



**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**  
(Company No. 131646-K)

**MINUTES OF THE 35<sup>TH</sup> ANNUAL GENERAL MEETING OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (STMKB OR "THE COMPANY") HELD FULLY VIRTUAL AT THE BROADCAST VENUE AT DEWAN AHMAD MOHAMED IBRAHIM, 5<sup>TH</sup> FLOOR, ANNEXE BLOCK, MENARA TAKAFUL MALAYSIA, NO. 4, JALAN SULTAN SULAIMAN, 50000 KUALA LUMPUR ON THURSDAY, 13 AUGUST 2020 AT 9:30 A.M.**

**PRESENT:**

**BOARD OF DIRECTORS**

Dato' Mohammed Haji Che Hussein (Chairman)  
Encik Mahadzir Azizan – *via video conferencing*  
Encik Mohd Azman Sulaiman – *via video conferencing*  
Puan Suraya Hassan – *via video conferencing*

**GROUP CHIEF EXECUTIVE OFFICER**

Dato' Sri Mohamed Hassan Md Kamil

**CHIEF FINANCIAL OFFICER**

Cik Sia Meng Hui

**MEMBERS/CORPORATE REPRESENTATIVES/PROXIES**

A total of 189 shareholders and proxies representing 550,027,543 ordinary shares participated online in STMKB Fully Virtual 35<sup>th</sup> AGM as per the Attendance Record maintained by Share Registrar.

**ABSENT WITH  
APOLOGIES:**

Datin Sri Azlin Arshad (Deputy Chairman)

**IN ATTENDANCE: COMPANY SECRETARY**

Puan Shamsul Shahrina Mohd Hussein

**BY INVITATION:**

Dato' Mustaffa Ahmad – *via video conferencing*  
Encik Mohamad Salihuddin Ahmad – *via video conferencing*

**AUDITORS**

Messrs PricewaterhouseCoopers PLT represented by Encik Manjit Singh and Encik Liew Chi Min – *via video conferencing*

**POLL ADMINISTRATOR**

Boardroom Share Registrars Sdn Bhd

**SCRUTINEERS**

Boardroom Corporate Services Sdn Bhd



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## **1. CHAIRMAN'S WELCOMING ADDRESS**

The Chairman welcomed and thanked the Members and all for participating in the fully virtual 35<sup>th</sup> AGM remotely from various locations through live streaming.

The Chairman informed the Meeting that in view of the current COVID-19 pandemic and in line with the Guidance on the conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Board has decided that this AGM will be held fully virtual without physical attendance by shareholders and proxies. This arrangement was allowed by the regulators and the Company opted for the virtual meeting so that the Company could adhere to the Standard Operating Procedures prescribed by the authorities especially in the area of social distancing and limiting mass gatherings.

The Chairman added that the convening of the virtual Meeting was in compliance with Section 327 of the Companies Act, 2016 which stipulates that the Chairman shall be at the main venue of the AGM. The virtual Meeting was also convened in accordance with the Guidance Note on the Conduct of General Meetings issued by Securities Commission of Malaysia on 18 April 2020 and subsequently revised on 14 May 2020, 11 June 2020 and 18 June 2020 which states that the only venue involved in the conduct of a fully virtual general meeting is the broadcast venue where only the essential individuals are physically present to organise the fully virtual general meeting.

The Chairman reminded that no audio or video recording is allowed for the live streamed Meeting as participation at the AGM was highly restricted to shareholders, valid proxies and authorised representative of corporate shareholders.

The Chairman informed that the shareholders and proxies who attended the AGM remotely might use the "Ask Question" facility appearing on their screen to transmit questions during the AGM. He added that in order to provide the shareholders with ample time to raise the questions, the "Ask Question" facility will be opened for another 15 minutes and the questions would be answered during the Q&A session. For smooth running of the proceedings, the Q&A session would be conducted only after all the items on the Agenda have been deliberated. In the interest of time, as the Board might not be able to address all questions received, the questions would be grouped and combined to avoid repetition, and would be summarised for expediency. The task was assisted by the moderator.

The Chairman emphasized that whilst all effort had been taken to ensure a smooth live streaming, however the quality of the broadcast may be affected by the participants' own internet bandwidth connection and stability.



