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If you are in any doubt as to the course of action you should take, you should consult your stockbroker, solicitor, accountant, banker or other independent adviser immediately.

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## **SYARIKAT TAKAFUL MALAYSIA BERHAD**

(Company No.: 131646-K)  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS**

in relation to

### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Ordinary Resolution in respect of the Proposed Shareholders' Mandate and Special Resolution in respect of the Proposed Amendments to the Articles of Association will be tabled at the 27th Annual General Meeting ("AGM") to be held at Dewan Ahmad Mohamed Ibrahim, Tingkat 5, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Thursday, 3 May 2012 at 10.00 a.m. The Notice of the 27th AGM together with the Form of Proxy are enclosed in the Company's Annual Report for the financial year ended 31 December 2011.

The Form of Proxy should be completed and lodged at the registered office of Syarikat Takaful Malaysia Berhad at Tingkat 26, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, no later than forty-eight (48) hours before the time stipulated for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 1 May 2012 at 10.00 a.m.

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## DEFINITIONS

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

“Act”	:	Companies (Amendment) Act, 2007, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Article” or “Articles”	:	Articles of Association of Takaful Malaysia
“BIMB”	:	Bank Islam Malaysia Berhad (98127-X), a 51.00%-owned subsidiary of BHB
“BIMB Group”	:	BIMB and its subsidiary companies
“BHB”	:	BIMB Holdings Berhad (423858-X), a major shareholder of Takaful Malaysia holding an equity interest of 65.22% in the Company as at 2 March 2012
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of Takaful Malaysia
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CMSA”	:	Capital Markets and Services Act 2007
“Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Director”	:	Has the meaning given in Section 42(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 transaction were agreed upon, i). a director of the listed issuer, its subsidiary or holding company; ii). a chief executive of the listed issuer, its subsidiary or holding company; or iii). in relation to a SPAC, a member of the SPAC’s management team.
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“Major Shareholder”	:	A person who has an interest or interests in one (1) or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation

For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act.

This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company as defined above, or any other company which is its subsidiary or holding company.

“Proposals”	:	Proposed Shareholders’ Mandate and Proposed Amendments
“Proposed Amendments”	:	Proposed amendments to the Articles 3(b) and 51(c) and proposed new Articles 56C and 56D which are required under the amendments to the Listing Requirements issued by Bursa Securities on 22 September 2011 as well as to be in line with Section 149(1)(c) and (d) of the Companies Act 1965 and the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia
“Proposed Shareholders’ Mandate”	:	Proposed shareholders’ mandate for 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 Company
“Recurrent Related Party Transaction”	:	Recurrent Related Party Transaction means a related party transaction which is recurrent of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries
“Related Party” or “Related Parties”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder
“RM” and “Sen”	:	Ringgit Malaysia and Sen respectively
“Syarikat Al-Ijarah”	:	Syarikat Al-Ijarah Sdn Bhd, (112330-P) a wholly owned subsidiary of BHB
“Takaful Funds”	:	General Takaful Fund and Family Takaful Fund
“Takaful Malaysia” or “Company”	:	Syarikat Takaful Malaysia Berhad (131646-K)
“Takaful Malaysia Group” or “Group”	:	Takaful Malaysia and its subsidiary companies
“USD”	:	United States Dollar

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**SYARIKAT TAKAFUL MALAYSIA BERHAD**

(Company No: 131646-K)  
(Incorporated in Malaysia)

**Registered office:**

Tingkat 26, Blok Annex  
Dataran Kewangan Darul Takaful  
No. 4, Jalan Sultan Sulaiman  
50000 Kuala Lumpur

10 April 2012

**Board of Directors:**

Dato' Paduka Ismee Ismail (*Chairman/Non-Independent Non-Executive*)  
Dato' Mohamed Hassan Md. Kamil (*Group Managing Director/Non-Independent Executive*)  
Encik Johan Abdullah (*Non-Independent Non-Executive*)  
Puan Rozaida Omar (*Non-Independent Non-Executive*)  
Encik Mahadzir Azizan (*Senior Independent Non-Executive*)  
Dato' Sulaiman Mohd Yusof (*Independent Non-Executive*)  
Encik Zakaria Ismail (*Independent Non-Executive*)

**To: The Shareholders of Syarikat Takaful Malaysia Berhad**

Dear Sir / Madam

- (I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**  
**(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- 

**1. INTRODUCTION**

On 29 February 2012, the Company had announced to Bursa Securities that the Company proposes to seek the approval of its shareholders at the forthcoming AGM of the Company for the following:-

- (i) Proposed Shareholders' Mandate; and
- (ii) Proposed Amendments

**1.1 Proposed Shareholders' Mandate**

At an AGM held on 5 May 2011, the Company obtained a general mandate from its shareholders for the Company to enter into Recurrent Related Party Transactions. The said general mandate for Recurrent Related Party Transactions shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from its shareholders.

