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

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(131646-K)

SYARIKAT TAKAFUL MALAYSIA BERHAD

(Company No.: 131646-K)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to

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

The Ordinary Resolution in respect of the Proposed Renewal of Shareholders' Mandate will be tabled at the Annual General Meeting ("AGM") to be held at Dewan Ahmad Mohamed Ibrahim, Tingkat 5, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Wednesday, 10 December 2008 at 9:30 a.m. The Notice of the Twenty Third AGM together with the Form of Proxy are enclosed in the Company's Annual Report for the financial year ended 30 June 2008.

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

Last date and time for lodging the Form of Proxy : Monday, 8 December 2008 at 9:30 a.m.

DEFINITIONS

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

“Act”	Companies (Amendment) Act, 2007, as amended from time to time and any re-enactment thereof
“AGM”	Annual General Meeting
“ARIL”	Asean Retakaful International (L) Ltd (LL01129), a 63.09%-owned subsidiary of Takaful Malaysia
“BIMB”	Bank Islam Malaysia Berhad (98127-X), a 51.00%-owned subsidiary of BHB
“BIMB Group”	BIMB and its subsidiary companies
“BHB”	BIMB Holdings Berhad (423858-X), a major shareholder of Takaful Malaysia holding an equity interest of 65.22% in the Company as at 10 October 2008
“Syarikat Al-Ijarah”	Syarikat Al-Ijarah Sdn Bhd, (112330-P) a wholly owned subsidiary of BHB.
“BNM”	Bank Negara Malaysia
“Board”	Board of Directors of Takaful Malaysia
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Depository”	Bursa Malaysia Depository Sdn Bhd
“Director”	As defined in Section 4 of the Act 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, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
“Listing Requirements”	Listing Requirements of Bursa Securities
“Major Shareholders”	<p>A person who has an interest or interests in one (1) or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:</p> <ul style="list-style-type: none">(a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or(b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company. <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act.</p> <p>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 define above, or any other company which is its subsidiary or holding company.</p>
“Proposed Renewal of Shareholders’ Mandate”	Proposed renewal of 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 Transactions”	Recurrent Related Party Transactions of the Company which are of the revenue or trading nature and necessary for its day-to-day operations more particularly described in Section 2.3 which Takaful Malaysia is proposing to enter into with Related Parties
“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
“Takaful Funds”	General Takaful Fund and Family Takaful Fund
“Takaful Malaysia” or “Company”	Syarikat Takaful Malaysia Berhad (131646-K)
“Takaful Malaysia Group” or “Group”	Takaful Malaysia and its subsidiary companies
“USD”	United States Dollar

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SYARIKAT TAKAFUL MALAYSIA BERHAD

(Company No: 131646-K)

(Incorporated in Malaysia)

Registered office:

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

18 November 2008

Board of Directors:

Tan Sri Dr. Hadenan A. Jalil (*Chairman/Non-Independent Non-Executive*)

Dato' Mohamed Hassan Md. Kamil (*Group Managing Director/Non-Independent Executive*)

Y. A. M. Tengku Dato' Sri Azman Ibni Almarhum Sultan Abu Bakar (*Independent Non-Executive*)

Puan Rozaida Omar (*Non-Independent Non-Executive*)

Encik Mahadzir Azizan (*Independent Non-Executive*)

Dato' Sulaiman Mohd Yusof (*Independent Non-Executive*)

Encik Johan Abdullah (*Non-Independent Non-Executive*)

To: The Shareholders of Syarikat Takaful Malaysia Berhad

Dear Sir / Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 20 October 2008, 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 Renewal of Shareholders' Mandate.

At an AGM held on 5 December 2007, 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 renewal of shareholders' 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.

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

2. DETAILS OF PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 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), an immediate announcement of such transaction must be made;
- (ii) Pursuant to paragraph 10.08 (2), where any one of the percentage ratios is equal to or exceeds 5%, the following must be complied with by the listed issuer:
 - a circular must be sent to the shareholders;
 - the shareholders' approval of the transaction must be sought in general meeting; and
 - an independent adviser must be appointed before terms of the transaction are agreed upon.
- (iii) Pursuant to paragraph 10.08 (4), where any one of the percentage ratios is equal to or exceeds 25%, a main adviser and an independent adviser must be appointed by the listed issuer before the terms of the transaction are agreed upon.

Under paragraph 2.1 of the Practice Note No 12/2001 issued by the Bursa Securities, a listed issuer must make an immediate announcement of a recurrent related party transaction where:-

- (a) the consideration, value of the assets, capital outlay or costs of the recurrent related party transaction is equal to or exceeds RM1 million; or
- (b) the percentage ratio of such recurrent related party transaction is equal to or exceeds 1%;

whichever is higher.

