

AFFIN HOLDINGS BERHAD (“AFFIN” OR THE “COMPANY”)

PROPOSED ACQUISITION OF 10,000,000 ORDINARY SHARES OF RM1.00 EACH IN ASIAN ISLAMIC INVESTMENT MANAGEMENT SDN BHD (“AIIM”), REPRESENTING THE ENTIRE EQUITY INTEREST IN AIIM BY AFFIN HWANG ASSET MANAGEMENT BERHAD (FORMERLY KNOWN AS HWANG INVESTMENT MANAGEMENT BERHAD) (“AFFIN HWANG AM”) (“PROPOSED AIIM ACQUISITION”)

Unless otherwise stated, abbreviations and definitions used throughout this announcement shall be the same as those previously defined in the announcements dated 22 January 2014, 14 August 2014 and 18 August 2014.

1. INTRODUCTION

On behalf of the Board of Directors of AFFIN (“**Board**”), Affin Investment wishes to announce that Affin Hwang AM has, on 19 September 2014 entered into the following agreements:

- (i) shares sale and purchase agreement for the acquisition of 51% interest in AIIM from Nikko Asset Management Asia Limited (“**NikkoAM Asia**”) for RM11,730,000 to be satisfied in cash (“**51% AIIM Shares Sale and Purchase Agreement**”); and
- (ii) shares sale and purchase agreement for the acquisition of 49% interest in AIIM from Affin Hwang Investment Bank Berhad (formerly known as HwangDBS Investment Bank Berhad) (“**Affin Hwang IB**”) for RM11,270,000 to be satisfied in cash (“**49% AIIM Shares Sale and Purchase Agreement**”)

(collectively referred to as the “**Shares Sale and Purchase Agreements**”).

Affin Hwang AM is a 70% subsidiary of Affin Hwang IB, which is in turn a wholly-owned subsidiary of AFFIN. AIIM is a 49% associate company of Affin Hwang IB.

