

SYARIKAT TAKAFUL MALAYSIA BERHAD (“TAKAFUL MALAYSIA” OR THE “COMPANY”)

(I) PROPOSED SHARE SPLIT; AND

(II) PROPOSED AMENDMENTS

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Takaful Malaysia (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that the Company proposes to undertake the following:

- (i) share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in Takaful Malaysia (“**Takaful Malaysia Share(s)**” or “**Share(s)**”) held by the entitled shareholders of Takaful Malaysia on an entitlement date to be determined later (“**Entitlement Date**”) into five (5) ordinary shares of RM0.20 each in Takaful Malaysia (“**Subdivided Share(s)**”) (“**Proposed Share Split**”); and
- (ii) amendments to the Memorandum and Articles of Association (“**M&A**”) of Takaful Malaysia (“**Proposed Amendments**”).

The Proposed Share Split and Proposed Amendments are collectively referred to as the “**Proposals**”.

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Split

2.1.1 Basis and number of Subdivided Shares

The Proposed Share Split will involve the subdivision of every one (1) existing Takaful Malaysia Share held by the entitled shareholders of Takaful Malaysia, whose names appear in the Record of Depositors of the Company on the Entitlement Date, into five (5) Subdivided Shares.

As at 9 February 2015, being the latest practicable date prior to the date of this announcement (“**LPD**”), the total number of new ordinary shares in Takaful Malaysia granted but remain unvested under the Long Term Incentive Plan of the Company which was implemented on 25 July 2013 (“**LTIP**”) (“**Unvested Shares**”) is 1,382,800. The Company does not have any intention to grant further new ordinary shares in Takaful Malaysia under the LTIP up to the Entitlement Date. Based on the vesting conditions in accordance with the terms of the offer and the By-Laws governing the LTIP, the Company confirms that none of the 1,382,800 Unvested Shares will be vested prior to and up to the Entitlement Date and the vesting of such Unvested Shares will only take place after the implementation of the Proposed Share Split.

As at the LPD, the issued and paid-up share capital of Takaful Malaysia is RM163,006,500 comprising 163,006,500 Takaful Malaysia Shares. For illustration purposes only, the resultant issued and paid-up share capital of Takaful Malaysia after the Proposed Share Split will be RM163,006,500 comprising 815,032,500 Subdivided Shares (based on the assumption that none of the 1,382,800 Unvested Shares will be vested prior to and up to the Entitlement Date).

Fractional entitlements arising from the Proposed Share Split, if any, shall be dealt with in such manner as the Board shall in its absolute discretion deems fit, expedient and in the best interest of the Company.

2.1.2 Ranking of the Sub divided Shares

The Subdivided Shares shall, upon allotment and issue, rank *pari passu* in all respects with each other.

2.1.3 Listing of and quotation for the Subdivided Shares

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the Proposed Share Split and the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities.

No suspension will be imposed on the trading of Takaful Malaysia Shares on the Main Market of Bursa Securities for the purpose of implementing the Proposed Share Split as the Proposed Share Split is prescribed as a Specified Subdivision pursuant to paragraph 13.04(3) of the Main Market Listing Requirements of Bursa Securities.

Subject to obtaining all the relevant approvals, the Subdivided Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment for the Subdivided Shares will be issued and despatched to the entitled shareholders of Takaful Malaysia no later than four (4) market days after the date of listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Takaful Malaysia Shares are prescribed securities, the Subdivided Shares will be credited into the respective Central Depository System accounts of the entitled shareholders of Takaful Malaysia and no physical share certificate will be issued.

2.2 Proposed Amendments

In conjunction with the Proposed Share Split, Takaful Malaysia proposes to amend the following clause and article of its M&A:

	Existing	Proposed amendment
Clause 6 of Memorandum of Association	The share capital of the Company is RM500,000,000-00 divided into 500,000,000 ordinary shares of RM 1/- each. The Company shall have power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to attach thereto respectively, conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and to carry or abrogate the rights attached to any class of shares in the Company; and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.	The share capital of the Company is RM500,000,000-00 divided into <u>2,500,000,000</u> ordinary shares of <u>RM 0.20</u> /- each. The Company shall have power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to attach thereto respectively, conditions as may be determined by or in accordance with the regulations for the time being of the Company and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and to carry or abrogate the rights attached to any class of shares in the Company; and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

	Existing	Proposed amendment
Article 7 of Articles of Association	The authorised capital of the Company at the date of adoption of these Articles is Ringgit Malaysia Five Hundred Million (RM500,000,000-00) divided into Five Hundred Million (500,000,000) ordinary shares of Ringgit Malaysia One (RM1-00) each.	The authorised capital of the Company at the date of adoption of these Articles is Ringgit Malaysia Five Hundred Million (RM500,000,000-00) divided into <u>Two Billion and Five Hundred Million (2,500,000,000)</u> ordinary shares of <u>Sen Twenty (RM0-20)</u> each.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Split

The Proposed Share Split is expected to enhance the marketability and trading liquidity of the ordinary shares of Takaful Malaysia on the Main Market of Bursa Securities as a result of the increase in the number of ordinary shares in issue.

The Proposed Share Split will not have any direct impact on the market capitalisation of the Company as the market price of the ordinary shares in Takaful Malaysia will be adjusted accordingly to one-fifth pursuant to the Proposed Share Split, resulting in the Subdivided Shares being more affordable in order to appeal to a wider group of public shareholders and/or investors.

The Proposed Share Split will also enable the existing shareholders of the Company to have a larger ownership base in the Company while maintaining their percentage of equity interest in the Company.