Pursuant to paragraph 10.09(2) of the Listing Requirements, where a listed issuer has procured shareholders' mandate pursuant to paragraph 10.09(1) of the Listing Requirements, the provisions of paragraph 10.08 of the Listing Requirements shall not apply.

Paragraph 10.09 of the Listing Requirements which should be read in conjunction with Paragraph 10.08 of the Listing Requirements, states where related party transactions are of a revenue or trading nature which are necessary for its day-to-day operations such as supplies of materials, the listed issuer may seek a shareholders' mandate in respect of such 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 shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions contemplated pursuant to the shareholders' mandate during the financial year;
- (iii) the issuance of a circular to the shareholders by the listed issuer; and
- (iv) the interested Directors, interested Major Shareholder and interested persons connected with a Director or Major Shareholder and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolutions approving the transactions. An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolutions approving the transactions.

In compliance with Paragraph 10.09 (1) of the Listing Requirements, the Company now proposes to seek the approval of its shareholders for the Proposed Renewal of Shareholders' Mandate.

2.2 Categories of Recurrent Related Party Transactions

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

Name of company	Effective percentage equity interest held* %	Principal activities
Subsidiary Companies		
ARIL	63.09	Family and general retakaful businesses
P.T Syarikat Takaful Indonesia Held through P.T Syarikat Takaful Indonesia	56.00	Holding company
(a) P.T Asuransi Takaful Umum	56.00	General takaful business
(b) P.T Asuransi Takaful Keluarga	56.00	Family takaful business

Note:-

* *As at 10 October 2008*

Shareholders' mandate is sought for the recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations and which are carried out by Takaful Malaysia in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company as further mentioned in Section 2.3 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 are set out below.

Nature of transactions	Related Parties transacted with	Related Parties, their interests and nature of relationship with the Takaful Malaysia Group**	Estimated ⁽¹⁾ aggregate value from the forthcoming AGM date to the next AGM ⁽²⁾ (RM'000)
Lease of copier machine	Syarikat Al-Ijarah	<p>Syarikat Al-Ijarah is a wholly owned subsidiary of BHB. BHB is a major shareholder of Takaful Malaysia holding an equity interest of 65.22 % in the Company.</p> <p>Encik Johan Abdullah is a Director in BIMB and BHB and is also a Director in Takaful Malaysia, nominated by BHB. Encik Johan Abdullah does not have any direct or indirect interest in BHB and Takaful Malaysia.</p> <p>Tan Sri Dr. Hadenan A. Jalil, Dato' Mohamed Hassan Md. Kamil and Puan Rozaida Omar are directors in Takaful Malaysia, nominated by BHB. Tan Sri Dr. Hadenan A. Jalil, Dato' Mohamed Hassan Md. Kamil and Puan Rozaida Omar do not have any direct or indirect interest in BHB and Takaful Malaysia.</p>	394

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Nature of transactions	Related Parties transacted with	Related Parties, their interests and nature of relationship with the Takaful Malaysia Group**	Estimated ⁽¹⁾ aggregate value from the forthcoming AGM date to the next AGM ⁽²⁾ (RM'000)
Rental of office premises payable to Takaful Malaysia by BIMB# *	BIMB	<p>BIMB is a 51.00% owned subsidiary of BHB. BHB is a major shareholder of Takaful Malaysia holding an equity interest of 65.22 % in the Company.</p> <p>Encik Johan Abdullah is a Director in BIMB and BHB and is also a Director in Takaful Malaysia, nominated by BHB. Encik Johan Abdullah does not have any direct or indirect interest in BHB and Takaful Malaysia.</p> <p>Tan Sri Dr. Hadenan A. Jalil, Dato' Mohamed Hassan Md. Kamil and Puan Rozaida Omar are directors in Takaful Malaysia, nominated by BHB. Tan Sri Dr. Hadenan A. Jalil, Dato' Mohamed Hassan Md. Kamil and Puan Rozaida Omar do not have any direct or indirect interest in BHB and Takaful Malaysia.</p>	8,737

Notes:

- (1) *The estimated value in respect of each transaction referred to above are based on the prevailing prices obtained from the Related Parties which are reasonable market-competitive prices 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 December 2009 as no specific date can be determined at the point of the printing of the circular. As such, in the estimate, the value for half month of December 2009 is used.*
- # *The rental sum of the properties was arrived at or estimated based on the going or expected market rate at the time the tenancy agreement was or to be executed.*
- ** *The respective equity interests as disclosed in the table above are based on the position as at 10 October 2008.*

