

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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 KELUARGA BERHAD**

[198401019089 (131646-K)]

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

in relation to

**(I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**AND**

**(II) PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION**

The above-mentioned proposals will be tabled as Special Business at the 36th Annual General Meeting (AGM) to be held through live streaming and online remote participation using Remote Participation and Voting (RPV) Facilities as a fully virtual AGM held virtually at the Broadcast Venue of Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Tuesday, 1 June 2021 at 09:30 a.m. The Notice of the 36th AGM together with the Form of Proxy are enclosed in the Company's Annual Report for the financial year ended 31 December 2020.

The Form of Proxy should be completed and lodged at the Office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd [199601006647 (378993-D)] at Ground Floor or 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan no later than twenty-four (24) 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 : Monday, 31 May 2021 at 09:30 a.m.

## DEFINITIONS

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

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual General Meeting
BIMB	: Bank Islam Malaysia Berhad [198301002944 (98127-X)], a 100% owned subsidiary of BHB
BIMB Group	: BIMB and its subsidiary companies
BHB	: BIMB Holdings Berhad [199701008362 (423858-X)], a Major Shareholder of Syarikat Takaful Malaysia Keluarga Berhad (STMKB) holding an equity interest of 58.82% in the Company as at 9 April 2021
BNM	: Bank Negara Malaysia
Board	: Board of Directors of STMKB
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 2(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; or ii) a chief executive of the listed issuer, its subsidiary or holding company; and iii) in relation to a SPAC, a member of the SPAC's management team.
LTH	: Lembaga Tabung Haji, a major shareholder of BHB
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 8 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 of the existing Constitution of the Company
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
Special Resolution	: The special resolution for each of the Proposal and Special Resolutions shall be construed accordingly
STMKB or Company	: Syarikat Takaful Malaysia Keluarga Berhad [198401019089 (131646-K)]
STMKB Group or Group	: STMKB and its subsidiary companies

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## SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

[198401019089 (131646-K)]  
(Incorporated in Malaysia)

Registered office:

Tingkat 14, Blok Annex  
Menara Takaful Malaysia  
No. 4, Jalan Sultan  
Sulaiman  
50000 Kuala Lumpur

3 May 2021

### Board of Directors:

Dato' Mohammed Haji Che Hussein (*Chairman/Independent Non-Executive Director*)  
Mohd Azman Sulaiman (*Independent Non-Executive Director*)  
Suraya Hassan (*Independent Non-Executive Director*)  
Dato' Mustaffa Ahmad (*Independent Non-Executive Director*)  
Mohamad Salihuddin Ahmad (*Non-Independent Non-Executive Director*)  
Datuk Bazlan Osman (*Independent Non-Executive Director*)

### To: The Shareholders of STMKB

Dear Sir / Madam

- (I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE; AND**  
**(II) PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION ("PROPOSED AMENDMENTS")**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

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## 1. INTRODUCTION

### 1.1 Proposed Shareholders' Mandate

On 23 February 2021, 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 Proposed Shareholders' Mandate.

At the AGM held on 13 August 2020, 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

On 18 March 2021, 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 Proposed Amendments.

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

**SHAREHOLDERS ARE ADVISED TO READ THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED SHAREHOLDERS' MANDATE 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 RM500,000; 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 listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholder unit holder mandate, the relevant related party must comply with the requirements set out in paragraph 10.08(7) of the Listing Requirements; and
- (v) the listed issuer immediately announces 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 activity of the Company is family takaful business. The principal activities of its subsidiaries are as follows:-

Name of Company	Effective percentage equity interest held as at 9 April 2021 %	Principal activities
<b>Subsidiary Companies</b>		
P.T. Syarikat Takaful Indonesia	56.00	Holding company
P.T. Asuransi Takaful Keluarga	74.78 *	Family takaful business
Syarikat Takaful Malaysia Am Berhad	100.00	General takaful business