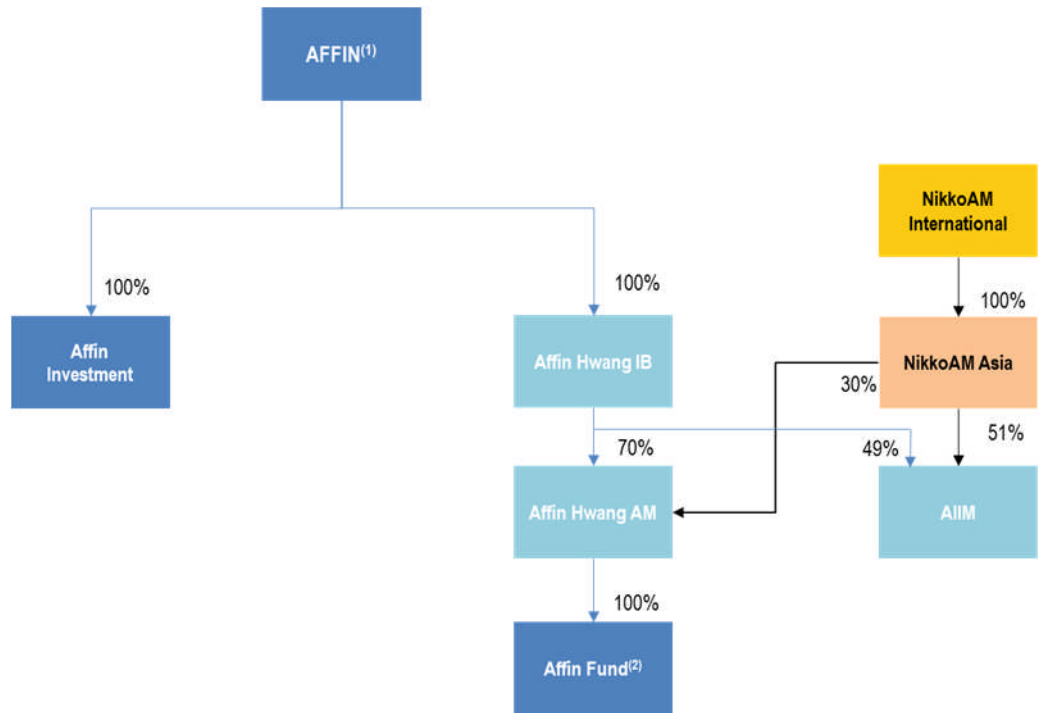
2. PROPOSED AIIM ACQUISITION

2.1 Details of the Proposed AIIM Acquisition

The Proposed AIIM Acquisition entails the acquisition by Affin Hwang AM of 51% interest in AIIM from NikkoAM Asia and 49% interest in AIIM from Affin Hwang IB.

The corporate structure of AFFIN and its subsidiaries (“**AFFIN Group**”) before and after the Proposed AIIM Acquisition is depicted below:

Existing



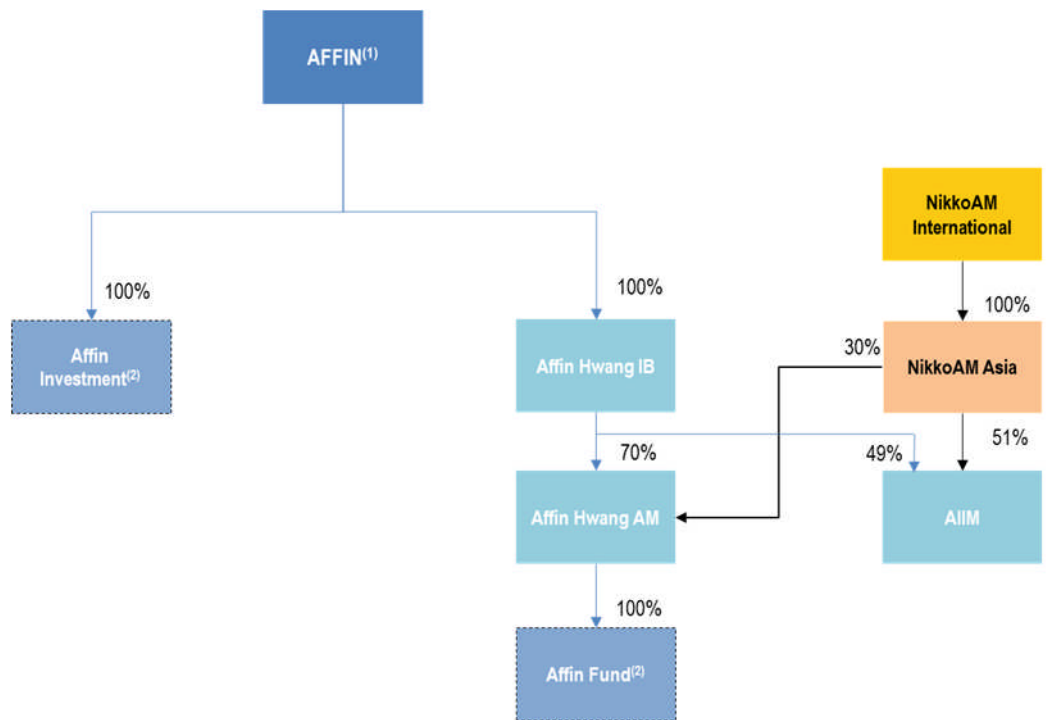
Notes:

(1) Excludes other subsidiaries of AFFIN.

(2) The Proposed Affin Fund Acquisition was completed on 19 August 2014.

NikkoAM International: Denotes Nikko Asset Management International Limited.

