

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.

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AFFIN BANK BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE PLAN IN THE FORM OF AN
EMPLOYEES' SHARE GRANT SCHEME**

AND

EXTRACT OF THE NOTICE OF ANNUAL GENERAL MEETING

Principal Adviser



AFFIN HWANG INVESTMENT BANK BERHAD

(Registration No.: 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions pertaining to the above proposal are included as special businesses and are set out in the notice of the Company's 47th Annual General Meeting ("**AGM**") ("**Notice of AGM**") which is included in the Annual Report of the Company for the financial year ended 31 December 2022 together with the Form of Proxy. The AGM 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 Level 26, Auditorium, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia. Further details are enclosed in the Notice of AGM.

The Form of Proxy must be deposited at our share registrar's office, **Tricor Investor & Issuing House Services Sdn Bhd**, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or at the 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 set for holding the AGM or any adjournment thereof.

Alternatively, the Form of Proxy may be deposited via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. Please refer to the Administrative Notes for the 47th AGM for further information on electronic submission. The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the AGM should you subsequently wish to do so.

Date and time of the AGM : Thursday, 25 May 2023 at 10:00 a.m.

Last date and time for lodging the Form of Proxy : Tuesday, 23 May 2023 at 10:00 a.m.

This Circular is dated 26 April 2023

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	: Companies Act 2016
Affin, ABB or Company	: Affin Bank Berhad (Registration No.: 197501003274 (25046-T))
Affin Group or Group	: Affin and its subsidiary companies, collectively
Affin Hwang IB	: Affin Hwang Investment Bank Berhad (Registration No.: 197301000792 (14389-U))
Affin Share(s), ABB Share(s) or Share(s)	: Ordinary share(s) in Affin
AGM	: Annual general meeting of Affin
Announcements	: Announcements dated 13 July 2022, 29 August 2022, 30 August 2022 and 9 March 2023 in relation to the Proposed SGS
Annual Report	: Annual report of Affin for the financial year ended 31 December 2022
BNM	: Bank Negara Malaysia
Board	: Board of Directors of Affin
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
By-Laws	: The terms and conditions of the Proposed SGS as amended, modified and/or supplemented from time to time, the draft of which is as set out in Appendix I of this Circular
Circular	: This circular to our shareholders dated 26 April 2023 in relation to the Proposed SGS
Constitution	: The constitution of Affin
Datuk Wan	: Datuk Wan Razly Abdullah Wan Ali, our Company's President & Group Chief Executive Officer
Director	: A natural person who holds a directorship in our Company or any company within our Group, whether in an executive or non-executive capacity
Effective Date	: The date that the Proposed SGS takes effect, being the date of full compliance with all relevant requirements of the Listing Requirements as set out in Section 2.5 of this Circular
Eligible Employee(s)	: Employees of our Group (excluding our dormant subsidiary companies) who fulfil the eligibility criteria and have been selected to participate in the Proposed SGS by our Board, on the recommendation of the GBNRC, subject to the terms and conditions of the By-Laws
EPS	: Earnings per Share

DEFINITIONS (Cont'd)

Executive Director	:	A Director who is on the payroll of our Company or its non-dormant subsidiaries and is involved in the day-to-day management of any company within our Group
FYE	:	Financial year ended
GBNRC	:	Group Board Nomination and Remuneration Committee of Affin
Grant(s)	:	An Offer which has been made to and accepted by an Eligible Employee(s)
Grant Period	:	In relation to a Grant, the period for the vesting of the Affin Shares under a Grant which will be based on a vesting schedule as determined by our Board and as set out in the Offer
Grantee(s)	:	An Eligible Employee(s) selected by our Board and who has accepted the Offer(s) in the manner provided in the By-Laws
Illustrative Issue Price	:	RM2.00, being the illustrative issue price per Affin Share to be issued under the Proposed SGS, which represents the 5-day VWAP of the Shares up to and including the LPD
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 March 2023, being the latest practicable date prior to the printing of this Circular
Maximum Shares	:	The maximum number of Affin Shares which may be made available under the Proposed SGS shall not in aggregate exceed 5% of our Company's total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS
MFRS 2	:	Malaysian Financial Reporting Standards 2 on "Share-Based Payment" issued by the Malaysian Accounting Standards Board
NA	:	Net assets
Offer(s)	:	An offer made in writing to an Eligible Employee by the GBNRC, subject to the approval of our Board and the terms and conditions of the By-Laws
Proposed SGS	:	Proposed establishment of a long-term incentive plan in the form of an employees' share grant scheme of up to 5% of the total number of issued shares of the Affin (excluding treasury shares, if any) at any point in time during the duration of the share grant scheme for the Eligible Employees
Reward Scheme	:	Reward scheme for the key senior management of Affin Group that was announced by Affin on 1 April 2022
RM and sen	:	Ringgit Malaysia and sen, respectively
Termination Date	:	Being the effective date of termination of the Proposed SGS
Trust	:	The trust established to facilitate the implementation of the Proposed SGS (if required)

DEFINITIONS (Cont'd)

Trust Deed	:	The trust deed constituting the Trust
Trustee	:	The trustee for the time being to be appointed by our Company for the Proposed SGS
Vesting Date	:	The date on which the Affin Shares pursuant to a Grant is vested to a Grantee
VWAP	:	Volume-weighted average market price

References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, our subsidiary companies. All references to “you” are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Any reference to persons shall include corporations, unless otherwise stated.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force 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 time, unless otherwise stated.

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

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TABLE OF CONTENTS

	PAGE
LETTER TO OUR SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED SGS	3
3. UTILISATION OF PROCEEDS	9
4. RATIONALE FOR THE PROPOSED SGS	9
5. EFFECTS OF THE PROPOSED SGS	10
6. HISTORICAL SHARE PRICES	14
7. APPROVALS REQUIRED	14
8. CONDITIONALITY	15
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	15
10. DIRECTORS' STATEMENT AND RECOMMENDATION	16
11. ESTIMATED TIMEFRAME FOR COMPLETION	16
12. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	16
13. AGM	17
14. FURTHER INFORMATION	18
APPENDICES	
I DRAFT BY-LAWS OF THE PROPOSED SGS	19
II FURTHER INFORMATION	40
EXTRACT OF THE NOTICE OF AGM	ENCLOSED



AFFIN BANK BERHAD
(Registration No.: 197501003274 (25046-T))

Registered Office:

Level 19, Menara Affin
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur

26 April 2023

Board of Directors:

Dato' Agil Natt	<i>(Chairman, Independent Non-Executive Director)</i>
Dato' Mohd Hata Bin Robani	<i>(Independent Non-Executive Director)</i>
Dato' Abdul Aziz Bin Abu Bakar	<i>(Independent Non-Executive Director)</i>
Chan Tze Ching, Ignatius	<i>(Non-Independent Non-Executive Director)</i>
Dato' Rozalila Binti Abdul Rahman	<i>(Independent Non-Executive Director)</i>
Yuen Wai Hung, Peter	<i>(Non-Independent Non-Executive Director)</i>
Marzida Binti Mohd Noor	<i>(Independent Non-Executive Director)</i>
Gregory Jerome Gerald Fernandes	<i>(Independent Non-Executive Director)</i>
Chan Wai Yu	<i>(Independent Non-Executive Director)</i>
Mohammad Ashraf Bin Md Radzi	<i>(Non-Independent Non-Executive Director)</i>

To: The Shareholders of Affin

Dear Sir/Madam,

PROPOSED SGS

1. INTRODUCTION

On 13 July 2022, our Board had announced Affin's proposal to establish and implement a long-term incentive plan in the form of an employees' share grant scheme pursuant to the requirements of BNM's Policy Document on Corporate Governance. On 29 August 2022, Affin Hwang IB had, on behalf of our Board, announced the details in relation to the Proposed SGS in accordance with the Listing Requirements.

On 9 March 2023, Affin Hwang IB had, on behalf of our Board, announced that we have obtained BNM's approval, *vide* its letter dated 6 March 2023 (which was received on 9 March 2023), for Affin to increase its issued ordinary share capital by up to 5% arising from the issuance of new Affin Shares under the Proposed SGS.

On 18 April 2023, Affin Hwang IB had, on behalf of our Board, announced that Bursa Securities had, *vide* its letter dated 17 April 2023, approved the listing of such number of new Affin Shares, representing up to 5% of the total number of issued shares of Affin, on the Main Market of Bursa Securities to be issued pursuant to the Proposed SGS, subject to the conditions as set out in Section 7 of this Circular.

For your information, the Proposed SGS will be undertaken in addition to the Reward Scheme for the key senior management of Affin and its wholly owned subsidiaries, that was announced by our Company on 1 April 2022. The Reward Scheme would differ from the Proposed SGS in that the Reward Scheme entails the deferred payment of a portion of the discretionary performance bonus for the key senior management in the form of existing Affin Shares. The deferred payment is also subject to the satisfactory performance of the key senior management personnel.

The Affin Shares to be awarded under the Proposed SGS to Eligible Employees (who may include such key senior management) may vest to them over a longer period, and will be based on performance targets and such other vesting conditions, if any.

The payout of discretionary performance bonus in the form of existing Affin Shares commenced in 2022. As at the LPD, the total number of Affin Shares that have been purchased under the Reward Scheme for the FYE 2021 discretionary performance bonus is 1,555,897 Shares. The Affin Shares purchased under the Reward Scheme have yet to be allocated to our key senior management as at the LPD. Our Company intends to implement the Reward Scheme on a yearly basis until such time as may be determined by our Board at their discretion.

The details of the Proposed SGS are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SGS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED SGS TO BE TABLED AS SPECIAL BUSINESSES AT OUR COMPANY'S FORTHCOMING AGM. THE EXTRACT OF THE NOTICE OF AGM IS ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED SGS TO BE TABLED AS SPECIAL BUSINESSES AT OUR COMPANY'S FORTHCOMING AGM.

PURSUANT TO CLAUSE 9 OF OUR CONSTITUTION READ TOGETHER WITH SUBSECTION 85(1) OF THE ACT, YOU HAVE PRE-EMPTIVE RIGHTS OVER ALL UNISSUED AND NEW AFFIN SHARES WHICH SHALL FIRST BE OFFERED TO YOU UNLESS OTHERWISE DETERMINED BY OUR COMPANY IN GENERAL MEETING.

BY VOTING IN FAVOUR OF THE RESOLUTIONS PERTAINING TO THE PROPOSED SGS, YOU WILL IN EFFECT BE DETERMINING IN A GENERAL MEETING TO WAIVE YOUR PRE-EMPTIVE RIGHTS WHICH YOU ARE ENTITLED TO PURSUANT TO OUR CONSTITUTION, READ TOGETHER WITH SUBSECTION 85(1) OF THE ACT AND AGREEING TO ANY ISSUANCE OF NEW AFFIN SHARES PURSUANT TO THE PROPOSED SGS. PLEASE REFER TO SECTION 2.11 OF THIS CIRCULAR FOR FURTHER DETAILS ON THE PRE-EMPTIVE RIGHTS PURSUANT TO OUR CONSTITUTION AND SUBSECTION 85(1) OF THE ACT.

2. DETAILS OF THE PROPOSED SGS

The Proposed SGS will be offered to the Eligible Employees within our Group (excluding our dormant subsidiary companies), as stipulated by the By-Laws governing the Proposed SGS. For avoidance of doubt, the Proposed SGS will not be extended to our Group's joint-venture and associate companies.

The Proposed SGS serves to attract, retain, motivate and reward the Eligible Employees through the award of Affin Shares that will be vested to selected Eligible Employees upon them attaining certain performance objectives and any other vesting conditions as may be determined by our Board in its discretion. Details of the eligibility criteria of the Eligible Employees are set out in Section 2.3 of this Circular.

The Proposed SGS will be administered by the GBNRC in accordance with the By-Laws and will comprise such number of our Company's independent non-executive directors as may be appointed from time to time. The GBNRC will administer the Proposed SGS in such manner pursuant to the terms of reference of the GBNRC in relation to the Proposed SGS, which is subject to the approval of our Board.