The Company proposes to seek a mandate from its shareholders to enter into arrangements or transactions with Related Parties, which are necessary for the day-to-day operations of the Company and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made available to the public.

## 1.2 Proposed Amendments

The Proposed Amendments are required under the amendments to the Listing Requirements issued by Bursa Securities on 22 September 2011 as well as to be in line with Section 149(1)(c) and (d) of the Companies Act 1965 and the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS ON THE PROPOSALS, TO SET OUT THE VIEWS OF YOUR BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING AGM.**

**SHAREHOLDERS ARE ADVISED TO READ THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Shareholders' Mandate

#### 2.1.1 Provision under Listing Requirements

Under paragraph 10.08 of the Listing Requirements, where a listed issuer or its subsidiary or subsidiaries proposes to enter into a transaction with a related party of the listed issuer, the following provisions shall apply:-

- (i) Pursuant to paragraph 10.08 (1), where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed issuer must announce the related party transaction to Bursa Securities as soon as possible after terms of the transaction have been agreed, unless
  - the value of the consideration of the transaction is less than RM250,000; or
  - it is a Recurrent Related Party Transaction.
- (ii) Pursuant to paragraph 10.08 (2), where any one of the percentage ratios of a related party transaction is 5% or more, in addition to paragraph (i) above, a listed issuer must
  - send a circular which includes the information set out in Appendix 10B and Appendix 10D to the shareholders;
  - obtain its shareholder approval of the transaction in general meeting; and
  - appoint an independent adviser, who is a corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines, before the terms of the transaction are agreed upon.
- (iii) Pursuant to paragraph 10.08 (4), where any one of the percentage ratios is 25% or more, in addition to paragraph (ii) above, the listed issuer must, before the terms of the transaction are agreed upon appoint a main adviser, who is a Principal Adviser.

Under paragraph 10.09 (1), a listed issuer must immediately announce a Recurrent Related Party Transaction as follows:-

- (a) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
- (b) the percentage ratio of such Recurrent Related Party Transaction is 1% or more; whichever is the higher.

Pursuant to paragraph 10.09 (3) of the Listing Requirements, where a listed issuer has procured a shareholder mandate pursuant to paragraph 10.09 (2) of the Listing Requirements, the provisions of paragraph 10.08 of the Listing Requirements will not apply.

Paragraph 10.09 (2) of the Listing Requirements which should be read in conjunction with Paragraph 10.08 of the Listing Requirements, states a listed issuer may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;

- (iii) the issuance of a circular to the shareholders by the listed issuer;
- (iv) the interested Directors, interested Major Shareholder or interested persons connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolutions to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed issuer immediately announce to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

In compliance with Paragraph 10.09 (2) of the Listing Requirements, the Company now proposes to seek the approval of its shareholders for the Proposed Shareholders' Mandate.

### 2.1.2 Categories of Recurrent Related Party Transactions

The principal activities of the Company consist of family and general takaful businesses. The principal activities of its subsidiaries are as follows:-

Name of company	Effective percentage equity interest held* %	Principal activities
<b>Subsidiary Companies</b>		
Asean Retakaful International (L) Ltd	63.09	Family and general retakaful businesses
P.T. Syarikat Takaful Indonesia	56.00	Holding company
P.T. Asuransi Takaful Umum	64.70 **	General takaful business
P.T. Asuransi Takaful Keluarga	74.78 ***	Family takaful business

Notes:-

\* As at 2 March 2012

\*\* 29.49% held indirectly via P.T. Syarikat Takaful Indonesia and 35.21% held indirectly via P.T. Asuransi Takaful Keluarga

\*\*\* 42.73% held directly and 32.05% held indirectly via P.T. Syarikat Takaful Indonesia

Shareholders' mandate is sought for the recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations and which are carried out by Takaful Malaysia in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company as further mentioned in Section 2.1.3 of this Circular.