3.2 Proposed Amendments

The Proposed Amendments are intended to facilitate the implementation of the Proposed Share Split.

4. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the issued and paid-up share capital, consolidated net assets (“NA”), NA per share and gearing, consolidated earnings and earnings per share (“EPS”), and substantial shareholders’ shareholdings in the Company.

4.1 Share capital

For illustration purposes only, the proforma effects of the Proposed Share Split on the issued and paid-up share capital of the Company are as follows:

	Par value RM	No. of ordinary shares in Takaful Malaysia	Total RM
<u>Authorised share capital</u>			
As at the LPD	1.00	500,000,000	500,000,000
After the Proposed Amendments	0.20	2,500,000,000	500,000,000
<u>Issued and paid-up share capital</u>			
As at the LPD	1.00	163,006,500	163,006,500
After the Proposed Share Split	0.20	815,032,500	163,006,500

4.2 NA, NA per share and gearing

For illustration purposes only, based on the latest audited consolidated statement of financial position of Takaful Malaysia as at 31 December 2013 and on the assumption that the Proposed Share Split had been effected on that date, the proforma effects of the Proposed Share Split on the consolidated NA, NA per share and gearing of the Company are as follows:

	Audited as at 31 December 2013	(I) ⁽¹⁾ After adjustment for subsequent events	(II) After (I) and the Proposed Share Split
	RM'000	RM'000	RM'000
Share capital	162,817	163,006	163,006
Share premium	4,098	5,607	5,607
Translation reserve	(11,664)	(11,664)	(11,664)
Revaluation reserve	5,416	5,416	5,416
Fair value reserve	9,900	9,900	9,900
LTIP reserve	2,016	3,914	3,914
Retained earnings	399,491	334,364	⁽²⁾ 334,214
Shareholders' funds/NA	572,074	510,543	510,393
No. of ordinary shares of Takaful Malaysia in issue ('000)	162,817	163,006	815,032
Par value (RM)	1.00	1.00	0.20
NA per share (RM) ⁽³⁾	3.51	3.13	0.63

Notes:

- (1) Adjustment for subsequent events includes adjustment for the following:
 - (a) 189,500 new Takaful Malaysia Shares were allotted and issued on 19 August 2014 pursuant to the LTIP; and
 - (b) final dividend of 40% single tier in respect of the financial year ended 31 December 2013 amounting to RM65,126,800 which was paid on 8 May 2014
- (2) After deducting the estimated expenses relating to the Proposals of RM 150,000
- (3) Computed as shareholders' funds/NA divided by number of ordinary shares of Takaful Malaysia in issue

Based on the latest audited consolidated statement of financial position of Takaful Malaysia as at 31 December 2013, the Company and its subsidiaries do not have any borrowings.

4.3 Earnings and EPS

The Proposed Share Split is not expected to have any material effect on the consolidated earnings of the Company for the financial year ending 31 December 2015. However, there will be an immediate proportional dilution in the consolidated EPS of the Company as a result of the increase in the number of ordinary shares of Takaful Malaysia in issue pursuant to the Proposed Share Split, assuming that the consolidated earnings of the Company remain unchanged.

4.4 Substantial shareholders' shareholdings

The Proposed Share Split will not have any effect on the percentage of shareholdings of the substantial shareholders of the Company, save for the proportionate increase in the number of ordinary shares held by each substantial shareholder upon completion of the Proposed Share Split.

For illustration purposes only, the proforma effects of the Proposed Share Split on the shareholdings of the substantial shareholders of the Company are as follows:

Substantial shareholders	As at the LPD				(I) After the Proposed Share Split			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Subdivided Shares	%	No. of Subdivided Shares	%
	BIMB Holdings Berhad	98,310,185	60.31	-	-	491,550,925	60.31	-
Citigroup Nominees (Tempatan) Sdn Bhd (<i>Employees Provident Fund Board</i>)	13,220,320	8.11	-	-	66,101,600	8.11	-	-

4.5 Convertible securities

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

4.6 Adjustments to the Unvested Shares

As at the LPD, the Company has 1,382,800 Unvested Shares. The Proposed Share Split may give rise to adjustments to the number of Unvested Shares comprised in the LTIP grants and/or the method and/or manner in the vesting of the Unvested Shares comprised in the LTIP grants in accordance with the provisions of the By-Laws governing the LTIP. Any such adjustment shall be in a manner as to give each LTIP grantee a fair and reasonable LTIP grant entitlement as a result of the Proposed Share Split. In addition, any adjustment required will only be determined on the Entitlement Date and will be effective from the commencement of the following market day.

Written notice(s) to the LTIP grantees explaining the adjustments to the Unvested Shares arising from the Proposed Share Split will be issued by the Company in due course after the receipt of all relevant approvals.

5. APPROVALS REQUIRED

The Proposals are subject to and conditional upon the following approvals being obtained:

- (i) Bursa Securities for the Proposed Share Split and the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of the Company at an extraordinary general meeting to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Share Split and Proposed Amendments are inter-conditional upon each other.

Save as disclosed above, the Proposals are not conditional upon any other corporate exercise/scheme of the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of the Company and/or persons connected to them have any interest, direct and/or indirect, in the Proposals, save and except for their respective entitlements, if any, as shareholders of the Company under the Proposed Share Split, which are also available to all other shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

8. PRINCIPAL ADVISER

RHB Investment Bank has been appointed as the Principal Adviser to the Company in respect of the Proposals.

9. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the Proposed Share Split is expected to be made within one (1) month from the date of this announcement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained from the relevant authorities and/or parties, the Proposals are expected to be completed by the second (2nd) quarter of 2015.

This announcement is dated 10 February 2015.