In implementing the Proposed SGS, the GBNRC, subject to the approval of our Board, will make the Offer to selected Eligible Employees during the duration of the Proposed SGS. Eligible Employees who accept the Offer will be granted Affin Shares to be vested in accordance with the Offer and the By-Laws.

In relation to each Grant, the Affin Shares will be vested to the Grantees during the Grant Period i.e. the Affin Shares will be vested to the Grantees on a date to be determined by our Board provided that the performance targets and vesting conditions set out in the Offer have been fulfilled. Details on the performance targets and vesting conditions are set out in Section 2.4 of this Circular.

Our Board, on the recommendation of the GBNRC may, at its absolute discretion, decide that the Grants, be settled, wholly or partly, by any of the following methods:

- (i) issuance of new Affin Shares;
- (ii) acquisition of existing Affin Shares from the Main Market of Bursa Securities;
- (iii) transfer of our Company's treasury shares, if any;
- (iv) payment of cash in lieu of (i), (ii) and (iii);
- (v) other methods as may be permitted by the Act and the Listing Requirements, as amended from time to time and any reenactment thereof, if any; or
- (vi) a combination of any of the above.

In determining the method of settlement, our Board will consider, among others, factors such as the issue price of new Affin Shares, the prevailing market price of the Affin Shares, funding consideration and cash requirements of our Group, the potential cost arising from the vesting of the Affin Shares, the dilutive effects on our Company's share capital base as well as any applicable laws and/or regulatory requirements and/or administrative constraints, if relevant.

Our Board will, at its sole discretion, consider settlement of the Grants in cash if our Board believes that the methods of settlement as stated in (i), (ii) and/or (iii) above will or is likely to result in, amongst others:

- our Company or Group being non-compliant with any provisions of the Act, Listing Requirements or By-Laws;

- in the event that any of the Eligible Employees is unable to receive the vested Affin Shares for whatsoever reason; or
- significant dilutive impact to our substantial shareholders' shareholdings or the triggering of By-Law 7.8 as a result of (i), (ii) and/or (iii) above.

The salient terms of the Proposed SGS are set out as follows:

2.1 Maximum number of Affin Shares available under the Proposed SGS

As at LPD, our Company has an issued share capital of RM5,245,446,795 comprising 2,273,889,127 Affin Shares.

The maximum number of Affin Shares which may be made available under the Proposed SGS shall not in aggregate exceed 5% of our Company's total number of issued Shares (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS.

In the event the aggregate number of Shares which may be awarded under the Proposed SGS exceeds the Maximum Shares at any point in time as a result of our Company purchasing and/or cancelling Shares in accordance with the provisions of the Act or undertaking any corporate proposal(s) resulting in the reduction of our Company's total number of issued Shares, no further Offer shall be awarded by our Board until such aggregate number of Affin Shares already awarded under the Grant to the Grantees (and the corresponding number of Shares to be issued/transferred upon vesting of the Affin Shares) falls below the Maximum Shares. During this period, entitlement to the Shares arising from the Grant which have already been awarded at that point in time shall remain valid in accordance with the By-Laws.

2.2 Basis of allocation and maximum allowable allocation

Our Board, on the recommendation of the GBNRC will, at its sole and absolute discretion, determine the total number of Shares that may be offered and allocated to each Eligible Employee under the Proposed SGS at any time, after taking into consideration, among other factors, the designation, performance and contribution of the Eligible Employee and such other criteria as our Board may deem relevant (subject to the By-Laws and any applicable law).

Notwithstanding the foregoing, not more than 10% of the total number of Shares to be made available under the Proposed SGS shall be allocated to any Eligible Employee who, either singly or collectively through persons connected with them, holds 20% or more of the total number of issued Shares of our Company (excluding treasury shares, if any). Eligible Employees shall also not participate in the deliberation or discussion of their respective allocations as well as allocations to persons connected with them, if any, in accordance with the Listing Requirements.

Up to a maximum of 60% of the total number of the Affin Shares made available under the Proposed SGS could be allocated to Eligible Employees who are executive directors and senior management of our Group (excluding our dormant subsidiary companies) and subject to the Maximum Shares available. In arriving at this allocation, our Company has considered the number of eligible senior management whereby the allocation to such individuals is intended to incentivise them for their commitment, dedication, loyalty and attainment of higher performance.

Our Board, on the recommendation of the GBNRC, shall have the sole and absolute discretion in determining whether the Grants under the Proposed SGS will be offered to the Eligible Employees through:

- (a) a single Offer at a time determined by our Board; or
- (b) several Offers where the vesting of the Affin Shares comprised in those Grants will be staggered or made in several tranches at such times and on terms to be determined by our Board.

If our Board decides that the Grants to be awarded or vesting of the Affin Shares are to be staggered, our Board will also decide on the number of Affin Shares to be offered in each Grant and the timing for the vesting of the Affin Shares at its sole and absolute discretion. Each Offer made to any Eligible Employees shall be separate and independent of any previous Offer made by our Company to that Eligible Employee.

2.3 Eligibility

Subject to the sole and absolute discretion of our Board, on the recommendation of the GBNRC, only Eligible Employees who fulfil the following criteria as at the date the Offer is made shall be eligible to receive an Offer and participate in the Proposed SGS:

- (i) at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) a full-time employee of our Group (excluding our dormant subsidiary companies) or has entered into a fixed-term employment contract and/or whose service has been confirmed;
- (iii) not an independent director of any company within our Group; and
- (iv) fulfils any other eligibility criteria as may be determined by our Board at its absolute discretion from time to time,

provided always that the selection of any Eligible Employees for participation in the Proposed SGS and number of Affin Shares to be awarded to them under any Grant shall be at the sole and absolute discretion of our Board whose decision shall be final and binding.

Any Offer awarded to a person who is a Director or chief executive of our Company or a person connected to a Director, major shareholder or chief executive of our Company, and the related allotment of Shares under the Grant must have been approved by our shareholders at our Company's general meetings.

The Proposed SGS will not be extended to any non-executive directors of any company within our Group.

Eligibility under the Proposed SGS does not confer an Eligible Employee any claim or right to participate in the Proposed SGS or any right whatsoever under the Proposed SGS. Further, an Eligible Employee does not acquire or have any right over or in connection with the Grant(s) unless the Offer(s) have been made by the GBNRC, subject to the approval of our Board to the Eligible Employee and the Eligible Employee has accepted the Offer(s) in accordance with the provisions of the By-Laws.

Our Board, on the recommendation of the GBNRC may, at its absolute discretion, determine any other eligibility criteria and/or revise or waive any of the eligibility criteria as set out above and in the By-Laws, and such decision shall be final and binding. This would be subject to compliance with the Listing Requirements and any other applicable laws or requirements (as the case may be).

2.4 Performance Targets for Vesting and Vesting Conditions

It is our Company's intention for any Offer made under the Proposed SGS to be primarily in line with our Group's long-term return on equity targets. As such, the number of Affin Shares that will be vested to the Grantees and the vesting conditions for the Grants will be based on certain performance objectives, which may include, among others, individual key performance indicators, our Group meeting its overall forward performance targets and/or any other targets that may be recommended by the GBNRC for approval by our Board ("**Performance Targets**"). Such Performance Targets and/or other vesting conditions will be stipulated in the Offer to the selected Eligible Employees.

The Grantees will have to fulfil the Performance Targets and/or such other conditions as our Board may determine prior to the vesting of any Affin Shares to the Grantees during the Grant Period. Our Board will determine whether the Performance Targets have been fulfilled upon expiry of the Grant Period, and such decision by our Board shall be final and binding.

On the relevant Vesting Date(s) of the Grant, the Affin Shares will only vest to the Grantees if the following vesting conditions, among others, are fully and duly satisfied:

- (i) the said Grantee has not been adjudicated a bankrupt;
- (ii) the said Grantee remains an employee of our Group (excluding our dormant subsidiary companies) and has not given notice of resignation, or received a notice of termination, or has otherwise ceased or had his/her employment terminated;
- (iii) the Performance Targets are fully and duly satisfied; and
- (iv) any other conditions as may be determined by our Board.

Notwithstanding the above, our Board on the recommendation of the GBNRC shall have full discretion to determine whether any Performance Targets and/or vesting conditions have been fully and duly satisfied, and their decision shall be final and binding.

The Affin Shares that do not vest upon the expiry of the Grant Period will be cancelled without value (unless extended at any time and from time to time by our Board at its sole discretion). For the avoidance of doubt, any unvested Affin Shares will not be vested upon expiration of the Proposed SGS.

2.5 Duration and Termination of the Proposed SGS

Our Board will determine and announce the Effective Date for the implementation of the Proposed SGS following our Company's full compliance with all relevant requirements of the Listing Requirements, including the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities together with a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (ii) receipt of the approval from Bursa Securities for the listing of the new Shares, if any, to be issued under the Proposed SGS;
- (iii) receipt of your approval for the Proposed SGS at the forthcoming AGM;
- (iv) receipt of the approval of any other relevant authorities for the Proposed SGS, where applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

The Proposed SGS, when implemented, shall be in force for a period of 10 years from the Effective Date (“**SGS Period**”). Upon the expiry of the SGS Period, all unaccepted Offers shall forthwith cease to be capable of acceptance and any Grant which have yet to be vested shall cease to be capable of vesting (unless otherwise determined by our Board in accordance with the By-Laws).

Our Board may terminate the Proposed SGS at any time before the expiry of the SGS Period in accordance with the terms of the By-Laws and our Company will release an announcement to Bursa Securities on the following:

- (a) the Termination Date;
- (b) the number of Affin Shares vested pursuant to the Proposed SGS; and
- (c) the reasons and justifications for termination.

If the Proposed SGS is terminated, the following provisions shall apply:

- our Board will not grant any further Offers from the Termination Date;
- all Offers which have yet to be accepted by the Eligible Employees shall automatically lapse and become null and void on the Termination Date; and
- any Affin Shares under a Grant which have yet to be vested (as the case may be and whether fully or partially awarded under the Proposed SGS) shall be deemed cancelled and be null and void (unless otherwise determined by our Board pursuant to the terms of the By-Laws).

Pursuant to Paragraph 8.18(1) of the Listing Requirements and By-Laws 16.3, our Company will not be required to seek your approval or consent by way of resolution in a general meeting and the written consents of the Grantees in relation to the unvested Affin Shares to effect the termination of the Proposed SGS.

2.6 Alteration of share capital and adjustment

If there are any alterations to our Company’s share capital during the duration of the Proposed SGS (whether by way of rights issue, bonus issue or capitalisation of profits or reserves, consolidation or subdivision of Shares or reduction or repayment or any variation of capital), our Board, on the recommendation of the GBNRC shall, at its discretion, determine the alterations necessary to the number of unvested Affin Shares comprised in the Grants, the mode of settlement of the Grants to be vested, the reference price for the Shares to be issued and the method and/or manner in the vesting of the Shares under a Grant. Such alterations (if any) will be made in accordance to the By-Laws.

Where any amendment and/or modifications are made to the By-Laws, our Company shall submit to Bursa Securities, the amended By-Laws and a confirmation letter in the form required under the Listing Requirements that the amendments and/or modifications comply with the provision of the guidelines on the Proposed SGS stipulated under the Listing Requirements no later than 5 market days from the effective date of the said amendments and/or modifications.

2.7 Ranking of the new Shares

The new Affin Shares to be allotted and issued to the Grantees under the Proposed SGS will, upon allotment and issue, rank equally in all respects with the existing Affin Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to our shareholders of our Company for which the entitlement date precedes the date of allotment and issuance of the new Affin Shares. The new Affin Shares will be subjected to all provisions under the Constitution of our Company and such amendments thereafter, if any.

In respect of the existing Shares and/or treasury shares to be transferred to the Grantees pursuant to the vesting of the Affin Shares comprised in a Grant, such Shares shall rank equally in all respects with the existing Affin Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions, unless the Shares are credited into the Central Depository System accounts of the Grantees on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

The Affin Shares comprised in the unvested Grants do not carry any right to vote at any of our Company's general meetings. For the avoidance of doubt, the Grantees shall not in any event be entitled to any dividends, rights, allotments or other distributions on his/her unvested Grants.