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Thereafter, the Chairman proceeded to introduce himself, Group Chief Executive Officer (GCEO), Chief Financial Officer and Company Secretary who were present at the Broadcast Venue and other Board members who attended the meeting via video conferencing from their respective locations, namely Encik Mahadzir Azizan, Encik Mohd Azman Sulaiman and Puan Suraya Hassan. Also present at the broadcast venue were representatives from the share registrar/poll administrator, Puan Martini Mat Som from Boardroom Share Registrar Sdn Bhd, and the scrutineers, Puan Zuriati Yaacob from Boardroom Corporate Services Sdn Bhd, and the External Auditors from PricewaterhouseCoopers, represented by Encik Manjit Singh (Engagement Partner) and Encik Liew Chi Min (Engagement Support Partner).

The Chairman further introduced Dato' Mustaffa Ahmad ("Dato' Mustaffa") and Encik Mohamad Salihuddin Ahmad ("Encik Salihuddin"), both being new Directors to be appointed on the Board of STMKB effective upon the conclusion of the 35<sup>th</sup> AGM.

Dato' Mustaffa

Bank Negara Malaysia (BNM) via its letter dated 30 June 2020 had approved Dato' Mustaffa's appointment as an Independent Non-Executive Director of STMKB for a period of two years from the date of appointment. Dato' Mustaffa has worked for several insurance companies since 1978 and held various positions. He has more than 32 years working experience in the local insurance industry and the national reinsurer of Malaysia. During his tenure with the national reinsurer, the last position he held was as Chief Operating Officer and as immediate Deputy to the CEO. He was involved in all aspects of operations, including Investment, Finance and IT. He is currently a Board member of Malaysian Reinsurance Berhad and mySalam National B40/M40 Protection Trust Fund.

Encik Salihuddin

BNM via its letter dated 29 July 2020 approved Encik Salihuddin's appointment as a Non-Independent Non-Executive Director of STMKB for a period of three years from the date of appointment. Encik Salihuddin is also a nominee of BHB on the Board of Syarikat Takaful Malaysia Am Berhad, a wholly-owned subsidiary of STMKB. Encik Salihuddin's last position before his retirement was as the CEO of AmMetlife. He has been holding the CEO role for more than 11 years with various companies including Malaysia National Insurance Berhad, Prudential BSN Takaful Berhad and Great Eastern Takaful Sdn Bhd.

The Chairman mentioned that with the experience, knowledge and networking, both Dato' Mustaffa and Encik Salihuddin are expected to contribute to the future business and direction of STMKB.

The Chairman further informed that Datin Sri Azlin Arshad has informed the Board that she would not be able to join the AGM due to personal reasons and had extended her apologies.



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## **2. QUORUM**

Upon confirmation from the Company Secretary that a quorum was present in accordance with Rule 51 of the Company's Constitution, the Chairman called the Meeting to order.

## **3. NOTICE**

The Annual Report 2019 was dispatched to the Members on 30 March 2020. Due to COVID-19 outbreak and Movement Control Orders by the Government of Malaysia, the Company had subsequently on 15 July 2020, issued the Notice convening the 35<sup>th</sup> AGM to the shareholders.

In view that there was no objection from the floor, the Notice convening the 35<sup>th</sup> AGM having been circulated on 15 July 2020, was taken as read.

## **4. PRESENTATION BY THE GCEO**

The Chairman then invited the GCEO, Dato' Sri Mohamed Hassan Md Kamil to present to the Members on the performance of the Company and its Group for the year ended 31 December 2019. The following salient points were highlighted by Dato' Sri Mohamed Hassan Kamil:-

- (i) Operating Revenue consists of Family Takaful Gross Contribution, General Takaful Gross Contribution and Investment Income. Overall, there was an increase of 18.4% in Operating Revenue from RM2.639 billion in 2018 to RM3.124 billion in 2019. Family Takaful Gross Contribution increased 26.6% from RM1.608 billion in 2018 to RM2.037 billion in 2019. General Takaful Gross Contribution increased 2.0% from RM709 million in 2018 to RM724 million in 2019. Investment Income increased 13.3% from RM322 million in 2018 to RM364 million in 2019.
- (ii) Profit After Taxation and Zakat increased by 25.2% from RM292.62 million in 2018 to RM366.30 million in 2019.
- (iii) Total Assets increased by 15.8% from RM8.93 billion in 2018 to RM10.35 billion in 2019.
- (iv) Return on Equity (ROE) for 2019 recorded a sterling achievement at 33.10%, being the highest ROE amongst the financial institutions.
- (v) Earnings per Share grew 23.4% to 44.16 cents in 2019, compared to 35.79 cents in 2018.

