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**AFFIN BANK BERHAD**

(Company No. 25046-T)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

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

The resolution pertaining to the above proposal is set out in the Notice of the Company's Forty-Second (42<sup>nd</sup>) Annual General Meeting ("AGM") which is attached in the Annual Report of the Company for the financial year ended 31 December 2017 together with the Proxy Form. The Proxy Form 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, not less than forty-eight (48) hours before the time set for holding the AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	13 May 2018 at 10.00 a.m.
Date and time of the AGM	:	15 May 2018 at 10.00 a.m.
Venue of AGM	:	Taming Sari Grand Ballroom The Royale Chulan Kuala Lumpur 5 Jalan Conlay 50450 Kuala Lumpur

This Circular is dated 16 April 2018

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## DEFINITIONS

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

“ABB” or the “Company”	:	AFFIN Bank Berhad (25046-T)
“ABB Shares”	:	Ordinary shares in ABB
“Act”	:	Companies Act, 2016
“AFFIN”	:	AFFIN Holdings Berhad (23218-W), a wholly-owned subsidiary of ABB
“ABB Group” or the “Group”	:	ABB and its subsidiary companies as defined in Section 4 of the Act
“AFFIN Islamic”	:	AFFIN Islamic Bank Berhad (709506-V), a wholly-owned subsidiary of ABB
“AFFIN Hwang IB”	:	AFFIN Hwang Investment Bank Berhad (14389-U), a wholly-owned subsidiary of ABB
“AFFIN Moneybrokers”	:	AFFIN Moneybrokers Sdn Bhd (106666-U), a wholly-owned subsidiary of ABB
“AHAM”	:	AFFIN Hwang Asset Management Berhad (429786-T), a 70% owned subsidiary of AFFIN Hwang IB
“AGM”	:	Annual General Meeting
“AXA AFFIN Life”	:	AXA AFFIN Life Insurance Berhad (723739-W), a 51% owned joint venture company of ABB
“Board”	:	Board of Directors of ABB
“Boustead”	:	Boustead Holdings Berhad (3871-H), a major shareholder of ABB and a 61.37% owned subsidiary of LTAT as at LPD
“Boustead REIT”	:	Boustead REIT Managers Sdn Bhd (90953-K), a wholly-owned subsidiary of Boustead
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“CMSA”	:	Capital Market and Services Act, 2007
“Director”	:	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the Recurrent Related Party Transactions were agreed upon, a director of ABB (or any other company which is its subsidiary) or a Chief Executive Officer of ABB or its subsidiary
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	22 March 2018 being the latest practicable date prior to the printing of this Circular
“LTAT”	:	Lembaga Tabung Angkatan Tentera, a major shareholder of ABB

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**DEFINITIONS (continued)**

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“Major Shareholder”	:	A person who is or was within the preceding six (6) months of the date on which the terms of the Recurrent Related Party Transactions were agreed upon, has an interest or interests in one (1) or more voting shares in a company and the number, or the aggregate number of those shares, is  (i) equal to or more than 10% of the total number of voting shares in the company; or  (ii) equal to or more than 5% of the total number of voting shares in the company where such person is the largest shareholder of the company  For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act and for the purpose of the Proposed Shareholders Mandate, include a major shareholder of ABB or any corporation which is ABB’s subsidiary
“Nikko Asset Management”	:	Nikko Asset Management International Limited, a major shareholder of AHAM with a 30% equity interest as at LPD
“Proposed Shareholders’ Mandate”	:	Proposed shareholders’ mandate for the ABB Group to enter into Recurrent Related Party Transactions
“Related Party” or “Related Parties”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder. For the purpose of the Proposed Shareholders’ Mandate, the Related Parties are set out in Section 2.2.1 of this circular
“Recurrent Related Party Transactions”	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations and are in the ordinary course of business of the ABB Group, to be entered into by ABB or its subsidiaries with the Related Party(ies) as specified in Section 2.2.2 of this circular
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Share(s)”	:	Ordinary share(s) in ABB
“SGD”	:	Singapore dollars
“2017 Annual Report”	:	Annual report of ABB issued for the financial year ended 31 December 2017