2.8 Retention period

The Affin Shares to be transferred or allotted and issued to the Grantees will not be subjected to any retention period or restriction on transfer unless otherwise determined by our Board and set out in the relevant Offer(s). However, the Grantees are encouraged to hold the Shares as a long-term investment and not for any speculative purposes and/or realisation of any immediate gain.

2.9 Listing of and quotation for the new Affin Shares

Bursa Securities had, *vide* its letter dated 17 April 2023, approved the listing of such number of new Affin Shares, representing up to 5% of the total number of issued shares of Affin, which may be issued pursuant to the Proposed SGS on the Main Market of Bursa Securities.

2.10 Trust Arrangement

For purposes of facilitating the implementation and administration of the Proposed SGS, our Company may, if required, establish a Trust to be administered by a Trustee. The Trustee shall administer the Trust based on the terms and conditions of a Trust Deed to be executed between us and the Trustee. The Trust Deed will provide that:

- (a) the Trustee will be entitled to accept funding and/or assistance, financial or otherwise from our Company, our subsidiaries and/or third parties, to enable the Trustee to subscribe for new Affin Shares, acquire existing Affin Shares and/or receive treasury shares for the purpose of the Proposed SGS and to pay expenses in relation to the administration of the Trust; and
- (b) our Board shall have the discretion to instruct the Trustee to subscribe for new Affin Shares, acquire existing Affin Shares, and/or receive treasury shares for the purpose of the Proposed SGS at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

2.11 Pre-emptive rights pursuant to our Constitution and subsection 85(1) of the Act

Subsection 85(1) of the Act, which is subject to our Constitution, provides as follows:

“85. Pre-emptive rights to new shares

- (1) *Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”*

Pursuant to Clause 9 of our Constitution read together with subsection 85(1) of the Act, you have pre-emptive rights over all unissued and new Affin Shares which shall first be offered to you unless otherwise determined by our Company in general meeting.

By voting in favour of the resolutions pertaining to the Proposed SGS, you will in effect be determining in a general meeting (in accordance with Clause 9 of our Constitution, read together with subsection 85(1) of the Act):

- (a) to waive your pre-emptive rights (Clause 9 of our Constitution read together with subsection 85(1) of the Act) to be first offered the new Affin Shares to be issued, if any, under the Proposed SGS in accordance with the By-Laws, in proportion, as nearly as may be, to the number of Affin Shares held by you; and
- (b) that new Affin Shares, if any, are not required to be offered or issued proportionately to you first before our Company issues the same to the Grantees in accordance with the By-Laws.

In summary, by voting in favour of the resolutions pertaining to the Proposed SGS, which has been included as special businesses at our Company's forthcoming AGM, you will be effectively waiving your pre-emptive rights which you are entitled to pursuant to our Constitution, read together with subsection 85(1) of the Act.

3. UTILISATION OF PROCEEDS

Our Company will not receive any proceeds from the Proposed SGS as the Grantees will not be required to pay for the Shares to be issued and allotted and/or transferred to them. However, the Eligible Employees are required to pay a nominal sum of RM1.00 to our Company as a non-refundable consideration when accepting the Offer.

4. RATIONALE FOR THE PROPOSED SGS

The Proposed SGS primarily serves as a long-term incentive plan to reward the Eligible Employees and to align their interest with the corporate goals and objectives of our Group. The Proposed SGS also provides the Eligible Employees with an opportunity to have equity participation in our Company, and help our Company to achieve the following objectives:

- (i) to recognise the contributions of Eligible Employees whose services are valued and considered vital to our Group's operations and continued growth;
- (ii) to motivate Eligible Employees to work towards higher performance through greater productivity and loyalty;

- (iii) to stimulate a greater sense of belonging and dedication since Eligible Employees are given the opportunity to participate directly in the equity of our Company, thereby promoting a shared vision amongst the stakeholders to further enhance shareholder value;
- (iv) to encourage Eligible Employees to remain with our Group, thus minimising any loss of key personnel;
- (v) to align the performance of the Eligible Employees with the share performance of our Company, future growth of our Group and interests of our shareholders;
- (vi) to reward Eligible Employees by allowing them to participate in our Group's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of our Shares; and
- (vii) to make our Group's remuneration scheme more competitive to attract more skilled and experienced individuals to join our Group and contribute to its continued growth.

5. EFFECTS OF THE PROPOSED SGS

5.1 Issued share capital

The Proposed SGS will not have an immediate effect on Affin's existing issued share capital until the new Shares are issued pursuant to the Proposed SGS. Our Company's issued share capital will increase progressively based on the number of new Shares to be issued pursuant to the Proposed SGS, subject to a maximum of 5% of our Company's total number of issued shares (excluding treasury shares) at any point in time during the duration of the Proposed SGS.

However, there will be no effect on our Company's issued share capital if the Grants are fully satisfied *via* the acquisition of existing Shares from the Main Market of Bursa Securities.

For illustrative purposes, assuming that the Maximum Shares are fully granted and vested, and such Maximum Shares are fully satisfied by the issuance of new Shares, the pro forma effects of the Proposed SGS on the issued share capital of our Company as at the LPD, are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	2,273,889,127	5,245,446,795
Maximum Shares ⁽¹⁾	113,694,456	227,388,912
Enlarged issued share capital	2,387,583,583	5,472,835,707

Note:

- (1) *For illustrative purposes only, the value of the new Maximum Shares to be issued under the Proposed SGS is computed based on the Illustrative Issue Price.*

It should be noted that even if the Maximum Shares stipulated above are awarded to the Grantees, the actual number of new Affin Shares to be issued may be less in view of the following:

- (i) the Grantees would need to meet the vesting conditions to be entitled to Affin Shares comprised in their Grants under the Proposed SGS;
- (ii) the unvested Affin Shares comprised in any Grant cease to be capable of vesting;

- (iii) the Grants may be satisfied through the transfer of treasury shares and/or existing Affin Shares purchased from the Main Market of Bursa Securities instead of via the issuance and allotment of new Affin Shares; and/or
- (iv) our Company may pay the equivalent cash value of the Grants in satisfaction of the vesting of Affin Shares comprised in the Grants under the Proposed SGS.

5.2 Earnings and EPS

The Proposed SGS is not expected to have any immediate material effect on our Group's earnings and EPS for the financial year ending 31 December 2023.

In accordance with MFRS 2, the potential cost of awarding the new Shares under the Proposed SGS is required to be measured at fair value on the date the Grant is granted and recognised as an expense in our Group's consolidated statement of comprehensive income over the vesting period of such Shares, which may affect our Group's earnings. The fair value of the Shares is dependent on various factors which may include, the actual number of Shares vested, the prevailing market price of Affin Shares, the volatility of Affin Share prices and the number of Grantees.

As such, the potential effects of the Proposed SGS on our Group's future earnings and EPS cannot be determined at this juncture as it will depend on the mode of settlement of the Grants (as described in Section 2 above) and the various abovementioned factors which affect the fair value of the Shares. It should be noted that such expense does not represent a cash outflow but only an accounting treatment. However, there will be cash outflow if the Affin Shares comprised in the Grants are fully or partly satisfied by way of cash.

Excluding the effects of future earnings contribution to our Group and estimated expenses (including the MFRS 2) for the Proposed SGS, if the Grants are being satisfied by the issuance of new Shares to the Grantees, the Proposed SGS will have a dilutive effect on our Group's EPS due to the increase in our Company's total number of issued shares.

Our Board will take into account the potential impact of MFRS 2 on our Group's future earnings when considering the award of Offer(s) under the Proposed SGS to the Eligible Employees.

The estimated total expenses in relation to the Proposed SGS is RM950,000, which comprise mainly professional fees, fees payable to the relevant authorities, expenses related to the issuance of this Circular and other miscellaneous expenses.

5.3 NA, NA per Share and gearing

Save for the potential impact of the MFRS 2 as elaborated in Section 5.2 of this Circular, the Proposed SGS is not expected to have an immediate effect on the consolidated NA, NA per Share and gearing of our Group until such time when the new Shares are transferred and/or issued arising from the vesting of the Grants.

If the Grants are settled by way of issuance of new Affin Shares, there will be no effect on our Group's consolidated NA and gearing ratio. The impact on our Group's NA per Share will depend on the number of new Shares to be issued to the Grantees.

If the Grants are settled by way of transfer of existing Shares, treasury shares (if any) and/or cash, the Proposed SGS will reduce the consolidated NA and the NA per Share and increase our Group's gearing accordingly, the quantum of which can only be determined at the point of transfer of the Shares to the Grantees or payment, as the case may be.

5.4 Substantial shareholders' shareholdings

The Proposed SGS will not have an immediate effect on the shareholdings of the substantial shareholders of our Company until such time when the new Shares are issued pursuant to the Proposed SGS. Any potential effect on the substantial shareholders' shareholdings in Affin would depend on the actual number of new Affin Shares to be issued pursuant to the Proposed SGS at any point in time.

For illustrative purposes only, the pro forma effects of the Proposed SGS based on the substantial shareholders' shareholdings in our Company as at the LPD and assuming Maximum Shares of 113,694,456 new Affin Shares are issued to the Eligible Employees (on an immediate basis) pursuant to the Proposed SGS, are as set out below:

	As at the LPD				After the Proposed SGS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Lembaga Tabung Angkatan Tentera ("LTAT")	755,126,273 ⁽⁶⁾	33.21	475,884,390 ⁽³⁾	20.93	755,126,273	31.63	475,884,390 ⁽³⁾	19.93
The Bank of East Asia, Limited	540,908,016	23.79	-	-	540,908,016	22.66	-	-
Boustead Holdings Berhad (" Boustead ")	475,884,390	20.93	-	-	475,884,390 ⁽⁵⁾	19.93	-	-
Employees Provident Fund Board	148,095,464	6.51	-	-	148,095,464	6.20	-	-
Sumitomo Mitsui Banking Corporation	-	-	540,908,016 ⁽⁴⁾	23.79	-	-	540,908,016 ⁽⁴⁾	22.66

Notes:

- (1) Based on the issued share capital of 2,273,889,127 Shares.
- (2) Based on the enlarged share capital of 2,387,583,583 Shares with the assumption that Maximum Shares of 113,694,456 new Affin Shares are issued to the Eligible Employees pursuant to the Proposed SGS on an immediate basis.
- (3) Deemed interested by virtue of its shareholdings in Boustead pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its shareholdings in The Bank of East Asia, Limited pursuant to Section 8 of the Act.
- (5) Pursuant to By-Law 7.8, the Board will issue less new Affin Shares under the Proposed SGS if it results in Boustead's shareholdings in the Company to fall below 20% of the total number of issued Affin Shares (excluding treasury shares, if any) unless with Boustead's prior written approval. This is in view that Boustead intends to continue to recognise Affin as its associate company. For clarity, an associate company is an entity over which a person has a significant influence where shareholding of 20% or more is presumed that that person has a significant influence over the said entity. For the avoidance of doubt, By-Law 7.8 is not applicable if Boustead's shareholdings in our Company immediately prior to such vesting is less than 20% of the total number of issued Affin Shares (excluding treasury shares, if any).

(6) As announced on 14 April 2023, LTAT had disposed 112,558,000 Affin Shares which represents 4.95% equity interest therein. Consequently, the effects of the Proposed SGS on LTAT's shareholding in Affin are as follows:

	As at 14 April 2023				After the Proposed SGS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
LTAT	642,568,273	28.26	475,884,390 ⁽³⁾	20.93	642,568,273	26.91	475,884,390 ⁽³⁾	19.93

Notes:

- (1) Based on the issued share capital of 2,273,889,127 Shares.
- (2) Based on the enlarged share capital of 2,387,583,583 Shares with the assumption that Maximum Shares of 113,694,456 new Affin Shares are issued to the Eligible Employees pursuant to the Proposed SGS on an immediate basis.
- (3) Deemed interested by virtue of its shareholdings in Boustead pursuant to Section 8 of the Act.

The dilution effect to the substantial shareholders' shareholdings illustrated above will be reduced to the extent the vesting of Affin Shares comprised in the Grants under the Proposed SGS are satisfied through transfer of treasury shares and/or existing Affin Shares and/or cash settlement to the Grantees. Additionally, the dilution effect to the substantial shareholders' shareholdings may also be lesser if some or all the unvested Affin Shares comprised in any Grant cease to be capable of vesting.

