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

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as it is prescribed as an exempt circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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**ALLIANZ MALAYSIA BERHAD (12428-W)**  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

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

The ordinary resolutions in respect of the above proposals will be tabled as Special Business at the 46th Annual General Meeting ("46th AGM") of the Company which will be conducted fully virtual from the broadcast venue at Ballroom B, Level 2, Aloft Kuala Lumpur Sentral, 5 Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur ("Broadcast Venue") on Tuesday, 30 June 2020 at 11.00 a.m. via Remote Participation and Voting Facilities ("RPV") which are available at Tricor Investor & Issuing House Services Sdn Bhd ("Tricor")'s TIIH Online website at <https://tiih.online>.

This Circular is available at [www.allianz.com.my/investor-updates](http://www.allianz.com.my/investor-updates) together with, amongst others, the Notice of 46th AGM, Form of Proxy and Administrative Details for the 46th AGM. Please follow the procedures in the Administrative Details for the 46th AGM in order to submit the Form of Proxy, and to register and participate in the 46th AGM remotely via RPV.

Date and time of the 46th AGM : Tuesday, 30 June 2020 at 11.00 a.m.

Last day and time for lodging the Form of Proxy : Monday, 29 June 2020 at 11.00 a.m.

This Circular is dated 1 June 2020

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## 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
AGIC	:	Allianz General Insurance Company (Malaysia) Berhad, a wholly-owned subsidiary of Allianz Malaysia Berhad
AGM	:	Annual General Meeting
ALIM	:	Allianz Life Insurance Malaysia Berhad, a wholly-owned subsidiary of Allianz Malaysia Berhad
AMB or Company	:	Allianz Malaysia Berhad
AMB Group	:	AMB and its subsidiary companies
Allianz SE	:	A major shareholder and holding company of AMB
Allianz SE Group	:	Allianz SE and its subsidiary and associated companies
Bursa Securities	:	Bursa Malaysia Securities Berhad
Director	:	Shall have the meaning given in Section 2 (1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of AMB, its subsidiary or holding company, or a chief executive officer of AMB, its subsidiary or holding company
EUR	:	The official currency of the European Union
INR	:	The official currency of India
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
major shareholder	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were

agreed upon, a major shareholder of AMB or any other corporation which is its subsidiary or holding company

- person connected : In relation to a Director or major shareholder, means such person who falls under any one of the following categories:-
- (a) a family member of the Director or major shareholder;
  - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director or major shareholder or a family member of the Director or major shareholder, is the sole beneficiary;
  - (c) a partner of the Director or major shareholder;
  - (d) a person, or where the person is a body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or major shareholder;
  - (e) a person, or where the person is a body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (f) a body corporate in which the Director or major shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
  - (g) a body corporate which is a related corporation of the Director or major shareholder.

For the purpose of this definition in relation to a person, "family" means such person who falls within any one of the following categories:-

- (i) spouse;
- (ii) parent;
- (iii) child including an adopted child and step-child;
- (iv) brother or sister; and
- (v) spouse of the person referred to in items (iii) and (iv) above

Proposed Shareholders' Mandate : Proposed renewal of shareholders' mandate for AMB Group to enter into existing and new Recurrent Related Party Transactions

Related Party : A "Director", "major shareholder" or "person connected" with such Director or major shareholder

Related Party Transaction : A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party

Recurrent Related Party Transaction : A Related Party Transaction which is recurrent, of a revenue or trading nature and which is necessary for the AMB Group's day-to-day operations

SGD : The official currency of Singapore

USD : The official currency of United States

*Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.*

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**Allianz Malaysia Berhad** (12428-W)

**Registered Office:-**

Level 29, Menara Allianz Sentral  
203, Jalan Tun Sambanthan  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

1 June 2020

**Board of Directors:-**

Tan Sri Datuk (Dr.) Rafiah Binti Salim (Chairman – Independent Non-Executive Director)  
Dato' Dr. Thillainathan A/L Ramasamy (Independent Non-Executive Director)  
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz (Independent Non-Executive Director)  
Peter Ho Kok Wai (Independent Non-Executive Director)  
Solmaz Altin (Non-Independent Non-Executive Director)  
Claudia Salem (Non-Independent Non-Executive Director)

To: **The Shareholders of AMB**

Dear Shareholders

**PROPOSED SHAREHOLDERS' MANDATE**

**1. INTRODUCTION**

At the 45th AGM of the Company held on 30 May 2019, the Company obtained a renewal of the mandate from its shareholders for the AMB Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations with the Related Parties.

The said mandate shall lapse at the conclusion of the forthcoming 46th AGM unless authority for its renewal is obtained from the shareholders of the Company.

On 27 February 2020, AMB announced that it proposes to seek shareholders' approval to renew the shareholders' mandate in order for AMB and its subsidiaries to continue enter into the Recurrent Related Party Transactions provided that such transactions are made at arm's length, in the ordinary course of business, on 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.

The purpose of this Circular is to provide you with information on the Proposed Shareholders' Mandate and to seek your approval on the ordinary resolutions in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming 46th AGM of the Company.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Background

Pursuant to Paragraph 10.09 (2) of the Listing Requirements, the Company may seek mandate from its shareholders for the Recurrent Related Party Transactions subject to, inter alia, the following:-

- (a) 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;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:-
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
  - (ii) any one of the percentage ratios as prescribed in Paragraph 10.02 (g) of the Listing Requirements of such Recurrent Related Party Transaction is 1% or more,whichever is the higher;
- (c) in a meeting to obtain shareholders' mandate:-
  - (i) a related party with any interest, direct or indirect ("interested related party"), must not vote on the resolution in respect of the Related Party Transaction;
  - (ii) an interested related party, must ensure that persons connected with him/her abstain from voting on the resolution in respect of the Related Party Transaction; and
  - (iii) where the interested related party is a person connected with, a Director or major shareholder, such person, as the case may be, must not vote on the resolution in respect of the Related Party Transaction.
- (d) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in this Circular by 10% or more and must include the information as prescribed under Practice Note 12 on Recurrent Related Party Transactions.

The Proposed Shareholders' Mandate once approved by the shareholders at the forthcoming 46th AGM will take effect from the passing of the ordinary resolutions proposed at the 46th AGM and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming 46th AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the said AGM, the authority is renewed; or

- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are underwriting of all classes of general insurance business and underwriting of life insurance and investment-linked business.

It is anticipated that the AMB Group will, in the ordinary course of business, enter into Recurrent Related Party Transactions with classes of Related Parties as set out in section 2.2 of this Circular.

