

General Announcement for PLC (v13)

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RELEASED

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COMPANY INFORMATION SECTION			
Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
Company Name	SYARIKAT TAKAFUL MALAYSIA BERHAD		
Stock Name	TAKAFUL		
Stock Code	6139		
Board	Main Market		

CONTACT DETAIL			
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MAIN	
Type	Announcement
Subject	OTHERS
Description	SYARIKAT TAKAFUL MALAYSIA BERHAD ("TAKAFUL MALAYSIA" OR "THE COMPANY") - PROPOSED DISPOSAL OF PT ASURANSI TAKAFUL UMUM ("ATU") HELD INDIRECTLY BY TAKAFUL MALAYSIA VIA ITS SUBSIDIARIES, PT SYARIKAT TAKAFUL INDONESIA ("STI") AND PT ASURANSI TAKAFUL KELUARGA ("ATK")
Shareholder Approval	No

Announcement Details/Table Section
<p>1. INTRODUCTION</p> <p>Takaful Malaysia wishes to announce that subsequent to the announcement made on 17 August 2016 in relation to the proposed members' voluntary liquidation of ATU ("Proposed Members' Voluntary Liquidation"), there were several indication of interests from potential investors to acquire ATU which is held 64.70% indirectly via its subsidiaries, STI (29.49%) and ATK (35.21%).</p> <p>Therefore, the Board of Directors of Takaful Malaysia upon further deliberation on the best available option for ATU, decided to accept an offer from Koperasi Simpan Pinjam Jasa ("KOSPIN"), M Andy Arslan Djunaid SE and Bahroji ("Purchasers") for the disposal of ATU for a total consideration of Indonesia Rupiah Seven Billion (Rp7,000,000,000) instead of proceeding with the earlier Proposed Members' Voluntary Liquidation ("Proposed Disposal").</p> <p>Pursuant to the above, a Conditional Shares Sale and Purchase Agreement ("CSPA") between STI, ATK and Koperasi Karyawan Takaful ("Kopkar") ("Sellers"), and Purchasers was entered into on 27 October 2017.</p> <p>The Proposed Disposal is subject to the approval from relevant approving authorities in Indonesia including the following:-</p> <ol style="list-style-type: none"> the Indonesian's Financial Services Authority [Otoritas Jasa Keuangan ("OJK)]; and the shareholders of ATU comprising STI, ATK and Kopkar. <p>2. BRIEF INFORMATION ON ATU</p> <p>ATU was incorporated in 1994. The principal activity of ATU is general takaful business.</p> <p>The present authorised capital of ATU is Rp150,000,000,000 comprising 150,000 ordinary shares of Rp1,000,000 each. Presently, the issued and fully paid-up capital of ATU is Rp50,000,000,000 comprising 50,000 ordinary shares of Rp1,000,000 each.</p> <p>3. COST OF INVESTMENT</p> <p>Takaful Malaysia's indirect cost of investment in ATU is RM9.8 million whilst the carrying value as at 30 September 2017 is RM6.3 million.</p> <p>4. RATIONALE FOR THE PROPOSED DISPOSAL</p> <p>The Proposed Disposal is due to the constraints and limitations faced by ATU especially in term of capital requirement in order to compete effectively with other general insurers due to the presence of the numerous takaful 'Islamic window' operations in Indonesia which has put the full-fledged Shariah compliant operators at a significant disadvantage compared to its competitors due to higher operating cost. Without an expanded capital base coupled with the lack of technical resources and expertise, ATU is no longer viable to sustain its activities.</p> <p>Therefore, having considered all the latest available options including offer from Purchasers, the best option is to dispose ATU.</p> <p>5. DETAILS OF THE PROPOSED DISPOSAL</p> <p>The Proposed Disposal is in respect of the entire equity interest in ATU held by STI, ATK and Kopkar, as follows:-</p> <ol style="list-style-type: none"> 26,335 shares (52.67%) held by STI; 23,540 shares (47.08%) held by ATK; and 125 shares (0.25%) held by Kopkar. <p>The total consideration for the disposal of equity interest in ATU is Indonesia Rupiah Seven Billion (Rp7,000,000,000) out of which Indonesia Rupiah Six Billion Nine Hundred Eighty Two Million and Five Hundred (Rp6,982,500.00) being the total consideration payable for the Proposed Disposal held indirectly by Takaful Malaysia via its subsidiaries, STI and ATK respectively. The total consideration will be satisfied entirely by cash.</p> <p>The consideration for the disposal of equity interest in ATU was arrived at on a willing buyer willing seller basis after taking into consideration, among others, the financial position of ATU</p>

and the rationale for the Proposed Disposal as set out in Section 4 above.

The Purchasers are as follows:-

- i) KOSPIN - 47,500 shares (95%). KOSPIN is a cooperative formed under the Indonesian's regulations with the head office in Jl Dr Cipto, No 84, Pekalongan, Central Java;
- ii) M Andy Arslan Djunaid SE - 1,250 shares (2.5%). M Andy Arslan Djunaid SE, aged 56 years old, is an Indonesian citizen. He is the Chairman of KOSPIN; and
- iii) Bahroji - 1,250 shares (2.5%). Bahroji, aged 56 years old, is an Indonesian citizen. He is the Treasurer of KOSPIN.

6. IMPACT OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any material financial and operational effects on Takaful Malaysia and its group of companies for the current financial year ending 31 December 2017. The Group's expected loss from the Proposed Disposal would be approximately RM4.8 million.

7. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL

The highest percentage ratio pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the Proposed Disposal is 1.35% based on Takaful Malaysia's indirect cost of investment in ATU and net assets of Takaful Malaysia.

8. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

To the best of our knowledge, except for Dato' Sri Mohamed Hassan Md Kamil who is a nominee of Takaful Malaysia on the Board of STI and ATK, and Encik Mahadzir Azizan who is a nominee of Takaful Malaysia on the Board of ATK, none of the other Directors and/or major shareholders of Takaful Malaysia or any person connected to them have any direct or indirect interest in the Proposed Disposal.

9. DIRECTORS' STATEMENT

The Board (save and except for the interested Directors) having considered all aspects of the Proposed Disposal are of the opinion that the Proposed Disposal are in the best interest of the Company and its shareholders.

This announcement is dated 3 November 2017.

Attachment	No	File Name	Size
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