-
AHAM KSM [2]	Malaysian	1,111,000	10.0	-	-
ABB	Malaysia	-	-	[3] 7,000,000	63.0
Lembaga Tabung Angkatan Tentera	Malaysia	-	-	[4] 7,000,000	63.0
Boustead Holdings Berhad	Malaysia	-	-	[4] 7,000,000	63.0
The Bank of East Asia, Limited	Hong Kong	-	-	[4] 7,000,000	63.0
Nikko Asset Management Co., Ltd.	Japan	-	-	[5] 3,000,000	27.0
Sumitomo Mitsui Trust Holdings, Inc.	Japan	-	-	[6] 3,000,000	27.0

Notes:

(1) Based on 11,111,000 AHAM Shares in issue as at the LPD.

(2) Comprising 14 management personnel who exercised their AHAM stock options into AHAM Shares pursuant to the SOP 2014.

(3) Deemed interested by virtue of its shareholdings in Affin Hwang IB pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of its shareholdings in ABB pursuant to Section 8 of the Act.

INFORMATION ON AHAM *(CONT'D)*

(5) Deemed interested by virtue of its shareholdings in NAM pursuant to Section 8 of the Act.

(6) Deemed interested by virtue of its shareholdings in Nikko Asset Management Co., Ltd. pursuant to Section 8 of the Act.

4. DIRECTORS

As at the LPD, the directors of AHAM and their shareholdings in AHAM are as follows:

Table 11

		Direct interest		Indirect interest	
Name / Designation	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad / Non-Independent Non-Executive Chairman	Malaysian	-	-	-	-
Kameel bin Abdul Halim / Non-Independent Non-Executive Director	Malaysian	-	-	-	-
Eleanor Seet Oon Hui / Non-independent Non-Executive Director	Singaporean	-	-	-	-
Dato' Teng Chee Wai / Non-independent Executive Director	Malaysian	344,410	3.10	-	-
Maj Gen Dato' Zulkiflee bin Mazlan (R) / Independent Non-Executive Director	Malaysian	-	-	-	-
Faizal Sham bin Abu Mansor / Independent Non-Executive Director	Malaysian	-	-	-	-

5. AHAM KSM

The holders of the Management Shares and their respective Sale Shares pursuant to the SPA are as follows:

Table 12

		Management Shares		Sale Shares	
AHAM KSM	**Designation in AHAM**	**No. of AHAM Shares**	*** %**	**No. of AHAM Shares**	*** %**
Dato' Teng Chee Wai	Managing Director	344,410	3.10	98,121	0.88
David Ng Kong Cheong	Deputy Managing Director / Chief Investment Officer	127,765	1.15	65,765	0.59
Gan Eng Peng	Senior Director, Equities	83,325	0.75	49,992	0.45
Esther Teo Keet Ying	Senior Director, Fixed Income	83,325	0.75	44,575	0.40
Thye Yee Meng	Chief Customer Experience & Retail Sales Officer	83,325	0.75	55,825	0.50
Siau Kee Yen	Chief Sales & Regional Officer	55,550	0.50	38,883	0.35
Chan Ai Mei	Chief Marketing & Distribution Officer	55,550	0.50	44,439	0.40
Akmal bin Hassan	Managing Director and Executive Director of AIIMAN	55,550	0.50	38,690	0.35
Liew Li Choo	Chief Operating Officer	55,550	0.50	41,661	0.38
Shahrin bin Shaikh Mohd	Chief Compliance, Risk & Legal Officer	33,330	0.30	23,330	0.21
Loh Soo Geok	Director, Regional Business	33,330	0.30	23,330	0.21

		Management Shares		Sale Shares	
AHAM KSM	**Designation in AHAM**	**No. of AHAM Shares**	*** %**	**No. of AHAM Shares**	*** %**
Kong Nai Yee	Senior Director, Institution, Corporate & HNWI Business	33,330	0.30	23,067	0.21
Har Yin Yee	Head, Sales Support	33,330	0.30	23,330	0.21
Wong Pui See	Head, Finance	33,330	0.30	23,330	0.21
		1,111,000	**10.00**	**594,338**	**5.35**

Note:

* *Based on 11,111,000 AHAM Shares in issue as at the LPD.*

6. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

As at the LPD, the subsidiaries and joint ventures* of AHAM are as follows:

6.1 AIIMAN

AIIMAN was incorporated in Malaysia on 19 January 1993 as a private limited company under the name Hwang-DBS Asset Management Sdn Bhd and commenced its business operations on 17 November 2008. Subsequently, the company converted its name to AIIMAN Asset Management Sdn Bhd on 5 December 2016.

AIIMAN was licensed by the SC to undertake the regulated activities of Islamic fund management on 17 November 2008. AIIMAN is principally involved in Islamic fund management activities and dealing in securities restricted to unit trust. AIIMAN is managing assets for pension funds, institutions, corporates, high net worth and mass affluent individuals.

Based on the audited revenue generated by AIIMAN for the FYE 31 December 2021, AIIMAN's entire revenue was generated in Malaysia.

As at the LPD:

(i) AIIMAN is a wholly-owned subsidiary of AHAM;

(ii) the issued share capital of AIIMAN is RM10,000,000 comprising 10,000,000 ordinary shares of AIIMAN; and

(iii) the directors of AIIMAN are Tunku Dato' Paduka Jaafar Laksmana bin Tunku Nong Jiwa, Laksamana Madya Dato' Abdul Ghani bin Othman (R), Dato' Mohamad Ayob bin Abu Hassan, Dato' Teng Chee Wai and Akmal bin Hassan.

6.2 AVA

AVA was incorporated in Malaysia on 13 December 2017 as a private limited company. AVA commenced its business operation on its date of incorporation as a one-stop training and support centre for financial entrepreneurs in the field of wealth management. AVA is principally involved in the provision of training and coaching services.

Based on the audited revenue generated by AVA for the FYE 31 December 2021, AVA's entire revenue was generated in Malaysia.

As at the LPD:

(i) AVA is a 51%-owned subsidiary of AHAM, with remaining 49% held by GV Capital Dynamics Sdn Bhd;

(ii) the issued share capital of AVA is RM2,200,000 comprising 408,163 ordinary shares and 1,791,837 preference shares; and

(iii) the directors of AVA are Dato' Teng Chee Wai, Siau Kee Yen, David Ng Kong Cheong, Lim Jen Chang, Yap Tsok Heng and Chan Chee Yuan.

6.3 BCP

BCP was incorporated in Malaysia on 18 April 1975 as a private limited company under the name Merchant Holdings Sdn Bhd. Subsequently, the company was converted to a public limited company on 30 May 2007 and converted its name to Bintang Capital Partners Berhad on 13 April 2018. BCP was registered with the SC as a Private Equity Management Corporation on 7 May 2018, with the principal business of private equity fund management. BCP commenced its business operations on 7 May 2018. As a private equity firm, BCP seeks to deploy capital into mid-sized companies in Malaysia and across ASEAN countries that have strong fundamentals and well-established track records of delivering value.

Based on the audited revenue generated by BCP for the FYE 31 December 2021, BCP's entire revenue was generated in Malaysia.

As at the LPD:

(i) BCP is a 51%-owned subsidiary of AHAM, with remaining 49% held by Johan Ariffin bin Rozali Wathooth;

(ii) the issued share capital of BCP is RM4,500,000 comprising 1,000,000 ordinary shares and 7 redeemable convertible preference shares; and

(iii) the directors of BCP are Gen. Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R), Dato' Teng Chee Wai, Johan Ariffin bin Rozali Wathooth, Datuk Ruben Emir Gnanalingam bin Abdullah and Yin Shao Loong.

6.4 BCPAP

BCPAP was incorporated in Malaysia on 23 March 2021 as a private limited company and commenced its business operations on 31 May 2021. BCPAP is principally involved in the management of private equity investment fund vehicles.

Based on the audited revenue generated by BCPAP for the FYE 31 December 2021, BCPAP's entire revenue was generated in Malaysia.

As at the LPD:

(i) BCPAP is a 50%-owned joint controlled entity of BCP, with the remaining 50% held by CMIA Capital Partners Pte. Ltd;

(ii) the issued share capital of BCPAP is RM2 comprising 2 ordinary shares; and

(iii) the directors of BCPAP are Johan Ariffin bin Rozali Wathooth and Lee Chong Min.

As at the LPD, AHAM does not have any associated companies*.