In view of time sensitivity and the frequent nature of such Related Party Transactions, the Directors of the Company are seeking shareholders' approval for the Proposed Shareholders' Mandate which allow the AMB Group, in its ordinary course of business, to enter into categories of Recurrent Related Party Transactions with the Related Parties referred to in section 2.2 of this Circular, provided that such transactions are made on arm's length basis and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

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## 2.2 Nature of the Recurrent Related Party Transactions and Related Parties

The Proposed Shareholders' Mandate will apply to the Recurrent Related Party Transactions by the AMB Group with the following Related Parties:-

### (A) Allianz SE Group

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
Insurance operations and financial services	Allianz SE Group are deemed to be Related Parties via Allianz SE's direct interest as a major shareholder and holding company of AMB	<sup>(c)</sup> Reinsurance arrangement between AGIC and Allianz SE Group for general insurance business, where the risk and premium are shared between the parties in accordance with the reinsurance arrangements entered or to be entered into between the parties	Existing	RM30,000,000	RM15,629,485	RM200,000,000	RM129,816,656	RM30,000,000	RM200,000,000
		<sup>(c)</sup> Reinsurance arrangement between ALIM and Allianz SE Group for life insurance business, where the risk and premium are shared between the parties in accordance with reinsurance arrangements entered or to be entered into between the parties	Existing	RM10,000,000	RM3,010,089	RM150,000,000	RM83,092,127	RM10,000,000	RM150,000,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>M4</sup>	Estimated value of expenses to the AMB Group <sup>M4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(b)</sup> Payment of fees by AGIC to Allianz SE Group for risk management services provided by Allianz SE Group pursuant to the reinsurance arrangements entered into between the parties	Existing	-	-	RM226,000/ USD 55,000	-	RM238,000/ USD 55,000	
		<sup>(c)</sup> Payment of annual maintenance and support fees by ALIM and AGIC to Allianz Technology SE ("Allianz Technology") for the software system provided by Allianz Technology	Existing	-	-	RM1,020,000/ EUR 220,000	RM362,521/ EUR 78,155	RM1,100,000/ EUR 235,000	
		<sup>(d)</sup> Payment of fees by AMB Group to Allianz Technology for sharing of Human Resource ("HR") database platform	Existing	-	-	RM116,000/ EUR 25,000	-	RM69,100/ EUR 15,000	
		<sup>(e)</sup> Payment of fees by AGIC and ALIM to Allianz Technology for purchasing of various software licenses	Existing	-	-	RM816,000/ EUR 176,000	RM220,910/ EUR 47,740	RM1,056,000/ EUR 225,000	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(9)</sup> Payment of fees by AMB Group to Allianz Technology for the usage of TeamMate Solution	Existing	-	-	RM85,000/ EUR 18,300	-	RM72,000/ EUR 15,320	
		<sup>(9)</sup> Engagement of Allianz Technology for the support and maintenance support service on Expert Underwriting System	Existing	-	-	RM312,000/ EUR 67,300	-	RM305,200/ EUR 65,000	
		<sup>(9)</sup> Payment of fees by ALIM and AGIC to Allianz Technology for the leasing of license service of Thunderhead solution for the implementation of e-Policy	Existing	-	-	RM222,000/ EUR 48,000	RM103,078/ EUR 26,262	RM225,200/ EUR 48,000	
		<sup>(9)</sup> Payment of fees by ALIM to IDS GmbH ("IDS") for conducting performance attribution analysis	Existing	-	-	RM14,000/ EUR 3,000	RM9,911/ EUR 2,150	RM14,000/ EUR 3,000	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(i)</sup> Investment and redemption of funds (including fund management fees) distributed by Allianz Global Investors Singapore Limited ("AGI"), by ALIM	Existing	RM80,000,000	RM1,638,575	RM40,000,000	RM595,949	RM80,000,000	RM40,000,000
		<sup>(k)</sup> Payment of fees by AMB Group to Allianz Investment Management Singapore Pte Ltd ("AIM Singapore") for investment advisory services provided by AIM Singapore	Existing	-	-	RM3,800,000	RM3,081,670	-	RM3,800,000
		<sup>(l)</sup> Payment of fees by AGIC and ALIM to Allianz Global Investors Asia Pacific Limited ("AGI AP") for sharing of AGI Global Bloomberg Asset & Investment Manager database, IT support, maintenance and execution of equity transactions provided by AGI AP to AGIC and ALIM	Existing	-	-	RM734,000/ USD 179,200	RM283,482/ USD 68,004	-	RM156,100/ USD 36,200

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(m)</sup> Payment of fees by AGIC and ALIM to Allianz Investment Management SE ("AIM SE") and IDS for IT infrastructure and operational investment controlling and support services	Existing	-	-	RM469,000/ EUR 101,120	RM391,064/ EUR 83,763	RM498,300/ EUR 106,100	
		<sup>(n)</sup> Payment of fees by AGIC and ALIM to AIM SE for supporting advisory services in areas of investment processes	Existing	-	-	RM361,000/ EUR 78,000	RM147,245/ EUR 32,471	RM360,500/ EUR 77,000	
		<sup>(o)</sup> Payment of fees by AGIC and ALIM to Allianz SE Singapore Branch ("AZAP") for the business building advisory services and regional investment provided by AZAP	Existing	-	-	RM30,283,000/ EUR 6,600,000	RM15,781,100/ EUR 3,402,199	RM27,412,500/ EUR 5,834,000	
		<sup>(p)</sup> Payment of fees by AGIC to AZAP for subscription of the regional application license interface ("API") platform	Existing	-	-	RM721,000/ USD 176,000	-	RM411,000/ SGD 134,000	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>M4</sup>	Estimated value of expenses to the AMB Group <sup>M4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(a)</sup> Payment of fees by AGIC and ALIM to AZAP for subscription of ABACUS, an enterprise architect software	Existing	-	-	RM24,000/ USD 5,900	RM25,378/ USD 5,471	RM32,100/ USD 7,500	
		<sup>(i)</sup> Payment of fees by AMB Group to Allianz SE for sharing of marketing measures undertaken by Allianz SE	Existing	-	-	RM2,442,000/ EUR 527,200	RM2,274,291/ EUR 491,810	RM2,843,000/ EUR 605,000	
		<sup>(s)</sup> Payment of fees by AGIC and ALIM to Allianz SE for sharing of Global Procurement (excluding IT) services and support rendered by Allianz SE	Existing	-	-	RM282,000/ EUR 60,800	RM242,411/ EUR 52,436	RM290,000/ EUR 61,650	
		<sup>(t)</sup> Payment of fees by AGIC and ALIM to Allianz SE on the support of design and development for Global Digital Factory	Existing	-	-	RM94,000/ EUR 20,000	RM84,754/ EUR 18,330	RM118,000/ EUR 25,100	
		<sup>(v)</sup> Payment of fees by ALIM and AGIC to Allianz SE for IT security services	Existing	-	-	RM685,000/ EUR 148,000	RM621,507/ EUR 134,420	RM631,000/ EUR 134,300	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>						Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group		Actual value <sup>N3</sup>	Actual value <sup>N3</sup>		
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>				
		<sup>(v)</sup> Payment of fees by AGIC to Allianz SE to support the development and improvement of technical excellence	Existing	-	-	RM67,000/ EUR 14,300	RM60,318/ EUR 13,004	-	RM72,500/ EUR 15,400		
		<sup>(w)</sup> Payment of fees by AGIC to Allianz SE for the usage of software licenses purchased by Allianz SE from Willis Towers Watson ("WTW")	Existing	-	-	RM328,100/ EUR 71,000	RM37,589/ EUR 8,104	-	RM333,000/ EUR 71,000		
		<sup>(x)</sup> Payment of fees by AMB Group to Allianz SE for the implementation of global cyber insurance solution	Existing	-	-	RM14,000/ EUR 2,900	RM 6,670/ EUR 1,450	-	RM73,000/ EUR 15,500		
		<sup>(y)</sup> Payment of fees by AGIC to AWP Services Sdn Bhd ("AWP") for road assistance services provided by AWP to AGIC's policyholders	Existing	-	-	RM4,200,000	RM1,729,360	-	RM4,620,000		
		<sup>(z)</sup> Payment of fees by ALIM to Milvik Malaysia Sdn Bhd for providing insurance support services	Existing	-	-	RM1,176,000	-	-	RM1,963,000		