- (vi) Dividend Declared for 2019 was RM165.36 million compared with RM123.63 million for 2018, recorded an increase of 33.8% over the year.
- (vii) In terms of STMKB's share price, it had outperformed FBMKLCI by 1,715% since June 2009. STMKB's market capitalisation as at 30 June 2020 was RM3.7 billion, compared to RM193.9 million as at 30 June 2009.

Upon completion of the presentation on the performance of the Company and its Group, the GCEO continued to present the following responses towards the questions raised by the Minority Shareholders Watch Group (MSWG) in their letter dated 3 August 2020. These responses were duly communicated to MSWG via the Company's letter issued on 10 August 2020.

#### Strategy/Financial Matters

Q1: The Covid-19 outbreak has caused slowdown in global economy. Bank Negara Malaysia (BNM) had projected a -2% to 0.5% growth in real GDP for 2020. Growth in Private consumption is expected to decrease to 4.2% in 2020, as compared to 7.6% in 2019.

The slowdown in economic activity will inevitably translate to reduced demand for insurance coverage as consumers are more cautious in spending and delay the purchase of large ticket items like property and motor. In turn, this will translate to fewer assets to underwrite.

In addition, Takaful Malaysia had also offered a conditional deferment of contribution payment program to those affected by the outbreak.

- a) How had the outbreak affected Takaful Malaysia in terms of operation and financial aspects? Has there been a slowdown in the take-up rate of insurance policies in both family and general takaful segments?
- b) Digitalisation of services is crucial especially given current COVID-19 pandemic with restriction on travel and minimal social interactions.

How does Takaful Malaysia leverage on the strength of technology to expand the reach of Takaful Malaysia's products to Malaysian public?

A1: *For Takaful Malaysia, the impact of conditional deferment of contribution payment program is insignificant because the bulk of our business are mainly from single contribution products.*

*We may anticipate flattish trend in business growth for year 2020 as economic activities will take some time to recover. The mortgage takaful business may witness a slowdown due to more cautious property buying decisions. However, banks are targeting more personal and business loans to address short term financial needs of customers and small and medium enterprises.*

*Under these unprecedented times, we are relying profoundly on our digital capabilities to maintain an uninterrupted connection with our customers and business partners by offering faster and more comprehensive services through various online and digital platforms. Takaful Malaysia has implemented various digital strategies and infrastructure to develop the online business with a full range of online protection products in the last few years. We have witnessed substantial growth in our online motor takaful business as more customers started to realize and take advantage of the great convenience of online transactions especially during the Movement Control Order (MCO) period.*

**Q2:** *The Medical, health insurance and takaful claims (MHI) grew by 11.6% a year between 2016 and 2019, while MHI premiums grew on average by 9.5% a year over the same four-year period (BNM Annual Report 2019, page 41).*

*The increase has put pressure on underwriting performance of MHI providers given that rising claims continue to outstrip the increase in premiums. Consequently, some insurance policies were repriced to cover the shortfall. However, higher premiums after repricing may make insurance coverage unaffordable to many.*

*What is Takaful Malaysia's view on medical inflation in Malaysia? How will the Company deal with this?*

**A2:** *Maintaining a high degree of financial discipline is a crucial component of our business to stay ahead in the competitive market. Takaful Malaysia through its prudent underwriting philosophy and professional consultation with our clients to address medical cost and benefit utilization can better manage the risks of high medical inflation and inadequate pricing.*

Q3: Insurance companies that operate shariah windows in Indonesia are required by Indonesia's financial services authority – Otoritas Jasa Keuangan to spin off or divest those businesses by 2024. Industry observers said the rule is likely to spur consolidation and divestment among insurers.

What is Takaful Malaysia's long-term view on Indonesian operation? Is there any other catalyst apart from the spin-off? How can the Group capitalise or benefit from this spin-off exercise?