After the IB Merger and IM Merger



Notes:

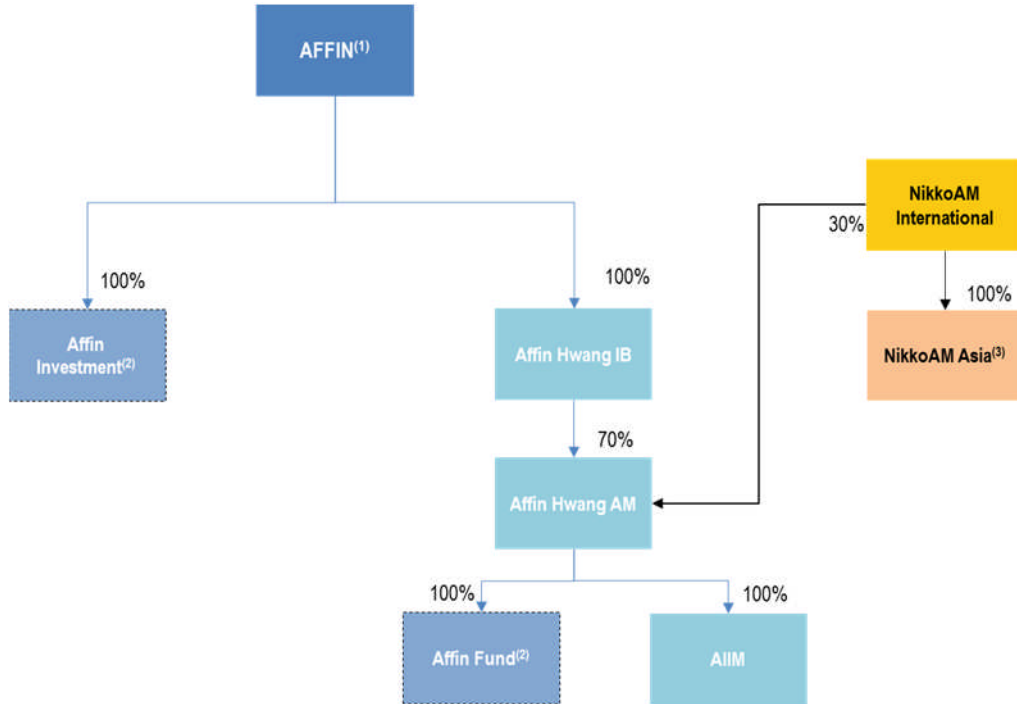
(1) Excludes other subsidiaries of AFFIN.

(2) The entities are dormant following the completion of the IB Merger and IM Merger.

Merged IB : Denotes the merged entity of Affin Investment and Affin Hwang IB.

Merged IM : Denotes the merged entity of Affin Fund and Affin Hwang AM.

After the Proposed AIIM Acquisition



Notes:

(1) Excludes other subsidiaries of AFFIN.

(2) The entities are dormant following the completion of the IB Merger and IM Merger.

(3) As part of Nikko's group capital management plan, the 30% interest in Affin Hwang AM held by NikkoAM Asia will be transferred to NikkoAM International either prior to, at the same time as, or subsequent to the Proposed AIIM Acquisition.

2.2 Basis of and justification for the purchase consideration

The purchase consideration of RM23.0 million for 100% interest in AIIM, was arrived at on a "willing buyer-willing seller" basis which represents an enterprise value / AUM of 1.48% based on AUM (being funds other than those managed on behalf of Affin Hwang AM) as at 31 March 2014 of RM1,555.7 million.

2.3 Salient terms of the Shares Sale and Purchase Agreements

2.3.1 51% AIIM Shares Sale and Purchase Agreement

(i) Consideration

The purchase consideration for the sale and purchase of the 51% interest in AIIM shall be the cash sum of RM11,730,000 only, payable by Affin Hwang AM to NikkoAM Asia at closing.

The parties agree and confirm that there shall be no adjustment to the purchase consideration.

