CIRCULAR TO SHAREHOLDERS

ABC HOLDINGS LIMITED

1. Purpose of Part 1 of the Circular

The purpose of the Part 1 of the Circular and the Notice is to furnish information to the shareholders as to the proposed resolution for waiver of the possible obligation of ADC to make an offer to purchase shares of Shareholders, other than ADC, at the Offer Price, which shareholders will be asked to approve, as special business, at the General Meeting.

2. Reasons for the Waiver

In terms of the BSE Requirements, if an existing shareholder acquires more than 20% of the issued shares of a company listed on the BSE, that person is required to make an offer to acquire the shares of the other shareholders (“the minorities”) at a price that person acquired the shares.

ABCH is to make a renounceable Rights Offer to its shareholders, in terms of which ABC owns, as acquired by ABC Holdings Limited (“ABCH”) in compliance with the BSE Rules and the BSE Requirements, and offers to shareholders/sharesholders 8333333 shares in ABC at a price of P4.28 (the US dollar equivalent thereof (“the Offer Price”) on the basis of one new offer share for every 1.79 ordinary shares held by a shareholder.

In terms of the BSE Requirements a rights offer is to be underwritten. ADC, a substantial shareholder holding approximately 23.20% of the issued shares in ABCH will follow its rights to acquire shares in the Rights Offer and is prepared to underwrite the Rights Offer and subscribe for Rights Offer Shares not taken up by shareholders, by exercising their rights, or by third parties who have acquired such rights from shareholders, at the close of the Rights Offer.

Regarding the underwriting of the BSE Requirements a rights offer is to be underwritten. ADC, a substantial shareholder holding approximately 23.20% of the issued shares in ABCH will follow its rights to acquire shares in the Rights Offer and is prepared to underwrite the Rights Offer and subscribe for Rights Offer Shares not taken up by shareholders, by exercising their rights, or by third parties who have acquired such rights from shareholders, at the close of the Rights Offer.

In terms of the BSE Requirements, ADC would be obliged to make an offer to all other shareholders of ABCH to acquire the shares in ABC held by them, at a price of P4.28 (the US dollar equivalent thereof) per share. The underwriting agreement is conditional upon the waiver being obtained.

ADC made application to the BSE to waive the requirement/obligation for ADC to make such an offer. The BSE has indicated it will waive the requirement provided that, inter alia, the majority of independent shareholders other than ADC, waive the obligation also.

 Accordingly the Board seeks an ordinary resolution of independent shareholders other than ADC, to waive the requirement.

The Board is of the view that the Rights Offer is essential to the Company:

i. to enable it to complete its retail banking roll out (to which substantial amounts of capital have been committed) in order to comply with its obligations under the BSE and rating agencies and provide for the commercial expansion of its financial services businesses.

ii. to make a capital injection to its subsidiary ABC which is to be used for investment purposes to enable each subsidiary to be rated in the top ten of banks in the country of its operation.

iii. to ensure each subsidiary is adequately capitalised to meet the capital requirements of the major regulatory bodies.

iv. to enable each subsidiary to be rated in the top ten of banks in the country of its operation.

3. Purpose of Part 2 of the Circular

The purpose of Part 2 of the Circular and the Notice is to furnish information to the shareholders as to the proposed amendment to the Articles of Association which Shareholders will be asked to approve by way of resolution as special resolution and ordinary resolution special business at the General Meeting.

1. Amendments to the existing Memorandum and Articles of Association

a. the adoption of a new Constitution in terms of section 43D of the Companies Act in place of the existing Articles of Association which amends the Articles of Association to bring it into line with the Act and such other changes as are required to bring the Articles of Association into line with relevant statutes and current trends in corporate governance;

b. amending the Articles of Association to bring it into line with relevant statutes and current trends in corporate governance;

c. amending the Articles of Association to bring it into line with relevant statutes and current trends in corporate governance;

d. amending the Articles of Association to bring it into line with relevant statutes and current trends in corporate governance;

2. Reasons for Amendments

It is sought to amend the Articles of Association of the Company to effect the substantive changes outlined below.

Adoption of a Constitution

In terms of the Act, which came into force on 3 July 2007, any existing company which has as its Constitution, a Memorandum and Articles of Association, is not entitled to amend such a document unless it consolidates both documents into a single document known as the “Constitution”.

It is proposed that the Memorandum and Articles of Association be amended and a Constitution adopted through the procedures set out in the Act.

The Constitution, a draft of which is available for inspection at the registered office of the Company, during normal business hours from 10 May 2012 until the date of the AGM, will include amendments to the existing Articles of Association that include the following:

a. amending the Constitution in line with the most current trends in corporate governance as referenced by the BSE Guidelines on Corporate Governance and international guidelines such as the King Reports on Corporate Governance;

b. amending the Constitution in line with the most current trends in corporate governance as referenced by the BSE Guidelines on Corporate Governance and international guidelines such as the King Reports on Corporate Governance;

c. amending the Constitution in line with the most current trends in corporate governance as referenced by the BSE Guidelines on Corporate Governance and international guidelines such as the King Reports on Corporate Governance;

d. amending the Constitution in line with the most current trends in corporate governance as referenced by the BSE Guidelines on Corporate Governance and international guidelines such as the King Reports on Corporate Governance;

The Constitution does not incorporate the objects of the Company, which has been rendered unnecessary by the provision of the current Companies Act, which makes the provisions relating to objects optional.

3. Biographies of Directors

ABC Holdings provides the following Biographies of directors standing for re-election and whose appointments are to be ratified at the Annual General Meeting.