Notes (cont'd):-

- * *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 Darul Takaful, Jalan Sultan Ismail, 50250 Kuala Lumpur;	98,485	2	391
	2 Lot No. 2, 3, & 4, Jalan Kulas, 93400 Kuching, Sarawak.	13,712	3	26
	3 Lot 12680, Level 1 & Mezzanine, Jalan Tan Hiok Nee, 80000 Johor Bahru, Johor Darul Takzim.	8,354	3	36
	4 Lot 27, 29 & 31, Pusat Komersil Temerloh, 28000 Temerloh, Pahang Darul Makmur.	10,032	3	6
	5 Nos. 1 & 2, Jalan Kelicap, Taman Pekan Baru, 34200 Parit Buntar, Perak Darul Redzuan.	6,902	3	3
	6 Nos. 46 & 47, Darul Takaful, Jalan Rahmat, 83000 Batu Pahat, Johor Darul Takzim.	5,064	3	6
	7 Nos. 180 & 181, Jalan Tuan Hitam, 22000 Jerreh, Terengganu Darul Iman.	6,803	3	4
	8 Lot 1& 2, Kompleks Perniagaan Fajar, 91000 Tawau, Sabah.	6,039	3	14
	9 Nos. 64 & 65 Kompleks Jitra, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman.	5,363	3	5
	10 Lot 54 & 55, Blok 4, Bandar Wilayah Jasa, Jalan Bunga Raya, 91100 Lahad Datu, Sabah.	4,512	3	9
	11 Lot 6966 & 6967 Blok 59, Muara Tuang Jalan Dato' Mohd Musa, 94300 Kota Samarahan, Sarawak.	4,516	3	6
	12 No. 20, Fasa 1A, Jalan Haji Manan, 86000 Kluang, Johor Darul Takzim.	4,614	3	8
	13 No. 24, Jalan USJ, 10/1B, 47620 Subang Jaya, Selangor Darul Ehsan.	5,530	3	27

Related party	Location	Occupied areas (square feet)	Tenure of tenancy agreement (Year)	Rental per month (RM'000)
BIMB	14 Nos. 2 & 4, Jalan 6C/7, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	10,584	3	14
	15 Lot No. 3803, Jalan Dato' Ulu Muar, 72000 Kuala Pilah, Negeri Sembilan Darul Khusus.	2,048	3	2
	16 Lot 13 & 14, Lazenda Commercial Centre, Jalan OKK Abdullah, 87008 Wilayah Persekutuan Labuan.	4,356	3	10
	17 No. 29, Jalan Delima, Pusat Perniagaan Pontian, 82000 Pontian, Johor Darul Takzim.	6,627	3	8
	18 Nos. 616 & 617, Jalan Besar, 73000 Bandar Tampin, Negeri Sembilan Darul Khusus.	6,585	3	4
	19 Bangunan Darul Takaful, Jalan Sultan Ismail, 20200 Kuala Terengganu, Terengganu Darul Iman.	17,079	3	36
	20 No. CS/3B/G, Tingkat Bawah, Blok 3B, Plaza Sentral, KL Sentral, 58000 Kuala Lumpur.	5,722	3	26
	21 Nos. 26 & 27, Jalan Tanjung, Pasar Baru, 18500 Machang, Kelantan Darul Naim.	2,800	3	2
	22 Nos. 29 & 30, Jalan Tupai, Taiping, Perak Darul Ridzuan.	5,932	3	7
	23 No. 2408, Taman Samudera, Sri Manjung, Perak Darul Ridzuan.	5,300	3	4
	24 No. 4, Jalan Sultan Sulaiman, 5000 Kuala Lumpur.	576	3	2
	25 Nos. 10 & 8, Jalan Padi Emas 5/2, Bandar Baru UDA, 81200 Johor Bharu, Johor.	8,043	3	15
	26 Nos. 16474 & 16475, Pusat Perniagaan Inderapura, Jalan Tras, Raub, Pahang.	18,560	3	8

2.4 Review procedures in relation to Recurrent Related Party Transactions

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

The Audit Committee will review all aspects of the Recurrent Related Party Transactions amounting to more than Ringgit Malaysia One Million (RM1,000,000.00) entered into to ensure that the relevant approvals have been obtained and that they are conducted at arms length basis. As a result of this review, the Audit Committee produces a statement, inter-alia, commenting on the review procedures in so far that the procedures are relevant and sufficient to ensure that such Recurrent Related Party Transactions will be carried out on normal commercial terms which are not prejudicial to the interests of minority shareholders.