Note:- \* 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 STMKB 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 9 April 2021 (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 STMKB 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 23 March 2020 (RM'000)	Actual Transacted Value from 13 August 2020 up to 9 April 2021 <sup>(3)</sup> (RM'000)
Rental of office premises payable to Syarikat Takaful Malaysia Keluarga Berhad by BIMB # *	BIMB	<p>BIMB is a 100% owned subsidiary of BHB. LTH is a major shareholder of BHB and BHB is a major shareholder of STMKB holding an equity interest of 59.19% in the Company as at 31 December 2020.</p> <p>Mohamad Salihuddin Ahmad is a Director of STMKB, while Dato' Sri Mohamed Hassan Kamil is a Group Chief Executive Officer of STMKB, both nominated by BHB. Mohamad Salihuddin Ahmad does not have any direct or indirect interest in BHB and STMKB while Dato' Sri Mohamed Hassan Kamil has a direct equity interest of 0.03% in the Company but does not have any direct or indirect interest in BHB.</p>	3,129	3,081	1,965

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Notes:

- (1) The estimated value in respect of the 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 June 2022 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 STIMKB by the Related Parties as at 31 December 2020 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 equity interest as disclosed in the table above are based on the position as at 9 April 2021.

\* Details of the rental of office premises are set out below:-

Related party	Location	Occupied areas (square feet)	Tenure of tenancy agreement (Year)	Rental per month (RM'000)
BIMB	1. Suite 3B/G, Blok 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur	6,400	3	45
	2. No. 2, 4 & 6, Jalan 6C/7, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	8,648	3	19
	3. Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur	576	3	1
	4. Nos. 16474 & 16475, Pusat Perniagaan Inderapura, Jalan Tras, 27600 Raub, Pahang Darul Makmur	6,080	3	12
	5. Lot 433, 434 & 435, Seksyen 11, KTLD Bangunan Tuanku Muhamad Al-Hdrus, Jalan Kulas, 93400 Kuching, Sarawak (Note: BIMB has terminated Level 3 of the premises)	10,160	3	42
	6. Nos. 1 & 2, Jalan Kelicap, Taman Pekan Baru, 34200 Parit Buntar, Perak Darul Ridzuan	6,902	3	5
	7. Nos. 180 & 181, Jalan Tuan Hitam, 22000 Jereteh, Terengganu Darul Iman	6,803	3	7
	8. Lot 1 & 2, Kompleks Perniagaan Fajar, 91000 Tawau, Sabah	6,039	3	24

<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>
	9. Nos. 64 & 65, Kompleks Jitra, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	5,363	3	9
	10. Lot 1129 & 1130 Bangunan Darul Takaful, Jalan Sultan Ismail, 20100 Kuala Terengganu, Terengganu Darul Iman	1,496	3	10
	11. No. 2408, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan	5,300	3	8
	12. Nos. 76A & 76, Pusat Perniagaan, Jalan Tupai, 34000 Taiping, Perak Darul Ridzuan	5,932	3	13
	13. Nos. 616 & 617, Jalan Besar, 73000 Tampin, Negeri Sembilan Darul Khusus	6,585	3	7
	14. Nos. 26 & 27, Jalan Tanjung, Pasar Baru, 18500 Machang, Kelantan Darul Naim	2,800	3	3
	15. Nos. 6, 8 & 10, Jalan Padi Emas 5/2, Bandar Baru UDA, 81200 Johor Bahru, Johor Darul Takzim	9,374	3	25
	16. No. 29, Jalan Delima, Pusat Perniagaan Pontian, 82000 Pontian, Johor Darul Takzim	6,627	3	12

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

STMKB 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 STMKB'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.