Our Board will consider the dilutive impact on our substantial shareholders' shareholdings in determining the mode of settlement of the Grants (as described in Section 2 above).

5.5 Convertible securities

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

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Affin Shares as traded on Bursa Securities for the past 12 months up to March 2023 are as follows:

	High RM	Low RM
2022		
April	2.13	1.98
May	2.23	2.06
June	2.22	1.84
July	2.15	1.85
August	2.17	2.07
September	2.15	1.98
October	2.27	1.99
November	2.52	2.15
December	2.17	1.99
2023		
January	2.13	2.01
February	2.15	2.02
March	2.08	1.98

Last transacted price of Affin Shares on 12 July 2022, being the last trading day prior to the first announcement of the Proposed SGS on 13 July 2022

1.94

Last transacted price of Affin Shares on 26 August 2022, being the last trading day prior to the announcement on the details of the Proposed SGS on 29 August 2022

2.09

Last transacted market price of Affin Shares on the LPD

2.01

(Source: Bloomberg)

7. APPROVALS REQUIRED

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

- (i) BNM for Affin to increase its issued ordinary share capital by up to 5% arising from the issuance of new Affin Shares under the Proposed SGS, which was obtained *vide* its letter dated 6 March 2023;
- (ii) Bursa Securities, for the listing of and quotation for such number of new Affin Shares, representing up to 5% of Affin's total number of issued shares (excluding treasury shares, if any) to be issued on the Main Market of Bursa Securities pursuant to the Proposed SGS.

The approval from Bursa Securities for the Proposed SGS was obtained *vide* its letter dated 17 April 2023, and is subject to the following conditions:

No.	Conditions	Status of compliance
(1)	Affin Hwang IB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SGS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed SGS; and	To be complied
(2)	Affin is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Affin Shares listed pursuant to the Proposed SGS as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

- (iii) our shareholders at the forthcoming AGM; and
- (iv) any other relevant authorities and/or parties, if required.

8. CONDITIONALITY

The Proposed SGS is not conditional or inter-conditional upon any other corporate exercise/scheme by our Company which has been announced but is not yet completed as at the LPD.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Our Company's President & Group Chief Executive Officer ("**PGCEO**"), Datuk Wan is entitled to participate in the Proposed SGS in his current capacity. He is therefore deemed interested in the Proposed SGS to the extent of his allocation, as well as allocations to persons connected to him, if any.

Datuk Wan has abstained from and will continue to abstain from all deliberations, expressing an opinion and making any recommendation at all relevant Board meetings in relation to his allocation as well as allocations to persons connected to him, if any, pursuant to the Proposed SGS.

Datuk Wan will also abstain from voting in respect of his direct and/or indirect shareholdings in Affin, on the resolutions pertaining to his proposed allocation as well as allocations to persons connected to him, if any, which are to be tabled as special businesses at our Company's forthcoming AGM. He will also undertake to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in Affin on the resolutions pertaining to his proposed allocation as well as allocations to persons connected to him, if any, which will be tabled as special businesses at our Company's forthcoming AGM.

Our Company intends to grant Datuk Wan with Affin Shares over several Grants throughout the duration of the Proposed SGS. Under each Grant, the Board will determine the maximum number of Affin Shares to be granted to him. Datuk Wan will be awarded one Grant on an annual basis, and we will seek our shareholders' approval accordingly prior to any Affin Shares being granted to him.

Under our Company's first Grant to Datuk Wan, our Company intends to award Datuk Wan up to 2,040,000 Affin Shares and such Shares will be vested to him at a future date, subject to the terms and conditions of the By-Laws. The number of Affin Shares to be awarded to him has been determined after taking into consideration the need to have an incentive to align the interest of our PGCEO and our shareholders, taking into account, amongst others, the expected performance targets placed on our management team, the Affin Group's strategic initiatives and benchmarking against market practices and regulatory requirements on shareholdings in licensed entities. For the subsequent Grants to the PGCEO, the number of Affin Shares to be awarded will be determined later and is subject to the approval of the Board, on the recommendation of the GBNRC.

For illustrative purposes only, assuming that the maximum allocation of 2,040,000 new Affin Shares has been awarded and vested to Datuk Wan under the first Grant to him, and assuming no other Grants are granted to the Eligible Employees throughout the first year of the Proposed SGS, Datuk Wan's pro forma shareholding in our Company based on the Record of Depositors as at the LPD will be as set out below:

	As at the LPD				After the Proposed SGS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Wan	2,211,893	0.10	-	-	4,251,893	0.19	-	-

Save as disclosed above, none of our Company's directors and major shareholders and/or persons connected to them or our PGCEO, have any interest, direct or indirect, in the Proposed SGS.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after taking into consideration all aspects of the Proposed SGS, including but not limited to the rationale, justifications and effects of the Proposed SGS, is of the opinion that the Proposed SGS is in the best interest of our Group.

Accordingly, our Board recommends that you **vote in favour** of the resolutions pertaining to the Proposed SGS to be tabled as special businesses at our Company's forthcoming AGM.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposed SGS is expected to become effective within the 2nd quarter of 2023.

12. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed SGS and the corporate exercises disclosed below, our Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at 25 April 2023.

On 27 February 2023, Affin Hwang IB had, on behalf of our Board, announced the following:

- (i) proposed single-tier final dividend in respect of the financial year ended 31 December 2022 of 7.77 sen per Affin Share ("**Proposed Final Dividend**");
- (ii) proposed dividend reinvestment plan applicable to the Proposed Final Dividend and 100% of the Proposed Final Dividend can be elected to be reinvested in new Affin Shares ("**6th DRP**"); and

- (iii) BNM has granted its approval on 27 February 2023 for the increase in the issued share capital of Affin of up to 166,680,363 new Affin Shares to be issued pursuant to the 6th DRP.

On 7 April 2023, Affin Hwang IB had, on behalf of our Board, submitted the additional listing application for the listing of and quotation for up to 166,680,363 new Affin Shares to be issued pursuant to the 6th DRP on the Main Market of Bursa Securities to Bursa Securities. Subsequently on 12 April 2023, Affin Hwang IB had, on behalf of our Board, announced that Bursa Securities had, *vide* its letter dated 12 April 2023, approved the listing of and quotation for up to 166,680,363 new Affin Shares on the Main Market of Bursa Securities to be issued pursuant to the 6th DRP, subject to the conditions as follows:

- ABB and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the 6th DRP;
- ABB and Affin Hwang IB to inform Bursa Securities upon the completion of the 6th DRP;
- Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the 6th DRP is completed; and
- Payment of additional listing fee, if any, based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable.

Shareholders' approval for the Proposed Final Dividend will be sought at our forthcoming AGM. The 6th DRP will be implemented once the approval of the shareholders of Affin has been obtained for the Proposed Final Dividend.

13. AGM

The AGM of Affin, a notice of which is enclosed in the Annual Report and available for download at our 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 Level 26, Auditorium, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur on Thursday, 25 May 2023 at 10:00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolutions to give effect to the Proposed SGS.

If you are unable to participate and vote at the AGM, 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 included in the Annual Report 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 set for holding the AGM 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 AGM or any adjournment thereof. Please refer to the Administrative Notes for the AGM for further information on electronic submission.

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

14. FURTHER INFORMATION

You are advised to refer to the appendices as set out in this Circular for further information.

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

DATO' AGIL NATT
Chairman, Independent Non-Executive Director

1. DEFINITIONS AND INTERPRETATION

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires.

“Act”	Companies Act, 2016 as amended from time to time and any re-enactment thereof
“Adviser”	has the meaning ascribed to it in the Listing Requirements
“Affected Employee”	shall have the meaning ascribed to it in By-Law 22.1
“Auditor”	any firm of approved company auditors, as defined under the Act
“Board”	the Board of Directors of the Company for the time being
“Bursa Depository”	Bursa Malaysia Depository Sdn. Bhd. (198701006854 (165570-W))
“Bursa Securities”	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
“By-Laws”	collectively, the terms and conditions of this Scheme as set forth in these By-Laws as amended, modified and/or supplemented from time to time
“CDS”	the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account”	the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and dealings in such securities by that depositor
“Company”	Affin Bank Berhad (197501003274 (25046-T))
“Constitution”	the constitution of the Company
“Date of Offer”	in respect of an Offer, the date of the letter containing an Offer to be made to a selected Eligible Employee to participate in the Scheme
“Disciplinary Proceedings”	proceedings instituted by a Group Company against a Grantee employed by that Group Company for any alleged misbehaviour, misconduct and/or any other act of the Grantee's deemed to be unacceptable by that Group Company in the course of that Grantee's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee

“Eligible Employee”	an employee of a Group Company who is selected to be eligible for participation in this Scheme as set forth in By-Law 2.2 , and “ Eligible Employees ” means any two or more of them
“Ex-Group Company”	shall have the meaning ascribed to in By-Law 2.4(c)(i)
GBNRC	shall mean the Group Board Nomination and Remuneration Committee of the Company
“Grant”	an Offer which has been made to and accepted by an Eligible Employee
“Grant Commencement Date”	in relation to a Grant, the date fixed by the Board as the date on which the Grant Period commences which shall be a date after the expiry of the Offer Period
“Grant Period”	in relation to a Grant, the period commencing from that Grant Commencement Date and expiring on the Market Day immediately preceding that Grant Termination Date (both dates inclusive) during which the Shares may vest
“Grant Termination Date”	in relation to a Grant, the date on which that Grant terminates, expires, lapses and/or otherwise ceases to be of any force and effect in accordance with these By-Laws
“Grantee”	an Eligible Employee who has accepted an Offer in the manner indicated in By-Law 7.1 , and “ Grantees ” means any two or more of them
“Group”	collectively, all Group Companies, and in the context of this Scheme, shall exclude Subsidiaries which are dormant
“Group Company”	any one of the Company and the Subsidiaries, and “ Group Companies ” means any two or more of them
“Listing Requirements”	the Main Market Listing Requirements of Bursa Securities, as amended from time to time
“Market Day”	any day between Monday and Friday (both days inclusive) which is not a public holiday, and on which Bursa Securities is open for the trading of securities
“Maximum Shares”	shall have the meaning ascribed to it in By-Law 3.1
“Offer”	an offer made in writing by the GBNRC, with the approval of the Board, to an Eligible Employee and “ Offers ” shall be construed accordingly
“Offer Period”	has the meaning ascribed to in in By-Law 7.1
“Previous Company”	shall have the meaning ascribed to it in By-Law 2.4(a)
“RM”	the Ringgit, the legal currency of Malaysia

“SC”	Securities Commission Malaysia
“Scheme”	the Affin Bank Berhad Share Grant Scheme established under and governed by the terms of these By-Laws
“SGS Period”	has the meaning ascribed to it in By-Law 16.1
“Shares”	the ordinary shares in the share capital of the Company, and “ Share ” means any one of them
“Subsidiary”	subject to By-Law 2.3 , a subsidiary (as defined in the Act) of the Company which is not dormant, and “ Subsidiaries ” shall be construed accordingly
“Treasury Shares”	the Shares held in treasury by the Company in accordance with the Act
“Trust”	the trust established to facilitate the implementation of this Scheme (as the case may be) pursuant to By-Law 13
“Trust Deed”	the trust deed constituting the Trust
“Trustee”	the trustee for the time being to be appointed by the Company for this Scheme pursuant to By-Law 13
“Unvested Shares”	Shares comprised in a Grant which have not vested in a Grantee
“Vesting Date”	the date on which the Shares pursuant to a Grant is vested in the Grantee

1.2 In these By-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
- (i) any and all subsidiary legislations made from time to time under that provision or law;
 - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities);
 - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Offer and Grant within the duration of the Scheme; and
 - (iv) any past statutory provisions (as from time to time modified or re-enacted) which has directly or indirectly been replaced;
- (b) any reference to a by-law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;

- (d) any word importing:
 - (i) the singular meaning includes the plural meaning and vice versa; and
 - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power which may be exercised, and/or any determination which may be made, under these By-Laws:
 - (i) by the Board may be exercised in the Board's sole discretion pursuant to **By-Law 12** taking into consideration the recommendations made by the GBNRC, where applicable;
 - (ii) by the GBNRC may be exercised at the GBNRC's sole discretion, but subject always to the Board's power to overrule any decision of the GBNRC; and
 - (iii) by any other committee(s) established pursuant to **By-Law 12.2** may be exercised at that committee's sole discretion, but subject always to the Board's power to overrule any decision of such committee(s);
- (f) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of this Scheme then the stipulated day shall be taken to be the last Market Day of this Scheme's tenure;
- (g) any reference to a corporation being associated with another corporation shall be construed to mean that the first corporation beneficially owns at least twenty percent (20%) of the equity capital of the other corporation, or vice versa;
- (h) in the event of any change in the name of the Company from its present name, all references to "Affin Bank Berhad" in these By-Laws and all other documents pertaining to this Scheme shall be deemed to be references to the Company's new name;
- (i) a day, month or year shall be construed by reference to the Gregorian calendar;
- (j) references to "**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next Business Day provided that if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in that month in which that period ends, that period shall end on the last Business Day in that latter month (and references to "months" shall be construed accordingly); and
- (k) where an act is required to be done within a specified number of days after or from a specified date, the period is exclusive of and begins to run on the date immediately following the date so specified and where an act is required to be done by a specified date, the period is inclusive of and ends on the date so specified save that where the last day of the period is not a Business Day, the period shall be extended to include the next following day which is a Business Day.