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

2.5 Audit Committee Statement

The Audit Committee has reviewed the procedures mentioned in Section 2.4 above and is of the view that the said procedures are sufficient to ensure that the Recurrent Related Party Transactions are not more favourable to Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

2.6 Validity period for Proposed Renewal of Shareholders' Mandate

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

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

whichever is earlier.

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

2.7 Disclosure in Annual Report

Disclosure will be made in the Company's Annual Report pursuant to the Proposed Renewal of Shareholders' Mandate and in the Annual Reports for subsequent years that the Proposed Renewal of Shareholders' Mandate continues to be in force in accordance with applicable accounting standards and Section 4.1.5 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.

3. RATIONALE AND BENEFITS OF PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

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

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

4. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of Takaful Malaysia at the forthcoming AGM.

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

In respect of the Proposed Renewal of Shareholders' Mandate, save and except as disclosed in Section 2.3, none of the other Directors and Major Shareholders and persons connected to them have any interest, direct or indirect in the Proposed Renewal of Shareholders' Mandate.

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

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

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

The direct and indirect shareholdings of the interested Directors and Major Shareholder in Takaful Malaysia as at 10 October 2008 are as follows:-

	←-----Direct-----→		←-----Indirect-----→	
	No. of shares	%	No. of shares	%
<u>Interested Directors</u>				
Tan Sri Dr. Hadenan A. Jalil	-	-	-	-
Dato' Mohamed Hassan Md. Kamil	-	-	-	-
Puan Rozaida Omar	-	-	-	-
Encik Johan Abdullah	-	-	-	-
	←-----Direct-----→		←-----Indirect-----→	
	No. of shares	%	No. of shares	%
<u>Interested Major Shareholder</u>				
BHB	106,184	65.22	-	-

6. DIRECTORS' RECOMMENDATION

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

7. AGM

The AGM, the notice of which is enclosed with the Annual Report of the Company for the financial year ended 30 June 2008, will be held at Dewan Ahmad Mohamed Ibrahim, Tingkat 5, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Wednesday, 10 December 2008 at 9:30 a.m., for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote at the 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 30 June 2008) in accordance with the instructions contained therein so as to arrive at the Registered office of the Company at Tingkat 26, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, not less than forty-eight (48) hours before the time and date of the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting at the 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 BERHAD

TENGGU DATO' SRI AZMAN IBNI ALMARHUM SULTAN ABU BAKAR
Independent Non-Executive Director

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

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

2. Material Contract

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

- (i) a licence, supply, delivery, installation, customization, acceptance, maintenance and professional services agreement dated 29 June 2007 between Takaful Malaysia and 3i Infotech Sdn Bhd in respect of the implementation of the integrated insurance management system and support services for a total contract sum of RM15,176,080.
- (ii) IT infrastructure operations management services agreement dated 1 July 2008 between Takaful Malaysia and Hewlett-Packard (M) Sdn Bhd to manage Takaful Malaysia's IT infrastructure operations for a total contract sum of RM11,840,142.

3. Material Litigation

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

4. Documents Available For Inspection

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

- (i) Memorandum and Articles of Association of Takaful Malaysia;
- (ii) Audited financial statements of Takaful Malaysia for the two (2) financial years ended 30 June 2007 and 30 June 2008; and
- (iii) Material contracts as referred to in Section 2 above.

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SYARIKAT TAKAFUL MALAYSIA BERHAD
(Company No: 131646-K)
(Incorporated in Malaysia)

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **TWENTY THIRD ANNUAL GENERAL MEETING** of **SYARIKAT TAKAFUL MALAYSIA BERHAD** will be held at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on Wednesday, 10 December 2008, at 9:30 a.m., for the following purposes:-

AS SPECIAL BUSINESS - ORDINARY RESOLUTION (RESOLUTION 11) – PROPOSED RENEWAL OF 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 all applicable laws, regulations and guidelines, the mandate granted by the shareholders of the Company on 5 December 2007 pursuant to paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, authorizing the Company and its subsidiaries (“Takaful Malaysia Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with the BHB Group which are necessary for the day to day operations of the Takaful Malaysia Group as set out in Section 2.3 of the Circular to Shareholders dated 18 November 2008 (“Circular”), be and is hereby renewed, 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 renewed and granted mandate shall continue to be in force until:

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

whichever is the earlier.”

By order of the Board

MOHAMAD ASRI HAJI YUSOFF (MIA 14171)

Company Secretary
Kuala Lumpur
18 November 2008

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of him and shall specify the proportions of his holdings to be represented by each proxy and a proxy need not be a member of the Company.
2. 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.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, at Tingkat 26, Blok Annex, Dataran Kewangan Darul Takaful, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.