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### 2.1.3 Nature of Recurrent Related Party Transactions Contemplated

The Recurrent Related Party Transactions contemplated for which the shareholders' mandate is sought as well as the estimated aggregate value disclosed in last year's Circular and the actual value transacted up to 2 March 2012 (latest practicable date prior to the printing of the Circular) are set out below.

Nature of transactions	Related Parties transacted with	Related Parties, their interests and nature of relationship with the Takaful Malaysia Group**	Estimated <sup>(1)</sup> aggregate value from the forthcoming AGM date to the next AGM <sup>(2)</sup> (RM'000)	Estimated aggregate value as disclosed in the Circular to Shareholders dated 13 April 2011 (RM'000)	Actual Transacted Value from 5 May 2011 up to 2 March 2012 <sup>(3)</sup> (RM'000)
Rental of office premises payable to Takaful Malaysia by BIMB# *	BIMB	<p>BIMB is a 51.00%-owned subsidiary of BHB. BHB is a major shareholder of Takaful Malaysia holding an equity interest of 65.22% in the Company.</p> <p>Dato' Paduka Ismee Ismail and Encik Johan Abdullah are Directors in BHB and BIMB and are also Directors in Takaful Malaysia, nominated by BHB. Dato' Paduka Ismee Ismail and Encik Johan Abdullah do not have any direct or indirect interest in BHB, BIMB and Takaful Malaysia.</p> <p>Puan Rozaida Omar is a director in BHB and is also a director in Takaful Malaysia, nominated by BHB. Dato' Mohamed Hassan Md. Kamil is a director in Takaful Malaysia, nominated by BHB. Puan Rozaida Omar and Dato' Mohamed Hassan Md. Kamil do not have any direct or indirect interest in BHB and Takaful Malaysia.</p>	2,648	2,635	2,181

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Nature of transactions	Related Parties transacted with	Related Parties, their interests and nature of relationship with the Takaful Malaysia Group**	Estimated <sup>(1)</sup> aggregate value from the forthcoming AGM date to the next AGM <sup>(2)</sup> (RM'000)	Estimated aggregate value as disclosed in the Circular to Shareholders dated 13 April 2011 (RM'000)	Actual Transacted Value from 5 May 2011 up to 2 March 2012 <sup>(3)</sup> (RM'000)
Lease of copier machine***	Syarikat Al-Ijarah	<p>Syarikat Al-Ijarah is a wholly owned subsidiary of BHB. BHB is a major shareholder of Takaful Malaysia holding an equity interest of 65.22% in the Company.</p> <p>Dato' Paduka Ismee Ismail and Encik Johan Abdullah are Directors in BHB and BIMB and are also Directors in Takaful Malaysia, and are nominated by BHB. Dato' Paduka Ismee Ismail and Encik Johan Abdullah do not have any direct or indirect interest in BHB, BIMB and Takaful Malaysia.</p> <p>Puan Rozaida Omar is a director in BHB and is also a director in Takaful Malaysia, and is nominated by BHB. Dato' Mohamed Hassan Md. Kamil is a director in Takaful Malaysia, and is nominated by BHB. Puan Rozaida Omar and Dato' Mohamed Hassan Md. Kamil do not have any direct or indirect interest in BHB and Takaful Malaysia.</p>	Nil	361	329

Notes:

- (1) The estimated value in respect of each transaction referred to above are based on the prevailing prices obtained from the Related Parties which are reasonable market-competitive price and are derived from the sum incurred or received during the past year, based on the normal level of transaction entered into by the Company. The estimated amounts are further based on the assumptions that the current level of operations will continue and all external conditions remain constant. Due to the nature of the transaction, the actual value of the transactions may vary from the estimated value disclosed.
- (2) The time of the next AGM after the forthcoming AGM that is used to arrive at the estimated value for the Recurrent Related Party Transactions is assumed to be sometime in early May 2013 as no specific date can be determined at the point of the printing of the circular.
- (3) There is no outstanding amount due and owing to Takaful Malaysia by the Related Parties as at 31 December 2011 pursuant to the Recurrent Related Party Transactions.
- # The rental sum of the properties was arrived at or estimated based on the going or expected market rate at the time the tenancy agreement was or to be executed.
- \*\* The respective equity interests as disclosed in the table above are based on the position as at 2 March 2012.
- \*\*\* The lease copier machine from Syarikat Al-Ijarah will be fully expired on 31 March 2012.

