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

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AFFIN HOLDINGS BERHAD

(Company No. 23218-W)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS
in relation to the**

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

The resolution pertaining to the above proposal is set out in the Notice of the Company's Thirty-Fifth (35th) Annual General Meeting (AGM) which is attached in the Annual Report of the Company for the financial year ended 31 December 2010 together with the Form of Proxy. The Form of Proxy must be lodged at the registered office of the Company at 7th Floor, Chulan Tower, 3, Jalan Conlay, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time stipulated for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy: 16 April 2011 at 10.00 a.m.

Date and time of the AGM: 18 April 2011 at 10.00 a.m.

Venue of AGM: 13th Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur

This Circular is dated 25 March 2011

DEFINITIONS

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

“AACCS”	:	AFFIN-ACF Capital Sdn Bhd (6521-U), a wholly-owned subsidiary of AACF, which in turn is a wholly-owned subsidiary of AFFIN
“AACF”	:	AFFIN-ACF Holdings Sdn Bhd (347428-X), a wholly-owned subsidiary of AFFIN
“ABB”	:	AFFIN Bank Berhad (25046-T), a wholly-owned subsidiary of AFFIN
“Act”	:	Companies Act, 1965, as may be amended from time to time and any re-enactment thereof
“AFFIN” or the “Company”	:	AFFIN Holdings Berhad (23218-W)
“AFFIN-ADB”	:	AFFIN-ADB Sdn Bhd (112325-D) a wholly-owned subsidiary of AFFIN
“AFFIN Fund”	:	AFFIN Fund Management Berhad (22728-T) a wholly-owned subsidiary of AFFIN Investment which in turn is a wholly-owned subsidiary of AFFIN
“AFFIN Group” or the “Group”	:	AFFIN and its subsidiary companies as defined in Section 5 of the Act
“AFFIN Islamic”	:	AFFIN Islamic Bank Berhad (709506-V), a wholly-owned subsidiary of ABB which in turn is a wholly-owned subsidiary of AFFIN
“AFFIN Investment”	:	AFFIN Investment Bank Berhad (9999-V), a wholly-owned subsidiary of AFFIN
“AGM”	:	Annual General Meeting
“AXA AFFIN Life”	:	AXA AFFIN Life Insurance Berhad (723739-W), a 51%-owned subsidiary of AFFIN
“Board”	:	Board of Directors of AFFIN
“Boustead”	:	Boustead Holdings Berhad (3871-H), a major shareholder of AFFIN and a 59.28%-owned subsidiary of LTAT as at LPD
“Boustead REIT”	:	Boustead REIT Managers Sdn Bhd (90953-K)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“CMSA”	:	Capital Market and Services Act, 2007

DEFINITIONS (continued)

“Director”	:	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the Recurrent Related Party Transactions were agreed upon, a director of AFFIN [(or any other company which is its subsidiary or holding company) or a chief executive officer of AFFIN, its subsidiary or holding company]
“Irat”	:	Irat Hotels & Resorts Sdn Bhd (351317-X) a 70%-owned subsidiary of Irat Properties Sdn Bhd (383744-P) which in turn is a 68.83% effectively owned subsidiary of LTAT as at LPD
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities and all amendments thereto
“LPD”	:	28 February 2011, being the latest practicable date prior to the printing of this Circular
“LTAT”	:	Lembaga Tabung Angkatan Tentera, a major shareholder of AFFIN
“Main Market Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“Major Shareholder”	:	A person who is or was within the preceding six (6) months of the date on which the terms of the Recurrent Related Party Transactions were agreed upon, has an interest or interests in one (1) or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is <ol style="list-style-type: none">(i) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or(ii) equal to or more than not less than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company.
		For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act and for the purpose of the Proposed Shareholders Mandate, include a major shareholder of AFFIN or any corporation which is AFFIN’s subsidiary or holding company
“Perwira Niaga”	:	Perbadanan Perwira Niaga Malaysia, a wholly-owned corporation of LTAT
“Proposed Shareholders’ Mandate”	:	Proposed renewal of shareholders’ mandate and proposed additional shareholders mandate for the AFFIN Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations and are in the ordinary course of business of the Group

DEFINITIONS (continued)

“Recurrent Related Party Transactions”	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations and are in the ordinary course of business of the AFFIN Group as specified in section 2.2.2 of this circular
“Related Party Transactions”	:	A transaction entered into by the listed issuer or its subsidiaries which involve the interest, direct or indirect of a Related Party
“Related Party or Related Parties”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder. For the purpose of the Proposed Shareholders’ Mandate, the Related Parties are set out in section 2.2.1.
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Share(s)”	:	Ordinary share(s) of RM1.00 each in AFFIN
“2010 Annual Report”	:	Annual report of AFFIN issued for the financial year ended 31 December 2010

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall also include the feminine gender and vice versa.