Note:

* *As part of its business operations, AHAM Group may undertake seed funding for funds launched and managed by the AHAM Group which may subsequently result in the said funds being categorised as a subsidiary or associate company of AHAM Group. Hence, the said funds have been excluded from disclosure in this section.*

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7. FINANCIAL INFORMATION

A summary on the key financial information of AHAM Group based on its audited financial statements for the FYEs 31 December 2019 to 2021 are as follows:

Table 13

	Audited FYE 31 December		
	2019	**2020**	**2021**
	RM'000	**RM'000**	**RM'000**
Revenue	396,799	537,665	728,671
PBT	109,771	137,302	156,827
PAT	84,435	114,251	122,760
Current assets	816,772	890,254	1,014,853
Current liabilities	625,729	707,867	883,996
Share capital	54,773	54,773	54,773
NA	157,558	191,584	125,360
Total borrowings	-	-	-
Number of AHAM Shares	11,111,000	11,111,000	11,111,000
Net EPS (RM)	7.60	10.28	11.05
NA per share (RM)	14.18	17.24	11.28
Current ratio (times)	1.31	1.26	1.15
Gearing ratio (times)	-	-	-
AUM (RM'million)	57,687	72,950	81,062

Commentaries on past financial performance

The audited financial statements of AHAM Group for the FYEs 31 December 2019 to 2021 have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards and the Act. There was no audit qualification on AHAM Group's financial statements for the respective years under review.

FYE 31 December 2019 compared with FYE 31 December 2018

AHAM Group recorded a decrease in revenue by 0.7% from RM399.7 million in the FYE 31 December 2018 to RM396.8 million in the FYE 31 December 2019 mainly due to the lower initial service charge arising from variations in demand for AHAM Group's products. The net revenue (after commission and referral fee expenses) in FYE 31 December 2019 was 2.7% higher compared to FYE 31 December 2018.

Nevertheless, AHAM Group recorded an increase in PBT by 4.0% from RM105.6 million in the FYE 31 December 2018 to RM109.8 million in the FYE 31 December 2019 due to an increase in other income arising from the fair value appreciation of its financial assets.

However, the increase in PBT was offset by an increase in tax expenses by 34.6% from RM18.8 million in the FYE 31 December 2018 to RM25.3 million in the FYE 31 December 2019 mainly due to higher taxable income generated for the FYE 31 December 2018 and increase in deferred tax expenses mainly due to the change in the accounting treatment of the non-deductible expenses.

For the reasons discussed above, AHAM Group's PATAMI decreased by 2.5% from RM87.0 million for the FYE 31 December 2018 to RM84.8 million for the FYE 31 December 2019.

FYE 31 December 2020 compared with FYE 31 December 2019

AHAM Group recorded an increase in revenue of 35.5% from RM396.8 million in the FYE 31 December 2019 to RM537.7 million in the FYE 31 December 2020, mainly due to the higher initial service charge income, higher management fee from the higher AUM and higher performance fee income recorded by AHAM Group. The net revenue (after commission and referral fee expenses) in FYE 31 December 2020 was 27.7% higher compared to FYE 31 December 2019.

In line with the increase in revenue, AHAM Group recorded a higher PBT by 25.1% from RM109.8 million in the FYE 31 December 2019 to RM137.3 million in the FYE 31 December 2020.

The total tax expenses decreased by 8.7% from RM25.3 million in the FYE 31 December 2019 to RM23.1 million in the FYE 31 December 2020 mainly due to the under provision of tax in respect of FYE 31 December 2019.

For the reasons discussed above, AHAM Group's PATAMI increased by 35.0% from RM84.8 million for the FYE 31 December 2019 to RM114.5 million for the FYE 31 December 2020.

FYE 31 December 2021 compared with FYE 31 December 2020

AHAM Group recorded an increase in revenue of 35.5% from RM537.7 million in the FYE 31 December 2020 to RM728.7 million in the FYE 31 December 2021, mainly due to the higher initial service charge income, higher management fee from the higher AUM and higher performance fee income recorded by AHAM Group. The net revenue (after commission and referral fee expenses) in FYE 31 December 2021 was 20.9% higher compared to FYE 31 December 2020.

In line with the increase in revenue, AHAM Group recorded a higher PBT by 14.2% from RM137.3 million in the FYE 31 December 2020 to RM156.8 million in the FYE 31 December 2021.

The total tax expenses increased by 47.6% from RM23.1 million in the FYE 31 December 2020 to RM34.1 million in the FYE 31 December 2021 mainly due to higher taxable income generated for the FYE 31 December 2021.

For the reasons discussed above, AHAM Group's PATAMI increased by 8.2% from RM114.5 million for the FYE 31 December 2020 to RM123.9 million for the FYE 31 December 2021.

8. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments and contingent liabilities incurred or known to be incurred by AHAM Group which may, upon being enforceable, have a material adverse effect on the profits or NA of AHAM Group.

9. MATERIAL CONTRACTS

As at the LPD, AHAM Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past 2 years preceding the date of this Circular.

10. MATERIAL LITIGATION

As at the LPD, AHAM Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and AHAM Group does not have any knowledge of any proceedings, pending or threatened against AHAM Group, or of any facts which are likely to give rise to any proceedings which may materially affect the profits or NA of AHAM Group.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

Reports and financial statements for the financial year ended 31 December 2021

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Contents

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors hereby submit their annual report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Group and the Company are the establishment, management and distribution of unit trust funds, exchange traded fund and private retirement schemes, provision of fund management services to private clients, managing corporate private equity investment, as well as providing training and coaching services to the Company's tied sales consultant.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS	**Group RM'000**	**Company RM'000**
Net profit for the financial year	122,760	104,515

DIVIDENDS

The dividends on ordinary shares declared by the Company and paid since 31 December 2020 were as follows:

	RM'000
In respect of the financial year ended 31 December 2020,	
- Final dividend of RM4.00 per share, paid on 29 March 2021	44,444
In respect of the financial year ended 31 December 2021,	
- special single tier dividend of RM5.00 per share, paid on 5 May 2021	55,555
- interim single tier dividend of RM7.00 per share, paid on 29 July 2021	77,777
	177,776

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements and notes to the financial statements.

ISSUE OF SHARES AND DERIVATIVE

There were no changes in the issued or paid-up capital shares of the Company during the financial year.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Kameel bin Abdul Halim (appointed on 21.02.2022)
Seet Oon Hui Eleanor (Xue Enhui Eleanor)
Dato' Teng Chee Wai
Maj. Gen. Dato' Zulkiflee bin Mazlan (R)
Faizal Sham bin Abu Mansor
Mona Suraya binti Kamaruddin (resigned on 21.02.2022)

The names of Directors of subsidiaries are set out in the respective subsidiary's financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of the financial year in shares in the Company and its related companies are as follows:

	Number of ordinary shares			
	At 1.1.2021	**Acquired**	**Disposed**	**At 31.12.2021**
Affin Hwang Asset Management Berhad				
Dato' Teng Chee Wai	344,410	-	-	344,410

Other than as disclosed above, the Directors in office at the end of the financial year did not have any other interest in the shares in the Company or its related companies.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the Directors' remuneration as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

DIRECTORS' REMUNERATION

Details of Directors' remuneration for the financial year are disclosed in Note 7 to the financial statements.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report by any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

BUSINESS STRATEGY FOR THE CURRENT FINANCIAL YEAR

The Group remained steadfast in its digitalisation journey through the continuous enhancement of its technology platforms to enhance the investing experience. This includes the Group's online investment portal "i-Access" that was relaunched in the financial year which offers a more seamless investing journey to clients.

The Group was also focused on growing its digital ecosystem to broaden access to its investment offerings to a wider population. This includes its money market funds which are not traditionally accessible to retail investors via the Group's digital tie-up with fintech firm Versa. Partnerships will play a key element of the Group's innovation journey to widen its digital ecosystem and tap into new investor demographics such as millennials and the mass affluent.

In terms of product launches, the Group maintained a strong pipeline including 13 new funds which span different strategies and investment themes to enable clients to gain exposure to various long-term megatrends with a long runway for growth. In terms of its passive offerings, the Group concentrated efforts towards building the fund size of its exchange traded funds (ETFs) to reap the benefits of economies-of-scale.

BUSINESS REVIEW FOR THE CURRENT FINANCIAL YEAR

The Group recorded a profit before tax of RM156.83 million for the current financial year ended 31 December 2021, a steady rise from the previous financial year ended 31 December 2020's profit before tax of RM137.30 million. Correspondingly, profit after tax was recorded as RM122.76 million for the current financial year and RM114.25 million in FY2020. The return on equity for the current financial year was 99.50% (FY2020: 78.77%) calculated as profit before tax over average shareholder's fund with a profit margin of 40.44% (FY2020: 42.82%) calculated as profit before tax over net operating revenue (revenue less commission and referral fee expenses).