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(aa)</sup> Operational fees received by AGIC for the services rendered by AGIC to Euler Hermes Singapore Services Pte Ltd ("EHS")	Existing	RM121,500	RM96,774	-	-	RM121,500	-
		<sup>(bb)</sup> Fees received by ALIM for the provision of regional underwriting services by ALIM to AZAP	Existing	RM392,000/ SGD 130,000	RM58,492/ SGD 12,610	-	-	RM397,000/ SGD 130,000	-
		<sup>(cc)</sup> Fees received by AMB for providing audit services to Allianz SE Group under the Regional Audit Hub	Existing	RM44,000/ EUR 9,500	-	-	-	RM22,000/ EUR 4,700	-
		<sup>(dd)</sup> Fees received by AMB for providing life actuarial modeling services to Allianz SE Group under the Regional Actuarial Center of Competence	Existing	RM2,400,000	RM1,512,238	-	-	RM2,352,000	-



Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>M4</sup>	Estimated value of expenses to the AMB Group <sup>M4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		(ee) Payment/Receiving of fees from/by AMB Group to/from Allianz SE Group pertaining to the implementation of the International Financial Reporting Standards ("IFRS") 9 and IFRS 17 Project							
		<ul style="list-style-type: none"> <li>• Payment of fees by ALIM and AGIC to Allianz SE for the development of One Finance Programme</li> </ul>	Existing	-	-	RM149,000/ EUR 32,100	RM115,008/ EUR 24,857	-	RM143,144/ EUR 30,463
		<ul style="list-style-type: none"> <li>• Payment of fees by AMB Group to Allianz Technology for the implementation of Allianz Global Network</li> </ul>	Existing	-	-	RM1,979,000/ EUR 427,200	RM1,305,959/ EUR 282,757	-	RM5,739,339/ EUR 1,221,403
		<ul style="list-style-type: none"> <li>• Payment of annual maintenance fees by AMB Group to Allianz Technology for SAP Central Accounting Platform/Investment Management Accounting</li> </ul>	Existing	-	-	RM3,720,000/ EUR 803,000	RM556,786/ EUR 120,036	-	RM5,981,151/ EUR 1,272,863

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<ul style="list-style-type: none"> <li>Payment of fees by AMB to Allianz Technology to support the implementation and maintenance of infrastructure for actuarial modeling and recharge of cost incurred to Allianz SE Group</li> </ul>	Existing	RM2,100,000/ EUR 436,000	RM1,512,238/ EUR 326,019	RM2,600,000/ EUR 545,000	RM444,079/ EUR 96,290	RM1,300,045/ EUR 396,005	RM2,326,290/ EUR 495,064
		<ul style="list-style-type: none"> <li>Payment of fees by ALIM and AGIC to Allianz Technology for the purchase of Actuarial Reporting Group Object for Life/Health and Property and Casualty</li> </ul>	New	-	-	-	-	-	RM338,370/ EUR 72,009
		<ul style="list-style-type: none"> <li>Engagement of Allianz Technology for extension of team edition licenses for RiskAgility Financial Modelling</li> </ul>	New	-	-	-	-	RM85,389/ EUR 26,010	RM113,706/ EUR 24,198

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<ul style="list-style-type: none"> <li>Fees received by AMB for providing Master Data Management support services to Allianz SE Group</li> </ul>	New	-	-	-	-	RM597,766/ EUR 182,085	-
		<sup>(f)</sup> Engagement of Allianz Cornhill Information Services Private Limited ("ACIS") to support ALIM's business transformation project	New	-	-	-	-		RM104,000/ INR 1,802,000
		<sup>(g)</sup> Payment of annual membership fees by ALIM to Allianz Global Benefits GmbH ("AGB") for participating in the Allianz International Employee Benefits Network	New	-	-	-	-		RM58,000/ EUR 12,500
		<sup>(h)</sup> Payment of fees by AGIC to Allianz Technology for purchase of Radar Live license and usage of Radar Live Service	New	-	-	-	-		RM995,300/ EUR 193,000

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(ii)</sup> Payment of fees to Allianz Technology for the implementation and support service of Data Center Consolidation for AMB Group	New	-	-	-	-	RM5,280,000/ EUR 1,124,000	
		<sup>(ii)</sup> Payment of fees by AMB Group to Allianz Technology for sharing of Group Intranet Access and Group Directory International through Allianz Global Network services	New	-	-	-	-	RM367,000/ EUR 78,000	
		<sup>(ii)</sup> Payment of fees by AMB Group to Allianz Technology for information technology security services provided by Allianz Technology	New	-	-	-	-	RM1,347,000/ EUR 287,000	
		<sup>(ii)</sup> Payment of fees by AMB Group to Allianz Technology for workplace access services provided by Allianz Technology	New	-	-	-	-	RM36,700/ EUR 7,850	

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group		Expenses to the AMB Group			
				Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
		<sup>(mm)</sup> Payment of fees by AGIC to AWP for replacement vehicles services provided by AWP to AGIC's policyholders under the Mercedes-Benz Services Malaysia Sdn Bhd program	New	-	-	-	-	RM962,500	
		<sup>(nn)</sup> Fees received by AGIC for providing reinsurance and Midcorp services to Allianz SE Reinsurance Branch Asia Pacific ("Allianz Re")	New	-	-	-	RM716,000	-	

(1) The exchange rate used for the above transactions are based on the following:-

(a) Average exchange rates for the past 12 months, from 1 May 2019 to 30 April 2020, for the actual value of expenses and income to the AMB Group, subject to fluctuations:-

(i)	SGD 1	: RM3.1712
(ii)	EUR 1	: RM4.6385
(iii)	USD 1	: RM4.1883
(iv)	INR 1	: RM0.0586

(b) As at 30 April 2020, for the estimated value of expenses and income to the AMB Group, subject to fluctuations:-

(i)	SGD 1	: RM3.0663
(ii)	EUR 1	: RM4.6993
(iii)	USD 1	: RM4.3260
(iv)	INR 1	: RM0.0575

(2) The Proposed Shareholders' Mandate to be sought shall be based on the foreign currency as stated above for the respective Recurrent Related Party Transactions.

**(B) Rapidpro Consulting Sdn Bhd (“Rapidpro”)**

Principal Activities of Related Party	Relationship	Nature of Recurrent Related Party Transactions	Mandate	Existing Mandate <sup>N1</sup>				Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				Income to the AMB Group	Expenses to the AMB Group	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>		
Consultancy and training services	The sister and brother in-law of Zakri Bin Mohd Khir, Non-Independent Executive Director of AGIC and Chief Executive Officer of AMB and AGIC, namely Norah Mariam Binti Mohd Khir and Mohammed Farooq are Directors and major shareholders of Rapidpro	<sup>(o)</sup> Payment of fees by ALIM and AGIC to Rapidpro for consulting and training services rendered by Rapidpro	Existing	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value <sup>N2</sup>	Actual value <sup>N3</sup>	Estimated value of income to the AMB Group <sup>N4</sup>	Estimated value of expenses to the AMB Group <sup>N4</sup>
				-	-	RM1,410,000	RM1,012,701	-	RM2,700,000