1.3 This Scheme shall be known as the "Affin Bank Berhad Share Grant Scheme".

2. ELIGIBILITY

- 2.1 Subject to **By-Law 2.2**, Eligible Employees may be selected from time to time and at any time for the purposes of this Scheme by the Board, on the recommendation of the GBNRC, at its sole discretion. Each selection of Eligible Employees made by the Board shall be separate and independent from any other selection previously or later made by the Board.
- 2.2 No person shall be selected to be an Eligible Employee unless that person, as of any Date of Offer:
- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) has entered into a full-time or fixed-term contract of employment with any Group Company and whose service has been confirmed;
 - (c) is not an independent director of any Group Company; and
 - (d) has fulfilled any other eligibility criteria which has been determined by the Board at its absolute discretion, as the case may be.

For the avoidance of doubt, the Board on the recommendation of the GBNRC may, at its sole discretion, determine any other eligibility criteria and/or revise or waive any of the eligibility criteria set out above for the purposes of selecting an Eligible Employee at any time and from time to time.

- 2.3 Subject to these By-Laws and to any applicable law, the Board shall have the absolute discretion, at any time and from time to time, to extend the benefit of this Scheme to any employee of any company which is not a Group Company but which is a subsidiary of or is associated with a Group Company, and deem such an employee to be an Eligible Employee and such a company to be a Group Company, in the situation where such an employee had at any time (whether before or after the coming into force of these By-Laws) been seconded from any Group Company to that company.
- 2.4 The Board shall have the absolute discretion to extend (or not) the benefit of this Scheme to an employee in any of the following circumstances:
- (a) an employee who is in the employment of a corporation which is not a Group Company ("**Previous Company**") but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a disposal, a divestment or other exercise involving the Company and/or any Group Company;
 - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
 - (c) where:
 - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
 - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.
- 2.5 In the case where an employee is transferred, from a Group Company to a corporation which is not a Group Company, that employee may, at the absolute discretion of the Board, continue to be entitled to all of his rights in respect of his Grant, subject to these By-Laws.

- 2.6 Eligibility under this Scheme does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under, this Scheme, and an Eligible Employee does not acquire or have any right over, or in connection with, any Grant unless an Offer has been made by the GBNRC (with the approval of the Board) to that Eligible Employee and that Eligible Employee has accepted the Offer in accordance with the terms of the Offer and these By-Laws.
- 2.7 Notwithstanding anything to the contrary, an Eligible Employee or Grantee may participate at any time in another employee share scheme or share option scheme of any other corporation, whether or not a Group Company, unless the Board otherwise determines in its absolute discretion.
- 2.8 Without prejudice to the generality of **By-Law 6.2**, any Offer made by the GBNRC that has not been accepted yet, shall become void, of no effect and incapable of acceptance upon any of the following events occurring:
- (a) the offeree's death;
 - (b) the offeree giving notice of his resignation from employment;
 - (c) the offeree ceasing to be an employee of any Group Company, otherwise than pursuant to his resignation from employment;
 - (d) the offeree being adjudged a bankrupt; or
 - (e) the corporation which employs the offeree ceasing to be a Group Company.
- 2.10 For the avoidance of doubt, no Offer or Grant may be made to any person who is a director, major shareholder or chief executive of the Company or a person connected to a director, major shareholder or chief executive of the Company (within the meaning of the Listing Requirements), unless the specific Offer and Grant, and the related allotment of Shares pursuant to that Grant, to that person shall have previously been approved by the Company's shareholders in a general meeting.
- 2.11 The Board may in its absolute discretion revoke or suspend the nomination of any Group Company at any time and from time to time, whereupon the employees of such corporation shall henceforth cease to be eligible for any Offer or Grant under this Scheme, provided that any Grant already made shall not be affected by such revocation or suspension and shall continue to be exercisable or may vest in accordance with the provisions of these By-Laws.

3. MAXIMUM AMOUNT OF SHARES AVAILABLE UNDER THIS SCHEME

- 3.1 The total number of Shares which may be delivered pursuant to the Grants under this Scheme shall not exceed in aggregate five per cent (5.0%) of the total number of issued Shares of the Company (excluding Treasury Shares, if any) ("**Maximum Shares**") at any point in time during the SGS Period.
- 3.2 In the event the aggregate number of Shares issued under this Scheme exceed the Maximum Shares referred to in **By-Law 3.1** at any point in time during the SGS Period as a result of the Company purchasing and/or cancelling its own Shares in accordance with the provisions of the Act or undertaking any corporate proposal(s) resulting in the reduction of the Company's total number of issued Shares, all Offers and Grants made prior to the said variation of the total number of issued Shares of the Company shall remain valid and may be vested in accordance with the provisions of this Scheme as if that purchase and/or cancellation and/or corporate proposal(s) had not occurred, and no further Offers and Grants shall be made by the GBNRC (with the approval of the Board) until such aggregate number of Shares in respect of the Offers and Grants made falls below the Maximum Shares.

- 3.3 In the case of transfer of Treasury Shares and/or existing Shares to the Grantees under the Scheme, the Board will use all reasonable efforts to ensure that the Company and/or the Trustee have sufficient Treasury Shares and/or Shares, as the case may be, to satisfy the Grants made during the SGS Period.

4. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION

- 4.1 The aggregate number of Shares that may be offered and allocated to any one of the Eligible Employees under this Scheme at any time shall be determined at the sole and absolute discretion of the Board on the recommendation of the GBNRC, after taking into consideration, amongst other factors, the designation, performance and contribution of the Eligible Employee and such other criteria as the Board may deem relevant (subject always to these By-Laws and any applicable law). Notwithstanding the foregoing, not more than ten percent (10%) of the Shares available under this Scheme and/or any other schemes involving new issuance of Shares to Eligible Employees to be implemented from time to time shall be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with them (as defined under the relevant applicable law), holds twenty percent (20%) or more of the total number of issued Shares of the Company (excluding Treasury Shares, if any).
- 4.2 For the avoidance of doubt, the Board on the recommendation of the GBNRC shall have sole and absolute discretion in determining whether the Grants to be offered to the Eligible Employees or any group or groups of Eligible Employees via:
- (a) one (1) single Offer (as the case may be) at a time determined by the Board; or
 - (b) several Offers (as the case may be) where the vesting of the number of new Shares comprised in those Grants are staggered or made in several tranches at such times and on terms determined by the Board.
- 4.3 In the event the Board decides that the Grant to be awarded or vesting of any number of Shares is to be staggered, the number of Shares to be offered in each Grant and the timing for the vesting of the same shall be decided by the Board at its sole and absolute discretion. Each Offer shall be separate and independent from the others.

5. ALTERATION IN SHARE CAPITAL

- 5.1 If the Board on the recommendation of the GBNRC so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of this Scheme, whether by way of capitalisation of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, sub-division or consolidation of capital, or otherwise howsoever taking place, such corresponding alterations (if any) may be made to this Scheme.
- 5.2 Alterations may be made in:
- (a) the number of Unvested Shares comprised in a Grant;
 - (b) the mode of settlement of the Grants to be vested;
 - (c) the reference price for the Shares to be issued; and/or
 - (d) the method and/or manner in the vesting of the Shares under a Grant.

- 5.3 The alterations as set out in **By-Law 5.2** shall be in such a manner as to give the Grantee a fair and reasonable Grant entitlement, as certified in writing (other than for adjustments made pursuant to a bonus issue, sub-division or consolidation of capital) by the Auditor or Adviser (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:
- (a) upon any adjustment being made pursuant to this **By-Law 5**, the GBNRC shall notify the Grantee (or his personal representatives, where applicable) in writing of the adjusted number of Shares comprised in the Grant, and/or the revised maximum number of Shares and/or percentage of the total Shares comprised in the Grants, that may vest at any time or in any period which supersedes the earlier Grants; and
 - (b) in the event that a fraction of a Share arising from the adjustments referred to in this **By-Law 5** would otherwise be required to be issued upon the vesting of Shares under a Grant, the Grantee's entitlement shall be rounded down to the nearest whole number.

Unless otherwise determined by the Board, the adjustments pursuant to this **By-Law 5** shall be effective on the day immediately following the book closure date for the event giving rise to that adjustment.

- 5.4 Notwithstanding anything to the contrary, the provisions of this **By-Law 5** shall not apply where the alteration in the capital structure of the Company arises from:
- (a) any issue of new Shares or other securities as consideration (or part consideration) for an acquisition of any other securities, assets or business;
 - (b) any special issue of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation;
 - (c) any private placement or restricted issue of new Shares or other securities by the Company;
 - (d) any implementation of a Share buy-back arrangement by the Company under the Act;
 - (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into Shares or other securities, and any issue of new Shares or other securities arising from the exercise of any conversion rights attached to such convertible securities;
 - (f) any issue of new Shares upon the vesting of Shares under a Grant;
 - (g) an issue of new Shares (including those arising from a dividend reinvestment scheme which allows shareholders of the Company an option to elect to reinvest their cash dividend entitlements into new Shares) or securities convertible into shares or securities with rights to acquire or subscribe for new Shares in compliance with any regulations or guidelines (whether having the force of law or not) made by any relevant authority to comply with any government policy on equity participation in any industry; or
 - (h) an issue of new Shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed ten per cent (10%) (or such percentage imposed by the Government of Malaysia or any other relevant authorities as temporary reliefs and/or flexibilities granted to companies) of the Company's outstanding issued share capital pursuant to the provision of Section 75 and Section 76 of the Act, as amended from time to time.

- 5.5 The provisions of this **By-Law 5** shall also, where applicable, apply to a situation where the Offer has been made but has not been accepted by the relevant Eligible Employee or withdrawn by the Company.
- 6. OFFER**
- 6.1 The GBNRC (with the approval of the Board) may, at any time and from time to time during the SGS Period, make one (1) or more Offers to an Eligible Employee selected by the GBNRC in its absolute discretion, to receive a Grant. Each Offer made by the GBNRC to an Eligible Employee shall be separate and independent from any previous Offer made by the GBNRC to that Eligible Employee.
- 6.2 The Offer may be made upon such terms and conditions as the Board deems appropriate and the terms and conditions of each Offer may differ.
- 6.3 Subject to these By-Laws, the Board may at its discretion determine:
- (a) the number of Shares vested upon acceptance of the Offer to be made to the Eligible Employee;
 - (b) the terms and conditions of the Offer to be made to the Eligible Employee;
 - (c) the date on which an Offer is made to the Eligible Employee;
 - (d) the vesting conditions;
 - (e) the number of Shares to be vested on the Vesting Date or Vesting Dates, as the case may be; and
 - (f) any other term or condition as the Board may from time to time deem appropriate.
- 6.4 Subject always to these By-Laws:
- (a) nothing shall prevent the GBNRC (with the approval of the Board) from making more than one (1) Offer to any Eligible Employee; and
 - (b) the number of Shares which an Eligible Employee may be entitled pursuant to an Offer shall be at the absolute discretion of the Board and, subject to any adjustment that may be made under these By-Laws, shall be no less than 100 Shares and shall always be in multiples of 100 Shares.
- 6.5 An Offer made is subject to the terms and conditions set out under these By-Laws and may be made upon such additional terms and conditions as the Board may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever, except that in the case where an Eligible Employee is not a resident in Malaysia, the Offer for the benefit of that non-resident Eligible Employee may be in favour of (and be accepted by) any person who represents, is a nominee of, is an agent of, and/or is a trustee of, that Eligible Employee. For the avoidance of doubt, the restriction in this **By-Law 6.5** shall apply to any person who represents, is a nominee of, is an agent of and/or is a trustee of that Eligible Employee, to the extent where any assignment, transfer or disposal thereby is in favour of any person other than the Eligible Employee.