The increase in profit before tax was mainly contributed by higher initial service charge and management fee, offset with higher commission and referral expenses during the year under review.

As at 31 December 2021, the Group's AUA stood at RM81.06 billion, an increase of 11.12% or RM8.11 billion from 31 December 2020's AUA of RM72.95 billion. The increase was driven by the higher net inflows secured throughout the year despite of volatile financial market performance as compared to last year.

Relevant risks to the Company are disclosed in Note 29 to the financial statements.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

BUSINESS OUTLOOK FOR 2022

2022 is set to be a year of transition for markets as global investors contend with slowing economic growth and monetary policy tightening in a post-COVID world. Since reopening from the great lockdown, economic growth is set to decelerate from high levels but should still remain above trend.

With inflation proving stickier than expected, the US Federal Reserve is seen on track to accelerate its tapering program as well as hike interest rates next year. There is also implicit political pressure for the Fed to tighten policy as US President Joe Biden's approval ratings have slipped since becoming president as he grapples with discontent amongst the American populace due to rising prices.

However, we expect inflationary pressures to recede next year on the back of easing supply bottlenecks and lower commodity prices. Over the long-term, there are also various structural factors at play such as technological advancements, high debt levels and income inequality that could keep inflation low.

On COVID, the discovery of the Omicron variant is a reminder to the world that the pandemic is not yet over. Initial studies have shown that Omicron is more transmissible, but cases have so far been milder with symptoms that are manageable.

With a greater vaccine and medical arsenal including antiviral pills by Pfizer to combat the new coronavirus strain, we don't expect a return to a full lockdown or shuttering of the economy as governments are more prepared today in responding against COVID.

Locally, Malaysia's GDP growth is expected to continue on its recovery path underpinned by the country's high vaccination coverage and resumption of economic activities. Though, this reopening optimism is counterbalanced by the introduction of the prosperity tax or 'Cukai Makmur' in Budget 2022 which would dilute earnings growth.

As the Group's business and operations are dependent on the stock market performance, we are taking a cautious stance given a muddled outlook of decelerating growth and tighter policy. Our portfolios are defensively positioned with an emphasis on quality and liquidity.

From an industry perspective, the asset management sector is poised to continue to see strong inflows with yield-starved investors looking to deploy their savings and hedge against inflation. Opportunities abound with deep pockets of liquidity sitting idle in the banking system, but earning low returns on deposits.

Long-term trends such as technological innovation and sustainability will be key factors in shaping the future of the industry; thereby forcing asset managers to adapt and integrate environment, social, governance (ESG) in its investment process. This includes catering to demand by a new generation of digital-native investors who are also focused on positive social outcomes.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are disclosed in Note 11 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate holding company is Affin Hwang Investment Bank Berhad, a company incorporated in Malaysia. The Directors regard Lembaga Tabung Angkatan Tentera, a statutory body established in Malaysia under the Tabung Angkatan Tentera Act, 1973 as the ultimate holding corporate body.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 7 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors in accordance with their resolution dated 23 March 2022.

Signed on behalf of the Board of Directors:

RAJA TAN SRI DATO' SERI AMAN BIN RAJA HAJI AHMAD
Chairman

DATO' TENG CHEE WAI
Director

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue from contracts with customers	4	**728,671**	537,665	**697,829**	503,838
Other income	5	**11,156**	15,335	**18,619**	14,107
Commission and referral fee expenses		**(340,914)**	(217,070)	**(341,453)**	(216,877)
Staff costs	6	**(166,095)**	(140,018)	**(151,992)**	(125,816)
Depreciation of property and equipment		**(3,944)**	(4,083)	**(3,609)**	(3,742)
Amortisation of intangible assets		**(1,668)**	(1,222)	**(1,659)**	(1,216)
Depreciation of right-of-use assets		**(4,030)**	(4,140)	**(3,973)**	(4,054)
Promotion and marketing expenses		**(3,160)**	(7,238)	**(6,368)**	(8,909)
Establishment costs		**(16,104)**	(12,458)	**(14,385)**	(11,042)
Professional and consultancy fees		**(9,610)**	(5,852)	**(5,891)**	(4,598)
Other operating expenses		**(33,261)**	(17,865)	**(45,208)**	(19,069)
Profit before finance cost, zakat and taxation		**161,041**	143,054	**141,910**	122,622
Finance cost		**(3,543)**	(6,235)	**(3,107)**	(5,877)
		157,498	136,819	**138,803**	116,745
Share of net profit of associates		**-**	1,145	**-**	-
Profit before zakat and taxation	7	**157,498**	137,964	**138,803**	116,745
Zakat		**(671)**	(662)	**(415)**	(359)
Profit before taxation		**156,827**	137,302	**138,388**	116,386
Taxation	8	**(34,067)**	(23,051)	**(33,873)**	(23,002)
Profit for the financial year		**122,760**	114,251	**104,515**	93,384
Other comprehensive income for the financial year					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operation	9	**388**	(540)	**-**	-
Total comprehensive income for the financial year		**123,148**	113,711	**104,515**	93,384
Profit attributable to:					
Equity holders of the Company		**123,908**	114,519	**104,515**	93,384
Non-controlling interest		**(1,148)**	(268)	**-**	-
		122,760	114,251	**104,515**	93,384
Total comprehensive income attributable to:					
Equity holders of the Company		**124,296**	113,979	**104,515**	93,384
Non-controlling interest		**(1,148)**	(268)	**-**	-
		123,148	113,711	**104,515**	93,384

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Equity attributable to equity holders of the Company					
Share capital	10	**54,773**	54,773	**54,773**	54,773
Retained profits		**215,532**	269,400	**157,738**	230,999
Merger reserve		**(33,151)**	(33,151)	**(33,151)**	(33,151)
Other reserve		**(111,761)**	(99,017)	**(96,841)**	(96,841)
Foreign exchange reserve	9	**(33)**	(421)	**-**	-
		125,360	191,584	**82,519**	155,780
Non-controlling interest		**(1,555)**	(157)	**-**	-
Total equity		**123,805**	191,427	**82,519**	155,780
Non-current liabilities					
Other liabilities	24	**70,489**	42,318	**70,489**	42,163
Lease liabilities	25	**959**	3,169	**920**	3,166
		71,448	45,487	**71,409**	45,329
		195,253	236,914	**153,928**	201,109
Represented by:					
Non-current assets					
Investment in subsidiaries	11	**-**	-	**62,840**	58,935
Investment in associates and joint venture	12	**-**	4,108	**-**	2,626
Financial asset at fair value through profit or loss ("FVTPL")	13	**16,620**	3,844	**7,619**	5,341
Deferred tax assets	14	**23,209**	15,404	**23,209**	15,404
Property and equipment	15	**9,207**	11,697	**8,730**	10,927
Intangible assets	16	**12,225**	12,662	**4,923**	5,483
Right-of-use assets	17	**3,135**	6,812	**3,089**	6,760
		64,396	54,527	**110,410**	105,476
Current assets					
Manager's stocks	18	**4,860**	8,116	**4,860**	8,116
Financial asset at fair value through profit or loss ("FVTPL")	13	**111,516**	151,503	**1,049**	26
Right-of-use assets	17	**71**	71	**32**	71
Trade receivables	19	**157,476**	262,434	**152,007**	247,431
Other receivables, deposits and prepayments	20	**8,721**	8,510	**9,598**	8,805
Tax recoverable		**913**	3,971	**823**	3,928
Deposits, cash and bank balances	21	**731,296**	455,649	**715,968**	441,765
		1,014,853	890,254	**884,337**	710,142
Current liabilities					
Trade payables	22	**621,798**	405,503	**621,555**	407,383
Other payables and accruals	23	**141,185**	140,302	**131,739**	129,384
Other liabilities	24	**118,537**	158,062	**85,096**	73,794
Lease liabilities	25	**2,476**	4,000	**2,429**	3,948
		883,996	707,867	**840,819**	614,509
Net current assets		**130,857**	182,387	**43,518**	95,633
		195,253	236,914	**153,928**	201,109

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to equity holders of the Group							
Group	Note	Share capital RM'000	Merger reserve RM'000	Other reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
2021									
At 1.1.2021		54,773	(33,151)	(99,017)	(421)	269,400	191,584	(157)	191,427
Profit for the financial year		-	-	-	-	123,908	123,908	(1,148)	122,760
Other comprehensive income for the financial year									
Exchange differences on translation of foreign operation	9	-	-	-	388	-	388	-	388
Total comprehensive income for the financial year		-	-	-	388	123,908	124,296	(1,148)	123,148
Changes in value of call option on non-controlling interest		-	-	(12,744)	-	-	(12,744)		(12,744)
Dividend paid	26	-	-	-	-	(177,776)	(177,776)	(250)	(178,026)
At 31.12.2021		54,773	(33,151)	(111,761)	(33)	215,532	125,360	(1,555)	123,805