**Notes:**

- <sup>N1</sup> Refers to existing mandate obtained from the 45th AGM held on 30 May 2019 up to the 46th AGM to be held on 30 June 2020.
- <sup>N2</sup> Estimated value as disclosed in the preceding year's circular to shareholders dated 30 April 2019.
- <sup>N3</sup> Actual value incurred since the 45th AGM held on 30 May 2019 to 30 April 2020, being the latest practicable date prior to printing of this Circular.
- <sup>N4</sup> The estimated value of the transactions set out above are based on values transacted for the period of 12 months from 1 January 2019 to 31 December 2019 or the estimated amount to be transacted for the period from 1 January 2020 to 31 December 2020.
- <sup>N5</sup> As the AMB Group is in the insurance business, the figures (actual or contingent) do not include payments obligations arising from claims duly made pursuant to any insurance policies issued.
- (a) Reinsurance is an arrangement for the transfer or sharing of business risk, to another or between insurance and reinsurance companies. For the purposes of the Proposed Shareholders' Mandate, where AGIC/ALIM enters into reinsurance arrangements with a related party, and vice versa, AGIC/ALIM incurs expenses or earned revenues from premiums or commissions payable or receivable pursuant to reinsurance arrangements entered into between the relevant parties.
- (b) This is in relation to the risk management surveys to be conducted by Allianz SE Group to evaluate the risks to be underwritten under the reinsurance arrangements to be entered into between AGIC, Allianz SE Group and other insurers/reinsurers. The cost for conducting the risk management survey will be shared equally among all the co-insurers and reinsurers based on their respective percentage of participation in the reinsurance arrangement to be entered by all parties.
- (c) This is pertaining to a software system provided by Allianz Technology, a wholly-owned subsidiary of Allianz SE, to ALIM and AGIC. The said system is used as a core administrative system to support the business processes and critical customer services, which in turn will help in supporting the business growth of both ALIM and AGIC.
- (d) This is pertaining to the standard tools and applications to provide a common HR database that will lead to uniformity in HR practices and procedures globally. Via a common HR platform, AMB Group will be able to access to the expertise and best practices of the Allianz SE Group. AMB Group will also be benefited from economies of scale for not having to procure its own tools for similar application. The data is managed locally by HR of AMB Group.
- (e) This is in relation to the purchase of software licenses (new licenses and renewal) from Allianz Technology. The objective of Allianz Technology is to deliver IT and Non-IT services to all companies of Allianz SE Group at competitive prices. Under this arrangement, AGIC and ALIM will obtain higher level of discounts from the global software vendors sourced by Allianz Technology.

- (f) *This is in relation to engagement of Allianz Technology, to provide infrastructure and support service to the Internal Audit Department such as maintaining/upgrading of server, database solution as well as application maintenance support and other supports service. With this centralised setup installation, Internal Audit Department's working papers and other documents related to audit (for example, audit references and supporting documents) will be stored centrally, thus able to be viewed by all internal auditors. It also serves as a resource information platform where standard audit working programme uploaded by operating entities within the Allianz SE Group in Asia Pacific region can be shared with other operating entities within the same region.*
- (g) *This is pertaining to Expert Underwriting System from Allianz Technology to ALIM. The Expert Underwriting System is an automated underwriting system and new business applications that enable more interactive front end health data collection and evaluation for faster and uniform decision through self-maintained rule-set expert underwriting engine.*
- (h) *This is pertaining to the leasing of license service of Thunderhead solution from Allianz Technology to ALIM and AGIC for the implementation of e-Policy. The implementation of e-Policy is aim to introduce a digital platform to deliver policy contracts, statements and letters via email to policyholders in order to reduce the turnaround time in delivery as well as moving into a more environmental friendly way of communication by reducing paper usage. Besides aligning with the Allianz SE Group Digital Transformation road map, the implementation of e-Policy also aims to enhance customer experience by enabling customers to view, download and print the policy contracts, statements and letters in customer portal as and when needed.*
- (i) *This is in relation to the engagement of IDS, a wholly-owned subsidiary of Allianz SE, by ALIM to conduct performance attribution analysis on ALIM's investment-linked funds in order for ALIM to identify and understand the factors contributing to the performance of the said funds.*
- (j) *This is in relation to the investment and redemption of funds (including fund management fees) distributed by AGI, an open-ended investment company wholly-owned by Allianz SE, by ALIM's investment-linked funds and life fund.*
- (k) *This is in relation to the engagement of AIM Singapore, a wholly-owned subsidiary of Allianz SE, for a range of investment advisory services including but not limited to enhancing the risk management procedures, improving long term investment returns and strengthening the capital base of the AMB Group.*
- (l) *This is in relation to the implementation of front end system ("FES") with the use of AGI Global Bloomberg Asset & Investment Manager ("BAIM") via the sharing of AGI Global BAIM database. As a result of the implementation of FES, ALIM and AGIC will outsource the central dealer role and responsibility in regard to equity trading to RCM Central Trading Desk ("RCM CTD"), an Asset Manager arm of Allianz SE in Hong Kong. RCM CTD offers higher standard of trade execution as its performance is continually assessed using Trade Cost Analysis to ensure trade orders given by fund managers are executed efficiently.*



- <sup>(m)</sup> *This is in relation to the engagement of AIM SE, a wholly-owned subsidiary of Allianz SE, and IDS to provide investment management services, which are related to the functions, processes and reporting for investment, risk management and Allianz SE Group financial reporting for AGIC and ALIM.*
- <sup>(n)</sup> *This is in relation to engagement of AIM SE to provide advisory services for ALIM and AGIC in areas of investment processes including but not limited to asset liability management, investment strategy, financial control and investment operations on a global top down approach basis.*
- <sup>(o)</sup> *This is in relation to the advisory services provided by AZAP, Singapore Branch of Allianz SE to AGIC and ALIM as well as the investment for joint business development activities with the operating entities in Asia Pacific to strengthen the operational platform and to accelerate growth to be fit in the future.*
- <sup>(p)</sup> *This is pertaining to the subscription of the regional shared API platform, set up by AZAP. AGIC would be able to have access to the regional APIGEE licence capacity pool of 125 million API calls and in addition, be able to ride on the functionalities that are available in the regional shared platform. AGIC also can reuse all the API of the products that have been built on the regional shared API platform with minimal customisation for similar product in the future, thus resulting in cost saving for AGIC. With API being the current business trend in the industry, AGIC would be able to ride on the shared API platform, hence, reducing duplication and cost.*
- <sup>(q)</sup> *This is pertaining to the subscription of enterprise architect software namely ABACUS from AZAP. ABACUS served as a standardised tool for data collection of IT infrastructure, application modules and business functions to align business objectives, IT planning and execution purposes, ultimately increase business interoperability and business agility to support dynamic change.*
- <sup>(r)</sup> *This is pertaining to AMB Group's sharing of cost for global marketing measures of common benefits undertaken by Allianz SE for all operating entities within the Allianz SE Group. The marketing measures undertaken by Allianz SE would further enhance the public awareness of the brand name of Allianz as well as the wide range of financial services and solutions provided by Allianz SE Group. In addition, with the centralisation of the marketing approach at the ultimate holding company level, AMB Group will be benefited from the cost-efficiency arising from the centralised approach with regard to the organisation and the evaluation of the marketing measures and hence, strengthen the AMB Group's customer bases as well as the revenues and profit in the core fields of the business of the AMB Group.*
- <sup>(s)</sup> *This is pertaining to AGIC and ALIM's sharing of cost for Global Procurement (excluding IT) from Allianz SE for all operating entities within Allianz SE Group. By participating in the Global Procurement (excluding IT), AGIC and ALIM are able to benefit from the services and support rendered by Allianz SE in the areas of negotiation and management of global deals, assist in initiating cross operating entities sourcing events, identify and ensure operating entities best practice sharing within the Allianz SE Group, as well as driving of joint procurement activities in the area of methods, tools and processes which would*

lead to cost savings and provision of specialised services which are not available locally.