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

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

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**AFFIN BANK BERHAD**  
(Company No. 25046-T)  
(Incorporated in Malaysia)

**Registered Office:**

17<sup>th</sup> Floor, Menara Affin  
80, Jalan Raja Chulan  
50200 Kuala Lumpur

16 April 2018

**Board of Directors of ABB:**

Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  
*(Chairman, Non-Independent Non-Executive Director)*  
Encik Mohd Suffian Haji Haron *(Non-Independent Non-Executive Director)*  
Mr. Ignatius Chan Tze Ching *(Non-Independent Non-Executive Director)*  
Mr. Tang Peng Wah *(Non-Independent Non-Executive Director)*  
Tan Sri Mohd Ghazali bin Mohd Yusoff *(Independent Non-Executive Director)*  
Encik Abd Malik bin A Rahman *(Independent Non-Executive Director)*  
Dato' Abdul Aziz bin Abu Bakar *(Independent Non-Executive Director)*  
Dato' Mohd Hata bin Robani *(Independent Non-Executive Director)*

**To: The shareholders of ABB**

Dear Sir/Madam

**PROPOSED SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

On 13 April 2018, the Board announced the Company's intention to seek approval from its shareholders for a general mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions at the forthcoming 42<sup>nd</sup> AGM in accordance with Paragraph 10.09 of Chapter 10 of the Listing Requirements.

Pursuant to Paragraph 3.1.4 of Practice Note 12 of the Listing Requirements, the Proposed Shareholders' Mandate, if approved by the shareholders of ABB, will take effect from the date of the passing of the ordinary resolution proposed at the forthcoming 42<sup>nd</sup> AGM and shall apply until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM is to be held, pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of ABB in a general meeting;

whichever is earlier.

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

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

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Particulars

ABB is principally involved in the provision of commercial banking and hire purchase services while the activities of its subsidiary companies as at LPD are as follows:

Name of Company	Effective equity interest held (%)	Principal Activities
AFFIN Islamic	100.00	Islamic banking business
AFFIN Hwang IB	100.00	Provision of investment banking services
AFFIN Moneybrokers	100.00	Money-broking
AXA AFFIN Life	51.00	Underwriting of life insurance business (joint venture company)
AFFIN	100.00	Investment holding
PAB Properties Sdn Bhd	100.00	Property management services
ABB Nominee (Tempatan) Sdn Bhd	100.00	Share nominee services
ABB Nominee (Asing) Sdn Bhd	100.00	Dormant
AFFIN Recoveries Berhad	100.00	Dormant
AFFIN Factors Sdn Bhd	-	In members' voluntary winding-up
PAB Property Development Sdn Bhd	-	In members' voluntary winding-up
AFFIN Futures Sdn Bhd	-	In members' voluntary winding-up
ABB IT & Services Sdn Bhd	-	In members' voluntary winding-up
BSNCB Nominees (Tempatan) Sdn Bhd	-	In members' voluntary winding-up
BSNC Nominees (Tempatan) Sdn Bhd	-	In members' voluntary winding-up
AFFIN-ACF Nominees (Tempatan) Sdn Bhd	-	In members' voluntary winding-up

Name of Company	Effective equity interest held (%)	Principal Activities
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Subsidiary companies of AFFIN Hwang IB

AHAM	70.00	Asset management and management of unit trust & private retirement scheme
AFFIN Hwang Nominees (Asing) Sdn Bhd	100.00	Nominee services
AFFIN Hwang Nominees (Tempatan) Sdn Bhd	100.00	Nominee services
AHC Global Sdn Bhd	100.00	Investment holding
AHC Associates Sdn Bhd	100.00	Investment holding
AFFIN Hwang Trustee Berhad (formerly known as ABB Trustee Berhad)	100.00 #	Trustee services