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Group	Note	Attributable to equity holders of the Group							
		Share capital RM'000	Merger reserve RM'000	Other reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
2020									
At 1.1.2020		54,773	(33,151)	(96,841)	119	232,658	157,558	(379)	157,179
Profit for the financial year		-	-	-	-	114,519	114,519	(268)	114,251
Other comprehensive income for the financial year									
- Exchange differences on translation of foreign operation	9	-	-	-	(540)	-	(540)	-	(540)
Total comprehensive income for the financial year		-	-	-	(540)	114,519	113,979	(268)	113,711
Dilution of interest in subsidiary		-	-	-	-	-	-	490	490
Changes in value of call option on non-controlling interest		-	-	(2,176)	-	-	(2,176)	-	(2,176)
Dividend paid	26	-	-	-	-	(77,777)	(77,777)	-	(77,777)
At 31.12.2020		54,773	(33,151)	(99,017)	(421)	269,400	191,584	(157)	191,427

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

		Non-distributable			Distributable	
Company	Note	**Share capital RM'000**	**Merger reserve RM'000**	**Other reserve RM'000**	**Retained profits RM'000**	**Total RM'000**
2021						
At 1.1.2021		54,773	(33,151)	(96,841)	230,999	155,780
Total comprehensive income for the financial year						
- Profit for the financial year		-	-	-	104,515	104,515
		-	-	-	104,515	104,515
Dividends paid	26	-	-	-	(177,776)	(177,776)
At 31.12.2021		54,773	(33,151)	(96,841)	157,738	82,519

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Company	Note	Share capital RM'000	Merger reserve RM'000 (Non-distributable)	Other reserve RM'000 (Non-distributable)	Retained profits RM'000 (Distributable)	Total RM'000
2020						
At 1.1.2020		54,773	(33,151)	(96,841)	215,392	140,173
Total comprehensive income for the financial year						
- Profit for the financial year		-	-	-	93,384	93,384
		-	-	-	93,384	93,384
Dividends paid	26	-	-	-	(77,777)	(77,777)
At 31.12.2020		54,773	(33,151)	(96,841)	230,999	155,780

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
OPERATING ACTIVITIES					
Profit before taxation		**156,827**	137,302	**138,388**	116,386
Adjustments for:					
Zakat		**671**	662	**415**	359
Property and equipment:					
- depreciation		**3,944**	4,083	**3,609**	3,742
- net (gain)/loss on disposals		**(263)**	(185)	**(264)**	(186)
- write offs		**-**	150	**-**	98
Intangible assets:					
- amortisation		**1,668**	1,222	**1,659**	1,216
Depreciation of right-of use assets		**4,030**	4,140	**3,973**	4,054
Interest charge for lease liabilities		**305**	482	**303**	477
Net unrealised (gain)/loss on manager's stocks		**64**	(48)	**64**	(190)
Net unrealised (gain)/loss on foreign exchange		**(1,405)**	942	**(213)**	79
Net unrealised (gain)/loss on financial asset at FVTPL		**3,928**	(7,570)	**(357)**	29
Net (gain)/loss on disposals on investment		**(7,930)**	(2,479)	**99**	(195)
Unrealised (gain)/loss on RPS		**-**	-	**-**	71
Share of net (gain)/loss of associates		**-**	(1,145)	**-**	-
Expected credit loss		**144**	63	**126**	58
Interest income		**(2,409)**	(2,539)	**(2,310)**	(1,836)
Interest expenses		**1**	-	**1**	-
Dividend income		**(1,377)**	(1,215)	**(9,850)**	(8,580)
Remeasurement financial liability		**23,490**	4,648	**36,504**	7,103
Finance cost		**3,238**	5,752	**2,804**	5,400
		28,099	6,963	**36,563**	11,699
Operating profit before working capital changes		**184,926**	144,265	**174,951**	128,085
Changes in working capital:					
Movement in manager's stocks		**3,338**	(4,079)	**3,338**	(4,079)
Movement in receivables		**104,092**	(20,745)	**94,313**	(8,063)
Movement in payables		**206,905**	(227)	**217,152**	(57,837)
		314,335	(25,051)	**314,803**	(69,979)

Affin Hwang Asset Management Berhad

Company No. 199701014290 (429786-T)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH GENERATED FROM OPERATIONS		**499,261**	119,214	**489,754**	58,106
Tax paid		**(38,791)**	(28,563)	**(38,571)**	(28,500)
Tax refund		**-**	500	**-**	500
Zakat paid		**(647)**	(449)	**(359)**	(293)
Net cash generated from operating activities		**459,823**	90,702	**450,824**	29,813
INVESTING ACTIVITIES					
Property and equipment:					
- purchases	15	**(1,481)**	(3,787)	**(1,436)**	(3,665)
- proceeds from disposals		**290**	225	**288**	223
Intangible asset:					
- purchases	16	**(1,231)**	(3,849)	**(1,099)**	(3,747)
Financial asset at FVTPL:					
- purchases		**(141,936)**	(131,581)	**-**	(400)
- proceeds from disposals		**138,548**	97,349	**-**	3,027
- cash received/(paid) upon settlement of the forward/future contract		**283**	1,657	**(63)**	128
Purchase of investment in associate		**-**	-	**-**	-
Proceeds from subsidiary's capital reduction		**-**	-	**-**	20,390
Investment in subsidiary		**-**	-	**(3,941)**	316
Investment in associate		**-**	100	**-**	-
Interest received		**2,832**	2,497	**2,269**	1,992
Dividend received		**688**	383	**9,468**	8,459
Injection of capital from Non-controlling interest		**-**	490	**-**	-
Net cash (used in)/generated from investing activities		**(2,007)**	(36,516)	**5,486**	26,723
FINANCING ACTIVITIES					
Dividends paid	26	**(177,776)**	(77,777)	**(177,776)**	(77,777)
Interest paid		**(1)**	-	**(1)**	-
Lease payment	25	**(4,392)**	(4,479)	**(4,330)**	(4,387)
Net cash used in financing activities		**(182,169)**	(82,256)	**(182,107)**	(82,164)
Net change in cash and cash equivalents		**275,647**	(28,070)	**274,203**	(25,628)
Cash and cash equivalents at beginning of the financial year		**455,649**	483,719	**441,765**	467,393
Cash and cash equivalents at end of the financial year	21	**731,296**	455,649	**715,968**	441,765

The accompanying notes form an integral part of the financial statements.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 General Information

The principal activities of the Company are the establishment, management and distribution of unit trust funds, exchange traded fund and private retirement schemes as well as provision of fund management services to private clients.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The Company is a public company limited by shares, incorporated and domiciled in Malaysia.

The Company's registered office is located at:
27th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

The Company's principal place of business is located at:
Ground Floor, 1st Floor, 3rd Floor, 4th Floor, 21st Floor
Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

2 Basis of preparation of the financial statements

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Basis of preparation of the financial statements (continued)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note T.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions'
- Amendments to MFRS 9 ,MFRS 139 , MFRS 7 , MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2'

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2021.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Affin Hwang Asset Management Berhad
Company No. 199701014290 (429786-T)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Basis of preparation of the financial statements (continued)

(b) Standards and amendments that have been issued but not yet effective (continued)

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property and equipment the proceeds received from selling items produced by the property and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Basis of preparation of the financial statements (continued)

(b) Standards and amendments that have been issued but not yet effective (continued)

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- Subsidiary as First-time Adopter - Annual improvements to MFRS 1 (effective 1 January 2022) The amendments provide subsidiaries that adopt MFRS later than the parent an optional exemption to measure the cumulative translation differences for all their foreign operations which are aligned to the carrying amounts included in the parent's consolidated financial statements (adjusted for consolidation adjustments).

  An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives (effective 1 January 2022) The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

  The Group and the Company will apply these standards when effective. The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to have any significant impact on the financial statements of the Group and the Company.

3 Summary of significant accounting policies

A Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Non-controlling interests in Collective Investment Scheme ("CIS") and Exchange Traded Funds are classified as financial liabilities as disclosed in Note 3(F).

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the statement of comprehensive income.