A3: *We expect Indonesian operation to be challenging to grow the business and sustain its profit even with the spin off exercise as it requires high capital expenditure on IT back-end systems to support digital platforms and costly talent pool. In view of this, we shall continue to explore the best option moving forward including to have a joint venture partner or to divest our Indonesian operation.*

Q4: In January 2019, Bank Negara Malaysia issued policy document regarding investment-linked business to ensure the sustainability of investment-linked business. The guidelines have come into effect from 1 July 2019.

a) Insurers are required to adhere to a minimum allocation rate (MAR) of investing at least 60% of annual premiums (before deduction of any charges by insurers) in funds for the first three years of the insurance policy. MAR will increase as tenure of policy increases. The implementation of MAR may leave limited room for insurers to pay agents' commissions and other expenses. Have agents' commissions been affected accordingly? Has the introduction of MAR limited the financial muscle to manoeuvre in the current challenging times?

b) Insurers are required to perform sustainability test for investment-linked policy/takaful certificate if the policy/takaful certificate issued is expected to sustain its coverage until the end of its contractual term. Following the sustainability test done by Takaful Malaysia, what is the percentage of takaful certificates (of total certificates issued) that required adjustment on premium, policy duration and sum insured?

A4: *Takaful Malaysia has stopped writing investment-linked (ILP) new business since the cessation of retail agency in 2016. Thus, we are generally not affected by changes in the policy document in relation to sales of new ILP certificates. Our existing inforce ILP portfolio is relatively small, and the majority of certificates are expected to be sustainable until the end of their contractual terms.*

Q5: On 28 July 2020, Takaful Malaysia and its subsidiary Syarikat Takaful Malaysia Am Bhd have entered into two Bancatakaful Arrangements with RHB Islamic Bank Bhd (a wholly-owned subsidiary of RHB Bank Bhd) for the latter to sell, distribute and promote Takaful Malaysia's family and general takaful products for a five-year period.

- a) The RM151 million combined facilitation fee for five years is deemed "hefty" compared to the RM110 million facilitation fee for a 10-year bancatakaful partnership entered between the same parties back in July 2015. What are the reasons for the substantial increase in facilitation fee paid to RHB Islamic? How significant is the contributions (premiums) generated from Takaful Malaysia – RHB Islamic bancatakaful partnership to the Group's total contributions in FY19?
- b) What are the other bancatakaful service agreements (BSA) that will be up for renewal or expire in the next two to three years? What is the likelihood of renewal/non-renewal of these BSA?

A5: *Relatively, the cost of facilitation fee as percentage of the target business volume over 5 years to be delivered by RHB Islamic Bank under the new partnership remains approximately the same as the previous partnership. It is expected to achieve approximately the same level of profitability with greater economies of scale due to higher business volume.*

*The other 2 key bancatakaful service agreements which will be up for renewal in next 2-3 years are Bank Rakyat and Affin Islamic Bank.*

The Chairman then continued to present the following responses towards the questions raised by the MSWG in their same letter dated 3 August 2020.

#### Corporate Governance Matters

Q1: Ordinary Resolution 4 on Notice of Meeting is to seek shareholders' consent to approve payment of fees and benefits of up to RM2,500,000 to non-executive directors till the next AGM of the Company.

Please provide a breakdown of the fees and benefits.

A1: *The amount approved at the last AGM held on 9 May 2019 was up to RM2.25 million from the date of AGM. We have budgeted RM2.50 million till next AGM in 2021.*



Below are the breakdown of Directors' fees and benefits:

Director Fees	1,447,000
Committees' Fees and Meeting fees	392,000
Other benefits	661,000
<b>Total</b>	<b>2,500,000</b>

Q2: Following the cessation of office of Encik Damanhuri Mahmod, retirement of Datin Sri Azlin Arshad upon the conclusion of AGM on 13 August 2020, and the demise of Dato' Othman Abdullah, is there a need to appoint new director to the Board as part of succession planning? What is the progress of the new appointments?

A2: The Board at its meeting held on 29 April 2020 approved the appointment of Dato' Mustaffa Ahmad as an Independent Non-Executive Director of STMKB, subject to the approval of BNM. BNM via its letter dated 30 June 2020 approved Dato' Mustaffa's appointment as an Independent Non-Executive Director of STMKB for a period of two (2) years from the date of appointment. The appointment date of Dato' Mustaffa, in replacement of Datin Sri Azlin Arshad, shall take effect upon the conclusion of the 35<sup>th</sup> AGM.