STMKB 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 arm's 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 arm's length and on normal commercial terms consistent with the group's usual business practices and policies and will not be prejudicial to the minority 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 third party/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 STMKB 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 proposed that the existing Rules 7, 11, 129 and the definitions of "Muslim Bumiputra Institution", "Muslim Bumiputra Company" and "Minister" in the Constitution of the Company which read as follows be deleted:

Rule	Original Clause	Proposed Amendment								
7	Not less than fifty-one per cent (51%) of the membership of, and shares in the Company shall at all times consist of or be issued to the Federal and any State Government or any Muslim Bumiputra Institution or Muslim Bumiputra or body corporate being a Muslim Bumiputra company and not a corporation under foreign control, duly approved for the purpose of this Rule by the Minister and shall not thereafter at any time be assigned or transferred to or held by any person or corporation or other legal person who and which is not any of the abovestated, as the case may.	<u>To be deleted</u>								
8	<p>Interpretation</p> <table border="1"> <thead> <tr> <th>Words</th> <th>Meanings</th> </tr> </thead> <tbody> <tr> <td>Muslim Bumiputra Institution</td> <td>A body corporate or authority incorporated in Malaysia under a Federal law of Malaysia or a law of any State of Malaysia, or any company incorporated in Malaysia the membership or shareholders whereof is or are restricted to the Federal or any State Government or such body corporate or authority.</td> </tr> <tr> <td>Muslim Bumiputra Company</td> <td>A company incorporated in Malaysia the membership or shareholders whereof is or restricted to Muslim Bumiputra.</td> </tr> <tr> <td>Minister</td> <td>The Minister of Finance or the Minister for the time being charged with the responsibility in respect of the matter in question as the case may be.</td> </tr> </tbody> </table>	Words	Meanings	Muslim Bumiputra Institution	A body corporate or authority incorporated in Malaysia under a Federal law of Malaysia or a law of any State of Malaysia, or any company incorporated in Malaysia the membership or shareholders whereof is or are restricted to the Federal or any State Government or such body corporate or authority.	Muslim Bumiputra Company	A company incorporated in Malaysia the membership or shareholders whereof is or restricted to Muslim Bumiputra.	Minister	The Minister of Finance or the Minister for the time being charged with the responsibility in respect of the matter in question as the case may be.	<u>To be deleted</u>
Words	Meanings									
Muslim Bumiputra Institution	A body corporate or authority incorporated in Malaysia under a Federal law of Malaysia or a law of any State of Malaysia, or any company incorporated in Malaysia the membership or shareholders whereof is or are restricted to the Federal or any State Government or such body corporate or authority.									
Muslim Bumiputra Company	A company incorporated in Malaysia the membership or shareholders whereof is or restricted to Muslim Bumiputra.									
Minister	The Minister of Finance or the Minister for the time being charged with the responsibility in respect of the matter in question as the case may be.									

11	<p>Not less than fifty-one per cent (51%) of shares allotted to Government and/or Muslim Bumiputra Institution.</p> <p>(a) The Directors shall ensure that not less than fifty-one per cent (51%) of the membership of and the shares in the Company shall at all times consist of or be issued or allotted to or registered in the name of the Federal and any State Government or any Muslim Bumiputra Institution or a body corporate, being a Muslim Bumiputra company and not a corporation under foreign control, duly approved for the purpose of this Rule by the Minister.</p> <p>The Directors shall further ensure that the said shares so issued, allotted to or registered shall not thereafter at any time be assigned or transferred to or held by any person or corporation or other legal person who is not any one of the abovestated bodies.</p> <p>(b) The Directors of the Company shall have discretion in deciding whether any person or company is a Muslim Bumiputra or Muslim Bumiputra company and any decision made by the Directors in the course of the exercise or any discretion conferred upon them by this Rule shall be final and without appeal and they shall not be called upon or if called upon shall not be bound to give their reasons for their decision.</p> <p>(c) If a majority of the Directors certify in writing that there is in their opinion reason to believe that any share in the Company which is allotted or registered in the name or a person who is a Muslim Bumiputra or a company which is a Muslim Bumiputra company or the Federal or State Governments or a Muslim Bumiputra Institution is held by or in trust for or in any way under the control of any person or other legal person who or which is not any of the abovestated as the case may be, then and in any such case the Directors may serve on the holders of such share a notice in writing requiring the holder to prove to the satisfaction of the Directors that the share in question is not so held and unless within three (3) weeks thereafter such proof is given, the Directors may serve such holder with a notice in writing requiring such holder to transfer such shares to any person, company or organisation or authority qualified to be a Member of the Company and approved by the Directors and unless such transfer is duly made and delivered to the Company within fourteen (14) days after such notice, the Directors may sell the shares in such manner as they think fit and the provisions of Rules 17 and 18 inclusive shall apply mutatis mutandis.</p>	<u>To be deleted</u>
129	<p>Alteration of Constitution</p> <p>No deletion, amendment or addition to any of this Constitution shall be made unless prior written approval has been sought and obtained from the Exchange or any other stock exchange on which the Company's shares are listed from such deletion, amendment or addition.</p>	<u>To be deleted</u>