Notes (cont'd):-  
 \* Details of the rental of office premises are set out below:-

<b>Related party</b>	<b>Location</b>	<b>Occupied areas (square feet)</b>	<b>Tenure of tenancy agreement (Year)</b>	<b>Rental per month (RM'000)</b>
BIMB	1. Suite 3B/G, Blok 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur	6,400	3	30
	2. No. 2, 4 & 6, Jalan 6C/7, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	8,648	3	13
	3. Lot 3803, Jalan Dato' Ulu Muar, 72000 Kuala Pilah, Negeri Sembilan Darul Khusus	2,048	3	2
	4. Dataran Kewangan Darul Takaful, Jalan Sultan Sulaiman, 50000 Kuala Lumpur	576	3	3
	5. Nos. 16474 & 16475, Pusat Perniagaan Inderapura, Jalan Tras, 27600 Raub, Pahang Darul Makmur	6,080	3	8
	6. Lot 2,3 & 4, Jalan Kulas, 93400 Kuching, Sarawak	13,712	3	30
	7. Nos. 27, 29 & 31, Pusat Komersil Temerloh, 28000 Temerloh, Pahang Darul Makmur (i)	10,032	3	7
	8. Nos. 1 & 2, Jalan Kelicap, Taman Pekan Baru, 34200 Parit Buntar, Perak Darul Ridzuan	6,902	3	3
	9. Nos. 46 & 47, Jalan Rahmat, 83000 Batu Pahat, Johor Darul Ta'zim (ii)	5,064	3	6
	10. Nos. 180 & 181, Jalan Tuan Hitam, 22000 Jerteh, Terengganu Darul Iman	6,803	3	5
	11. Lot 1 & 2, Kompleks Perniagaan Fajar, 91000 Tawau, Sabah	6,039	3	16
	12. Nos. 64 & 65, Kompleks Jitra, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	5,363	3	6

<b>Related party</b>	<b>Location</b>	<b>Occupied areas (square feet)</b>	<b>Tenure of tenancy agreement (Year)</b>	<b>Rental per month (RM'000)</b>
BIMB	13. Lot 54 & 55, Bandar Wilayah Jasa, Jalan Bunga Raya, 91100 Lahad Datu, Sabah	4,512	3	10
	14. Lot 13 & 14, Lazenda Commercial Centre, Jalan OKK Abdullah, 87007 Wilayah Persekutuan Labuan	4,356	3	12
	15. Lot 1129 & 1130 Bangunan Darul Takaful, Jalan Sultan Ismail, 20100 Kuala Terengganu, Terengganu Darul Iman	17,079	3	41
	16. No. 2408, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan	5,300	3	5
	17. Nos. 76A & 76, Pusat Perniagaan, Jalan Tupai, 34000 Taiping, Perak Darul Ridzuan	5,932	3	9
	18. Nos. 616 & 617, Jalan Besar, 73000 Tampin, Negeri Sembilan Darul Khusus	6,585	3	4
	19. Nos. 26 & 27, Jalan Tanjung, Pasar Baru, 18500 Machang, Kelantan Darul Naim	2,800	3	2
	20. Nos. 6, 8 & 10, Jalan Padi Emas 5/2, Bandar Baru UDA, 81200 Johor Bahru, Johor Darul Ta'zim	9,374	3	16
	21. No. 29, Jalan Delima, Pusat Perniagaan Pontian, 82000 Pontian, Johor Darul Ta'zim	6,627	3	8

Notes:-

- (i) The tenancy ended in May 2011.
- (ii) The tenancy ended in February 2011.

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

Takaful Malaysia has internal control systems to ensure that the Recurrent Related Party Transactions are undertaken on an arm's length basis and on normal commercial term consistent with Takaful Malaysia's usual business practices and policies, which are no more favourable to the interested parties than those extended to third parties/public and are not to the detriment of the minority shareholders. As for the rental of takaful properties, the rates are charged based on the prevailing market rates.

Takaful Malaysia has no thresholds for the approval of Recurrent Related Party Transactions. However, the Audit Committee will review all aspects of the Recurrent Related Party Transactions amounting to more than Ringgit Malaysia One Million (RM1,000,000.00) entered into to ensure that the relevant approvals have been obtained and that they are conducted at arms length basis. As a result of this review, the Audit Committee produces a statement, inter-alia, commenting on the review procedures in so far that the procedures are relevant and sufficient to ensure that such Recurrent Related Party Transactions will be carried out on normal commercial terms which are not prejudicial to the interests of minority shareholders.