The Board at its meeting held on 7 July 2020 had also approved the appointment of Encik Mohamad Salihuddin Ahmad as a Non-Independent Non-Executive Director of STMKB in replacement of Encik Damanhuri Mahmod to be effective immediately upon the conclusion of the 35<sup>th</sup> AGM, subject to the approval of BNM. BNM in its letter dated 29 July 2020 had approved a tenure of 3-year period from the date of appointment of Encik Salihuddin.

Subsequently, on 22 July 2020, the Board at its meeting approved on the appointment of another candidate to replace the late Dato' Othman Abdullah, as an Independent Non-Executive Director of STMKB, subject to the approval from BNM. The application to BNM has been submitted on 27 July 2020 and as of current date, we have yet to receive the approval from BNM.

The Chairman proceeded with the first Agenda of the Meeting as follows:

**AGENDA 1**

**TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019, TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman presented to the Members the Audited Financial Statements for the financial year ended 31 December 2019, together with the reports of the Directors and Auditors thereon (collectively referred to as Audited Financial Statements), which was issued to the shareholders on 30 March 2020.

It was highlighted to the Members that as stated in Note 3(i) of the Notice of 35<sup>th</sup> AGM, the Audited Financial Statements under Agenda 1 was meant for information and discussion only as the approval of the Members was not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda was not put forward for voting by the Members of the Company. The Members were informed that the said Audited Financial Statements were duly approved by the Board of Directors of the Company and were made available to the Members throughout the statutory period.

The Chairman informed that on behalf of the Board of Directors, he is pleased to present the Audited Financial Statements for the financial year ended 31 December 2019 accompanied by a statutory declaration by the officer primarily responsible for the financial management of the Company, as contained in the Annual Report from page 88 to page 306.

The Chairman reiterated that questions will be attended to after the Meeting had deliberated all the items on the Agenda.

The Meeting noted:

***“THAT the Audited Financial Statements for the Financial Year Ended 31 December 2019, together with the Reports of the Directors and Auditors thereon, be and are hereby received”.***

## **AGENDA 2**

The Chairman informed that as stated under Agenda 2, Datin Sri Azlin Arshad who was retiring by rotation in accordance with Rule 74 of the Company's Constitution had informed the Board of Directors that she would not be seeking re-election. Hence, she would retain office until the conclusion of the 35<sup>th</sup> AGM.

Pursuant to paragraph 10.13 of BNM Guidelines on Corporate Governance issued on 3 August 2016, the written approval of Bank Negara Malaysia (BNM) must be obtained before an Independent Director resigns from her position. As Datin Sri Azlin is an Independent Director, the Company submitted its application to BNM for approval on 10 July 2020 and BNM via its letter dated 27 July 2020 had approved the resignation of Datin Sri Azlin upon the conclusion of the 35<sup>th</sup> AGM.

### **AGENDA 3**

**To re-elect the following Directors, each of whom retires pursuant to Rule 83 of the Company's Constitution and being eligible, had offered themselves for re-election:**

- (i) Mohd Azman Sulaiman (Resolution 1)**
- (ii) Suraya Hassan (Resolution 2)**
- (iii) Dato' Mohammed Haji Che Hussein (Resolution 3)**

The Chairman informed the Members that Agenda 3 requires three (3) resolutions to be passed on matters relating to re-election of Directors.

#### **1. Resolution 1 – Re-election of Mohd Azman Sulaiman**

In accordance with Rule 83 of the Company's Constitution, Encik Mohd Azman Sulaiman had retired but being eligible had offered himself for re-election as a Director.

#### **2. Resolution 2 – Re-election of Suraya Hassan**

In accordance with Rule 83 of the Company's Constitution, Puan Suraya Hassan had retired but being eligible had offered herself for re-election as a Director.

#### **3. Resolution 3 – Re-election of Dato' Mohammed Haji Che Hussein**

The Chairman proposed Encik Mohd Azman Sulaiman ("Encik Azman") to chair the Meeting for the proceeding of Resolution 3 as he was the interested director of the resolution.

*Encik Azman proceeded to chair the Meeting for Resolution 3.*

In accordance with Rule 83 of the Company's Constitution, Dato' Mohammed Haji Che Hussein had retired but being eligible had offered himself for re-election as a Director.

*Encik Azman then returned the chair to the Chairman.*

### **AGENDA 4**

**To approve the payment of Non-Executive Directors' fees and benefits of up to RM2,500,000 from this Annual General Meeting of the Company until the next Annual General Meeting of the Company. (Resolution 4)**

**AGENDA 5**

**To re-appoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration. (Resolution 5)**

The Meeting noted that the retiring auditors, Messrs. PricewaterhouseCoopers PLT had expressed their willingness to continue serving as the Auditors of the Company.