### 3. RATIONALE AND BENEFITS OF THE PROPOSALS

#### 3.1 Proposed Shareholders' Mandate

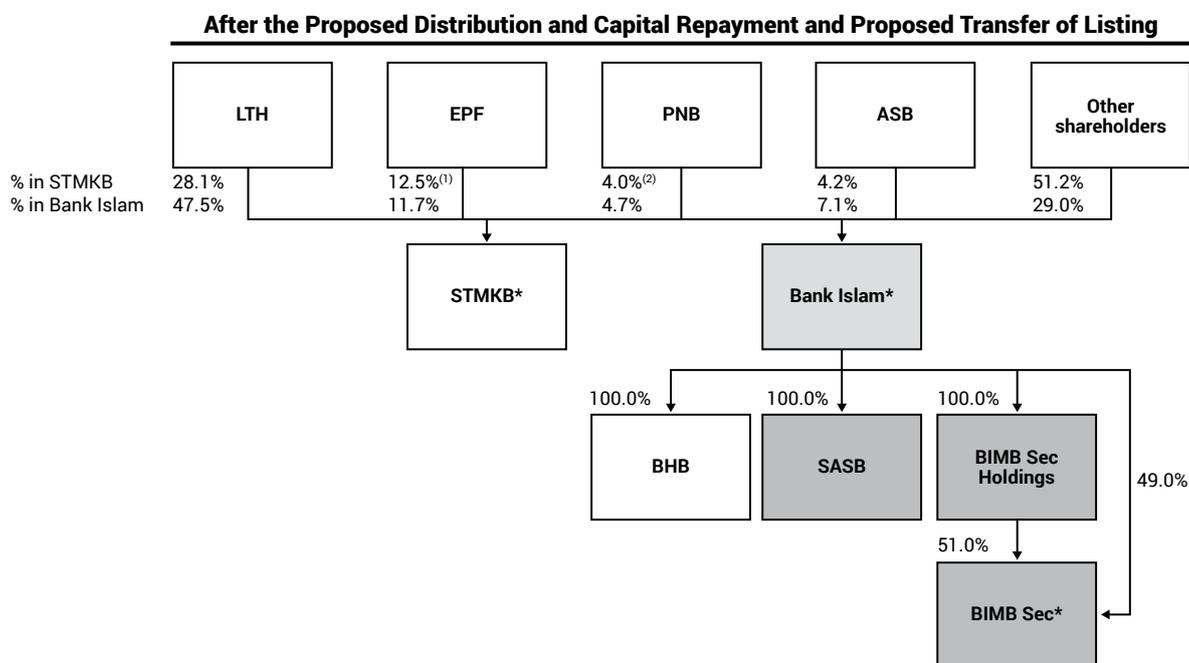
The rationale for and benefits of the Proposed Shareholders' Mandate to the STMKB Group are as follows:

- (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 STMKB 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 STMKB Group and BHB Group, which will be of benefit to all the companies within the STMKB Group.