7. ACCEPTANCE OF THE OFFER AND VESTING

- 7.1 An Offer shall be valid for a period of one (1) month (or such other period as may be approved by the Board) from (and inclusive of) the Date of Offer ("**Offer Period**"). Any acceptance of the Offer must be made by the Eligible Employee to whom the Offer is made within the Offer Period by written notice to the GBNRC in such form as may be prescribed by the GBRNC (and approved by the Board), accompanied by a payment to the Company of the sum of RM1.00 as the consideration for acceptance of the Offer. If the Offer is not accepted in this manner, that Offer shall, upon the expiry of the Offer Period, automatically lapse and shall be null and void and of no effect and the GBNRC may make the Offer to other Eligible Employees in accordance with these By-Laws.
- 7.2 The Shares to be allocated under a Grant shall vest to the Grantee in accordance with the terms of the Grant (as set out in the Offer) and these By-Laws:
- (a) during his employment with a Group Company (unless otherwise expressly provided under these By-Laws); and
 - (b) within the Grant Period,
- and not otherwise, during the normal business hours of the Company on such days and/or during such periods as the Board may decide for the purposes of vesting of the Grants, provided that no Shares under a Grant shall vest beyond the expiry of the Grant Period. The Shares under a Grant shall vest in multiples of and no less than 100 Shares.
- 7.3 Every notice of vesting must be in the form prescribed by the GBNRC (and approved by the Board) from time to time and will stipulate the Vesting Date for the Grant. Within eight (8) Market Days from the Vesting Date stipulated in the notice of vesting, the Company shall:
- (a) allot and issue, or transfer such number of Shares to the Grantee (subject to and in accordance with the provisions of the Constitution and all applicable laws); and
 - (b) despatch notices of allotment to the Grantee accordingly (where applicable).
- In any case, the Company will apply to Bursa Securities for the listing of and quotation for all the new Shares to be allotted pursuant to this Scheme and will use its best endeavours to obtain permission for such listing and quotation.
- 7.4 The Shares to be issued and/or transferred pursuant to the vesting of a Grant shall be credited directly into the CDS Account of the Grantee or his authorised nominee (as the case may be), and no physical share certificates will be issued and delivered to the Grantee or his authorised nominee (as the case may be). The Grantee shall provide the GBNRC with his CDS Account number when accepting any Offer in accordance with **By-Law 7.1**. Any change to his CDS Account number will need to be made in writing to the GBNRC.
- 7.5 To the extent the Shares under a Grant have not vested upon expiry of the Grant Period or vest at all under the Scheme for any reason whatsoever (including, without limitation, by reason of the Board determining that a Grant shall not vest at all, pursuant to **By-Law 7.7**), the Grant shall lapse and become null and void (unless extended at any time and from time to time by the Board in its sole discretion).
- 7.6 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued Shares of the Company or any other corporate proposal (including but not limited to a selective capital reduction exercise) being undertaken whereby all of the issued Shares of the Company is to be acquired (or all of the issued Shares the Company ends up in the hands of one or more sponsor of such proposal), whether by way of a general offer or otherwise, the Board may in its sole discretion unilaterally decide:

- (a) to alter any Grant Period applicable in respect of a Grant, whether by shortening or lengthening the same;
- (b) to alter any Grant Commencement Date and/or Grant Termination Date;
- (c) to fix any Grant Commencement Date and/or Grant Termination Date; and/or
- (d) to alter the terms of any Grant,

but in the absence of any such decision by the Board, upon any such take-over offer or corporate proposal becoming or being declared unconditional, all Shares under the Grant which have not vested in accordance to **By-Law 7.7** shall vest in full, provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provision of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specific date, the Shares vested under the Grant will be issued and allotted, or transferred, prior to the specific date.

- 7.7 Notwithstanding **By-Law 7.2** but subject to **By-Law 7.8**, all Shares under the Grants that are made under this Scheme shall vest only if the Board determines that the Shares under the Grants are able to vest (and if so, determines the extent to which the Shares under the Grants will vest) in accordance with such criteria as the Board may fix at any time and from time to time in its sole discretion, and (as the case may be) subject to such limits in number of Shares and times of vesting as may be determined by the Board also in its sole discretion. For the avoidance of doubt, no Shares under the Grants shall vest unless the same shall have been determined by the Board to be able to vest pursuant to this **By-Law 7.7**. In this regard, the Board may (without prejudice to the generality of the foregoing) impose such conditions precedent as the Board thinks fit in respect of the vesting of any Share under a Grant. In respect of any year during the SGS Period, the Board shall make the relevant determinations for the purposes of this **By-Law 7.7** that are applicable to that year and the GBNRC shall notify Grantees of the same.
- 7.8 No Share under a Grant shall vest, which, in the Board's sole opinion, results in Boustead Holdings Berhad's shareholdings in the Company falling below twenty per cent (20%) of the total number of issued Shares of the Company (excluding Treasury Shares, if any) at any point in time (excluding dilution arising from any circumstance(s) other than such vesting) unless with the prior written approval of Boustead Holdings Berhad, provided always that Boustead Holdings Berhad's shareholdings in the Company immediately prior to such vesting is no less than twenty per cent (20%) of the total number of issued Shares of the Company (excluding Treasury Shares, if any).

8. THE GRANT

- 8.1 In accordance with the terms of the Grant and these By-Laws and subject to satisfaction of the criteria and conditions as may be approved by the Board, the Board shall have the absolute discretion to settle the vesting of the Shares as set out in **By-Law 8.3**.
- 8.2 In the case where the vesting of a Grant is satisfied via a transfer of existing Shares by the Trustee, the Trustee shall administer the transfer of existing Shares in accordance with the Trust Deed.
- 8.3 The Grant shall be settled by way of:
- (a) an allotment and issuance of new Shares to the Grantee and recorded in the Company's books in accordance with applicable accounting standards; or
 - (b) transfer of existing Shares and/or Treasury Shares to the Grantee; or

- (c) cash payment in lieu of an allotment and issuance of new Shares or transfer of existing Shares and/or Treasury Shares to the Grantee, based on the aggregate Market Value of such Shares on the Vesting Date; or
- (d) other methods as may be permitted by the Act and the Listing Requirements, as amended from time to time and any reenactment thereof, if any; or
- (e) a combination of any of the above,

as approved by the Board. In deciding on whether the Grant shall be settled wholly or partly, by way of cash payment to the Grantee in lieu of an allotment and issuance of new Shares or transfer of existing Shares and/or Treasury Shares to a Grantee, the Board may take into consideration, amongst others, factors such as the prevailing market price of the Shares, the dilutive effects on the Company's share capital base, funding consideration and cash requirements of the Group, the potential cost arising from the vesting of the Grants as well as any applicable laws, regulatory requirements and/or administrative constraints, if relevant.

For the purpose of these By-Laws, "**Market Value**" means in relation to a Share:

- (a) the value of the Shares with no entitlement to any discount, taking into account, among others, the volume-weighted average price of the Shares for five (5) Market Days immediately before the Vesting Date; or
- (b) if the Board is of the opinion that the Market Value determined in accordance with (a) above is not representative of the value of a Share, such price as the Board may determine, and such determination to be confirmed in writing by the Auditors or Advisers (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

- 8.4 No Grantee shall have the right to or interest in the Shares granted to him unless and until the Shares are vested to him on and with effect from the date such Shares are credited into his CDS Account.

9. TERMINATION OF GRANT

- 9.1 In the event of the cessation of employment of a Grantee with a Group Company for whatever reason, prior to the vesting of Shares under a Grant, such Grant or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company, provided always that if such cessation occurs by reason of:
- (a) retirement on attaining the normal retirement age under the Group's retirement policy;
 - (b) retirement before attaining that normal retirement age;
 - (c) ill-health, injury, physical or mental disability;
 - (d) acceptance by that Grantee of a voluntary separate scheme offered by the relevant Group Company and the last day of that Grantee's employment with such Group Company falls on or before the Grant Termination Date; or
 - (e) any other circumstance which is acceptable to the Board,

then the Grantee's rights in respect of such Grant shall remain unaffected, subject to these By-Laws. In any of the cases of this **By-Law 9.1**, the Board may at its sole discretion determine that all or any part of the Unvested Shares under the Grant, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such Shares under the Grants may vest (provided that no Shares under the Grants shall vest after the expiry of the Grant Period).

- 9.2 Subject to **By-Law 9.1**, upon the resignation of the Grantee from his employment with the relevant Group Company, a Grant shall lapse forthwith on the date the Grantee tenders his resignation.
- 9.3 Where a Grantee dies before the expiry of the Grant Period, the Board may at its discretion determine that all or any part of the Unvested Shares under the Grants held by the Grantee, can vest to the legal or personal representative of that Grantee, and the times or periods at or within which such Shares under the Grants may vest, provided always that no Shares under the Grants may vest after the expiry of the Grant Period. In this regard, the Board may require the said personal or legal representative to provide evidence satisfactory to the Board of his status as such legal or personal representative.

10. DISCIPLINARY PROCEEDINGS

- 10.1 For the avoidance of doubt, in the event that a Grantee is subject to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of service), the Board may at its discretion suspend any one or more of the Grantee's rights in respect of any Grant then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:
- (a) for the avoidance of doubt, in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Grant then held by him shall remain unaffected (and where that Grant had been suspended, the suspension shall be lifted);
 - (b) in the event the Disciplinary Proceedings result in a dismissal or termination of service of such Grantee, the Grant held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of service of such Grantee, notwithstanding that such dismissal or termination of service may be subsequently challenged by the Grantee in any other forum; and
 - (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the Board shall have the sole right to decide, at its discretion, whether or not the numbers of Shares comprised in the Grant held by that Grantee which are unvested at that time may continue to vest and, if so, to impose such limits, terms and conditions as it deems appropriate, in respect of such Grant (regardless of anything previously determined in respect of his Grant),

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of service is recommended, the Board shall have the sole right to determine, at its discretion, whether or not the Shares under the Grant may continue to vest and, if so, to impose such limits, terms and conditions as it deems appropriate, in respect of such exercise or vesting (regardless of anything previously determined in respect of his Grant).

- 10.2 In addition to **By-Law 10.1**, once the Shares are vested, such vested Shares (together with any dividend, rights, allotment and/or other distribution received in respect of such vested Shares and/or any realisation proceeds from the sale of such vested Shares) ("**Assets**") are held by the Grantee on trust for the Company and the Grantee agrees and shall transfer immediately all Assets to the Company, upon any of the following events occurring:
- (a) the Grantee is found to have acted fraudulently or dishonestly or committed material breaches of his employment terms, in the sole opinion of the Board;
 - (b) the Grantee is found guilty of the charges (or any one of them) which gave rise to Disciplinary Proceedings; or
 - (c) there is, in the Board's sole opinion, a material misstatement in the financial statements of the Company or consolidated financial statements of the Group for which had it been known at the material time, such vested Shares would not have been vested in the Grantee,

unless otherwise determined by the Board in its sole right and discretion.