3 Summary of significant accounting policies (continued)

A Consolidation (continued)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 either in the statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The comparative information is not restated.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

A Consolidation (continued)

(c) Option to purchase the shares from non-controlling interest

When there is an option to purchase the Company's or subsidiary's shares held by non-controlling interest, at initial recognition, a liability is to be recognised with a corresponding reduction to equity in the consolidated financial statements. The financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the statement of comprehensive income over the contract period, up to the final redemption amount. Any adjustments to the redemption amount which do not affect the Group's controlling interest in the entity are recognised as equity transactions.

In the separate financial statements, subsidiary's shares are other entity's shares and are not considered own equity instrument. The option to buy the subsidiary's shares from the non-controlling interest meets the definition of financial liability. At initial recognition the option is measured at the fair value and subsequently measured at its fair value with gain or loss recognised in the statement of comprehensive income.

(d) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of comprehensive income. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

(e) Investments in subsidiaries in separate financial statements

Investment in subsidiaries, which are eliminated on consolidation, are stated in the Company's separate financial statements at cost less accumulated impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amounts is recognised in the statement of comprehensive income.

3 Summary of significant accounting policies (continued)

A Consolidation (continued)

(f) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statement of comprehensive income.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Dilution gains or losses arising in investments in associates are recognised in the statement of comprehensive income.

In the Company's separate financial statements, investment in associate is carried at cost less accumulated impairment losses. On disposal of investment in associate, the difference between disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(g) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

A Consolidation (continued)

(g) Joint arrangements (continued)

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of profit/(loss) of a joint venture' in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

B Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property and equipment are initially stated at cost, subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company, the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Capital work in progress is not depreciated. Depreciation of assets under capital work in progress commences when the assets are ready for their intended use. Depreciation of other property and equipment is calculated to write off the cost of each property and equipment over its expected useful life on the straight line basis. The principal annual depreciation rates are as follows:

	%
Furniture, fixtures and fittings	10 - 20
Computer equipment	20 - 33 1/3
Motor vehicles	20
Office equipment	20 - 33 1/3
Renovations	10 - 20

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Any subsequent increase in the recoverable amount is recognised in the statement of comprehensive income.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised within other operating income in the statement of comprehensive income.

Refer to accounting policy Note D on impairment of non-financial assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

C Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (five years). Computer software classified as intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

D Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to the statement of comprehensive income and any subsequent increase in recoverable amount is recognised in the statement of comprehensive income. Any reversal is credited to the statement of comprehensive income to the extent of a previously recognised impairment loss.

E Financial assets

(a) Classification

The Group and the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

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3 Summary of significant accounting policies (continued)

E Financial assets (continued)

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest/profit income and foreign exchange gains and losses which are recognised in statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of comprehensive income and recognised in other gains/(losses). Interest/profit income from these financial assets is included in other income using the effective interest/profit rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

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3 Summary of significant accounting policies (continued)

E Financial assets (continued)

(c) Measurement (continued)

(ii) Fair value through other comprehensive income ("FVOCI") (continued)

There are no FVOCI instruments as of 31 December 2021 and 2020.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in statement of comprehensive income and presented net within other gains/(losses) in the period which it arises.

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of comprehensive income as other income when the Group's right to receive payments is established. However, the Group has not elected the FVOCI classification for its equity instruments.

Changes in the fair value of financial assets at FVTPL are recognised within the other income line of the statement of comprehensive income.

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has two types of financial instruments that are subject to the ECL model:

- Trade receivable from collection of management and advisory fees.
- Other receivable from staff loans.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

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3 Summary of significant accounting policies (continued)

E Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

The Group and the Company apply the MFRS 9 simplified approach which uses a practical expedient to measure ECL. A practical expedient using provision matrix is grouped by type of billing method to calculate ECL on trade receivables from collection of management and advisory fees. However, the general approach will be adopted for other receivable from staff loans.

F Financial liabilities

(a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

(b) Recognition and measurement

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company classified trade payables and other payables and accruals as other financial liabilities.

The Group has financial liabilities designated at fair value through profit or loss upon initial recognition as these financial liabilities relate to the net asset value of the units issued and held by third party investors which are puttable back to the Group at the option of the investor. The puttable units are measured at fair value as at the end of the financial year.

(c) De-recognition

A financial liability is derecognised when the obligation under the liability is extinguished when an existing financial liability is replaced by another from the same party on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3 Summary of significant accounting policies (continued)

G Income taxes

Tax expenses comprise of current tax and deferred tax.

Current tax expense is calculated according to Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless the temporary differences arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are determined using tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

H Provisions

Provisions are recognised when the Group and the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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3 Summary of significant accounting policies (continued)

H Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

I Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencied are recognised in the statement of comprehensive income. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flows or net investment hedge or are attributable to items that from part of the net investment in a foreign operation.

Changes in the fair value of monetary securities denominated in foreign currency classified at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of comprehensive income, and other changes in the carrying amount are recognised in other comprehensive income.

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3 Summary of significant accounting policies (continued)

I Foreign currencies (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified at fair value through other comprehensive income are included in other comprehensive income.

J Income recognition

Initial service charge

Initial service charge on the sale of units are recognised on an accrual basis based on the pre-agreed rates. Revenue from providing such services are recognised over the period in which the services are rendered.

Revenue from initial sales charge is determined based on sales value of the funds. Each sales of unit trust funds constitute a separate performance obligation and accordingly the entire transaction price arising from the initial sales charge is allocated to each individual sales charge.

Revenue for the sales of unit trust fund is recognised at a point in time when the processing of sales is completed and register of unitholder is updated with the name of the investors.

Fund management services

Fees earned from provision of management services are recognised on an accrual basis, at the rates pre-agreed or provided for in the respective individual investment mandates or funds managed, net of management fee rebate and external management fee.

Performance fee

The Company also earns an performance fee when there is an outperformance on the return of the investment mandates or funds managed, relative to the agreed benchmark as stipulated in the respective investment mandates or funds documentation. The performance fees are a variable consideration and is only recognised when the highly probably threshold is met.

Such fees are determined based on the net asset value of the funds and mandates managed by the Company and are accrued over time.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

J Income recognition (continued)

Placement fee

Placement fees are recognised when all conditions precedent are fulfilled during the trade of shares or bonds to a limited number of private investors or institutions.

Other revenue

Exit fee would be imposed if investors exit a scheme or funds within a certain period from the date of investment as specified in the information documents.

Advisory fee collected for professional advisory services on matter relates to finance and investment given to investors.

Commission income earned from service charge appraised by other fund house via selling 3rd party funds.

Interest income is recognised on an accrual basis using effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, significant fees and transaction costs integral to the effective interest rate, as well as premiums or discounts, are considered.

Dividend income is recognised when the right to receive payment is established.

All other incomes are recognised on an accrual basis.

K Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

L Goodwill

Goodwill arises on business combinations when the cost of acquisition exceeds the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment testing is performed annually and it is done by comparing the present value of CGU's projected cash flows against the carrying amount of its net assets which include the allocated goodwill. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

M Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

N Employee benefits

(a) Short term employee benefits

Short term employee benefits are accrued and paid in the financial year in which the associated services are rendered by employees of the Group and the Company.

(b) Post-employment benefits

The contributions by the Group and the Company to defined contribution plans, which comprise the Employees Provident Fund and Private Retirement Schemes, are charged to statement of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(c) Other long term employee benefits

Deferred compensation which are not due to be settled within twelve months after the end of the reporting period, are accrued to match the rendering of associated services by employees of the Group and the Company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Summary of significant accounting policies (continued)

O Lease

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company.

Contracts may contain both lease and non-lease components. The Group and the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether is reasonably certain for the Group and the Company to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

3 Summary of significant accounting policies (continued)

o Lease (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- The exercise price of a purchase and extension options if the Group or the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment and furniture. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line bases as an expense in the statement of comprehensive income.

Sublease

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

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3 Summary of significant accounting policies (continued)

P Dividend

A liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not yet distributed at the end of the reporting period.

Q Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

R Zakat

This represents business zakat payable by the Group and the Company in accordance with the principles of Shariah. The Group and the Company only pays zakat on the net operating profit from management of Islamic funds and does not pay zakat on behalf of depositors or shareholders.

S Merger reserve

Merger reserves, which are non-distributable, relate to the difference between the cost of the merger and the value of the net assets, reserves and goodwill transferred to the Company, arising from business transfer of Bintang Capital Partners Berhad (formerly known as Affin Capital Services Berhad).

T Critical accounting estimates and judgments

The preparation of financial statements requires the use of accounting estimates which,by definition,will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's and the Company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

<u>Obligation to buy back shares from the Company's shareholders</u>

The Company's obligation to buy back shares from the Company's shareholders is computed based on a theoretical buy-back price which is determined based on the lower of an average AuA and average PAT multiple at each buy-back window in future periods. Management has applied the following assumptions for AuA and PAT growth.