Subsidiary companies of AHAM

AFFIN Capital Services Berhad	100.00	Investment holding
AIIAMAN Asset Management Sdn Bhd	100.00	Islamic fund management
AccelVantage Academy Sdn Bhd	51.00	Training and coaching services
AFFIN Hwang AIIAMAN Global Sukuk Fund	99.00	Investment in Shariah-compliant fixed income instruments
TradePlus Shariah Gold Tracker	62.00	Investment in Shariah Gold bar

Subsidiary companies of AFFIN

AFFIN-ACF Holdings Sdn Bhd	-	In member's voluntary winding-up
AFFIN Investment Berhad	-	In member's voluntary winding-up

Note:

# Shares held equally of 20% each by AFFIN Hwang IB and its subsidiaries, namely, AFFIN Hwang Nominees (Tempatan) Sdn Bhd, AFFIN Hwang Nominees (Asing) Sdn Bhd, AHC Global Sdn Bhd and AHC Associates Sdn Bhd

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

## 2.2 Classes and nature of the Recurrent Related Party Transactions

### 2.2.1 Classes of Related Parties

The Proposed Shareholders' Mandate involves the following classes of Related Parties:

Related Parties	Relationship
<b>1. Interested Directors</b>	
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)	Chairman of ABB, nominated by LTAT
Mohd Suffian bin Haji Haron	A Director of ABB, nominated by LTAT
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	A Director of AHAM, nominated by LTAT and the Group Managing Director and Deputy Chairman of Boustead, a Director of Boustead Properties Berhad (" <b>Boustead Properties</b> "), Boustead Travel Services Sdn Bhd (" <b>Boustead Travel</b> "), Boustead REIT, Boustead Hotels & Resorts Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd and Chief Executive of LTAT
David Jonathan Semaya	A Director of AHAM, nominated by Nikko Asset Management
Jean Paul Dominique Louis Drouffe	A Director of AXA AFFIN Life, nominated by AXA Asia Pacific Ltd
Rohit Chandrasekharan Nambiar ( <i>appointed on 15.12.2017</i> )	Chief Executive Officer of AXA AFFIN Life, nominated by AXA Asia Pacific Ltd
<b>2. Interested Major Shareholders</b>	
LTAT	A major shareholder of ABB with 35.42% direct interest and 20.72% indirect interest; and a major shareholder of Boustead with 61.37% direct interest as at LPD
Boustead	A major shareholder of ABB with a 20.69% direct interest and 0.03% indirect interest; and a 61.37% owned subsidiary of LTAT as at LPD
AXA Asia Pacific Ltd	A major shareholder of AXA AFFIN Life
Nikko Asset Management	A major shareholder of AHAM



Related Parties	Relationship
<b>3. Persons Connected to Interested Directors and Interested Major Shareholders</b>	
Boustead	A major shareholder of ABB with a 20.69% direct interest and 0.03% indirect interest; and a 61.37% owned subsidiary of LTAT as at LPD
Boustead Curve Sdn Bhd (" <b>Boustead Curve</b> ")	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Boustead Hotels & Resorts Sdn Bhd (" <b>Boustead Hotels &amp; Resorts</b> ")	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Boustead Petroleum Marketing Sdn Bhd (" <b>Boustead Petroleum</b> ")	A 42% effectively owned subsidiary of Boustead and a 54.70% effectively owned subsidiary of LTAT as at LPD
Boustead Properties	A wholly-owned subsidiary of Boustead
Boustead Realty Sdn Bhd (" <b>Boustead Realty</b> ")	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Boustead REIT	A 61.37% effectively owned subsidiary of LTAT as at LPD
Boustead Travel	A wholly-owned subsidiary of Boustead which in turn is a substantial shareholder of ABB with a 20.69% direct interest and 0.03% indirect interest in ABB
Boustead Weld Quay Sdn Bhd (" <b>Boustead Weld Quay</b> ")	A wholly-owned subsidiary of Boustead Properties which in turn is a wholly-owned subsidiary of Boustead
Irat Hotels & Resorts Sdn Bhd (" <b>Irat</b> ")	A 70% owned subsidiary of Irat Properties Sdn Bhd which in turn is a 85.59% effectively owned subsidiary of LTAT as at LPD
Perbadanan Perwira Niaga Malaysia (" <b>Perwira Niaga</b> ")	A wholly-owned corporation of LTAT