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AFFIN HOLDINGS BERHAD

(Company No. 23218-W)
(Incorporated in Malaysia)

Registered Office:

7th Floor, Chulan Tower
3, Jalan Conlay
50450 Kuala Lumpur

25 March 2011

Board of Directors of AFFIN:

Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin (*Chairman*)
Tan Sri Dato' Lodin bin Wok Kamaruddin (*Deputy Chairman, Non Independent Non-Executive Director*)
Maj. Gen. (R) Dato' Mohamed Isa bin Che Kak (*Independent Non-Executive Director*)
Raja Dato' Seri Aman bin Raja Haji Ahmad (*Independent Non-Executive Director*)
Datuk Azzat bin Kamaludin (*Non-Independent Non-Executive Director*)
Dato' Mustafa bin Mohamad Ali (*Independent Non-Executive Director*)
Dr. The Hon. Sir David Li Kwok Po (*Non-Independent Non-Executive Director*)
Professor Arthur Li Kwok Cheung (*Non-Independent Non-Executive Director*)
Abd Malik bin A Rahman (*Independent Non-Executive Director*)
Adrian David Li Man Kiu (*Alternate Director to Dr. The Hon. Sir David Li Kwok Po*)

To: The shareholders of AFFIN

Dear Sir / Madam

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the 34th AGM held on 19 April 2010, the Company had obtained a general mandate from its shareholders for the Company and its subsidiaries to enter into Recurrent Related Party Transactions with Related Parties that are necessary for the day-to-day operations and are in the ordinary course of business carried out on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public.

The said general mandate for Recurrent Related Party Transactions shall, in accordance with the Main Market Listing Requirements, lapse at the conclusion of the forthcoming 35th AGM unless authority for its renewal is obtained from the shareholders of the Company at the said AGM.

In this regard, on 25 March 2011, the Board had announced to Bursa Securities that the company proposes to seek approval from its shareholders for the renewal of general mandate, as well as, additional mandate for the Company and / or its subsidiaries to enter into the Recurrent Related Party Transactions with the classes of Related Parties at the forthcoming 35th AGM in accordance with Paragraph 10.09 of Chapter 10 of the Listing Requirements.

Pursuant to Paragraph 3.1.4 of Practice Note 12 of the Listing Requirements, the Proposed Shareholders' Mandate, if approved by the shareholders of AFFIN, will take effect from the date of the passing of the ordinary resolution proposed at the forthcoming 35th AGM and shall apply until:-

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM is to be held, pursuant to Section 143(1) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of AFFIN in a general meeting;

whichever is earlier.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING THERETO TO BE TABLED AT THE FORTHCOMING AGM.

SHAREHOLDERS ARE ADVISED TO READ THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM.

2. DETAILS OF PROPOSED SHAREHOLDERS' MANDATE

2.1 Principal activities of AFFIN Group

AFFIN is principally an investment holding company while the activities of its subsidiary companies as at LPD are as follows:

Name of company	Effective equity interest held	Principal activities
	%	
ABB	100.00	Provision of commercial banking and hire purchase services
AFFIN Investment	100.00	Provision of investment banking services
AFFIN Moneybrokers Sdn Bhd	100.00	Moneybroking
AFFIN Capital Sdn Bhd	100.00	Dormant
AACF	100.00	Investment holding
AFFIN-ADB	100.00	In members' voluntary winding-up
AXA AFFIN Life	51.00	Underwriting of life insurance business (jointly controlled entity)

Name of company	Effective equity interest held	Principal activities
<i><u>Subsidiary companies of ABB</u></i>		
AFFIN Islamic	100.00	Provision of Islamic banking services
PAB Properties Sdn Bhd	100.00	Property management services
ABB Nominee (Tempatan) Sdn Bhd	100.00	Share nominee services
ABB Nominee (Asing) Sdn Bhd	100.00	Share nominee services
AFFIN Factors Sdn Bhd	100.00	Dormant
ABB Trustee Berhad #	100.00	Trustee management services
PAB Property Development Sdn Bhd	100.00	Dormant
PAB Property Management Services Sdn Bhd	100.00	Dormant
ABB Venture Capital Sdn Bhd	100.00	Dormant
AFFIN Futures Sdn Bhd	100.00	Dormant
ABB IT & Services Sdn Bhd	100.00	Dormant
BSNCB Nominees (Tempatan) Sdn Bhd	100.00	Dormant
BSNC Nominees (Tempatan) Sdn Bhd	100.00	Dormant
AFFIN Recoveries Berhad	100.00	Dormant
BSN Merchant Nominees (Tempatan) Sdn Bhd	100.00	Dormant
BSN Merchant Nominees (Asing) Sdn Bhd	100.00	Dormant
ABB Asset Management (M) Berhad	100.00	Dormant
AFFIN-ACF Nominees (Tempatan) Sdn Bhd	100.00	Dormant
AFFIN-I Goodyear Sdn Bhd	50.00	Property development (jointly controlled entity)