**AGENDA 6****Special Business - Ordinary Resolution**

**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with BIMB Holdings Berhad and its Subsidiaries ("BHB Group") as per the Circular to Shareholders dated 23 March 2020. (Resolution 6)**

The Chairman advised the Members that Resolution 6 was an ordinary resolution pertaining to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with BIMB Holdings Berhad and its Subsidiaries ("BHB Group"), full details as set out in the Circular to Shareholders dated 23 March 2020.

The Members further noted that BIMB Holdings Berhad being the interested Major Shareholder had abstained from voting on this resolution requesting approval to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with BHB Group.

The rationale and benefits of the Proposed Shareholders' Mandate to the Takaful Malaysia Group were set out in Section 3, on page 8 of the Circular to Shareholders.

**AGENDA 7**

**To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution**

The Chairman informed that the Secretary has informed him that there was no notice received of any other business for transacting at the Meeting. The Chairman then proceeded with the Q&A Session and invited the GCEO to address them accordingly.

**5. QUESTION & ANSWER SESSION (Q&A SESSION)**

The followings were the questions received during the Meeting and the response to the salient questions raised by the Members of the Company:-



**TAKAFULmalaysia**

**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**  
(Company No. 131646-K)

Encik Ng Khai Ching, a Shareholder enquired on the following:-

Q1: During MCO/Recovery MCO, how did Takaful run its business operation to sell its Takaful products?

And what is the anticipated reduction percentage in total sales/revenue of the group?

A1: *The GCEO responded that during the MCO, the Company was quite fortunate that virtual meetings could be conducted with business partners, intermediaries as well as online digital platform to market our products i.e Click to cover. The Company was able to run the business as usual during MCO and Recovery MCO with very minimum physical interaction.*

*The GCEO added at this moment in time the Company had seen a quick recovery of the business from July onward but the Company was not able to give any forecast for the full year impact to total sales and revenue.*

Q2: How did Takaful cope with the entry of new Takaful player, i.e. FWD-Takaful? Any strategies in the pipeline to maintain STMKB market share?

A2: *The GCEO responded that FWD-Takaful is mainly focusing on agency-retail business which is not the market segment where the services were provided by the Company. As such, the Company did not see any impact from the entry of this player to our portfolio. As to the strategies in the pipeline to maintain our market share, the GCEO informed that a few new products had been introduced to the online digital platform i.e. medical, Term and critical illness and MozzCare product which provides coverage for dengue.*

Q3: What is the market share (in Malaysia) of STMKB in Family Takaful and General Takaful? What is your forecast trend of these market shares owned by STMKB in the future?

A3: *The GCEO responded that market share for Family Takaful and General Takaful is 30% and 22%, respectively. Our forecast trend of market share moving forward is to grow our market share and to be the leading Takaful operator within the Takaful industry.*

Encik Lew Tuck Wai, a Shareholder, enquired on the following:-

Q4: There is a big improvement in the total profit for the year in the Family Takaful segment from RM374.794 million to RM727.263 million in FY2019 (page 97 of the Annual Report). Kindly share the reasons for the big increase in profitability and whether similar growth can be expected for FY2020.

- A4: *The GCEO replied that the increase in profitability mainly was due to increase in bancatakaful business and Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) Treasury business which contributed significant increase in wakalah fee, resulting in a large increase in profit for the Company. As to whether or not similar growth could be expected for FY2020, the GCEO mentioned that at this instance, he might not be able to provide any forecast for full year result for FY2020.*
- Q5: Loans and receivables, excluding takaful receivables jumped from RM867.237 million in FY2018 to RM1,593.844 million in FY2019 (page 95 of the Annual Report). Please share the reasons for the big increase as the bulk of the increase are due to 100% jump in Fixed and call deposits as shown under Notes 11, page 170 of the Annual Report.
- A5: *The GCEO replied that the big increase was mainly due to increase of placement in Fixed Deposit while waiting for fresh new sukuk to be issued for us to participate.*
- Q6: The Company announced on 28 July 2020 the renewal of the Family and General Bancatakaful agreements with RHB Bank for a fee of RM145 million.
- a) What was the fee payable to RHB Bank in the previous agreement?
  - b) What are the reasons for the big increase in fees payable to RHB Bank?
  - c) How much in percentage terms are the contribution from the bancatakaful arrangement with RHB Bank to the Company's Revenue and PBT?
- A6: *The GCEO replied as follows:*
- a) *The fee payable to RHB Bank in the previous agreement was RM64 million.*
  - b) *The increase in fee payable was due to the higher sales commitment from RHB Bank.*
  - c) *Over the next 5 years, the Company forecasted for 20% to 25% contribution in bancatakaful business. As far as the profitability is concerned, same profit margin was anticipated as per the previous partnership.*
- Q7: There is a huge jump in "Other Operating Expenses" amounted to RM60.64 million under Family Takaful in FY2019 versus RM14.115 million in FY2018. Please share the reasons for the big increase.