- (t) *This is pertaining to sharing of cost by AGIC and ALIM to support operating entities within Allianz SE Group in implementing Global Digital Factory by investing in people, process and technology. The Global Digital Factory is part of the Allianz SE Group Digital Transformation, which transforms existing customer journeys, designing and developing solutions to increase customer satisfaction, efficiency and effectiveness during these journeys. The said solutions aim to exploit the potential of digital technology capabilities in their design. The agile and collaborative approach within the Global Digital Factory allows a faster, customer-centric design and development of solutions with the aim of ensuring high customer satisfaction.*
- (u) *This is pertaining to sharing of cost by AGIC and ALIM to support the operating entities within Allianz SE Group in implementing of IT security services and controls with investment in people, process and technology. This initiative comprises of multiple measures to protect Allianz business, assets and prevent cyber-attacks.*
- (v) *This is pertaining to AGIC's sharing of cost arising from developing and improving of Property & Casualty ("P&C") technical excellence for all P&C operating entities within Allianz SE Group, through Global P&C. AGIC has been reaping benefits since the set up of Global P&C to be the centre of competence to support in identifying, defining and implementing best practices in technical excellence and to drive outstanding P&C excellence in underwriting. Global P&C, together with operating entities experts, conducts research and development, develops new technical tools and solutions, and provides support to AGIC in implementing and improving technical excellence. Through Global P&C, AGIC has access to a pool of group resources, of which Allianz's global technical insights can be incorporated into local endeavours. AGIC would benefit from this support and therefore ensuring its continuous underwriting profitability and sustainability.*
- (w) *This is pertaining to AGIC's sharing of cost for the use of software licenses developed by WTW paid by Allianz SE on behalf of all operating entities within Allianz SE Group. Through this arrangement, AGIC will achieve significant discount. The purpose of the software licenses developed by WTW is for the general insurance pricing.*
- (x) *This is in relation to the engagement of Allianz SE to manage the cyber insurance on behalf of all operating entities within the Allianz SE Group. Allianz SE will act as a single point of contact for brokers coordination on matters relating to cyber breaches, responsible in determining the limit and extend of coverage, selection of the risk carriers, analysing the requirements for the operating entities to provide insurance cover from losses and additional expenses from cyber incidents. Through this arrangement, AMB Group will be able to secure better premium for the global cyber insurance solution as compared to the standalone cyber insurance policy.*

- (y) *This is in relation to the engagement of AWP, a wholly-owned subsidiary of Allianz SE, by AGIC to provide road assistance services for AGIC's policyholders who have purchased such services from AGIC.*
- (z) *This is in relation to the engagement of Milvik Malaysia Sdn Bhd, where its holding company is an associate company of Allianz SE, for telemarketing, customer servicing and claims administration services for an ALIM's micro-insurance product.*
- (aa) *This is in relation to the cooperation between AGIC and Euler Hermes Deutschland AG, Singapore Branch, a subsidiary of Allianz SE, to develop and distribute trade credit insurance product in Malaysia. Under this cooperation, personnel from EHS (part of the Euler Hermes Group), are based at AGIC's premises and AGIC will charge EHS on the office space occupied by the EHS personnel and other services relating to, amongst others, administration, HR, finance provided by AGIC to EHS.*
- (bb) *This is in relation to regional underwriting services rendered by ALIM to AZAP. With the provision of underwriting services to the Asia Pacific region, ALIM will be able to tap into regional underwriting best practices. This move augurs well for local talent and career development, without the need for relocation.*
- (cc) *This is in relation to IT and Actuarial audit services rendered by AMB to operating entities in the Asia Pacific region. By setting up the Regional Audit Hub to provide specialty audit services, AMB Group will benefit in strengthening its in-house technical knowledge, audit capabilities and ensure adequate levels of assurance especially in actuarial related processes and controls.*
- (dd) *This is in relation to life actuarial modeling services rendered by AMB to specific operating entities in the Asia Pacific region. By setting up the Regional Actuarial Center of Competence ("CoC") to develop the actuarial modeling in Malaysia, AMB Group will be benefited from economic of scale for not having to develop such model individually, strengthen in-house technical knowledge on stochastic modeling and IFRS 17 reporting requirement and improve accuracy and efficiency of actuarial modeling as risk agility platform to provide better audit trail as well as enhanced control and governance. In addition, the Regional Actuarial CoC also provides a platform to leverage on actuarial talent and increase retention of actuarial modeling talents in AMB Group.*
- (ee) *This is pertaining to the sharing of cost for developing tools, system implementation, network infrastructure (including annual licenses and maintenance fees) and actuarial modelling services for the purpose of fulfilling statutory and new reporting requirements under the IFRS 9 and IFRS 17 for ALIM and AGIC.*
- By leveraging on Allianz SE's Group resources, AMB Group will benefit from Allianz SE's know how and technical expertise on interpretation and application of accounting standards through the development of standardise platform solutions, system tools that enable faster and quicker turnaround time in reporting and implementation of new accounting standards.*

*As part of the implementation for IFRS 9 and IFRS 17 solutions, a Master Data Management team is being setup in AMB to provide support service centrally to selected operating entities in Asia Pacific. Services include maintenance and governance of SAP system, master data such as vendor, customer, general ledger account, cost center, profit center and internal order. AMB has also set up a Regional Actuarial CoC to provide actuarial modeling services to specific operating entities in the Asia Pacific region.*

- (ff) This is pertaining to the engagement of ACIS, a subsidiary of Allianz SE, to provide skilled Key Performance Indicators (“KPI”) resource to support the business transformation work streams with accurate and timely KPI reporting to measure the change and transformation.*
- (gg) This is pertaining to the participation by ALIM in the Allianz International Employee Benefits Network offered by AGB, a subsidiary of Allianz SE. AGB’s main core business is providing international employee benefits solutions through international pooling or captive arrangements. By participating in the AGB network, ALIM will have greater opportunity to attract more or retain multinational clients.*
- (hh) This is pertaining to AGIC’s payment to Allianz Technology for the licensing fee of Radar Live and usage of Radar Live Service. Radar Live is a pricing engine developed by WTW for efficient and quick time-to-market. Radar Live Service refers to the server hosting and incident management of Radar Live provided by Allianz Technology. There is significant savings in the cost of implementing Radar Live via the global agreement between Allianz Technology and WTW.*
- (ii) This is in relation to AMB Group’s sharing of cost to acquire the Data Centre Consolidation (“DCC”) service from Allianz Technology. DCC is Allianz SE Group’s largest infrastructure transformation program. AMB Group will benefit from increased level of data security and cost efficiency through mutualise investment in cyber defence and IT security across the operating entities within Allianz SE Group.*
- (iii) This is pertaining to AMB Group’s sharing of cost for the use of Allianz SE Group Intranet and Group Directory International, a secure group intranet and centralised directory employee information made available by Allianz Technology to all companies within the Allianz SE Group. Via these services, the AMB Group will be able to access to the expertise, technical know-how and best practices of the Allianz SE Group.*
- (kk) This is pertaining to AMB Group’s sharing of cost for the use of security services, made available by Allianz Technology to all companies within the Allianz SE Group. It includes implementation of various security measurement which involved global resources and collaboration. By leveraging on these security measurements, AGIC will be able to protect its assets in a volatile cyber security world.*
- (ll) This is pertaining to access by employees of AMB Group to Allianz SE Group applications to perform daily tasks via “workspace” infrastructure service by Allianz Technology.*