In order that Recurrent Related Party Transactions are conducted at arms length and on normal commercial terms consistent with the group's usual business practices and policies and will not be prejudicial to shareholders, the management will ensure that the Recurrent Related Party Transactions with interested parties will only be entered into after taking into account the pricing, level of services, quality of products and other related factors.

At least two 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 produces/ services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure the Recurrent Related Parties Transaction is not detrimental to the Group.

#### **2.1.5 Audit Committee Statement**

The Audit Committee has reviewed the procedures mentioned in Section 2.1.4 above and is of the view that the said procedures are sufficient to ensure that the Recurrent Related Party Transactions are not more favourable to Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

The Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

#### **2.1.6 Validity period for Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate, if approved at the forthcoming AGM, will continue to be in force until:

- (a) the conclusion of the next AGM of Takaful Malaysia at which it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is earlier.

Thereafter, approval from shareholders for a renewal of the mandate in relation to recurrent related party transactions will be sought at each subsequent AGM of the Company.

### **2.1.7 Disclosure in Annual Report**

Disclosure will be made in the Company's Annual Report pursuant to the Proposed Shareholders' Mandate and in the Annual Reports for subsequent years that the Proposed Shareholders' Mandate continues to be in force in accordance with applicable accounting standards and Section 3.1.5 of Practice Note 12/2001 of the Listing Requirements, which requires 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.

### **2.2 Proposed Amendments**

The Board proposes to amend the existing Articles 3(b) and 51(c) and proposes new Articles 56C and 56D as follows:-

- (a) The proposed amendments to Article 3(b) are required to be in line with the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia.
- (b) The proposed amendments to Article 51(c) and proposed new Article 56C are required to comply with the amendments to the Listing Requirements issued by Bursa Securities on 22 September 2011.
- (c) The proposed new Article 56D is to be in line with Section 149(1)(c) and (d) of the Companies Act 1965.

Further details of the Proposed Amendments are set out in Appendix I of this Circular.

## **3. RATIONALE AND BENEFITS OF THE PROPOSALS**

### **3.1 Proposed Shareholders' Mandate**

The rationale for and benefits of the Proposed Shareholders' Mandate to the Takaful Malaysia Group are as follows:

- (a) the Proposed Shareholders' Mandate will empower the Group 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 may avert unnecessary delays in approving business transactions of revenue nature which involves parties related to Takaful Malaysia Group due to the need to procure shareholders mandate;
- (c) the Proposed Shareholders' Mandate will substantially reduce the expenses associated with convening of general meetings on an ad hoc basis and hence will reduce the expenses associated therewith; and
- (d) the Recurrent Related Party Transactions entered into by the Group are intended to meet business needs at the best possible terms and it also enhances ability to explore beneficial business opportunities and to promote cross-selling within the Takaful Malaysia Group and BHB Group, which will be of benefit to all the companies within the Takaful Malaysia Group.

### **3.2 Proposed Amendments**

The Proposed Amendments are required to enable the Company to comply with the amendments to the Listing Requirements issued by Bursa Securities on 22 September 2011 as well as to be in line with Section 149(1)(c) and (d) of the Companies Act 1965 and the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia.

## **4. APPROVAL REQUIRED**

The Proposals are subject to the approval of the shareholders of Takaful Malaysia at the forthcoming AGM.

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

None of the Directors or Major Shareholders or persons connected to them has any interest, direct or indirect in the Proposed Amendments.

In respect of the Proposed Shareholders' Mandate, save and except as disclosed in Section 2.1.3, none of the other Directors and Major Shareholders and persons connected to them have any interest, direct or indirect in the Proposed Shareholders' Mandate.

Dato' Paduka Ismee Ismail, Dato' Mohamed Hassan Md. Kamil, Puan Rozaida Omar and Encik Johan Abdullah ("Interested Directors"), being the interested Directors of Takaful Malaysia have accordingly abstained and will abstain from all deliberations and voting on the Proposed Shareholders' Mandate at the relevant Board meetings. The Interested Directors will further abstain from voting in respect of their direct and indirect shareholdings, if any, in Takaful Malaysia on the resolution approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

In addition, the interested Major Shareholder of Takaful Malaysia, BHB will abstain from voting in respect of its direct and indirect shareholdings in Takaful Malaysia on the resolution approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The Interested Directors and interested Major Shareholder have undertaken to ensure that persons connected to them, if any, will abstain from voting on the Proposed Shareholders' Mandate at the forthcoming AGM.