### 3.2 Proposed Amendments

- (a) The Proposed Amendments are required as BIMB Holdings Berhad (BHB) in its Multiple Proposals announcement dated 11 December 2019, amongst others announced that they intend to undertake the proposed distribution of the entire shareholdings of BHB in Bank Islam and STMKB by way of distribution-in-specie via a reduction and repayment of the entire share capital of BHB in accordance with section 115 and Section 116 of the Companies Act, 2016 (“the Act”) as well as using the retained earnings of BHB (“proposed distribution and capital repayment”).
- (b) The proposed distribution and capital repayment entails the distribution of such number of ordinary shares in STMKB held by BHB to the Distribution Entitled Shareholders (“proposed distribution of STMKB shares”).
- (c) The corporate and shareholding structure after the proposals as per BHB’s Circular to Shareholders and Explanatory Statement to the Holders of Outstanding Warrants 2013/2023 dated 8 March 2021, is as follows:



Notes:

\* Holds other subsidiaries

(1) Includes the direct equity interest of EPF in STMKB as at 8 February 2021 amounting to approximately 5.6%

(2) Includes the direct equity interest of PNB in STMKB as at 8 February 2021 amounting to approximately 1.2%

- (d) BHB intends to cease its existing role as the financial holding company for both Bank Islam and STMKB following the latest capital requirements imposed by Bank Negara Malaysia for financial holding companies pursuant to the Capital Adequacy Framework for Islamic Banks (Capital Requirements) that came into effect on 1 January 2019, as well as the capital requirements under Basel III.
- (e) Therefore, the proposed distribution and capital repayment is undertaken to facilitate the distribution of BHB’s entire shareholding in Bank Islam and STMKB to the Distribution Entitled Shareholders to enable them to participate directly in the equity and future growth of the new Bank Islam Group and STMKB. Through their direct exposure in Bank Islam and STMKB, the Distribution Entitled Shareholders can manage their investment exposure or rebalance their portfolios in banking and takaful industries according to their own investment objectives.

- (f) After the completion of the proposed distribution and capital repayment by BHB, it will no longer be the major shareholder holding more than 51% shares in STMKB. It is hereby proposed that the current Rules 7, 11 and the definitions of “Muslim Bumiputra Institution”, “Muslim Bumiputra Company” and “Minister” in the Company’s Constitution to be deleted and amended accordingly based on the following reasons:
- i) Other than as defined in the said Constitution, it would not be possible to readily identify whether the shareholders of our Company are a “Muslim Bumiputera Institution” or a “Muslim Bumiputera Company” which is duly approved by the Minister of Finance, without further enquiry in respect of each individual shareholder, as there is no official definition nor designation which readily categorises such shareholders; and
  - ii) From a practical perspective, it is not feasible for our Board to closely monitor compliance with the requirements as this would require continuous review of a larger and more diverse number of shareholders of our Company after the proposed distribution and capital repayment, there being no longer a single controlling shareholder. After the proposed distribution and capital repayment, the shareholding composition of the Company will include the direct shareholders of BIMB Holdings at the relevant entitlement date in addition to our Company’s existing shareholders, and will vary as and when the shares are traded on the Main Market of Bursa Securities, with the onus being on our Company to assess this continuously in accordance with the existing provisions.

#### 4. APPROVAL REQUIRED

Proposal I is subject to the approval of the shareholders of STMKB at the forthcoming AGM. Proposal II is subject to the approvals of Ministry of Finance (MOF), BNM and the shareholders of STMKB 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.

Mohamad Salihuddin Ahmad (“Interested Director”), being the interested director of STMKB has accordingly abstained from all deliberations and voting on the Proposed Shareholders’Mandate at the relevant Board meetings. The Interested Director will further abstain from voting in respect of his direct and indirect shareholdings, if any, in STMKB on the resolution approving the Proposed Shareholders’Mandate to be tabled at the forthcoming AGM.