- (mm) *This is in relation to the engagement of AWP, by AGIC to provide Car Replacement Services for AGIC's policyholders who has purchased such services under the Mercedes-Benz Insurance Package Programme.*
- (nn) *This is in relation to provision of reinsurance and Midcorp services by AGIC to Allianz Re. With the setting up of the Reinsurance and Midcorp Hub at AGIC, AGIC will be benefited from better control over-cross border business and have a platform to upskill in the areas of reinsurance and Midcorp. The Hub also provides a platform to develop and leverage on local skills and expertise.*
- (oo) *This is in relation to the engagement of Rapidpro to provide consulting and training services to the employees and business partners of ALIM and AGIC. Rapidpro provides customised soft skills programmes and training specifically designed and developed together with the senior management team, marketing managers, business development managers and branch managers to ensure that the training programme added value to the operation areas including sales, services, leadership and technical.*

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## 2.3 The Outstanding Amount Owing by Related Parties Pursuant to Recurrent Related Party Transactions

The net principal outstanding balances due from the Related Parties under the Recurrent Related Party Transactions as at 31 December 2019, which exceeded the credit term for the periods as specified under the Practice Note 12, are detailed below:-

Company	Related Parties	less than 1 year	more than 1 year to 3 years	more than 3 years to 5 years	more than 5 years
		RM	RM	RM	RM
AMB	Allianz SE Group	457,071*	-	-	-
AGIC	Allianz SE Group	2,439,376**	-	-	-
Total		2,896,447#	-	-	-

Notes:-

\* The total outstanding amount of RM457,071 were due from the following Related Parties pertaining to Regional Actuarial CoC and regional audit services rendered by AMB:-

- (i) Allianz China Life Insurance Co Ltd;
- (ii) PT Asuransi Allianz Life Indonesia;
- (iii) Allianz Taiwan Life Insurance Co Ltd; and
- (iv) Allianz Ayudhya Assurance Public Company Limited.

\*\* The total outstanding amount of RM2,439,376 were due from the following Related Parties:-

(a) RM2,402,600 were pertaining to the reinsurance arrangements entered into between AGIC and the following Related Parties:-

- (i) PT Asuransi Allianz Utama Indonesia;
- (ii) Allianz México S.A.;
- (iii) Allianz Insurance Company of Kenya Ltd;
- (iv) Allianz General Laos Ltd; and
- (v) Allianz Global Corporate and Specialty SE Munich, Germany

(b) RM36,776 was due from EHS pertaining to services rendered by AGIC.

# RM821,106 of the total outstanding amount of RM2,896,447 has not exceeded the internal allowable credit period of 120 days.

As at 30 April 2020, AMB Group has collected RM1,441,677 out of RM2,896,447 from the Related Parties.

No late payment charges were imposed on the above outstanding balances as there is no late payment clause stipulated in the agreements entered into by the parties concerned.

The Management of AMB Group will continue monitoring the outstanding status and have undertaken collection efforts to recover the outstanding amount due from the Allianz SE Group:-

- (a) engaging with the relevant personnel in the Related Parties to deal with the individual items that made up to the outstanding balances; and
- (b) the senior management of the Related Parties have been notified.

The Board of Directors of AMB is of the opinion that it does not anticipate the overdue balances are irrecoverable in view that Allianz SE Group is the long term business partner of AMB Group and has sound global credit rating and the outstanding amounts are pending the verification of documents and reconciliation with the Related Parties.

#### **2.4 Review Procedures for Related Party Transactions/Recurrent Related Party Transactions**

The AMB Group has established the necessary controls and procedures to ensure that Related Party Transactions/Recurrent Related Party Transactions undertaken are in compliance with the relevant regulatory requirements, among others, the transaction prices and terms are not more favourable to the Related Parties than those generally available to the third parties/public and are not to the detriment of the minority shareholders.

The procedures established by the AMB Group are as follows:-

- (a) A list of Related Parties (based on information furnished to AMB by the Directors, major shareholders and/or persons connected to such Directors or major shareholders) is circulated within the AMB Group and all operating entities within the AMB Group are required to report to the designated department on related party transactions entered into by the AMB Group. At the same time, the Related Parties will be notified that all Related Party Transactions/Recurrent Related Party Transactions are required to be undertaken on arm's length basis and are on transaction prices and terms not more favourable to the Related Parties than those extended to third parties/public and not to the detriment of the minority shareholders.
- (b) A procedural workflow documented the processes to monitor, track and approve Related Party Transactions/Recurrent Related Party Transactions for the Related Party Transactions/Recurrent Related Party Transactions is in place.
- (c) Save for exempted Related Party Transactions by the authorities, all new Related Party Transactions/Recurrent Related Party Transactions will be reviewed by the Shareholders' Mandate Due Diligence Working Group before they are submitted to the Audit Committee and the Board of Directors for approval.

- (d) All Related Party Transactions/Recurrent Related Party Transactions reviewed by the Shareholders' Mandate Due Diligence Working Group are subject to approval in accordance with the internal authority limits approved by the Board of Directors.
- (e) All existing Recurrent Related Party Transactions will be reviewed annually by the Shareholders' Mandate Due Diligence Working Group and the Audit Committee and their findings will be submitted to the Board of Directors for deliberation.
- (f) Records will be maintained by the Company to capture Recurrent Related Party Transactions which are entered into pursuant to the Shareholders' Mandate.
- (g) Internal Auditors shall periodically review the procedures in respect of Related Party Transactions/Recurrent Related Party Transactions and report their observations to the Audit Committee.
- (h) The Audit Committee shall have overall responsibility for the determination of the review procedures with authority to sub-delegate to individuals or committees within the Company as they deem appropriate. If a member of the Audit Committee has an interest, as the case may be, he will abstain from any deliberation and decision making by the Audit Committee in respect of the said transaction. Such review methods and procedures may be modified, supplemented or replaced from time to time by the Audit Committee.
- (i) The Audit Committee shall annually review the procedures and processes for the Related Party Transactions/Recurrent Related Party Transactions. If during the reviews, the Audit Committee is of the view that the procedures and/or processes are not adhered to or are not sufficient to ensure that the transaction prices and terms are not more favourable to the Related Parties than those extended to third parties/public and/or the transaction is detrimental to the minority shareholders, the Audit Committee will:-
  - (i) First, discuss the relevant guideline or procedure concerned with the Chief Executive Officer to ascertain whether it is the guideline or procedure which is at fault or whether it is the fault of the person(s) delegated with the task of ensuring compliance or otherwise;
  - (ii) Second, if the fault is of the person rather than the guideline or procedure, the Audit Committee will discuss and recommend appropriate action to be taken against the person concerned for the Board of Directors' decision. If the defect lies with the guideline or procedure, then the Audit Committee will modify, supplement or replace as may be required the relevant guideline or procedure and report such modification, supplement or replacement to the Board of Directors.



- (j) Factors that should be considered when reviewing the Related Party Transactions/Recurrent Related Party Transactions, include but are not limited to the following:-
- (i) transaction prices or contract rates;
  - (ii) justification on the charging basis;
  - (iii) comply with the requirements under the applicable tax laws including transfer pricing guidelines issued by the relevant authority;
  - (iv) terms and conditions of the contract;
  - (v) efficiency, quality, level of service and/or expertise and/or technical support provided;
  - (vi) benefits arising from the services/products;
  - (vii) satisfactory past year experience and working relationship; and
  - (viii) in respect of the insurance activities, pursuant to reinsurance, underwriting and treaty arrangements entered into between relevant parties.
- (k) Where practicable and/or feasible, at least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison for determining price and terms offered by/to the Related Parties are fair and reasonable as compared with those offered by/to unrelated third parties. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained due to no availability of such product/service in the local market, the transaction price will be determined based on those offered by/to other unrelated third parties for the substantially similar type of transaction.