The direct and indirect shareholdings of the interested Directors and Major Shareholder in Takaful Malaysia as at 2 March 2012 are as follows:-

	← Direct →		← Indirect →	
	No. of shares	%	No. of shares	%
<u>Interested Directors</u>				
Dato' Paduka Ismee Ismail	-	-	-	-
Dato' Mohamed Hassan Md. Kamil	-	-	-	-
Puan Rozaida Omar	-	-	-	-
Encik Johan Abdullah	-	-	-	-
	← Direct →		← Indirect →	
	No. of shares	%	No. of shares	%
<u>Interested Major Shareholder</u>				
BHB	106,183,675	65.22	-	-

## 6. DIRECTORS' RECOMMENDATION

Your Board, (save and except for the Interested Directors who are interested in the Proposed Shareholders' Mandate), having considered the rationale for the Proposals are of the opinion that the Proposals are in the best interest of the Company and its shareholders.

Accordingly, they (save and except for the Interested Directors who are interested in the Proposed Shareholders' Mandate and will abstain from all deliberation and recommendation in respect to the Proposed Shareholders' Mandate), recommend that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming AGM.

## 7. AGM

The 27th AGM, the notice of which is enclosed with the Annual Report of the Company for the financial year ended 31 December 2011, will be held at Dewan Ahmad Mohamed Ibrahim, Tingkat 5, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Thursday, 3 May 2012 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 and Proposed Amendments.

If you are unable to attend and vote at the 27th AGM in person, you are requested to complete, sign and return the Form of Proxy (as enclosed in the Annual Report of the Company for the financial year ended 31 December 2011) in accordance with the instructions contained therein so as to arrive at the Registered office of the Company at Tingkat 26, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, not less than forty-eight (48) hours before the time and date of the 27th AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting at the 27th AGM should you subsequently wish to do so.

#### **8. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix II for further information.

Yours faithfully  
For and on behalf of the Board of Directors of  
**SYARIKAT TAKAFUL MALAYSIA BERHAD**

**MAHADZIR AZIZAN**  
Senior Independent Non-Executive Director

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## PROPOSED AMENDMENTS

The Articles of Association of the Company are proposed to be amended as follows:-

<p><b><u>Article 3(b)</u></b> <b><u>Existing</u></b></p> <p>The Shariah Advisory Body shall comprise Muslim religious scholars and shall have a minimum of three (3) and a maximum of seven (7) members. The members shall be appointed for a term not exceeding two (2) years and may be eligible for re-appointment.</p>	<p><b><u>Proposed Amendments</u></b></p> <p>The Shariah Advisory Body shall comprise Muslim religious scholars and shall have a minimum of five (5) and a maximum of seven (7) members. The members shall be appointed for a term not exceeding three (3) years and may be eligible for re-appointment.</p>
<p><b><u>Article 51(c)</u></b> <b><u>Existing</u></b></p> <p>Subject to Articles 53, 56 and 56A, a member shall not be entitled to appoint a person who is not a member as his proxy unless that person is a Director of the Company, an advocate and solicitor, an approved company auditor or a person approved by the Registrar in a particular case.</p>	<p><b><u>Proposed Amendments</u></b></p> <p>Subject to Articles 53, 56 and 56A, a member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.</p>
<p><b><u>Article 56C</u></b> <b><u>Existing</u></b></p> <p>Nil</p>	<p><b><u>Proposed New Article</u></b></p> <p><b>Appointment of multiple proxies</b></p> <p>(a) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.</p> <p>(b) An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</p>
<p><b><u>Article 56D</u></b> <b><u>Existing</u></b></p> <p>Nil</p>	<p><b><u>Proposed New Article</u></b></p> <p><b>Appointment of multiple proxies by individual members</b></p> <p>(a) Subject to Articles 56B and 56C, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting.</p> <p>(b) Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.</p>



**FURTHER INFORMATION****1. Directors' Responsibility Statement**

This Circular has been seen and approved by the Board of Takaful Malaysia who collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

**2. Material Contract**

There are no other material contracts, not being contract entered into in the ordinary course of business, which have been entered into by Takaful Malaysia or its subsidiary companies within the past two (2) years preceding the date of this Circular save as disclosed below:-

- (i) Supplemental Agreement dated 28 March 2011 to IT Infrastructure Operations Management Services Agreement dated 1 July 2008 between Takaful Malaysia and Hewlett – Packard (M) Sdn Bhd to manage Takaful Malaysia's IT infrastructure operations for a 3-year period from 31 October 2011 to 30 October 2014 for a total contract sum of RM11,484,000.00.