A7: *The GCEO responded that most of the operating expenses relate to sales expenses which correlated to the growth of the business that we have secured in 2019. Most of the business partners had overachieved their targets. So, in tandem with higher businesses we had higher operating expenses.*

Q8: Encik Yapp Lip Sin, a Shareholder, enquired on the following:-

- a) How much is the family takaful contribution expected from AEON Credit and LPPSA?
- b) When will MFRS17 accounting standard be adopted in the group's financial reporting? How would this new standard change the group's profit and cash flow?
- c) For the new agreement with RHB Islamic Bank, facilitation fee increased from RM45 million to RM145 million. In this new agreement, any advantages compare with previous agreement?
- d) Based on passed records, what were the average achievement (in percentage) of Takaful's partnership banks in bancatakaful targets given to them? For example, the achievement of RHB Islamic Bank, Affin Islamic Bank and Bank Rakyat against the bancatakaful target given to them.

A8: *The GCEO responded as follows:*

- a) *Takaful contribution expected from AEON Credit is RM35 million from credit related product and between RM400 million to RM500 million from LPPSA.*
- b) *MFRS 17 will commence in 2023 for the group financial reporting. The standard will not change the cash flow but the profit will be amortised over the remaining tenure of the policy.*
- c) *The advantage in the new agreement related to the higher sales commitment by RHB Bank compared to the previous agreement.*
- d) *The recently concluded RHB Islamic Bank partnership recorded that they had over achieved the target commitment by 20%. Meanwhile, Affin Bank and Bank Rakyat are currently running as per our target and it is still early to comment whether they will be under or over achieve the target at the end of the partnership.*

Encik Leo Ann Puat, a Shareholder, enquired on the following:-

Q9: What will be the expected full year 2020 financial result? What was the reason for the good 1<sup>st</sup> Quarter 2020 Revenue and Earning?

A9: *The GCEO replied that being a public listed company, he would not be able to comment on the expected full year 2020 financial result. The good 1<sup>st</sup> Quarter 2020 was due to good performance from the banks and LPPSA business.*

Q10: Is the Indonesian operation profitable?

A10: *The GCEO replied that at this instances, the Indonesian operation is only providing small profit i.e. less than RM2 million.*

In the interest of time, the Chairman ended the Q&A Session. Response to the unaddressed questions from the shareholders will be uploaded to the Company's website as soon as practicable.

The Chairman proceeded with the voting of the resolutions. The Chairman further informed that the Company had appointed Boardroom Share Registrars Sdn Bhd as an Independent Poll Administrator and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results.

## **6. POLLING PROCESS**

The Chairman called upon Puan Martini Mat Som, the representative from Poll Administrator, Boardroom Share Registrars Sdn Bhd to brief the Members on the electronic/remote poll voting system.

The Chairman then invited all the Members to proceed in casting their votes on all the above resolutions.

The Chairman informed that the whole counting process was expected to complete within 20 minutes.

The Chairman adjourned the Meeting at 10:15 a.m. for the electronic/remote poll voting system to commence.

## **ANNOUNCEMENT OF POLL RESULTS**

At 10.35 a.m., the Chairman resumed the Meeting for the declaration of the poll results.