In the event a substantially similar type of transaction is not available, the transaction price shall be determined based on the quality, the level of support, the benefits arising from such product/service and any other factors that may be determined by the AMB Group to ensure that the Related Party Transaction/Recurrent Related Party Transaction is not detrimental to the AMB Group.

## **2.5 Threshold for Recurrent Related Party Transactions**

All Recurrent Related Party Transactions are subject to the approval of the appropriate levels of authority as determined by the Board of Directors of AMB from time to time, subject to the provisions of the Listing Requirements, the Act, and the guidelines issued by Bank Negara Malaysia.

## **2.6 Deviation**

There is no deviation where the actual value transacted of each Recurrent Related Party Transaction, from the date on which the existing mandate was obtained up to 30 April 2020 being the latest practicable date before the printing of this Circular, exceeds the estimated value of each Recurrent Related Party Transaction as disclosed in the preceding year's circular to shareholders by 10% or more.

## **2.7 Rationale for the Proposed Shareholders' Mandate and Benefit to the AMB Group**

The Proposed Shareholders' Mandate is intended to facilitate transactions in the normal course of business of the AMB Group which are transacted from time to time with the Related Parties, provided that they are carried out at arm's length and on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Company.

Investment holding and insurance underwriting are the principal businesses of the AMB Group. The Related Parties listed in section 2.2 of this Circular are also involved substantially, if not principally, in the insurance and reinsurance businesses as well as in activities which will complement the business of the AMB Group. It is anticipated that the Recurrent Related Party Transactions will occur on a frequent and recurrent basis in view of the complementary nature of the activities of the AMB Group and the Related Parties.

The Proposed Shareholders' Mandate will eliminate the need to make announcements to Bursa Securities or to convene separate general meetings or from time to time to seek shareholders' approval as and when potential Recurrent Related Party Transactions with the Related Parties arise, thereby reducing substantially the administrative time and expenses in convening general meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the AMB Group.

Given the complementary nature of the activities of the AMB Group and the activities of the Related Parties in section 2.2 of this Circular, it is in the interest of the AMB Group to transact with such Related Parties (in addition to their transactions with third parties in the ordinary course of business) so that the AMB Group can enjoy synergistic benefits. In addition, the AMB Group will also be able to enjoy the operational and business supports arising from the Recurrent Related Party Transactions.

## **2.8 Audit Committee Statement**

The Audit Committee of the Company has seen and reviewed the procedures mentioned in section 2.4 of this Circular and is of the view that the said procedures are sufficient to ensure that the Recurrent Related Party Transactions 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.

The Audit Committee of the Company is also of the view that the AMB Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner.

### 3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

#### (A) Recurrent Related Party Transactions with Allianz SE Group

Allianz SE ("Interested Major Shareholder") is deemed interested in the Recurrent Related Party Transactions entered between the AMB Group and Allianz SE Group as it is a major shareholder of AMB.

Solmaz Altin, the Non-Independent Non-Executive Director of AMB, being the nominee of Allianz SE on the Board of AMB, is deemed interested in the Recurrent Related Party Transactions entered between the AMB Group and Allianz SE Group. He has abstained and will continue to abstain from deliberation and voting (where applicable) on the Recurrent Related Party Transactions relating to Allianz SE Group at the Board meetings of AMB.

Claudia Salem, the Non-Independent Non-Executive Director of AMB, being the nominee of Allianz SE on the Board of AMB, is deemed interested in the Recurrent Related Party Transactions entered between the AMB Group and Allianz SE Group. She has abstained and will continue to abstain from deliberation and voting (where applicable) on the Recurrent Related Party Transactions relating to Allianz SE Group at the Board meetings of AMB.

Zakri Bin Mohd Khir, the Non-Independent Executive Director of AGIC and Chief Executive Officer of AMB and AGIC, being a nominee of Allianz SE, is deemed interested in the Recurrent Related Party Transactions entered between the AMB Group and Allianz SE Group. He has abstained and will continue to abstain from deliberation and voting (where applicable) on the Recurrent Related Party Transactions relating to Allianz SE Group at the Board meetings of AGIC.

#### (B) Recurrent Related Party Transaction with Rapidpro

Zakri Bin Mohd Khir, the Non-Independent Executive Director of AGIC and Chief Executive Officer of AMB and AGIC, is deemed interested in the Recurrent Related Party Transaction entered between AGIC and Rapidpro, of which his sister and brother in-law are Directors and major shareholders of Rapidpro. He has abstained and will continue to abstain from deliberation and voting (where applicable) on the Recurrent Related Party Transaction relating to Rapidpro at the Board meeting of AGIC.

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Save as disclosed below, Solmaz Altin, Claudia Salem and Zakri Bin Mohd Khir (collectively referred to as "Interested Persons") and Interested Major Shareholder and/or persons connected to them have no direct or indirect interest in the shareholding of the Company as at 14 May 2020.

<b>Name</b>	<b>No. of Ordinary Shares Direct</b>	<b>%</b>	<b>No. of Ordinary Shares Indirect</b>	<b>%</b>
<b>Interested Persons</b>				
Zakri Bin Mohd Khir	100	^	-	-
Solmaz Altin	-	-	-	-
Claudia Salem	-	-	-	-
<b>Interested Major Shareholder</b>				
Allianz SE	115,362,295	65.22	-	-

Note:-

^ Negligible

The Interested Persons and the Interested Major Shareholder will abstain from voting in respect of their direct and/or indirect shareholdings on the relevant resolutions for the Proposed Shareholders' Mandate involving their interests and/or interests of persons connected to them at the forthcoming 46th AGM. The Interested Persons and the Interested Major Shareholder have undertaken that they will ensure that the persons connected with them will abstain from voting on the relevant resolutions to approve Recurrent Related Party Transactions involving their interests and/or interest of persons connected to them at the forthcoming 46th AGM.

#### **4. CONDITION OF THE PROPOSED SHAREHOLDERS' MANDATE**

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of AMB at the forthcoming 46th AGM.

#### **5. DIRECTORS' RECOMMENDATION**

##### **(A) Recurrent Related Party Transactions with Allianz SE Group**

The Board of Directors (save for Solmaz Altin and Claudia Salem) having considered all aspects of the Proposed Shareholders' Mandate in relation to the Recurrent Related Party Transactions that involve the interest of Allianz SE Group ("Allianz SE Group RRPT"), are of the opinion that the Proposed Shareholders' Mandate in relation to Allianz SE Group RRPT is in the best interest of the AMB Group and recommended that shareholders vote in favour of the ordinary resolution in respect of the Proposed Shareholders' Mandate in relation to Allianz SE Group RRPT to be tabled at the forthcoming 46th AGM.

##### **(B) Recurrent Related Party Transaction with Rapidpro**

The Board of Directors having considered all aspects of the Proposed Shareholders' Mandate in relation to the Recurrent Related Party Transaction that involve the interest of Rapidpro ("Rapidpro RRPT"), are of the opinion that the Proposed Shareholders' Mandate in relation to Rapidpro RRPT is in the best interest of the AMB Group and recommended that shareholders vote in favour of

the ordinary resolution in respect of the Proposed Shareholders' Mandate in relation to Rapidpro RRPT to be tabled at the forthcoming 46th AGM.