Note:

80% held by ABB's directors in trust for ABB

Name of company	Effective equity interest held	Principal activities
<i><u>Subsidiary companies of AFFIN Investment</u></i>		
AFFIN Fund	100.00	Asset management and management of unit trust
Merchant Nominees (Tempatan) Sdn Bhd	100.00	In members' voluntary winding-up
Classic Precision Sdn Bhd	66.89	Investment holding
AFFIN Nominees (Tempatan) Sdn Bhd	100.00	Nominee services
AFFIN Nominees (Asing) Sdn Bhd	100.00	Nominee services
Merchant Nominees (Asing) Sdn Bhd	100.00	In members' voluntary winding-up
AFFIN Trust Management Berhad	-	Liquidated
<i><u>Subsidiary companies of AACF</u></i>		
AACS	100.00	Dormant
AFFIN Leasing Sdn Bhd	100.00	In members' voluntary winding-up
AFFIN.Com Sdn Bhd	100.00	In members' voluntary winding-up
AFFIN-ACF Management Services Sdn Bhd	100.00	In members' voluntary winding-up
<i><u>Subsidiary company of AFFIN Capital Sdn Bhd</u></i>		
AFFIN Securities Sdn Bhd	100.00	In members' voluntary winding-up

It is envisaged that the companies within the Group would, in the ordinary course of business, enter into the Recurrent Related Party Transactions as detailed in section 2.2.2 of the Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.2 Classes and nature of the Recurrent Related Party Transactions

2.2.1 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to transactions with the following classes of Related Parties:

Related Parties	Relationship
1. Interested Directors	
Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin	Chairman of AFFIN, nominated by LTAT
Tan Sri Dato' Lodin bin Wok Kamaruddin	Common director of AFFIN, ABB, AFFIN Islamic, AFFIN Investment, AXA-AFFIN Life, Boustead, Boustead Properties Berhad ("Boustead Properties"), Boustead Travel Services Sdn Bhd ("Boustead Travel"), Boustead REIT, Boustead Hotel & Resorts Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd and Chief Executive of LTAT
Datuk Azzat bin Kamaludin	Common director of AFFIN and Boustead, nominated by LTAT
David William Matthews	A Director of AXA AFFIN Life, nominated by AXA Asia Pacific Ltd
Loke Kah Meng	A Director of AXA AFFIN Life, nominated by AXA Asia Pacific Ltd
Dato' Mohd Sallehuddin bin Othman	A Director of AXA AFFIN Life, nominated by AXA Asia Pacific Ltd
Dr. The Hon. Sir David Li Kwok Po	A Director of AFFIN, nominated by The Bank of East Asia, Limited
Professor Arthur Li Kwok Cheung	A Director of AFFIN, nominated by The Bank of East Asia, Limited
Adrian David Li Man Kiu	An Alternate Director of AFFIN, nominated by The Bank of East Asia, Limited
Related Parties	Relationship

2. Interested Major Shareholders

LTAT	A major shareholder of AFFIN with 35.66% direct interest and 20.69% indirect interest and a major shareholder of Boustead with 59.28% direct interest as at LPD
Boustead	A major shareholder of AFFIN with a 20.69 % direct interest and a 59.28%-owned subsidiary of LTAT as at LPD
The Bank of East Asia, Limited	A major shareholder of AFFIN with 23.52% direct interest as at LPD