It was noted that the poll results received from the Poll Administrator had been duly verified by the Scrutineers, Boardroom Corporate Services Sdn Bhd. The following poll results were announced to the Members:-



**RESOLUTION 1 – RE-ELECTION OF ENCIK MOHD AZMAN SULAIMAN**

RESOLUTION	FOR		AGAINST		TOTAL	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Ordinary Resolution	647,757,546	99.83	1,120,666	0.17	648,878,212	100.00

The Chairman declared that the motion containing Resolution 1, be **CARRIED**:

***“THAT Encik Mohd Azman Sulaiman who retired in accordance with Rule 83 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”***

**RESOLUTION 2 – RE-ELECTION OF PUAN SURAYA HASSAN**

RESOLUTION	FOR		AGAINST		TOTAL	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Ordinary Resolution	645,710,638	99.51	3,166,654	0.49	648,877,292	100.00

The Chairman declared that the motion containing Resolution 2, be **CARRIED**:

***“THAT Puan Suraya Hassan who retired in accordance with Rule 83 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”***

**RESOLUTION 3 – RE-ELECTION OF DATO’ MOHAMMED HAJI CHE HUSSEIN**

RESOLUTION	FOR		AGAINST		TOTAL	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Ordinary Resolution	646,621,286	99.65	2,256,506	0.35	648,877,792	100.00

The Chairman declared that the motion containing Resolution 3, be **CARRIED**:

***“THAT Dato’ Mohammed Haji Che Hussein who retired in accordance with Rule 83 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”***

**RESOLUTION 4 – PAYMENT OF THE DIRECTORS’ FEES AND BENEFITS OF RM2,500,000.00 FROM THIS ANNUAL GENERAL MEETING UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

RESOLUTION	FOR		AGAINST		TOTAL	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Ordinary Resolution	638,797,378	99.04	6,193,024	0.96	644,990,402	100.00

The Chairman declared that the motion containing Resolution 4, be **CARRIED**:

***“THAT the total Directors’ fees and benefits of RM2,500,0000.00 (Ringgit Malaysia: Two Million Five Hundred Thousand Only) from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved for payment to the Directors of Syarikat Takaful Malaysia Keluarga Berhad.”***

**RESOLUTION 5 – APPOINTMENT OF MESSRS. PRICEWATERHOUSECOOPERS PLT AS THE AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

RESOLUTION	FOR		AGAINST		TOTAL	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Ordinary Resolution	648,774,093	99.98	129,409	0.02	648,903,502	100.00

The Chairman declared that the motion containing Resolution 5, be **CARRIED**:

***“THAT Messrs. PricewaterhouseCoopers PLT be and are hereby appointed as the Auditors of Syarikat Takaful Malaysia Keluarga Berhad for the financial year ending 31 December 2020 and the Directors are hereby authorised to fix their remuneration.”***

**RESOLUTION 6 – PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH BIMB HOLDINGS BERHAD AND ITS SUBSIDIARIES (“BHB GROUP”)**

RESOLUTION	FOR		AGAINST		TOTAL	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Ordinary Resolution	157,051,711	99.82	289,156	0.18	157,340,867	100.00

The Chairman declared that the motion containing Resolution 6, be **CARRIED**:

***“THAT subject to compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016, Constitution of the Company and all other applicable laws, rules, regulations and guidelines, approval be and is hereby given to the Company and its subsidiaries (“STMKB Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with BIMB Holdings Berhad and its Subsidiaries (“BHB Group”) which are necessary for the day to day operations of the STMKB Group as set out in Section 2.3 of the Circular to Shareholders dated 23 March 2020 (“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 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 it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“CA”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA); or***
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;***

***whichever is the earlier”.***

## **7. WORDS OF APPRECIATION**

The Chairman recorded his utmost appreciation to the retiring Directors namely Datin Sri Azlin Arshad who would retire upon the conclusion of the 35<sup>th</sup> AGM and Encik Mahadzir Azizan who would retire on 15 August 2020. Datin Sri Azlin Arshad and Encik Mahadzir Azizan had been with STMKB since 1 October 2016 and 1 September 2007, respectively.



**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**  
(Company No. 131646-K)

On behalf of the Board members, the Chairman expressed appreciation to both Datin Sri Azlin Arshad and Encik Mahadzir Azizan for the contributions rendered to the Company during their tenure of offices and bid them the very best in their future undertakings.

**8. CLOSURE OF MEETING**

There being no other matters to be transacted, the Chairman concluded the Meeting at 10:45 a.m. and thanked all attendees for their continuous support and participation.

The Chairman then declared the Meeting closed.

**SIGNED AS A CORRECT RECORD**

SIGNED

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**CHAIRMAN**