(ii) Conditions precedent

The closing shall, subject to the following conditions precedents having taken place:

- (a) the completion of the IB Merger;
- (b) the completion of the Proposed Affin Fund Acquisition which was completed on 19 August 2014;
- (c) the approval of shareholders of Affin Hwang AM being obtained for the purchase of 51% interest in AIIM from NikkoAM Asia which has been obtained on 12 September 2014; and
- (d) the waiver of Affin Hwang IB's pre-emption rights under Clause 9 of the Subscription and Joint Venture Agreement dated 12 November 2008 between NikkoAM Asia, Affin Hwang IB and AIIM ("**AIIM Subscription and Joint Venture Agreement**") and Article 39C of the Articles of Association of AIIM for the transfer of 51% interest in AIIM from NikkoAM Asia to Affin Hwang AM, pursuant to Clause 8.1(b) of the AIIM Subscription and Joint Venture Agreement which has been obtained on 19 September 2014.

2.3.2 49% AIIM Shares Sale and Purchase Agreement

(i) Consideration

The purchase consideration for the sale and purchase of the 49% interest in AIIM shall be the cash sum of RM11,270,000 only, payable by Affin Hwang AM to Affin Hwang IB at closing.

The parties agree and confirm that there shall be no adjustment to the purchase consideration.

(ii) Conditions precedent

The closing shall, subject to the following conditions precedents having taken place:

- (a) the completion of the IB Merger;
- (b) the completion of the Proposed Affin Fund Acquisition which was completed on 19 August 2014; and
- (c) the approvals of the shareholders of Affin Hwang AM being obtained for the purchase of 49% interest in AIIM from Affin Hwang IB, which has been obtained on 12 September 2014.

2.4 Source of funds

The source of funding for the Proposed AIIM Acquisition will be satisfied via internally generated funds.

2.5 Assumption of liabilities

There are no liabilities, including contingent liabilities and guarantees to be assumed by Affin Hwang AM upon the completion of the Proposed AIIM Acquisition.

2.6 Estimated additional financial commitments

The Board does not expect to incur any additional financial commitments as the businesses are operating on a going concern basis.

2.7 Highest percentage ratio

The highest percentage ratio applicable to the Proposed AIIM Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.4%. Hence, the approval of the shareholders of AFFIN is not required for the Proposed AIIM Acquisition.

3. RATIONALE FOR THE PROPOSED AIIM ACQUISITION

The Proposed AIIM Acquisition will enable AIIM to become a wholly-owned subsidiary of Affin Hwang AM in line with the objective of creating an integrated fund management company and to optimise the allocation of resources across the group with the view of achieving greater operational efficiency in the utilisation of resources.

4. FINANCIAL EFFECTS OF THE PROPOSED AIIM ACQUISITION

The Proposed AIIM Acquisition will not have any effects on the issued and paid-up share capital, net assets, net assets per share and gearing, and substantial shareholders' shareholdings of the AFFIN Group.

The Proposed AIIM Acquisition is not expected to have any material effect on the earnings and earnings per share of AFFIN Group for the financial year ending ("FYE") 31 December 2014.

5. APPROVALS REQUIRED

The Proposed AIIM Acquisition is subject to the following approvals:

- (a) the approval of SC for the Proposed AIIM Acquisition, which was obtained on 14 August 2014;
- (b) the approval of the shareholders of Affin Hwang AM which was obtained on 12 September 2014; and
- (c) any other relevant authorities and/or parties, where required.

The Proposed AIIM Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by AFFIN.

6. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed AIIM Acquisition is expected to be completed by end September 2014.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors and major shareholders of AFFIN and/or persons connected to them have any interest, either direct or indirect, in the Proposed AIIM Acquisition.

8. DIRECTORS' RECOMMENDATION

The Board, having considered, all aspects of the Proposed AIIM Acquisition such as the rationale and effects of the Proposed AIIM Acquisition, is of the opinion that the Proposed AIIM Acquisition is in the best interest of the Company.

9. DOCUMENTS FOR INSPECTION

Copies of the Shares Sale and Purchase Agreements will be available for inspection at the registered office of AFFIN at 7th Floor, Chulan Tower, 3 Jalan Conlay, 50450 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 19 September 2014.