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

The Interested Director, if any, 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 STMKB as at 9 April 2021 are as follows:-

	----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
<b>Interested Directors</b>				
Mohamad Salihuddin Ahmad	-	-	-	-
	----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
<b>Interested Major Shareholder</b>				
BHB	491,550,925	58.82	-	-

## **6. DIRECTORS' RECOMMENDATION**

Your Board, (save and except for the Interested Directors who were 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 36th AGM, the notice of which is enclosed with the Annual Report of the Company for the financial year ended 31 December 2020, will be held through live streaming and online remote participation using Remote Participation and Voting (RPV) Facilities as a fully virtual AGM held virtually at the Broadcast Venue of Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Tuesday, 1 June 2021 at 09:30 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 36th 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 2020) in accordance with the instructions contained therein so as to arrive at the Office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time and date of the 36th AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting at the 36th AGM should you subsequently wish to do so.

## **8. FURTHER INFORMATION**

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

Yours faithfully

For and on behalf of the Board of Directors of

**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**

**DATO' MOHAMMED HAJI CHE HUSSEIN**

Chairman/Independent Non-Executive Director

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

This Circular has been seen and approved by the Board of STMKB 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 facts, the omission of which would make any statement herein misleading.

**2. Material Contract**

There are no material contracts, not being contract entered into in the ordinary course of business, which have been entered into by STMKB or its subsidiary companies within the past two (2) years preceding the date of this Circular.

**3. Material Litigation**

Neither STMKB 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 STMKB 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 STMKB 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 STMKB at Tingkat 14, Blok Annex, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur from the date of this Circular up to and including the date of AGM:-

- (i) Constitution of STMKB; and
- (ii) Audited financial statements of STMKB for the financial years ended 31 December 2019 and 31 December 2020.

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**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**

[198401019089 (131646-K)]  
(Incorporated in Malaysia)

**EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the **THIRTY-SIXTH (36TH) ANNUAL GENERAL MEETING** of **SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (STMKB or “the Company”)** will be held through live streaming and online remote participation using Remote Participation and Voting (RPV) Facilities as a fully virtual AGM held virtually at the Broadcast Venue of Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Tuesday, 1 June 2021 at 09:30 a.m., for the following purposes:-

**AS SPECIAL BUSINESS**

7. 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”).

“THAT, subject to compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016, the 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 the BHB Group which are necessary for the day to day operations of the STMKB Group as set out in Section 2.1.3 of the Circular to Shareholders dated 3 May 2021, 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 AGM 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 AGM after the date that it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier”.

(Resolution 8)

8. Special Resolution - Proposed amendments to the Company's Constitution (Subject to the approval from Ministry of Finance and Bank Negara Malaysia).

"THAT Rules 7, 11, 129 and the definitions of "Muslim Bumiputra Institution", "Muslim Bumiputra Company" and "Minister" in the Company's Constitution to be deleted as set out in the Circular to Shareholders dated 3 May 2021 be and are hereby approved; and the amended Constitution be adopted as the new Constitution of the Company.

AND THAT the Board of Directors of the Company be and are hereby authorised and empowered to take all acts, deeds and things as are necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities." (Resolution 9)

## **By Order of the Board**

### **SHAMSUL SHAHRINA MOHD HUSSEIN (MAICSA 7047477)**

(SSM Practising Certificate No. 201908002446)

Company Secretary

Kuala Lumpur

3 May 2021

## **Notes:**

### **1. Appointment of Proxy**

- (i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and to vote instead of him at the same meeting and a proxy need not be a member of the Company.
- (ii) Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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 authorised nominee may appoint in respect of each omnibus account it holds.
- (iv) 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.
- (v) The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.
- (vi) Only members whose names appear in the Record of Depositors on 24 May 2021 shall be eligible to attend, speak and vote at the AGM or appoint proxy(ies) to attend, speak and/or vote on their behalf.
- (vii) Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote by poll.

### **2. Explanatory Note on Special Business**

- (i) Proposed Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature  
The proposed Resolution 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading in nature which are necessary for STMKB Group's day to day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholder' 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 3 May 2021.
- (ii) Proposed Amendments to the Company's Constitution  
Further details are set out in the Circular to Shareholders dated 3 May 2021.