**3. Material Litigation**

Neither Takaful Malaysia nor any of its subsidiaries is engaged in any material litigation, claims and/or arbitration and/or any other similar proceedings, either as plaintiff or defendant, and the Directors of the Company are not aware of any proceedings, arbitration or claims pending or threatened against Takaful Malaysia or any of its subsidiaries or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or the business of Takaful Malaysia or any of its subsidiaries.

**4. Documents Available For Inspection**

Copies of the following documents will be made available for inspection during normal business hours on any working days (except public holidays) at the Registered Office of Takaful Malaysia at Tingkat 26, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur from the date of this Circular up to and including the date of AGM:-

- (i) Memorandum and Articles of Association of Takaful Malaysia;
- (ii) Audited financial statements of Takaful Malaysia for the eighteen (18) months financial period ended 31 December 2010 and financial year ended 31 December 2011; and
- (iii) Supplemental Agreement to IT Infrastructure Operations Management Services Agreement as referred to under Material Contract in Section 2 above.

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## **SYARIKAT TAKAFUL MALAYSIA BERHAD**

(Company No.: 131646-K)

(Incorporated in Malaysia)

### **EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the **TWENTY SEVENTH (27<sup>TH</sup>) ANNUAL GENERAL MEETING** of **SYARIKAT TAKAFUL MALAYSIA BERHAD** will be held at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Thursday, 3 May 2012, at 10:00 a.m., for the following purposes:-

#### **AS SPECIAL BUSINESS**

7. Ordinary Resolution – Proposed Shareholders’ Mandate for Recurrent Related Part Transactions of a Revenue or Trading Nature with BIMB Holdings Berhad and its Subsidiaries (“BHB Group”).

THAT, subject to compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 1965, Memorandum and Articles of Association of the Company and all other applicable laws, rules, regulations and guidelines, approval be and is hereby given to the Company and its subsidiaries (“Takaful Malaysia Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with the BHB Group which are necessary for the day to day operations of the Takaful Malaysia Group as set out in Section 2.1.3 of the Circular to Shareholders dated 10 April 2012 (“Circular”), provided that:

- (a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company;
- (b) the transactions are made at arm’s length and on normal commercial terms; and
- (c) the disclosure will be made in the annual report with the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after the date that it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“CA”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier”.

(Resolution 8)

8. Special Resolution – Proposed Amendments to the Company’s Articles of Association.

“THAT the deletions, alterations, modifications and/or additions to the Articles of Association of Syarikat Takaful Malaysia Berhad as set out in Appendix I of the Circular to Shareholders dated 10 April 2012 be and hereby approved.”

(Resolution 9)

**By order of the Board**

**MOHAMAD ASRI HAJI YUSOFF (MIA 14171)**

Company Secretary  
Kuala Lumpur  
10 April 2012

**Notes:**

**1. Appointment of Proxy**

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and to vote instead of him and shall specify the proportions of his holdings to be represented by each proxy and a proxy need not be a member of the Company.
- (ii) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, must be under seal or under the hand of an officer or attorney duly authorised
- (iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Tingkat 26, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

**2. Explanatory Notes on Special Business**

- (i) Proposed Shareholders’ Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature

The proposed Resolution No. 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading in nature which are necessary for Takaful Malaysia Group’s day to day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders’ approval. The details on the proposed shareholders’ mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 10 April 2012.

- (ii) Proposed Amendments to the Company’s Articles of Association

The proposed Resolution No. 9 is required to enable the Company to comply with the amendments to the Listing Requirements issued by Bursa Malaysia Securities Berhad on 22 September 2011 as well as to be in line with Section 149(1)(c) and (d) of the Companies Act 1965 and the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia. The details on the proposed amendments to the Company’s Articles of Association are set out in the Circular to Shareholders dated 10 April 2012.

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