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## 2.2.2 Nature of the Recurrent Related Party Transactions

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

ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
ABB	Perwira Niaga	Rental payment by ABB for office premises, service charge and space for Automated Teller Machine ("ATM") at various locations for a lease period ranging from two (2) to three (3) years	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron <u>Interested Major Shareholder</u> LTAT	170
	Boustead Travel	Provision of travelling related services to ABB	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	1,200
	Boustead Properties	Rental payment by ABB for office premises and car park payable monthly for a lease term renewable every five (5) years (Menara AFFIN)	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	12,000
	LTAT	Rental payment by ABB for office premises and car park payable monthly for a lease term renewable every three (3) years	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron <u>Interested Major Shareholder</u> LTAT	320

ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
ABB (continued)	Boustead Curve	Rental payment by ABB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	210
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to ABB	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	1,200
	Boustead Hotels & Resorts	Rental payment by ABB for space of ATM machine at The Royale Chulan Kuala Lumpur Hotel	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	20
	Boustead Petroleum	LED advertising charges and related expenses to ABB	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	100

ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
ABB (continued)	Boustead Petroleum	Rental payment by ABB for space of ATM machine at BHP petrol stations	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	170
	Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)	Rental payment by ABB for branch premises payable monthly for a lease term renewable every three (3) years (Kulai)	<u>Interested Director</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)	70
AFFIN Islamic	Boustead Travel	Provision of travelling related services to AFFIN Islamic	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	200
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AFFIN Islamic	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	10
AFFIN Hwang IB	Boustead Realty	Rental for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (Menara Boustead)	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	2,600

<b>ABB Group</b>	<b>Related Party</b>	<b>Nature of Transaction</b>	<b>Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup></b>	<b>Estimated aggregate value of transaction from date of 42<sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)</b>
AFFIN Hwang IB (continued)	Boustead Travel	Provision of travelling related services to AFFIN Hwang IB	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	1,500
	Boustead Petroleum	Petrol consumption	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	40
	Boustead Curve	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a lease term renewable every three (3) years and payment for other related services (The Curve)	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	280
	Irat	Rental payment by AFFIN Hwang IB for office premises, car parking and utilities charges for a renewable lease term every three (3) years and payment for other related services (Chulan Tower)	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholder</u> LTAT	2,600

ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
AFFIN Hwang IB (continued)	Boustead Hotels and Resorts	Hotel facilities and refreshment provided to AFFIN Hwang IB for staff in-house training and other expenses	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	450
	Boustead Weld Quay Sdn Bhd	Accommodation and meeting package	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	100
AHAM	LTAT	Management fees payable by LTAT to AHAM	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholder</u> LTAT	1,000
	Boustead Travel	Provision of travelling related services to AHAM	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	2,000

ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
AHAM (continued)	Boustead Hotels and Resorts	Hotel facilities and refreshment provided to AHAM for staff in-house training and other expenses	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	100
	Boustead Realty	Rental payment for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron Tan Sri Dato' Seri Lodin bin Wok Kamaruddin <u>Interested Major Shareholders</u> LTAT and Boustead	3,720
	Nikko Asset Management	Management fees payable by AHAM to Nikko Asset Management	<u>Interested Director</u> David Jonathan Semaya <u>Interested Major Shareholder</u> Nikko Asset Management	3,000
	Nikko Asset Management	Advisory fees payable by AHAM to Nikko Asset Management	<u>Interested Director</u> David Jonathan Semaya <u>Interested Major Shareholder</u> Nikko Asset Management	1,500
	Nikko Asset Management	Other fees and commission payable by Nikko Asset Management to AHAM	<u>Interested Director</u> David Jonathan Semaya <u>Interested Major Shareholder</u> Nikko Asset Management	4,200

ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
AFFIN Moneybrokers	Boustead Realty	Rental payment by AFFIN Moneybrokers for office premises and car park payable monthly for a lease term renewable every three (3) years and payment for other related services	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	450
	Boustead Travel	Provision of travelling related services to AFFIN Moneybrokers	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholders</u> LTAT and Boustead	200
AXA AFFIN Life	Irat	Rental payment by AXA AFFIN Life for office premises, car park and utilities charges for lease term renewable every year and payment for other related services	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R) Mohd Suffian bin Haji Haron <u>Interested Major Shareholder</u> LTAT	2,000
	AXA Asia Pacific Ltd	Provision of information technology and other support services to AXA AFFIN Life	<u>Interested Directors</u> Rohit Chandrasekharan Nambiar Jean Paul Dominique Louis Drouffe <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	14,000
	AXA Asia Pacific Ltd	Software development and license fees charged by AXA Asia Pacific Ltd to AXA AFFIN Life	<u>Interested Directors</u> Rohit Chandrasekharan Nambiar Jean Paul Dominique Louis Drouffe <u>Interested Major Shareholder</u> AXA Asia Pacific Ltd	4,000



ABB Group	Related Party	Nature of Transaction	Interested Directors/Major Shareholders/person(s) connected to interested Directors or interested Major Shareholders <sup>(i)</sup>	Estimated aggregate value of transaction from date of 42 <sup>nd</sup> AGM to the next AGM date <sup>(ii)</sup> (RM'000)
AXA AFFIN Life (continued)	Boustead Travel	Provision of travelling related services AXA AFFIN Life	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	1,100
	Boustead Hotels & Resorts	Hotel facilities and refreshment provided to AXA AFFIN Life	<u>Interested Directors</u> Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)  Mohd Suffian bin Haji Haron  <u>Interested Major Shareholders</u> LTAT and Boustead	150
<b>Total</b>				<b>60,660</b>

Notes:

- (i) The nature of relationship with the Related Party is outlined in section 2.2.1 of this Circular.
- (ii) The estimated aggregate value of transactions is derived from the sums incurred or received during the past year, based on normal level of transactions entered into by the Group. However, the actual value of these transactions may differ from the estimated value stated which is subject to change.

### **2.3 The outstanding amount owing by Related Parties pursuant to Recurrent Related Party Transactions**

There were neither amounts owing by the Related Parties to ABB Group as at LPD which exceeded the credit terms nor any late payment charges imposed on them pursuant to the Recurrent Related Party Transactions.

### **2.4 Basis of estimates**

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

### **2.5 Review procedures in relation to Recurrent Related Party Transactions**

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

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

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

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

- (d) the annual internal audit plan shall incorporate a review of all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals from the Board and shareholders have been obtained and review procedures are followed;
- (e) the Board and the Board Audit Committee shall review the internal audit reports to ascertain that the procedures established to monitor Recurrent Related Party Transactions have been complied with;

- (f) if a member of the Board or of the Board Audit Committee has an interest in any Recurrent Related Party Transactions, as the case may be, he/she shall abstain from any deliberation and decision making by the Board or Board Audit Committee in respect of the said transactions;
- (g) there are no specific thresholds for approval of Recurrent Related Party Transactions within the ABB Group. However, all Recurrent Related Party Transactions are subject to the approval of the appropriate levels of authority as determined by senior management and/or the Board from time to time, subject to the provisions in the Listing Requirements and/or the Act, where necessary;
- (h) a register shall be maintained by the Company to record all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate; and
- (i) save as stated above, the transaction prices, terms and conditions are determined by market forces and are comparable to those applicable transactions with the public, which depend on the demand and supply of the products and services. The rental of the properties is determined by negotiated rates, after taking into account the prevailing market rates for the same or substantially similar properties in terms of space occupied and amenities/facilities offered and are on normal commercial terms.