Related Parties	Relationship
AXA Asia Pacific Ltd	A major shareholder of AXA AFFIN Life
3. Persons Connected To Interested Directors and Interested Major Shareholders	
Boustead Properties	A wholly-owned subsidiary of Boustead
Boustead Advertising Sdn Bhd (“Boustead Advertising”)	A wholly-owned subsidiary of Boustead
Boustead Management Services Sdn Bhd (“BMS”)	A wholly-owned subsidiary of Boustead
Boustead Petroleum Marketing Sdn Bhd (“Boustead Petroleum”)	A 37% effectively owned subsidiary of Boustead and a 51.99% effectively owned subsidiary of LTAT as at LPD
Boustead Realty Sdn Bhd (“Boustead Realty”)	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Boustead Travel	A wholly-owned subsidiary of Boustead
Boustead Information Technology Sdn Bhd (“Boustead Information Technology”)	A wholly-owned subsidiary of Boustead
Irat Hotels & Resorts Sdn Bhd (“Irat”)	A 70%-owned subsidiary of Irat Properties Sdn Bhd which in turn is a 68.83%-effectively owned subsidiary of LTAT as at LPD
Perwira Niaga	A wholly-owned corporation of LTAT
Boustead Curve Sdn Bhd (“Boustead Curve”)	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Boustead Hotel & Resorts Sdn Bhd (“Boustead Hotel & Resort”)	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Tricor Investor Services Sdn Bhd (formerly known as PFA Registration Services Sdn Bhd) “Tricor Investor Services”	Tricor Investor Services Sdn Bhd is 100% owned by Tricor Services (M) Sdn Bhd which in turn is an indirect subsidiary of The Bank of East Asia, Limited
Boustead REIT	A 61.91% effectively owned subsidiary of LTAT as at LPD
AXA AFFIN Life	A 51% owned subsidiary of AFFIN
Azzat & Izzat	A law firm in which Datuk Azzat bin Kamaludin is a partner

2.2.2 Nature of Recurrent Related Party Transactions

The nature of the Recurrent Related Party Transactions, which are to be covered by the Proposed Shareholders' Mandate, and the estimated value of the Recurrent Related Party Transactions are as follows:

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to L/PD RM'000
FOR RENEWAL OF SHAREHOLDERS' MANDATE						
AFFIN	BMS	Provision of share registrar services to AFFIN	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	70	60	49
	Irat	Rental payment by AFFIN for rental of office premises, car park and utilities charges payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	760	723	661

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN (continued)	Boustead Travel	Provision of traveling related services to AFFIN	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	21	21	-
	Azzat & Izzat	Legal fees	<u>Interested Director</u> Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	-	1	-
	Boustead Hotels & Resort	Hotel facilities and refreshment provided to AFFIN	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	132	30	69 (i)

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LIPD RM'000
AFFIN (continued)	Boustead Advertising	Artwork and material charges for printing of annual report and other services provided to AFFIN	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	3	8	2
	Tricor Investor Services	Special registrar services provided to AFFIN	<u>Interested Directors</u> Dr. The Hon. Sir David Li Kwok Po, Professor Arthur Li Kwok Cheung and Adrian David Li Man Kiu <u>Interested Major Shareholder</u> The Bank of East Asia, Limited	3	2	2
	Boustead Information Technology	Provision for information technology support services and facility for external storage to AFFIN	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	2	10	15 (ii)

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN (continued)	Boustead	Provision of training for directors and staff in the Group	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	5	60	1
ABB	Perwira Niaga	Rental payment by ABB for rental of office premises payable monthly for a lease term renewable every two (2) years (Lumut Branch), rental payment for Automated Teller Machine (ATM) at Tentera Laut Diraja Malaysia Teluk Sepanggar, Kota Kinabalu every three (3) years, rental payment for ATM machine at PUSASDA, Port Dickson every one (1) year and rental of office premises for Gemas Branch every two (2) years.	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	120	84	73

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
ABB (continued)	Boustead Travel	Provision of traveling related services to ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	900	912	821
	Boustead Properties	Rental payment by ABB for rental of office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	11,100	12,005	10,158
	LTAT	Rental payment by ABB for rental of office premises and car park payable monthly for a lease term renewable every three (3) years	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	620	664	562

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
ABB (continued)	Boustead Curve	Rental payment by ABB for rental of office premises payable monthly for a lease term renewable every three (3) years (The Curve)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	305	328	280
	Boustead Hotels and Resort	Hotel accommodation and training for staff provided to ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	800	331	554 (iii)
	Boustead Advertising	Advertisement in media services provided to ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	3	2	3 (iv)

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN Islamic	Boustead Travel	Provision of traveling related services to AFFIN Islamic	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	400	162	208 (v)
	Boustead Hotel and Resorts	Hotel facilities and refreshment for training provided to AFFIN Islamic	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	10	2	-
AFFIN Investment	Boustead Travel	Provision of traveling related services to AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	536	561	889 (vi)

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN Investment (continued)	Boustead Realty	Rental payment by AFFIN Investment for rental of office premises and car park fees payable monthly for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1,683	1,745	1,454
	Boustead Petroleum	Petrol consumption	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	24	29	18
	Boustead Curve	Rental payment for rental of office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	368	359	294