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3 Summary of significant accounting policies (continued)

T Critical accounting estimates and judgments (continued)

Obligation to buy back shares from the Company's shareholders (continued)

An increase in AuA and PAT growth will result in an increase in the liability to buy back shares from the Company's shareholders and vice versa. Management is of the view that any differences between the actual and projected growth may result in a material adjustment within the next financial year.

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4 Revenue from contracts with customers

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Initial service charge	**228,308**	155,658	**228,136**	155,350
Management fee	**447,399**	333,260	**416,048**	310,430
Performance fee	**43,592**	43,149	**42,196**	32,567
Placement fee	**4,841**	2,006	**4,841**	1,921
Exit fee	**1,997**	763	**1,997**	763
Advisory fee	**1,378**	1,560	**786**	649
Commission	**1,156**	1,269	**3,825**	2,158
	728,671	537,665	**697,829**	503,838

5 Other income

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Interest income on deposits with financial institutions	**2,409**	2,539	**2,310**	1,836
Shared service fee	**38**	34	**576**	536
Dividend income				
- subsidiaries	**-**	-	**9,728**	8,459
- financial asset at FVTPL	**1,377**	1,215	**122**	121
Financial asset at FVTPL				
- net gain/(loss) on disposal	**7,930**	2,479	**(99)**	195
- unrealised gain/(loss) on investment	**(3,928)**	7,570	**357**	(29)
Gain/(loss) on foreign exchange	**2,618**	174	**2,633**	118
Others	**712**	1,324	**2,992**	2,871
	11,156	15,335	**18,619**	14,107

6 Staff costs

Included in staff costs are the contributions to defined contribution plans for the Group and the Company amounting to RM24.02 million (2020: RM20.18 million) and RM22.07 million (2020: RM18.13 million).

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7 Profit before zakat and taxation

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Profit before taxation is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	**150**	150	**99**	99
- non-audit fees	**41**	41	**28**	28
Directors' remuneration:				
- fees	**762**	731	**321**	321
- other allowances	**256**	266	**174**	184
- other emoluments	**105**	34	**47**	2
Rental of:				
- premises	**182**	74	**173**	67
- equipment	**333**	390	**324**	377
Property, equipment and intangible assets:				
- net (gain)/loss on disposals	**(263)**	(185)	**(264)**	(186)
- write offs	**-**	150	**-**	98
Net unrealised (gain)/loss on foreign exchange	**(1,405)**	942	**(213)**	79
Net unrealised (gain)/loss on manager's stocks	**64**	(48)	**64**	(190)
Net unrealised (gain)/loss on financial asset at FVTPL	**3,928**	(7,570)	**(357)**	29
Unrealised (gain)/loss on Call Option	**-**	(952)	**13,333**	1,503
Remeasurement of selective capital reduction	**23,490**	5,600	**23,490**	5,600

Included in Directors' other emoluments are the estimated monetary value of benefits-in-kind provided to a director during the financial year of the Group and the Company amounted to RM62,300 (2020: 31,150) and RM31,150 (2020: Nil) respectively.

During the financial year, Directors and Officers of the Group and the Company are covered under the Directors and Officers Liability Insurance ("D&O Insurance") and Crime and Professional Indemnity Insurance ("CCPI Insurance") in respect of liabilities arising from acts committed in their capacity as Directors and Officers of the Group and the Company pursuant to the terms of the D&O Insurance policy and CPPI Insurance policy respectively. The total amount of premium for the D&O and CCPI Insurance policy paid by the Group and Company amounted to RM214,933 (2020: RM168,000) and RM214,933 (2020: RM168,000) respectively.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8 Taxation

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
In respect of the current financial year:				
Malaysian income tax	**39,522**	29,735	**39,328**	29,721
Deferred tax (Note 14)	**(7,805)**	(6,794)	**(7,805)**	(6,794)
	31,717	22,941	**31,523**	22,927
In respect of prior financial year:				
Malaysian income tax	**2,350**	110	**2,350**	75
	34,067	23,051	**33,873**	23,002

The numerical reconciliation between the applicable statutory income tax rate and the effective income tax rate is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	%	%	**%**	%
Statutory tax rate in Malaysia	**24.0**	24.0	**24.0**	24.0
Tax effects in respect of:				
Expenses not deductible for tax purpose	**6.5**	4.2	**6.2**	3.0
Income not subject to tax	**(9.0)**	(11.8)	**(5.8)**	(7.4)
Under provision in respect of prior financial years	**1.5**	0.1	**1.7**	0.1
Deferred tax asset not recognised	**0.4**	0.3	**-**	-
Utilisation of previously unabsorbed losses	**(0.1)**	-	**-**	-
Deferred tax asset resulting from prosperity tax ("Cukai Makmur")	**(1.7)**	-	**(1.7)**	-
Effective income tax rate	**21.6**	16.8	**24.4**	19.7

The Group's of unutilised accumulated losses is RM9,657,398 (2020: RM6,830,735) as at 31 December 2021.Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, losses can be carried forward for 10 consecutive years of assessment (i.e. from year of assessment 2022 to 2031).

Year of Assessment	Year of Expiry	Amount RM'000
Since inception to 2018	2028	**3,584**
2019	2029	**1,694**
2020	2030	**1,552**
2021	2031	**2,827**
		9,657

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9 Other comprehensive income

	Group	
	2021	2020
	RM'000	RM'000
At beginning of the financial year	**(421)**	119
Exchange differences on translation of foreign operation	**388**	(540)
At end of the financial year	**(33)**	(421)

10 Share capital

	No. of ordinary shares of RM1.00		Group and Company	
	2021	2020	**2021**	2020
	'000	'000	**RM'000**	RM'000
Issued and fully paid:				
At 31.12.2021	**11,111**	11,111	**54,773**	54,773

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11 Investment in subsidiaries

	Company 2021 RM'000	2020 RM'000
At beginning of the financial year	**58,935**	80,008
- Additions	**516**	4,598
- Disposal	**(111)**	(5,281)
- Capital reduction from subsidiary	**-**	(20,390)
- Convertible preference share	**3,500**	-
At end of the financial year	**62,840**	58,935

For both financial year 2020 and 2021, additions comprise the additions of TradePlus Tracker fund and dividend received reinvested to AIIMAN Asia Pacific Ex-Japan Dividend Fund. Whereas partial disposal are from TradePlus Tracker fund.

On 29 January 2021 and 20 December 2021, Bintang Capital Partners Berhad, a subsidiary, has issued 5 and 2 Redeemable Convertible Preference Share ("RCPS") respectively, amounting to RM3.5 million at an issue price of RM500,000 per share, which has been wholly subscribed by the Company.

The subsidiaries of the Group, all of which are incorporated in Malaysia, are as follows:

Name	Country of incorporation	Principal activities	Group's effective interest 2021	2020
AIIMAN Asset Management Sdn. Bhd. ("AIIMAN")	Malaysia	Islamic fund management activities	**100%**	100%
Bintang Capital Partners Berhad ("BCP")	Malaysia	Private equity management	**51%**	51%
AccelVantage Academy Sdn. Bhd. ("AVA")	Malaysia	Training and coaching services	**51%**	51%
Affin Hwang Aiiman Constant Cash Fund 2 ^^	Malaysia	Investment in Shariah-money market instruments	**100%**	-
Aiiman Global Equity Fund ^^	Malaysia	Investment in Shariah-compliant equity instruments	**70%**	59%
Aiiman Asia Pacific Ex-Japan Dividend Fund ^^	Malaysia	Investment in Shariah-compliant equity instruments	**40%**	42%

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11 Investment in subsidiaries (continued)

Name	Country of incorporation	Principal activities	Group's effective interest 2021	2020
TradePlus HSCEI Daily (-1x) Inverse Tracker ^^	Malaysia	Investment in futures contracts	**100%**	75%
TradePlus NYSE FANG+ Daily (2x) Leveraged Tracker ^^	Malaysia	Investment in futures contracts	**89%**	57%
TradePlus NYSE FANG+ Daily (-1x) Inverse Tracker ^^	Malaysia	Investment in futures contracts	**65%**	81%
TradePlus HSCEI Daily (2x) Leveraged Tracker ^^	Malaysia	Investment in futures contracts	**50%**	100%
TradePlus DWA Malaysia Momentum Tracker ^^	Malaysia	Investment in equity instruments	**40%**	50%
Affin Hwang Aiiman Global Sukuk Fund #	Malaysia	Investment in Shariah-compliant fixed income instruments	**-**	36%
Affin Hwang Shariah Gold Tracker Fund #	Malaysia	Investment in Shariah-compliant in gold	**-**	34%

^^ The Funds are deemed as subsidiaries and consolidated into the Group as the Group has controls over the funds in accordance with MFRS 10 'Consolidated Financial Statements'.