## **6. AGM**

The forthcoming 46th AGM of the Company will be conducted fully virtual from the Broadcast Venue on Tuesday, 30 June 2020 at 11.00 a.m. or at any adjournment thereof, for the purpose of, inter alia, considering and, if thought fit, passing the ordinary resolutions on the Proposed Shareholders' Mandate to give effect to the Proposed Shareholders' Mandate. The Notice of 46th AGM is available on the Company's website at [www.allianz.com.my/investor-updates](http://www.allianz.com.my/investor-updates) and an extract of Notice of the 46th AGM in relation to the Proposed Shareholders' Mandate is enclosed in this Circular as Appendix II.

If you are unable to participate at the 46th AGM, you may appoint a proxy or proxies to participate on your behalf. Please refer to the Administrative Details for the 46th AGM for information on submission of Form of Proxy.

## **7. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendix I contained in this Circular for further information.

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

**TAN SRI DATUK (DR.) RAFIAH BINTI SALIM**

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## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. MATERIAL CONTRACTS

AMB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years up till 30 April 2020, being the latest practicable date before the printing of this Circular.

### 3. MATERIAL LITIGATION

Save as disclosed below, as at 30 April 2020, being the latest practicable date before the printing of this Circular, AMB Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and Directors have no knowledge of any proceedings, pending or threatened against AMB Group or of any facts likely to give rise to any proceeding, which may materially and adversely affect the financial position or business of AMB Group:-

#### **In the Matter between AGIC and Virginia Surety Company Labuan Branch ("VSC")**

VSC had provided reinsurance support to Bright Mission Berhad\* (when it was known as Commerce Assurance Berhad ("CAB")) previously in respect of CAB's Extended Warranty Programme ("EWP").

AGIC took over the general insurance business of CAB on 1 January 2009 and this included the reinsurance business relating to the EWP.

The reinsurance transactions were initially on a facultative basis. However, as the business volume increased, the facultative arrangements became too expensive to administer. AGIC and VSC (collectively the "Parties") therefore negotiated and entered into a treaty reinsurance agreement upon terms, inter alia, that the reinsurance coverage was to be continuous subject to termination as provided for in the reinsurance agreement.

A dispute arose between the Parties on the continuing subsistence of the reinsurance agreement from 1 October 2011 onwards. AGIC's legal position is that the reinsurance continued to remain in force from 1 October 2011 and determined only on 30 September 2013. This is disputed by VSC who claim that the treaty reinsurance lapsed on 30 September 2011.

On 11 December 2013, AGIC commenced arbitration proceedings against VSC seeking, inter alia:-

- (i) A declaration that the reinsurance subsisted until 30 September 2013;
- (ii) A declaration that VSC will pay and/or indemnify AGIC for its claims and losses arising from the reinsurance for the period from 1 October 2011 to 30 September 2013; and

- (iii) Damages to be assessed including for loss of profits and breach of contract.

The Closing Submissions and Reply Submissions were filed on 30 August 2017 and 27 September 2017 respectively and the Oral Submissions took place on 12 October 2017 and 13 October 2017. Both parties then filed further written submissions bringing the arbitration proceedings to an end.

An Arbitration Award dated 8 February 2018 was received on 20 February 2018. The award, made by 2 arbitrators of the Panel of 3 arbitrators, was in favour of VSC ("Award") whilst the Dissenting Arbitrator found in favour of AGIC.

The Award ordered AGIC to pay the following:-

- (i) RM30,593.64 as reimbursement of payment in respect of the Kuala Lumpur Regional Centre for Arbitration's administrative expenses;
- (ii) RM425,324.32 as reimbursement of payment in respect of fees and expenses of the arbitral tribunal;
- (iii) RM668,160.69 for costs and expenses incurred by VSC; and
- (iv) USD10,969.31 as reimbursement for costs incurred in respect of VSC's ex-employee.

As AGIC's solicitors were of the view that there are reasonable grounds to seek a review of the majority decision, an Originating Summons was filed in the Kuala Lumpur High Court on 29 March 2018 to set aside the Award under section 37(2)(b)(ii) of the Arbitration Act 2005 ("Arbitration Act") and for a Reference of Questions of law under section 42 of the Arbitration Act. The matter was first heard on 18 February 2019 and hearing continued on 13 March 2019 and concluded on 18 April 2019. On 28 June 2019, the Court declined AGIC's application to set aside the Award ("Decision"). Based on AGIC's solicitors' advice, a Notice of Appeal against the Decision was filed on 15 July 2019 at the Court of Appeal. At the first case management on 4 September 2019, the Court of Appeal fixed the next case management for 9 October 2019 and since then the matter came up for case management on 20 November 2019 and 13 January 2020. On 13 January 2020, the Court of Appeal fixed a further case management for 19 February 2020 as AGIC's solicitors had yet to receive the High Court's substantive Grounds of Decision ("Grounds"). On 17 February 2020, the Court of Appeal wrote to parties' solicitors to give notice that the case management fixed for 19 February 2020 had been rescheduled to 26 February 2020, the Court of Appeal was informed that AGIC's solicitors had yet to receive the Grounds so another case management was fixed for 8 April 2020. Just before the effective date of the Movement Control Order, the High Court notified that the Grounds were ready for collection but since AGIC's solicitors were unable to collect the Grounds, at the e-review of the matter on 8 April 2020, a new date for case management has been fixed for 15 May 2020.

Meanwhile, in a separate action, VSC's solicitors had filed an Originating Summons dated 11 September 2019 ("VSC's OS") to recognise and enforce the Award against AGIC requiring AGIC to pay VSC all the costs ordered by the Award. AGIC's solicitors then filed a stay application on VSC's OS. On 25 October 2019, as VSC's solicitors had no objections to AGIC's stay application, a further case management date was fixed for 7 November 2019, in order for the stay order to be formally recorded before a Judge. On 7 November 2019, the Judge allowed AGIC's stay application and ordered VSC's enforcement proceedings be stayed pending the final determination of the appeal at the Court of Appeal. As the Judge was of the view that VSC'S OS should be withdrawn and filed afresh (should VSC succeed in dismissing the appeal), a further case management was fixed for 9 December 2019 in order for VSC's solicitors to obtain VSC's instructions. At the case

management on 9 December 2019, as VSC's solicitors confirmed that they had instructions to withdraw VSC's OS, the Judge ordered that VSC's OS be struck out with liberty to file afresh.

\* Bright Mission Berhad was voluntarily wound up in 2017.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of the Company during normal business hours from the date of this Circular up to and including the date of the 46th AGM:-

- (a) Constitution of the Company;
- (b) Audited financial statements of AMB Group for the financial years ended 31 December 2018 and 31 December 2019 respectively; and
- (c) The relevant documents in respect of the material litigation as referred to in section 3 above.

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**EXTRACT OF NOTICE OF THE 46TH AGM****SPECIAL BUSINESS****PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH ALLIANZ SE GROUP**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions with Allianz SE Group as specified in Section 2.2 (A) of the Company's Circular to Shareholders dated 1 June 2020, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or
- (b) the expiration of the period within which next Annual General Meeting 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 the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Ordinary Resolution 7)

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH RAPIDPRO CONSULTING SDN BHD**

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions with Rapidpro Consulting Sdn Bhd as specified in Section 2.2 (B) of the Company's Circular to Shareholders dated 1 June 2020, provided that the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders.

AND THAT such authority shall take effect from the passing of this Ordinary Resolution and shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the said Annual General Meeting, the authority is renewed; or

- (b) the expiration of the period within which next Annual General Meeting 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 the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing all documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

(Ordinary Resolution 8)