## **2.6 Board Audit Committee Statement**

The Board Audit Committee has seen and reviewed the procedures mentioned in Section 2.5 above and is satisfied that the review procedures for the Recurrent Related Party Transactions, as well as the annual review to be made by the Board Audit Committee in relation thereto, are sufficient to ensure that the Recurrent Related Party Transactions:

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

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

## **2.7 Disclosure in annual report**

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

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

## **2.8 Effects of the Proposed Shareholders' Mandate**

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

### **3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE**

The rationale for the Proposed Shareholders' Mandate is as follows:

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

### **4. APPROVAL REQUIRED**

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

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

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

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<b><u>Interested Directors</u></b>				
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)	40,000	*	-	-
Mohd Suffian bin Haji Haron	-	-	-	-
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	1,051,328 <sup>#</sup>	0.05	-	-
David Jonathan Semaya	-	-	-	-
Jean Paul Dominique Louis Drouffe	-	-	-	-
Rohit Chandrasekharan Nambiar (appointed on 15.12.2017)	-	-	-	-
<b><u>Interested Major Shareholders</u></b>				
LTAT	688,269,241	35.42	402,532,529 <sup>@</sup>	20.72
Boustead	402,012,529	20.69	520,000 <sup>@</sup>	0.03
Nikko Asset Management	-	-	-	-
AXA Asia Pacific Ltd	-	-	-	-

Notes:

# 11,328 units of ordinary shares are held in trust by a nominee company

\* Insignificant

@ Deemed interested pursuant to Section 6(a) of the Act

The aforementioned interested Directors, where applicable, had abstained and will continue to abstain from all deliberations and voting on the relevant resolutions in relation to the Proposed Shareholders' Mandate at the Company's Board meetings.

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

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

## 6. DIRECTORS' RECOMMENDATION

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

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

## 7. AGM

The AGM of the Company, the notice of which is enclosed in the 2017 Annual Report, will be held at Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on 15 May 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and sign the Proxy Form (available in the 2017 Annual Report of the Company) in accordance with the instructions printed thereon and forward it to 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 not less than forty-eight (48) hours before the time set for holding the AGM.

The completion and lodgement of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

## 8. FURTHER INFORMATION

Shareholders are requested to refer to **Appendix I** for further information.

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

**ABD MALIK BIN A RAHMAN**  
Independent Non-Executive Director

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## APPENDIX I: FURTHER INFORMATION

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### 1. RESPONSIBILITY STATEMENT

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

### 2. MATERIAL CONTRACT

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

- a) On 2 February 2017, ABB signed a Subscription Agreement for the first tranche of RM1.0 billion Sub loan from the RM6.0 billion Tier 2 BASEL III Compliant Medium-Term Notes Programme with a tenure of 10 years from the issue date on a 10 year non-callable 5 basis;
- b) On 2 October 2017, ABB entered into a Share Sale Agreement with AFFIN for the transfer of the following companies by AFFIN to ABB ("**Group Reorganisation**"):
  - (i) 100% equity interest in AFFIN Hwang IB comprising 780,000,000 ordinary shares in AFFIN Hwang IB for a transfer consideration based on the carrying value of AFFIN Hwang IB recorded by AFFIN as at the cut-off date, to be satisfied by the issuance of new ABB Shares;
  - (ii) 100% equity interest in AFFIN Moneybrokers comprising 1,000,000 ordinary shares in AFFIN Moneybrokers for a transfer consideration based on the carrying value of AMB recorded by AFFIN as at the cut-off date, to be satisfied by the issuance of new ABB Shares;
  - (iii) 51% equity interest in AXA AFFIN Life comprising 187,680,051 ordinary shares in AXA AFFIN Life for a transfer consideration based on the carrying value of AXA AFFIN Life recorded by AFFIN as at the cut-off date, to be satisfied by the issuance of new ABB Shares; and
  - (iv) the entire equity interest in AXA AFFIN General Insurance Berhad ("**AAGI**") held by AFFIN as at the cut-off date for a purchase consideration based on the carrying value of AAGI as at the cut-off date, to be satisfied wholly in cash.