The fund has been deconsolidated from the Group as the Group lost control on the fund during the financial year.

The Group's effective interest of holding is shown above.

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12 Investment in associate and joint venture

(a) Associate

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
At beginning of the financial year	**4,108**	3,063	**2,626**	2,626
Add: Share of results of associate	**-**	1,145	**-**	-
Less: Dividend received from associate	**-**	(100)	**-**	-
Less: Derecognition of associate	**(4,108)**		**(2,626)**	-
At end of the financial year	**-**	4,108	**-**	2,626

The derecognition of associate in the Group as follows:

Name	Country of incorporation	Principal activities	Group's effective interest 2021	Group's effective interest 2020
TradePlus S&P New China Tracker	Malaysia	Investment in equity instruments	**6%**	15%

(b) Joint Venture

BCP Asia Partners Sdn Bhd and BCP Asia Partners Offshore Limited were both incorporated as joint venture entities between Bintang Capital Partners Berhad ("BCP") and CMIA Capital Partners Pte. Ltd ("CMIA") during the year. The joint venture entities' objects are limited to serving as the general partner of the funds, namely BCP Asia Fund I LP, and BCP Asia offishore Fund I LP.

BCP owns one (1) Share each at RM1 and US$1 respectively, representing 50% of the issued share capital of the respective joint venture entities.

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13 Financial asset at fair value through profit or loss ("FVTPL")

		Group		Company	
		2021	2020	**2021**	2020
		RM'000	RM'000	**RM'000**	RM'000
Non-current Assets					
At fair value:					
Malaysia					
- Collective Investment Schemes		**10,817**	-	-	-
- Unquoted corporate bonds or Sukuk		**-**	1,024	**-**	1,024
- Exchange Traded Fund		**5,803**	2,820	**5,803**	2,820
- Redeemable Preference Share of a subsidiary		**-**	-	**1,816**	1,497
		16,620	3,844	**7,619**	5,341
Current Assets					
At fair value:					
- Collective Investment Schemes		**35,867**	20,966	**-**	-
- Unquoted corporate bonds or Sukuk		**1,008**	-	**1,008**	-
Quoted securities					
- Equities in Malaysia		**1,565**	1,340	**-**	-
- Equities outside Malaysia		**72,767**	69,299	**-**	-
Unquoted securities					
- Corporate bond or Sukuk in Malaysia		**-**	12,981	**-**	-
- Corporate bond or Sukuk outside Malaysia		**-**	44,489	**-**	-
Derivative financial assets	(a)	**309**	2,428	**41**	26
		111,516	151,503	**1,049**	26
		128,136	155,347	**8,668**	5,367

(a) Derivative financial assets

	Group		Company	
	Contract/ Notional amount	**Assets**	**Contract/ Notional amount**	**Assets**
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Foreign exchange related contracts				
- Currency forwards	**47,318**	**309**	**2,409**	**41**
2020				
Foreign exchange related contracts				
- Currency forwards	107,772	2,428	2,478	26

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14 Deferred tax assets/(liabilities)

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Subject to income tax:				
Deferred tax assets	**23,209**	15,404	**23,209**	15,404

The deferred tax balances comprises temporary differences attributable to:

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Deferred tax assets (before offsetting)				
Accruals	**25,183**	16,823	**25,183**	16,823
Others	**49**	60	**49**	60
Offsetting	**(2,023)**	(1,479)	**(2,023)**	(1,479)
Deferred tax assets (after offsetting)	**23,209**	15,404	**23,209**	15,404
Deferred tax liabilities (before offsetting)				
Property and equipment	**(717)**	(640)	**(717)**	(640)
Manager's stocks	**(3)**	(17)	**(3)**	(17)
Others	**(1,303)**	(822)	**(1,303)**	(822)
	(2,023)	(1,479)	**(2,023)**	(1,479)
Offsetting	**2,023**	1,479	**2,023**	1,479
Deferred tax liabilities (after offsetting)	**-**	-	**-**	-

	Property and equipment RM'000	**Accruals RM'000**	**Manager's stocks RM'000**	**Others RM'000**	**Total RM'000**
Movement of deferred tax assets/(liabilities) as follow:					
Group					
2021					
At 1.1.2021	**(640)**	**16,823**	**(17)**	**(762)**	**15,404**
Recognised in profit or loss					
- Tax expenses	**(77)**	**5,939**	**14**	**(492)**	**5,384**
- Impact on prosperity tax ("Cukai Makmur")	**-**	**2,421**	**-**	**-**	**2,421**
At 31.12.2021	**(717)**	**25,183**	**(3)**	**(1,254)**	**23,209**
2020					
At 1.1.2020	(517)	9,976	(7)	(842)	8,610
Recognised in profit or loss	(123)	6,847	(10)	80	6,794
At 31.12.2020	(640)	16,823	(17)	(762)	15,404

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14 Deferred tax assets/(liabilities) (continued)

	Property and equipment RM'000	Accruals RM'000	Manager's stocks RM'000	Others RM'000	Total RM'000
Movement of deferred tax assets/(liabilities) as follow:					
Company					
2021					
At 1.1.2021	**(640)**	**16,823**	**(17)**	**(762)**	**15,404**
Recognised in profit or loss					
- Tax expenses	**(77)**	**5,939**	**14**	**(492)**	**5,384**
- Impact on prosperity tax ("Cukai Makmur")	**-**	**2,421**	**-**	**-**	**2,421**
At 31.12.2021	**(717)**	**25,183**	**(3)**	**(1,254)**	**23,209**
2020					
At 1.1.2020	(517)	9,976	(7)	(842)	8,610
Recognised in profit or loss	(123)	6,847	(10)	80	6,794
At 31.12.2020	(640)	16,823	(17)	(762)	15,404

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15 Property and equipment

Details of property and equipment are as follows:

	Furniture, fixtures and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Reno-vations RM'000	Total RM'000
Group						
2021						
Cost						
At 1.1.2021	**4,713**	**6,060**	**4,339**	**1,860**	**8,506**	**25,478**
Additions	**27**	**442**	**898**	**107**	**7**	**1,481**
Disposals/Write offs	**(3)**	**(213)**	**(772)**	**(105)**	**(51)**	**(1,144)**
At 31.12.2021	**4,737**	**6,289**	**4,465**	**1,862**	**8,462**	**25,815**
Accumulated depreciation						
At 1.1.2021	**(2,373)**	**(3,548)**	**(2,554)**	**(1,214)**	**(4,092)**	**(13,781)**
Charge for the financial year	**(575)**	**(1,231)**	**(892)**	**(276)**	**(970)**	**(3,944)**
Disposals/Write offs	**1**	**209**	**752**	**105**	**50**	**1,117**
At 31.12.2021	**(2,947)**	**(4,570)**	**(2,694)**	**(1,385)**	**(5,012)**	**(16,608)**
Net book value						
At 31.12.2021	**1,790**	**1,719**	**1,771**	**477**	**3,450**	**9,207**
2020						
Cost						
At 1.1.2020	3,887	5,950	4,144	1,660	7,895	23,536
Additions	828	1,032	906	323	698	3,787
Disposals/Write offs	(2)	(922)	(711)	(123)	(87)	(1,845)
At 31.12.2020	4,713	6,060	4,339	1,860	8,506	25,478
Accumulated depreciation						
At 1.1.2020	(1,753)	(3,123)	(2,284)	(1,004)	(3,189)	(11,353)
Charge for the financial year	(620)	(1,303)	(893)	(325)	(942)	(4,083)
Disposals/Write offs	-	878	623	115	39	1,655
At 31.12.2020	(2,373)	(3,548)	(2,554)	(1,214)	(4,092)	(13,781)
Net book value						
At 31.12.2020	2,340	2,512	1,785	646	4,414	11,697

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15 Property and equipment (continued)

Details of property and equipment are as follows (continued):