11. RANKING OF SHARES

- 11.1 The new Shares to be allotted and issued to the Grantees pursuant to this Scheme shall be subject to the provisions of the Constitution and shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, except that they shall not participate in dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date on which the new Shares are allotted and issued to the Grantees pursuant to this Scheme.
- 11.2 The existing Shares and/or Treasury Shares to be transferred to the Grantees pursuant to this Scheme shall be transferred together with all voting rights, dividends, rights, allotments, entitlements and/or any other distributions that may be declared, made or paid, for which the entitlement date is on or after the transfer date.
- 11.3 For the avoidance of doubt:
- (a) existing Shares and/or Treasury Shares that are not transferred to the Grantee shall not be conferred any right to attend meeting, voting, dividends, allotments, entitlements and/or any other distributions whether cash or otherwise and any purported exercise of such rights is void; and
 - (b) any voting rights, dividends, rights, allotments, entitlements and/or any other distributions which are attributable to the Shares held by the Trustee but which are not transferred, vested or given to any Grantees shall accrue to the Trustee and be dealt with in accordance with the Trust Deed.

12. ADMINISTRATION

- 12.1 This Scheme shall be implemented and administered by the GBNRC which will comprise such number of persons as may be appointed by the Board from time to time. Subject to these By-Laws, the GBNRC may, for the purpose of this Scheme, make recommendations relating to this Scheme and its administration to the Board, and do all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make such rules and regulations, impose such terms and conditions, appoint any adviser, agent, trustee or nominee to facilitate the implementation and operation of this Scheme, and/or delegate all or any part of its powers or duties relating to this Scheme, subject always to the approval of the Board first being obtained.
- 12.2 The Board shall have the power at any time and from time to time to:
- (a) delegate its powers to the GBNRC for the purposes of managing this Scheme, including (without limitation), doing all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make such rules and regulations, and impose such terms and conditions, which are to be done by the Board under these Bye-Laws; and/or
 - (b) approve, rescind and/or revoke the appointment of any member of the GBNRC and appoint replacement members to the GBNRC; and/or
 - (c) make, issue and/or amend the terms of reference of the GBNRC at any time and from time to time; and/or
 - (d) assume, revoke and/or exercise or execute any powers and authorities conferred by it upon the GBNRC pursuant to these By-Laws; and/or
 - (e) establish any other committee(s) for the purposes of administering the Scheme (or any part of it), including (without limitation), doing all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make such rules and regulations, and impose such terms and conditions, which are to be done by the Board and/or the GBNRC under these By-Laws, and to this end the Board may determine all matters pertaining to this committee, including (without limitation) its composition, duties, powers and limitations. For the avoidance of doubt, the Board is entitled to delegate to such committee any right, discretion, power and/or authority which the Board has under and for the purposes of these By-Laws.

13. TRUST

- 13.1 For purposes of facilitating the implementation and administration of this Scheme, the Company may, if required or deemed necessary, establish a Trust to be administered by the Trustee consisting of such Trustee or its authorised nominee appointed by the Company from time to time. The Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company, its Subsidiaries and/or third party, to enable the Trustee to subscribe for new Shares, acquire existing Shares and/or receive Treasury Shares for the purpose of this Scheme and to pay expenses in relation to the administration of trust. The GBNRC may, with the approval of the Board, instruct the Trustee to subscribe for new Shares, acquire existing Shares and/or receive Treasury Shares for the purpose of this Scheme at any time and from time to time and also to revoke or suspend any such instruction that has been given to the Trustee.

- 13.2 The Trustee shall administer the Trust in accordance with the Trust Deed to be executed between the Trustee and the Company. The Trustee shall do all such acts and things and enter into any transaction, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the GBNRC may, with the approval of the Board, direct for the implementation and administration of the Trust.
- 13.3 The Company shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

14. MODIFICATION AND/OR AMENDMENT OF THESE BY-LAWS

- 14.1 Subject to the compliance with the Listing Requirements and any laws and/or regulations of other relevant authorities, the GBNRC may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend or delete all or any of these By-Laws upon such recommendation PROVIDED ALWAYS THAT no additions or amendments to or deletions of these By-Laws shall be made which will:
- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) increase the number of Shares available under this Scheme beyond the maximum imposed by **By-Law 3.1**; or
 - (c) alter to the advantage of any Eligible Employee in respect of any matters which are required to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.
- 14.2 Any amendments/modifications to these By-Laws shall not contravene any of the provisions of the guidelines on employees' share schemes as stipulated under the Listing Requirements and/or by any other relevant regulatory authority in relation to this Scheme.
- 14.3 Upon amending and/or modifying all or any of the provisions of this Scheme, the Company shall within five (5) Market Days, submit the amended By-Laws and a confirmation letter to Bursa Securities for the amendments made, that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements pertaining to this Scheme pursuant to paragraph 2.12 of the Listing Requirements. In such event, the GBNRC shall (with the approval of the Board) furnish a written notification to all Grantees and the Company shall make all necessary announcements to Bursa Securities in respect of such amendments and/or modifications.

15. LIQUIDATION OF COMPANY

- 15.1 If there is a liquidation or winding-up of the Company, all Unvested Shares under the respective Grants shall on the date of liquidation or winding-up immediately lapse and become null and void and any Unvested Shares shall cease to be capable of vesting without any claim whatsoever against the Company, that date being:
- (a) in the case of a voluntary winding-up, the earlier of (i) the date on which a provisional liquidator is appointed by the Company; and (ii) the date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or
 - (b) in the case of an involuntary winding-up, the date on which a petition for winding-up is served on the Company.

16. DURATION OF THIS SCHEME AND TERMINATION

- 16.1 This Scheme shall be in force for a period of ten (10) years commencing from the effective date, being the date upon which the Company has fully complied with the provisions of the Listing Requirements in relation to this Scheme ("**SGS Period**"). This Scheme may be extended by the Board at its absolute discretion for such longer period as may be allowed by the relevant authorities and applicable laws, immediately from the expiry of the aforesaid SGS Period. All Unvested Shares under the Grants which are not vested (whether fully or partially) shall forthwith lapse upon the expiry of this Scheme.
- 16.2 Upon expiry of the SGS Period:
- (a) all unaccepted Offers shall forthwith cease to be capable of acceptance; and
 - (b) all Unvested Shares comprised in any Grant shall forthwith cease to be capable of vesting (unless otherwise determined by the Board pursuant to **By-Law 16.3**).
- 16.3 Notwithstanding anything to the contrary in these By-Laws, but subject to any applicable law or Listing Requirements, this Scheme may be terminated by the Company at any time before the expiry of the SGS Period by written notice to affected Grantees, provided that:
- (a) in the case of any unaccepted Offers, such Offers shall forthwith lapse and become null and void and any Unvested Share shall forthwith cease to be capable of vesting on the date specified in the notice; and
 - (b) in the case of Unvested Shares, the Unvested Shares will cease to be capable of vesting unless the Board may in its absolute discretion, permit the vesting of all or part of Unvested Shares in the Grantees at any time before the termination date as determined by the Board subject to such terms and conditions as may be prescribed by the Board notwithstanding that:
 - (i) the Vesting Date is not due or has not occurred;
 - (ii) the Grant Period has not commenced; and/or
 - (iii) other terms or conditions set forth in the Grant have not been fulfilled/satisfied.
- 16.4 Upon termination of this Scheme, no further Offers shall be made by the Company and the Company shall immediately announce to Bursa Securities:
- (a) the effective date of termination;
 - (b) the total number of Shares vested under this Scheme; and
 - (c) the reasons for termination.
- 16.5 Subject to the relevant approvals being obtained, the Company may implement a new employees' share scheme after the expiration or termination of this Scheme pursuant to **By-Law 16.3**.

17. RETENTION PERIOD AND RESTRICTION ON TRANSFER

- 17.1 The Shares to be allocated to the Grantees under this Scheme are not subject to any retention period or restriction on transfer unless otherwise determined by the Board and set out in the relevant Offer(s).

- 17.2 The expression "retention period" referred to in **By-Law 17.1** shall mean the period in which the Shares allotted and issued, or transferred, pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of, or dealt with, by the Grantee.

18. COSTS AND EXPENSES OF SCHEME

- 18.1 All administrative costs and expenses incurred in relation to this Scheme, including but not limited to the costs and expenses relating to the allotment and issuance of the new Shares, or transfer of the Shares pursuant to the Grant, upon vesting of Shares under a Grant, payment in cash pursuant to a Grant and the Trustee's fees (if any) shall be borne by the Company.
- 18.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including, without limitation, income taxes) that are incurred by a Grantee pursuant or relating to the vesting of Shares under a Grant, and any holding or dealing of such Shares (such as, but not limited to, brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

19. COMPENSATION

- 19.1 An Eligible Employee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under this Scheme which he might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 19.2 No Eligible Employee or Grantee, or legal or personal representative therefore, shall bring any claim, action or proceeding against the Company, the Board, the GBNRC, the Trustee or any other party for any compensation, loss or damages whatsoever and howsoever arising from the suspension of the vesting of Shares under a Grant, his Shares under a Grant not vesting or being paid (as the case may be) for any reason whatsoever, and/or his Grant ceasing to be valid pursuant to the provisions of these By-Laws.

20. DISPUTES

- 20.1 In the event of a dispute between the Board and/or the GBNRC, and an Eligible Employee or a Grantee, as to any matter or thing of any nature arising hereunder, the Board shall determine such dispute or difference by a written decision (without the obligation to give any reason for the same) given to the Eligible Employee or Grantee, as the case may be. The said decision of the Board shall be final and binding on the parties.

21. DIVESTMENTS OF SUBSIDIARIES

- 21.1 If a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group resulting in a subsequent holding of fifty percent (50%) or less of the equity of that company by another Group Company, then such Grantee will remain entitled to receive those Shares which have vested under the Grants granted to him under this Scheme on or before such disposal or divestment, but shall not be entitled to receive all or any part of the Shares under a Grant that remain unvested nor shall he be eligible to any further Grants under this Scheme.

22. ACQUISITIONS OF SUBSIDIARIES

22.1 Notwithstanding anything to the contrary, but subject to **By-Law 2.4**, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**"):

- (a) will be entitled to continue to exercise all such unexercised rights or options that were granted to him under the Previous Company's employee share scheme or employee share option scheme in accordance with the by-laws of that Previous Company's employee share scheme or employee share option scheme, but he shall not, upon that Previous Company becoming a Group Company, be eligible to participate for further rights or options under such Previous Company's employee share scheme or employee share option scheme unless permitted by the Board; and
- (b) subject to the approval of the Board, may be eligible to participate in this Scheme only for remaining duration of this Scheme,

provided that, notwithstanding anything to the contrary, the number of Shares that may be offered to such an Affected Employee under **By-Law 22.1(b)** will always be subject to the discretion of the Board.

23. SCHEMES OF ARRANGEMENT

23.1 Notwithstanding **By-Law 7.2**, in the event of any application being made to the court for approval of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the Board may at its discretion determine that a Grantee may be entitled to receive all or any part of the Shares under a Grant that remain unvested in accordance with **By-Law 7.7** commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme is approved (or on any other date specified by the Board in its sole discretion) after which all Unvested Shares under the Grants shall forthwith lapse.

24. THE CONSTITUTION

24.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times.

25. SCHEME NOT A TERM OF EMPLOYMENT

25.1 This Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Eligible Employee or Grantee. This Scheme shall not confer or be construed to confer on any Eligible Employee or Grantee any special right or privilege over and above the Eligible Employee's or Grantee's terms and conditions of employment under which that Eligible Employee or Grantee is employed, nor any right in addition to compensation or damages that he is normally entitled to arising from the cessation of his employment.

26. DISCLAIMER OF LIABILITY

- 26.1 Notwithstanding any provision contained herein, and subject to all applicable laws, the Board, the Company, the GBNRC and/or the Trustee, shall not, under any circumstances, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising in any event, including but not limited to the Company's delay in allotting and issuing or transferring the Shares or in applying for or procuring the listing of the Shares on Bursa Securities or paying in cash.