The Group Reorganisation was completed on 16 October 2017.

- c) On 21 December 2017, ABB entered into a share purchase agreement with Felda Marketing Services Sdn Bhd for the acquisition of 15,325,747 ordinary shares in AAGI ("**Shares**") (which represents 12.87% equity interest therein) free for a cash consideration of RM180.54 million or RM11.78 per Share ("**Acquisition of AAGI Shares**").

The Acquisition of AAGI Shares was completed on 28 December 2017.

### 3. MATERIAL LITIGATION

- a) KUALA LUMPUR HIGH COURT CIVIL NO: 22-NCVC-31-01/2016  
Plaintiff : Abu Bakar bin Ismail  
Defendant : ABB

This is a claim by the Plaintiff against ABB vide Writ of Summons and Statement of Claim dated 22 January 2016 ("**Writ**") for among others: (1) RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages, (2) SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses, (3) RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses, and (4) RM500,000 as cost in respect of legal proceedings in Singapore.

ABB had on 25 January 1996 granted Suria Barisan (M) Sdn Bhd (“**Suria**”) a credit facility of RM22.3 million (“**Facility**”) against the security of 7.2 million shares in Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff (“**Guarantor**”). Suria, the Plaintiff and the Guarantor (“**All**”) defaulted in the Facility, which led to ABB filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004. The Plaintiff was made bankrupt on 17 January 2013.

The bankruptcy was set aside in September 2015 on grounds that he was solvent due to a third party, Chenet Finance Ltd (“**Chenet**”) being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia (“**DGI**”) as receiver of Plaintiff’s estate. The Plaintiff’s claim (“**Claim**”) was premised on among others: (1) failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd (“**NDSB shares**”) which was pledged by Suria to ABB as securities for the Facility on a timely basis, (2) allowing the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff, (3) conspiracy with the opponent of the Plaintiff in Singapore to prevent to Plaintiff from claiming his assets in Singapore, and (4) wrongfully making Plaintiff a bankrupt in 2013.

The High Court has fixed the trial dates on 27-29 August 2018. Our Board reasonably believes that ABB has a good prospect of successfully opposing the writ action by the Plaintiff.

- b) Other than the above, neither ABB nor any of its subsidiaries is engaged in any material litigation, claim or arbitration outside the ordinary course of business either as plaintiff or defendant and the Directors of ABB do not have any knowledge of proceedings pending or threatened against ABB and/or its subsidiaries, of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of ABB and/or its subsidiaries.

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

Copies of the following documents are available for inspection at the Registered Office of the Company at 17<sup>th</sup> Floor, Menara Affin, 80, Jalan Raja Chulan, 50200 Kuala Lumpur during normal business hours from the date hereof up to and including the date of the forthcoming AGM:

- (i) the Constitution of ABB;
- (ii) the audited consolidated financial statements of ABB for the last two (2) financial years ended 31 December 2016 and 2017;
- (iii) the material contracts referred in Section 2 above; and
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 3 above.



## EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

### ORDINARY RESOLUTION

#### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"**THAT** authority be and is hereby given in line with Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for AFFIN Bank Berhad ("**Company**"), its subsidiaries or any of them to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in the Circular to Shareholders dated 16 April 2018 with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

**AND THAT** such authority shall commence immediately upon the passing of this Ordinary Resolution until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM is to be held, pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of ABB in a general meeting,

whichever is earlier.

**AND FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

#### **Note:**

**The above resolution is for information purposes only. Please refer to the Notice of the Forty-Second (42<sup>nd</sup>) AGM set out in the 2017 Annual Report of the Company despatched together with this Circular.**