	Furniture, fixtures and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovations RM'000	Total RM'000
Company						
2021						
Cost						
At 1.1.2021	4,535	5,857	3,304	1,834	8,050	23,580
Additions	27	403	898	101	7	1,436
Disposals/Write offs	-	(167)	(772)	(103)	(51)	(1,093)
At 31.12.2021	4,562	6,093	3,430	1,832	8,006	23,923
Accumulated depreciation						
At 1.1.2021	(2,311)	(3,422)	(1,826)	(1,200)	(3,894)	(12,653)
Charge for the financial year	(552)	(1,183)	(689)	(270)	(915)	(3,609)
Disposals/Write offs	-	163	752	103	51	1,069
At 31.12.2021	(2,863)	(4,442)	(1,763)	(1,367)	(4,758)	(15,193)
Net book value						
At 31.12.2021	1,699	1,651	1,667	465	3,248	8,730
2020						
Cost						
At 1.1.2020	3,747	5,796	3,109	1,633	7,374	21,659
Additions	788	982	906	313	676	3,665
Disposals/Write offs	-	(921)	(711)	(112)	-	(1,744)
At 31.12.2020	4,535	5,857	3,304	1,834	8,050	23,580
Accumulated depreciation						
At 1.1.2020	(1,711)	(3,040)	(1,763)	(990)	(3,016)	(10,520)
Charge for the financial year	(600)	(1,259)	(686)	(319)	(878)	(3,742)
Disposals/Write offs	-	877	623	109	-	1,609
At 31.12.2020	(2,311)	(3,422)	(1,826)	(1,200)	(3,894)	(12,653)
Net book value						
At 31.12.2020	2,224	2,435	1,478	634	4,156	10,927

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

16 Intangible assets

Details of intangible assets are as follows:

	Computer software RM'000	Goodwill RM'000	Total RM'000
Group			
2021			
Cost			
At 1.1.2021	9,152	7,063	16,215
Additions	1,231	-	1,231
Disposals/Write offs	(29)	-	(29)
At 31.12.2021	10,354	7,063	17,417
Accumulated amortisation			
At 1.1.2021	(3,553)	-	(3,553)
Charge for the financial year	(1,668)	-	(1,668)
Disposals/Write offs	29	-	29
At 31.12.2021	(5,192)	-	(5,192)
Net book value			
At 31.12.2021	5,162	7,063	12,225
2020			
Cost			
At 1.1.2020	12,018	7,063	19,081
Additions	3,849	-	3,849
Disposals/Write offs	(6,715)	-	(6,715)
At 31.12.2020	9,152	7,063	16,215
Accumulated amortisation			
At 1.1.2020	(9,046)	-	(9,046)
Charge for the financial year	(1,222)	-	(1,222)
Disposals/Write offs	6,715	-	6,715
At 31.12.2020	(3,553)	-	(3,553)
Net book value			
At 31.12.2020	5,599	7,063	12,662

The carrying amounts of goodwill allocated to the Group CGUs are as follows:

CGU	31.12.2021 RM'000	31.12.2020 RM'000
Group		
AIIMAN Asset Management Sdn Bhd	1,153,109	614,873

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

16 Intangible assets (continued)

Details of intangible assets are as follows (continued):

The goodwill of the Group arose from the business combination with AIIMAN Asset Management Sdn. Bhd. ("AIIMAN") in 2014.

The recoverable amount of the cash generating unit ("CGU") is determined based on value-in-use calculations using the cash flow projections based on financial budgets or forecasts covering a five-year (2020: five-year) period. Cash flows beyond the fifth-year period are assumed to grow at 4.03% (2020: 4.30%) on a perpetual basis for all CGUs which is based on forecast Gross Domestic Product ("GDP") growth rate of Malaysia.

The cash flow projections are derived based on multiple probability weighted senarios considering a number of key factors including the past performance and the management's expectations of the market developments. It has also taken consideration on the recent development on COVID-19 and economic slowdown. The discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium where applicable, at the date of assessment of the CGUs.

There is no impairment of goodwill as at 31 December 2021 and 31 December 2020. The impairment charge is most sensitive to discount rate, and management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount of the CGU to be lower than its carrying amount.

The estimated terminal growth rates and discount rates used for value in use calculation are as follows:

	Discount rate		Growth rate	
	31.12.2021	31.12.2020	**31.12.2021**	31.12.2020
	%	%	%	%
Group				
AIIMAN Asset Management Sdn Bhd	**6.42**	6.88	**4.03**	4.30

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16 Intangible assets (continued)

Details of intangible assets are as follows (continued):

	Computer software RM'000
Company	
2021	
Cost	
At 1.1.2021	**8,965**
Additions	**1,099**
Disposals/Write offs	**(29)**
At 31.12.2021	**10,035**
Accumulated amortisation	
At 1.1.2021	**(3,482)**
Charge for the financial year	**(1,659)**
Disposals/Write offs	**29**
At 31.12.2021	**(5,112)**
Net book value	
At 31.12.2021	**4,923**

	Computer software RM'000
Company	
2020	
Cost	
At 1.1.2020	11,933
Additions	3,747
Disposals/Write offs	(6,715)
At 31.12.2020	8,965
Accumulated amortisation	
At 1.1.2020	(8,981)
Charge for the financial year	(1,216)
Disposals/Write offs	6,715
At 31.12.2020	(3,482)
Net book value	
At 31.12.2020	5,483

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

17 Right-of-use assets

Details of right-of-use assets are as follows:

	Rental-Office Premises RM'000	Photocopier machine RM'000	Total RM'000
Group			
2021			
Cost			
At 1.1.2021	**11,328**	**1,373**	**12,701**
Additions	**332**	**21**	**353**
Termination	**(624)**	**-**	**(624)**
At 31.12.2021	**11,036**	**1,394**	**12,430**
Accumulated depreciation			
At 1.1.2021	**(5,493)**	**(325)**	**(5,818)**
Charge for the financial year	**(3,736)**	**(294)**	**(4,030)**
Termination	**624**	**-**	**624**
At 31.12.2021	**(8,605)**	**(619)**	**(9,224)**
Net book value			
At 31.12.2021	**2,431**	**775**	**3,206**
2020			
Cost			
At 1.1.2020	12,176	1,048	13,224
Additions	1,049	590	1,639
Termination	(1,897)	(265)	(2,162)
At 31.12.2020	11,328	1,373	12,701
Accumulated depreciation			
At 1.1.2020	(3,528)	(228)	(3,756)
Charge for the financial year	(3,862)	(278)	(4,140)
Termination	1,897	181	2,078
At 31.12.2020	(5,493)	(325)	(5,818)
Net book value			
At 31.12.2020	5,835	1,048	6,883

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

17 Right-of-use assets (continued)

Details of right-of-use assets are as follows (continued):

	Rental-Office Premises RM'000	Photocopier machine RM'000	Total RM'000
Company			
2021			
Cost			
At 1.1.2021	11,239	1,333	12,572
Additions	241	21	262
Termination	(535)	-	(535)
At 31.12.2021	10,945	1,354	12,299
Accumulated depreciation			
At 1.1.2021	(5,443)	(298)	(5,741)
Charge for the financial year	(3,692)	(281)	(3,973)
Termination	536	-	536
At 31.12.2021	(8,599)	(579)	(9,178)
Net book value			
At 31.12.2021	2,346	775	3,121
2020			
Cost			
At 1.1.2020	11,858	994	12,852
Additions	1,049	590	1,639
Termination	(1,668)	(251)	(1,919)
At 31.12.2020	11,239	1,333	12,572
Accumulated depreciation			
At 1.1.2020	(3,320)	(208)	(3,528)
Charge for the financial year	(3,790)	(264)	(4,054)
Termination	1,667	174	1,841
At 31.12.2020	(5,443)	(298)	(5,741)
Net book value			
At 31.12.2020	5,796	1,035	6,831

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

18 Manager's stocks

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
At fair value				
Unit trusts	**4,860**	8,116	**4,860**	8,116

19 Trade receivables

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Amounts due from:				
- unit trust funds	**92,447**	96,451	**92,141**	96,233
- private clients	**18,885**	55,194	**15,662**	40,571
- unitholders	**23,381**	98,273	**22,431**	98,227
- others	**22,763**	12,516	**21,773**	12,400
	157,476	262,434	**152,007**	247,431

The credit terms of trade receivables, which consist of management fees and other fees receivable, initial service charge and proceeds receivable for sales and cancellation of unit trusts, range from 1 to 90 days (2020: 1 to 90 days).

20 Other receivables, deposits and prepayments

	Group		Company	
	2021	2020	**2021**	2020
	RM'000	RM'000	**RM'000**	RM'000
Financial assets				
Other receivables	**3,741**	3,233	**5,137**	3,983
Deposits	**1,429**	1,381	**1,393**	1,347
	5,170	4,614	**6,530**	5,330
Non-financial assets				
Corporate club membership	**100**	100	**100**	100
Prepayments	**3,451**	3,796	**2,968**	3,375
	8,721	8,510	**9,598**	8,805