INFORMATION ON AFFIN HWANG AM

1. Background information

Affin Hwang AM was incorporated in Malaysia as a private limited company on 2 May 1997 and converted into a public company on 31 January 2001.

Affin Hwang AM is principally involved in the management of unit trust funds, private retirement schemes and provision of fund management services.

2. Authorised, issued and paid-up share capital

The authorised, issued and paid-up share capital of Affin Hwang AM as at 29 August 2014, being the latest practicable date ("LPD") are as follows:

	No. of shares	Total (RM)
Authorised share capital		
Ordinary shares of RM1.00 each	10,000,000	10,000,000
Issued and fully paid up share capital		
Ordinary shares of RM1.00 each	10,000,000	10,000,000

3. Substantial shareholders

As at LPD, the substantial shareholders of Affin Hwang AM are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Affin Hwang IB	Malaysia	7,000,000	70	-	-
NikkoAM Asia	Singapore	3,000,000	30	-	-
AFFIN	Malaysia	-	-	⁽¹⁾ 7,000,000	70
Lembaga Tabung Angkatan Tentera ("LTAT")	Malaysia	-	-	⁽²⁾ 7,000,000	70
Nikko Asset Management International Limited ("NikkoAM International")	Singapore	-	-	⁽³⁾ 3,000,000	30
Nikko Asset Management Co., Ltd.	Japan	-	-	⁽⁴⁾ 3,000,000	30

Notes:

(1) Deemed interested by virtue of its shareholding in Affin Hwang IB pursuant to Section 6A of the Companies Act 1965 ("Act").

(2) Deemed interested by virtue of its shareholding in AFFIN pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of its shareholding in NikkoAM Asia.

(4) Deemed interested by virtue of its shareholding in NikkoAM International.

INFORMATION ON AFFIN HWANG AM (Cont'd)

4. Directors

The particulars of the directors of Affin Hwang AM as at LPD are as follows:

Name	Designation
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	Non-Independent Chairman
Maimoonah binti Mohamed Hussain	Non-Independent Director
Abd Malik bin A Rahman	Independent Director
Teng Chee Wai	Chief Executive Officer & Executive Director
YBhg Mej Jen Dato' Hj Latip bin Ismail	Independent Director
Blair Chilton Pickerell	Non-Independent Director
Seet Oon Hui Eleanor (Xue Enhui Eleanor)	Alternate Director to Blair Chilton Pickerell

As at LPD, none of the directors has any interest, direct or indirect in Affin Hwang AM.

5. Subsidiaries and associated companies

As at LPD, the subsidiary company of Affin Hwang AM is as follows:

Name	Date / Place of incorporation	Issued and paid up capital (RM)	Effective equity interest (%)	Principal activities
Affin Fund	18 April 1975 / Malaysia	12,000,000	100.00	Asset management and management of unit trust funds

As at LPD, Affin Hwang AM does not have any associated companies.

INFORMATION ON AFFIN HWANG AM (*Cont'd*)

6. Financial summary

The summary of the financial information of Affin Hwang AM based on the audited financial statements of Affin Hwang AM for the past three (3) FYE 31 July 2011 to FYE 31 July 2013 are as follows:-

FYE 31 July	<-----Audited----->		
	2011	2012	2013
	RM'000	RM'000	RM'000
Operating revenue	71,452	111,905	183,948
Profit before taxation ("PBT")	13,144	23,045	40,160
PAT	10,350	18,675	31,395
No. of ordinary shares ('000)	10,000	10,000	10,000
Gross earnings per share ("EPS") (RM) ⁽¹⁾	1.31	2.30	4.02
Net EPS (RM) ⁽²⁾	1.04	1.87	3.14
Shareholders' fund / Net asset ("NA")	39,073	53,127	79,481
NA per share (RM) ⁽³⁾	3.91	5.31	7.95
Current ratio (times)	1.66	1.38	1.35

Notes:-

(1) Computed based on PBT divided by the number of ordinary shares in issue.