27. NOTICE

- 27.1 Unless otherwise provided in these By-Laws, any notice which under these By-Laws is required to be given to or served upon an Eligible Employee or Grantee or any correspondence to be made with an Eligible Employee or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission, ordinary post courier or human resource electronic management system addressed to the Eligible Employee or Grantee at his place of employment, to his electronic mail address, at his last facsimile transmission number known to the Company, or to his last-known address. Any notice served by hand, by facsimile, by electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, (if by electronic mail or electronic management system) the dispatch of the electronic mail, and (if by post) three days after postage.
- 27.2 Any notice under this Scheme required to be given to or served upon the Board, the GBNRC and/or Trustee, by an Eligible Employee or Grantee or any correspondence to be made between an Eligible Employee or Grantee to the Board, GBNRC and/or Trustee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company or such other office which the GBNRC and/or Trustee may have stipulated for a particular purpose by hand (with acknowledgment of receipt) or registered letter.
- 27.3 Notwithstanding **By-Law 27.2**, where any notice is required to be given by the Company, the Board or the GBNRC under these By-Laws in relation to matters which may affect all the Eligible Employees or Grantees, as the case may be, the Company, the Board or GBNRC may give notice through an announcement to all employees of Group Company to be made in such manner as deemed appropriate by the Board. Upon the making of such an announcement, the notice to be made under **By-Law 27.3** shall be deemed to be sufficiently given, served or made to all affected Eligible Employees or Grantees, as the case may be.

28. MULTIPLE JURISDICTIONS

- 28.1 In order to facilitate the making of any Offer, and/or Grants, and/or the benefit thereof under this Scheme, the Board may provide for such special terms to apply to Offers and/or Grants to Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the Board may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of this Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Scheme as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Scheme. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of this Scheme under these By-Laws as then in effect unless this Scheme and these By-Laws could have been amended to eliminate such inconsistency.

29. SEVERABILITY

- 29.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision contained in these By-Laws.

30. GOVERNING LAW

- 30.1 This Scheme, these By-Laws, and all Offers and Grants made and granted and actions taken under this Scheme shall be governed by and construed in accordance with the Malaysian law. The Grantee, by accepting the Offer in accordance with these By-Laws, the terms of this Scheme and the Constitution, irrevocably submits to the exclusive jurisdiction of the Malaysian courts.

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved the contents of this Circular, and they collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular. They confirm that, after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT IN INTEREST

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

Affin Hwang IB is a wholly-owned subsidiary of Affin. Therefore, certain employees of Affin Hwang IB could be eligible to participate in the Proposed SGS. Datuk Wan, the President & Group Chief Executive Officer of Affin, is also the Non-Independent Executive Director of Affin Hwang IB. He is entitled to participate in the Proposed SGS in his current capacity as our Company's President & Group Chief Executive Officer. Notwithstanding the above, we are of the view that the appointment of Affin Hwang IB as the Principal Adviser to our Company in relation to the Proposed SGS will not give rise to any conflict of interest situation or any conflict of interest situation is likely to exist in view of the following:

- (i) Affin Hwang IB is a licensed investment bank and its appointment as the Principal Adviser for the Proposed SGS is in the ordinary course of its business (i.e. the provision of corporate advisory services with respect to the regulatory requirements for the Proposed SGS). Affin Hwang IB does not have any interest in the Proposed SGS other than as the Principal Adviser based on the terms of engagement which are mutually agreed between both parties. Further, Affin Hwang IB does not receive or derive any financial interest or benefit, save for the professional fees received in relation to its appointment as the Principal Adviser for the Proposed SGS;
- (ii) The conduct of our Group's business is regulated by the Financial Services Act, 2013, and the Capital Markets and Services Act, 2007 as well as our Group's own internal controls and checks;
- (iii) The Corporate Finance division of Affin Hwang IB is required under its investment banking licence to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and BNM governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;
- (iv) The Proposed SGS will be undertaken in accordance with the By-Laws. The GBNRC will be responsible to administer the Proposed SGS in accordance with the By-Laws. Further, the GBNRC, subject to the approval of our Board, will make the Offers accordingly to the Eligible Employees subject to the terms and conditions of the By-Laws; and
- (v) Datuk Wan is not involved in the management and/or operational affairs in relation to corporate assignments undertaken by the Corporate Finance department of Affin Hwang IB.

3. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any legal proceedings pending or threatened against our Group, or of any facts likely to give rise to any legal proceedings, which might materially or adversely affect the business or financial position of our Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at 31 December 2022 (being the latest audited consolidated financial results available), our Board is not aware of any material commitments or contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable may have a material effect on the business or financial position of our Group.

	Principal amount as at 31 December 2022 RM'000
Contingent Liabilities	
Direct credit substitutes*	500,774
Transaction-related contingent items	1,331,367
Short-term self-liquidating trade-related contingencies	413,248
	2,245,389
Material Commitments	
Irrevocable commitments to extend credit	
- Maturity less than one year	5,557,413
- Maturity more than one year	2,869,597
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness	1,279,899
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions)	5,175,091
Unutilised credit card lines	1,458,431
	16,340,431
Derivative Financial Instruments	
Foreign exchange related contracts [#]	
- Less than one year	26,850,314
- One year to less than five years	842,979
Interest rate related contracts [#]	
- Less than one year	2,535,790
- One year to less than five years	7,155,483
- Five years and above	670,000
Other/Miscellaneous Commitments and Contingencies	7,421
	38,061,987
Total Commitments and Contingencies	56,647,807

Notes:

- * *Included in direct credit substitutes are financial guarantee contracts of RM499.9 million, of which fair value at the time of issuance is zero.*
- # *The fair values of these derivatives have been recognised as “derivative financial assets” and “derivative financial liabilities” in the statement of financial position.*

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the AGM of our Company, at the Registered Office of our Company at Level 19, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur:

- (i) our Constitution;
- (ii) the audited consolidated financial statements of our Company for the past 2 FYEs 31 December 2021 and 31 December 2022;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the By-Laws in relation to the Proposed SGS as referred to in Appendix I of this Circular.

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EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 47TH ANNUAL GENERAL MEETING (AGM) OF AFFIN BANK BERHAD [197501003274 (25046-T)] (ABB/THE COMPANY) WILL BE BROADCASTED LIVE FROM LEVEL 26, AUDITORIUM, MENARA AFFIN, LINGKARAN TRX, TUN RAZAK EXCHANGE, 55188 KUALA LUMPUR, MALAYSIA ON THURSDAY, 25 MAY 2023 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

AS SPECIAL BUSINESSES:

To consider, and if thought fit, to pass the following resolutions:

11. Ordinary Resolution

PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE PLAN IN THE FORM OF EMPLOYEES' SHARE GRANT SCHEME

Resolution 12

"THAT subject to the approvals of all relevant regulatory authorities being obtained (where applicable), and to the extent permitted by law and the Constitution of the Company, the Board, be and is hereby authorised and empowered to:

- (i) establish and implement a long-term incentive plan in the form of an employees' share grant scheme of up to 5% of the Company's total number of issued ordinary shares (ABB Shares or Shares) (excluding treasury shares, if any) at any point in time during the duration of the proposed employees' share grant scheme (SGS Period) (Proposed SGS) for the selected eligible employees within ABB and its subsidiary companies (ABB Group or Group) (excluding its dormant subsidiary companies), who fulfil the eligibility criteria (Eligible Employees) as stipulated by the by-laws governing the Proposed SGS (By-Laws), a draft of which is set out in Appendix I of the circular to shareholders of ABB in relation to the Proposed SGS dated 26 April 2023 (Circular) and that the Proposed SGS shall be administered by the Group Board Nomination and Remuneration Committee of ABB (GBNRC) in accordance with the By-Laws and will comprise such number of the Company's Independent Non-Executive Directors as may be appointed from time to time.
- (ii) allot and issue such number of new ABB Shares and/or transfer existing ABB Shares and/or transfer treasury shares of ABB (if applicable) and/or make cash payment, from time to time and at any time on the relevant vesting date(s), to the Eligible Employees who have accepted the offer made in writing to them by the GBNRC (Offer) (Grants) and fulfilled the relevant vesting conditions under the Proposed SGS, in accordance with the By-Laws:
 - (a) provided that the maximum number of ABB Shares which may be made available under the Proposed SGS shall not in aggregate exceed 5% of ABB's total number of issued Shares (excluding treasury shares, if any) at any point in time during the SGS Period; and
 - (b) that such new ABB Shares to be allotted and issued to the Eligible Employees who accepted the Offer (Grantees) under the Proposed SGS will, upon allotment and issue, rank equally in all respects with the existing ABB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders of the Company for which the entitlement date precedes the date of allotment and issuance of the new ABB Shares;

- (c) establish a trust (Trust) to be implemented and administered by the trustee to be appointed by the Company from time to time (Trustee), in accordance with the terms of a trust deed to be executed between the Trustee and the Company (Trust Deed), to facilitate the implementation of the Proposed SGS and be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company, the subsidiaries of the Company and/or third parties to enable the Trustee to subscribe for new ABB Shares, acquire existing ABB Shares and/or receive treasury shares for the purpose of the Proposed SGS and to pay expenses in relation to the administration of the Trust, if required, in accordance with the terms and conditions of the Trust. The Board shall also have the discretion to revoke or suspend any such instruction that has earlier been given to the Trustee;
- (d) add, delete, modify and/or amend all or any part of the terms and conditions as set out in the By-Laws governing the Proposed SGS from time to time as may be permitted or deemed necessary by the Board, provided that such additions, deletions, modifications, and/or amendments are effected in accordance with the provisions of the By-Laws; and
- (e) do all such acts and things and execute all such documents and enter into all such transactions, arrangements, agreements, instruments, deeds and/or undertakings, to make all such rules or regulations, or to impose all such terms and conditions and/or delegate part of its power and to generally exercise such powers and perform such acts as may be necessary or expedient to give full effect to the Proposed SGS and the terms of the By-Laws;

AND THAT it is hereby approved and determined in this general meeting, in accordance with Clause 9 of the Company's Constitution (read together with subsection 85(1) of the Act), that the Board shall allot and issue new ABB Shares, as required, under the Proposed SGS in accordance with the By-Laws, without such ABB Shares being required to be offered to the shareholders of ABB in proportion, as nearly as may be, to the number of ABB Shares held by them or at all and effectively resulting in the shareholders of ABB waiving their pre-emptive rights under Clause 9 of the Company's Constitution (read together with subsection 85(1) of the Act) to be offered all or any part of the new ABB Shares to be issued, if any, pursuant to the Proposed SGS;

AND THAT the Board be and is hereby authorised to give effect to the Proposed SGS with full power to assent to any conditions, modifications, variations and/or amendments in any manner as required by the relevant authorities or as the Board may deem necessary and expedient in order to implement, finalise and give full effect to the Proposed SGS;

AND THAT the proposed By-Laws of the Proposed SGS, as set out in Appendix I of the Circular, which is in compliance with the MMLR of Bursa Malaysia, be and is hereby approved and adopted."

12. Ordinary Resolution

PROPOSED ALLOCATION TO DATUK WAN RAZLY ABDULLAH WAN ALI, THE PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER OF ABB

Resolution 13

"THAT subject to the passing of Ordinary Resolution 12, the Board be and is hereby authorised at any time and from time to time during the SGS Period, to cause or procure the offering and the allocation to Datuk Wan Razly Abdullah Wan Ali, being the President & Group Chief Executive Officer of ABB, of up to a maximum of 2,040,000 new ABB Shares under the Proposed SGS as they shall deem fit, which will be vested to him at a future date, subject always to such terms and conditions of the By-Laws and provided that not more than 10% of the total number of ABB Shares to be issued under the Proposed SGS shall be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the said Eligible Employee, holds 20% or more of the total number of issued shares of ABB (excluding treasury shares, if any);

AND THAT the Board be and is hereby authorised to allot and issue new ABB Shares and/or transfer such number of treasury shares and/or existing ABB Shares and/or make cash payments pursuant to the Proposed SGS to him from time to time pursuant to the vesting of his Grant(s).”

BY ORDER OF THE BOARD

NIMMA SAFIRA KHALID
(LS0009015)
(SSM PC No. 201908001266)
Company Secretary

Kuala Lumpur
26 April 2023