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN Investment (continued)	Boustead Advertising	Design artwork, marketing advertisement, signing ceremonies backdrop and other related services provided to AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	96	52	27
	Irat	Rental payment by AFFIN Investment for rental of office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	2,712	2,940	2,388
	Boustead Hotel & Resorts	Hotel facilities and refreshment for training provided to AFFIN Investment	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	27	59	47

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN Fund	Boustead Realty	Rental payment by AFFIN Fund for rental of office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	489	455	413
	LTAT	Management fees by LTAT to AFFIN Fund	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	115	90	97
	Boustead REIT	Management fees by Boustead REIT to AFFIN Fund	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	45	43	40

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AFFIN Moneybrokers	Boustead Realty	Rental payment by AFFIN Moneybrokers for rental of office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	336	312	267
	Boustead Advertising	Artwork and material charges for printing of annual report provided to AFFIN Moneybrokers	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1	2	1
	Boustead Travel	Provision of traveling related services to AFFIN Moneybrokers	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	75	75	64

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LPD RM'000
AXA AFFIN Life	Irat	Rental payment by AXA AFFIN Life for rental of office premises, car park and utilities charges for lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	1,500	1,800	1,318
	AXA Asia Pacific Ltd	Provision of information technology support services by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> David William Mathews, Dato' Mohd Sallehuddin bin Othman and Loke Kah Meng <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	6,600	2,600	3,800 (vii)
	AXA Asia Pacific Ltd	Provision of other support services by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> David William Mathews, Dato' Mohd Sallehuddin bin Othman and Loke Kah Meng <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	1,900	3,600	1,731

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date # RM'000	Estimated aggregate value of transaction disclosed in the preceding year's circular dated 26 March 2010 RM'000	Actual value transacted from the previous AGM up to LIPD RM'000
AXA AFFIN Life (continued)	AXA Asia Pacific Ltd	Software development and license fees by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> David William Mathews, Dato' Mohd Sallehuddin bin Othman and Loke Kah Meng <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	6,100	5,000	2,100
	Boustead Travel	Provision of traveling related services to AXA AFFIN Life	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin <u>Interested Major Shareholders</u> LTAT and Boustead	300	250	271
	Boustead Hotel & Resorts	Hotel facilities and refreshment for training provide to AXA AFFIN Life	<u>Interested Directors</u> Tan Sri Dato' Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	100	200	59
Sub-Total				38,261	35,577	28,736

AFFIN Group	Related Party	Nature of transaction	Interested Directors / Major Shareholders / person(s) connected to interested Directors or interested Major Shareholders (a)	Estimated aggregate value of transaction from date of 35th AGM to the next AGM date #	Estimated value disclosed in the preceding year's circular dated 26 March 2010
FOR ADDITIONAL SHAREHOLDERS' MANDATE					
				RM'000	RM'000
ABB	Boustead Petroleum	Petrol consumption by ABB	<u>Interested Directors</u> Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin, Tan Sri Dato' Lodin bin Wok Kamaruddin and Datuk Azzat bin Kamaludin	48	-
AFFIN Investment	Boustead	Rental of conference room meeting by AFFIN Investment	<u>Interested Major Shareholders</u> LTAT and Boustead	1	-
Sub-total				49	-
GRAND TOTAL				38,310	35,577

Notes:

- (a) # The nature of relationship with the Related Party is outlined in section 2.2.1 of this Circular.
The estimated aggregate value of transactions are derived from the sums incurred or received during the past year, based on normal level of transactions entered into by the Group. However the actual value of these transactions may differ from the estimated value stated which is subject to change.
- i. The excess in transacted amount is due to higher number of various trainings conducted throughout the period by AFFIN.
ii. The excess in transacted amount is due to higher cost for technical support services for MDAEMON e-mail server for year 2010.
iii. The excess in transacted amount is due to higher number of various trainings conducted throughout the period by ABB.
iv. The excess in transacted amount is due to higher advertising cost for the advertisement of financial year 2009 results.

- v. *The excess in transacted amount is due to higher air tickets and travelling expenses incurred for staff, mainly those incurred in respect of proposed acquisition of PT Bank Ina Perdana, Indonesia.*
- vi. *The excess in transacted amount is due to higher air tickets and travelling expenses incurred for staff team building in Phuket, Thailand in November 2010*
- vii. *The excess in transacted amount is due to cost of RM 800,000.00 for new project on technology services which was not provided in previous circular's amount.*

2.3 Basis of estimates

The abovementioned estimated values in respect of each transaction referred to above are based on prevailing prices obtained from the Related Parties which are reasonable market-competitive prices and are derived from the sums incurred or received during the past year, based on the normal level of transactions entered into by the Group. The estimated amounts are further based on the assumptions that current level of operations will continue and all external conditions remain constant.