(2) Computed based on PAT divided by the number of ordinary shares in issue.

(3) Computed based on shareholders' fund / NA divided by the number of ordinary shares in issue.

INFORMATION ON AIIM

1. Background information

AIIM was incorporated in Malaysia as a private limited company on 19 January 1993.

AIIM is an Islamic investment management company, principally focused on providing clients unique and innovative *Shariah* investment solutions that focus on Asian equities and global *Sukuk*.

2. Authorised, issued and paid-up share capital

The authorised, issued and paid-up share capital of AIIM as at LPD are as follows:

	No. of shares	Total (RM)
Authorised share capital		
Ordinary shares of RM1.00 each	10,000,000	10,000,000
Issued and fully paid up share capital		
Ordinary shares of RM1.00 each	10,000,000	10,000,000

3. Substantial shareholders

As at LPD, the substantial shareholders of AIIM are as follows:

Name	Nationality/ Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
NikkoAM Asia	Singapore	5,100,000	51	-	-
Affin Hwang IB	Malaysia	4,900,000	49	-	-
AFFIN	Malaysia	-	-	(1)4,900,000	49
LTAT	Malaysia	-	-	(2)7,000,000	49
Nikko Asset Management International Limited	Singapore	-	-	(3)5,100,000	51
Nikko Asset Management Co. Limited	Japan	-	-	(4)5,100,000	51

Notes:

(1) Deemed interested by virtue of its shareholding in Affin Hwang IB pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of its shareholding in AFFIN pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of its shareholding in NikkoAM Asia pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of its shareholding in NikkoAM International pursuant to Section 6A of the Act.

After the completion of the Proposed AIIM Acquisition, AIIM will be wholly-owned by Affin Hwang AM.

INFORMATION ON AIIM (Cont'd)

4. Directors

The particulars of the directors of AIIM as at LPD are as follows:

Name	Designation
Tunku Dato' Paduka Jaafar Laksamana bin Tunku Nong Jiwa	Independent Chairman
Maimoonah binti Mohamed Hussain	Non-Independent Director
Akmal Bin Hassan	(Chief Executive Officer & Executive Director)
Blair Chilton Pickerell	Non-Independent Director
Seet Oon Hui Eleanor (Xue Enhui Eleanor)	Non-Independent Director

As at LPD, none of the directors has any interest, direct or indirect in AIIM.

5. Subsidiaries and associated companies

As at LPD, AIIM does not have any subsidiary or associated companies.

6. Financial summary

The summary of the financial information of AIIM based on the audited financial statements of AIIM for the financial period ended ("FPE") 31 March 2012, FYE 31 March 2013 and FYE 31 March 2014 are as follows:-

FYE 31 December	<-----Audited----->		
	^FPE 31 March 2012 (RM'000)	FYE 31 March 2013 (RM'000)	FYE 31 March 2014 (RM'000)
Operating revenue	4,796	6,307	11,416
PBT	347	1,464	5,541
PAT	295	1,430	5,539
No. of ordinary shares ('000)	10,000	10,000	10,000
Gross EPS (sen) ⁽¹⁾	3.47	14.64	55.41
Net EPS (sen) ⁽²⁾	2.95	14.30	55.39
Shareholders' fund / NA	7,024	8,465	14,065
NA per share (RM) ⁽³⁾	0.70	0.85	1.41
Current ratio (times)	37.43	11.58	13.44

Notes:-

^ FPE 31 March 2012 represents 15 months ended 31 March 2012. AIIM changed its financial year end from 31 December to 31 March.

(1) Computed based on PBT divided by the number of ordinary shares in issue.

(2) Computed based on PAT divided by the number of ordinary shares in issue.

(3) Computed based on shareholders' fund / NA divided by the number of ordinary shares in issue.