2.4 Review procedures in relation to Recurrent Related Party Transactions

The AFFIN Group has internal control systems to ensure that the Recurrent Related Party Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are not more favourable to the Related Parties than those extended to third parties / public and are not to the detriment of the minority shareholders.

To monitor the Recurrent Related Party Transactions, the procedures adopted by the AFFIN Group are as follows:

- (a) a list of the Related Parties is circulated within the AFFIN Group and all Related Parties are notified that all Recurrent Related Party Transactions are required to be undertaken on normal commercial terms;
- (b) the Recurrent Related Party Transactions would be reviewed by the senior management of AFFIN or its subsidiary companies before they are entered into to ensure that the terms are not more favourable than those generally available to the public;
- (c) at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the Audit Committee in its review of the Recurrent Related Party Transactions may, as it deems fit and whenever available, request for additional information pertaining to the transactions from independent sources or advisers and that the Recurrent Related Party Transactions are not detrimental to the AFFIN Group;

- (d) the annual internal audit plan shall incorporate a review of all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals from the Board and shareholders have been obtained and review procedures are followed;
- (e) the Board and the Audit Committee shall review the internal audit reports to ascertain that the procedures established to monitor Recurrent Related Party Transactions have been complied with;
- (f) if a member of the Board or of the Audit Committee has an interest, as the case may be, he shall abstain from any decision making by the Board or Audit Committee in respect of the said transactions;

(g) Thresholds of authority

There are no specific thresholds for approval of Recurrent Related Party Transactions within the AFFIN Group. However, all Recurrent Related Party Transactions are subject to the approval of the appropriate levels of authority as determined by Senior management and/or the Board from time to time, subject to the provisions in the Listing Requirements and/or the Act, where necessary;

(h) where any Director has an interest (direct or indirect) in any Recurrent Related Party Transactions, such Director shall abstain from deliberations and decision making;

(i) a register shall be maintained by the Company to record all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate; and

(j) save as stated above, the transaction prices, terms and conditions are determined by market forces and are comparable to those applicable transactions with the public, which depend on the demand and supply of the products and services. The rental of the properties is determined by negotiated rates, after taking into account the prevailing market rates for the same or substantially similar properties in terms of space occupied and amenities / facilities offered and are on normal commercial terms.

2.5 Audit Committee statement

The Audit Committee has seen and reviewed the procedures mentioned in section 2.4 and is satisfied that the review procedures for the Recurrent Related Party Transactions, as well as the annual review to be made by the Audit Committee in relation thereto, are sufficient to ensure that the Recurrent Related Party Transactions:

- (i) will be made at arm's length and in accordance with the Company's normal commercial terms,
- (ii) not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders and the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner.

The Audit Committee shall annually review the Recurrent Related Party Transactions and also review the established guidelines and procedures to ascertain that they have been complied. If during the periodic review, the Audit Committee is of the opinion that the guidelines and procedures are not sufficient to ensure that the Recurrent Related Party Transactions will be conducted at arm's length basis and on normal commercial terms in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public and will not be prejudicial to the shareholders or disadvantageous to the Company, the Company will obtain a fresh shareholders' mandate based on new guidelines and procedures.

2.6 Disclosure in annual report

Disclosure will be made in the Company's annual report in respect of transactions conducted pursuant to the Proposed Shareholders' Mandate. In accordance with applicable approved accounting standards in Malaysia and Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, the annual report will set out a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

2.7 Effects of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is not expected to have any material effects on the earnings per share and net assets at the Group level, issued and paid-up share capital and substantial shareholders' shareholdings of the Company.

3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The rationales for the Proposed Shareholders' Mandate to the AFFIN Group are as follows:

- (a) the Proposed Shareholders' Mandate will empower the Group to enter into transactions with Related Parties which are necessary in day-to-day operations of the Group, undertaken at arm's length, normal commercial terms, on terms not more favourable to the Related Party than those generally made available to the public and are not detrimental to the minority shareholders;
- (b) the Proposed Shareholders' Mandate will substantially reduce the expenses associated with convening of general meetings on an ad hoc basis and hence will reduce the expenses associated therewith; and
- (c) the Recurrent Related Party Transactions entered into by the Group are intended to meet business needs at the best possible terms which will be of benefit to all the companies within the AFFIN Group.

4. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the non-interested shareholders of the Company at the forthcoming AGM.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

The direct and indirect shareholdings of the interested Directors and interested Major Shareholders in AFFIN as per the Register of Directors' Shareholdings and Register of Substantial Shareholders and Record of Depositors as at LPD are as follows:

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Interested Directors				
Gen. (R) Tan Sri Dato' Seri Mohd Zahidi bin Haji Zainuddin	30,000	*	-	-
Tan Sri Dato' Lodin bin Wok Kamaruddin	808,714 [#]	0.05	-	-
Datuk Azzat bin Kamaludin	110,000	0.01	-	-
Dr. The Hon. Sir David Li Kwok Po	-	-	-	-
Professor Arthur Li Kwok Cheung	-	-	-	-
Adrian David Li Man Kiu (Alternate Director to Dr. The Hon. Sir David Li Kwok Po)	-	-	-	-
David William Matthews	-	-	-	-
Loke Kah Meng	-	-	-	-
Dato' Mohd Sallehuddin bin Othman	-	-	-	-
Interested Major Shareholders				
LTAT	532,971,563	35.66	309,240,407 [@]	20.69
Boustead	309,240,407	20.69	-	-
The Bank of East Asia, Limited	351,494,226	23.52	-	-
AXA Asia Pacific Ltd	-	-	-	-

Notes:

[#] 8,714 units of ordinary shares are held in trust by a nominee company

* Insignificant

[@] Deemed interested pursuant to Section 6A of the Act

The aforementioned interested Directors, where applicable, had abstained and will continue to abstain from all deliberations and voting in respect of their direct and/or indirect interest in relation to the Proposed Shareholders' Mandate at the Company's Board meetings.

The aforementioned interested Directors and Major Shareholders will abstain and have undertaken to ensure that the persons connected to them, if any, will also abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Shareholders' Mandate at the AGM to be convened.

Save as disclosed above, none of the other Directors and Major Shareholders or any persons connected with the Directors and/or Major Shareholders as defined in the Listing Requirements have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

6. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, the Board (save and except for the interested Directors, who are deemed interested in the Proposed Shareholders' Mandate and have abstained from giving an opinion in respect of the Proposed Shareholders' Mandate) is of the opinion that the Proposed Shareholders' Mandate is in the best interest of AFFIN and its shareholders.

Accordingly, the Board (save and except for the interested Directors of AFFIN, who are deemed interested in the Proposed Shareholders' Mandate and have abstained from recommending in respect of the Proposed Shareholders' Mandate) recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

7. AGM

The AGM of the Company, the notice of which is enclosed in the 2010 Annual Report, will be held at 13th Floor, Bangunan LTAT, Jalan Bukit Bintang, 55100 Kuala Lumpur on 18 April 2011 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's registered office not less than forty-eight (48) hours before the time fixed for the AGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person should you subsequently wish to do so.

8. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board
AFFIN HOLDINGS BERHAD

MAJ. GEN. (R) DATO' MOHAMED ISA BIN CHE KAK
Independent Non-Executive Director

APPENDIX I

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually, accept full responsibility for the accuracy of the information contained herein and confirm that after having taken due care and making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, AFFIN and / or its subsidiary companies have not entered into any material contract outside the ordinary course of business, during the two (2) years immediately preceding the date of this Circular:-

- a) AFFIN had on 2 March 2010 entered into the following shareholders' agreement to amongst others record the respective rights and obligations of the shareholders of AXA AFFIN General Insurance Berhad (AAGI), a 40%-owned associate company of AFFIN pursuant to the acquisition of the entire share capital of BHI Insurance (M) Sdn Bhd by AAGI :-
 - i. Shareholders' Agreement between AXA S.A, AFFIN and AAGI; and
 - ii. Shareholders' Agreement between AXA S.A, AFFIN, Felda Marketing Services Sdn Bhd and AAGI.

- b) ABB had on 4 August 2010 entered into the following agreements:-
 - i. Share Purchase Agreement between ABB and P.T. Kharisma Prima Karya ("Vendor") for the acquisition of 65,280,000 existing ordinary shares of Indonesian Rupiah ("Rp") 1,000 each in PT Bank Ina Perdana (Bank Ina) ("Existing Shares"), representing 20.82% of the enlarged issued and paid-up share capital of Bank Ina for a cash consideration to be determined later;
 - ii. Subscription Agreement between ABB, the Vendor and Bank Ina for the subscription of 185,600,000 new ordinary shares of par value to be determined later in Bank Ina ("New Shares"), representing 59.18% of the enlarged issued and paid-up share capital of Bank Ina for a cash consideration to be determined later;
 - iii. Call Option Agreement between ABB and the Vendor pursuant to which the Vendor irrevocably agreed to grant ABB an option for ABB to call on the Vendor to require it to sell to ABB all or any of 56,488,856 Existing Shares held by the Vendor ("Option Shares") representing 18.01% of the enlarged issued and paid-up share capital of Bank Ina at a call option price to be determined later;
 - iv. Put Option Agreement between ABB and the Vendor pursuant to which ABB irrevocably agreed to grant the Vendor an option for the Vendor to put to ABB to require it to purchase from the Vendor all or any of the Option Shares at a put option price to be determined later;
 - v. Non-competition Agreement between ABB and the Vendor whereby the Vendor agrees for itself and shall procure that Bapak Oki Widjaja (a director and substantial

shareholder of the Vendor), shall not venture or participate directly and/or indirectly in any business which competes with the business of Bank Ina in the Republic of Indonesia within a period of three (3) years from the date of completion of the acquisition of Bank Ina (Closing Date); and

- vi. Shareholders Agreement between ABB, the Vendor and Bank Ina setting out certain commitments and their rights as shareholders of Bank Ina from the Closing Date.

In addition, ABB had on 3 September 2010 entered into an Escrow Agreement with the Vendor and PT Bank Central Asia Tbk (“Escrow Agent”) to facilitate the deposit of USD 8,000,000 or its equivalent in Rp for the acquisition of Bank Ina by ABB into the escrow account maintained with the Escrow Agent whom shall be authorised to hold the same until the Closing Date.

3. MATERIAL LITIGATION

Saved as disclosed below, neither AFFIN nor any of its subsidiaries is engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors of AFFIN do not have any knowledge of proceedings pending or threatened against AFFIN and/or its subsidiaries, of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of AFFIN and/or its subsidiaries.

BSNC Corporation Berhad vs. AFFIN and ABB

As part of a merger of banking businesses, by an Agreement dated 30 August 2000 (“the Acquisition Agreement”) between AFFIN, ABB, BSN Commercial Bank (Malaysia) Berhad (“BSNC”) and Bank Simpanan Nasional Berhad (“BSN”), it was agreed that all banking assets and liabilities of BSNC would be sold to ABB in consideration of a purchase price of RM338,560,000 to be paid partly in cash and partly in AFFIN shares (“the Purchase Price”). Pursuant to clause 2.1.5 of the Acquisition Agreement, BSNC and BSN undertook to ABB that debts other than those reflected as bad or doubtful debts in the audited financial statements of BSNC will be recoverable in the ordinary course of business. For the debts not recoverable, BSNC undertook to pay ABB within 30 days from the date of receipt of the ABB’s letter of demand, the amounts claimed subject to a limit of 30% of the Purchase Price amounting to RM101,568,000.

Subsequent to the merger, an audit was conducted and it was found that there had been significant under provisioning of bad and doubtful debts by BSNC. AFFIN, ABB and BSN agreed that the purchase price payable to BSNC would be reduced to compensate for this under provisioning (“the Settlement Agreement”). In return, it was agreed that ABB would assign the bad and doubtful debts to BSNC under clause 2.1.5 of the Acquisition Agreement, subject to approval being given to both parties by regulatory authorities for the reassignment. However, the accounts to be reassigned to BSNC were not identified then.

Dispute arose when ABB subsequently did not agree with BSNC on the assignment of 106 non performing accounts with gross amount of RM988,000,000 or net amount of RM578,000,000 which have been identified unilaterally by BSNC. In 2005, BSNC issued an Originating Summons against AFFIN and ABB seeking an order for ABB to reassign the 106 accounts to BSNC.

On 30 November 2009, the Court fixed the matter for further case management where filing of documents, statement of agreed/non-agreed facts and statements of issues will be tried accordingly. On 20 August 2010 when the matter came up for case management before the judge, both counsels briefed the Judge on the facts of this case. The judge suggested for both parties to come to a settlement, in the event that there is still room for negotiation.

On 8 September 2010, the Plaintiff's solicitors requested for an adjournment at the trial. The judge vacated the trial dates and set the matter down for case management on 8 October 2010 which was further postponed to 10 December 2010. On 10 December 2010 the matter was fixed for trial on 4,5,6,7 and 8 April 2011.

The Directors are of the opinion that the probable outcome of the legal case is still uncertain at this junction and it is too preliminary to quantify the financial impact to both ABB and the Group.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 7th Floor, Chulan Tower, 3 Jalan Conlay, 50450 Kuala Lumpur during normal business hours from the date hereof up to and including the date of the forthcoming AGM:

- (i) the Memorandum and Articles of Association of AFFIN;
- (ii) the audited financial statements of the AFFIN Group for the last two (2) financial years ended 31 December 2009 and 2010;
- (iii) the material contracts referred in Section 2 above; and
- (iv) the legal documents for material litigation referred to in Section 3 above.